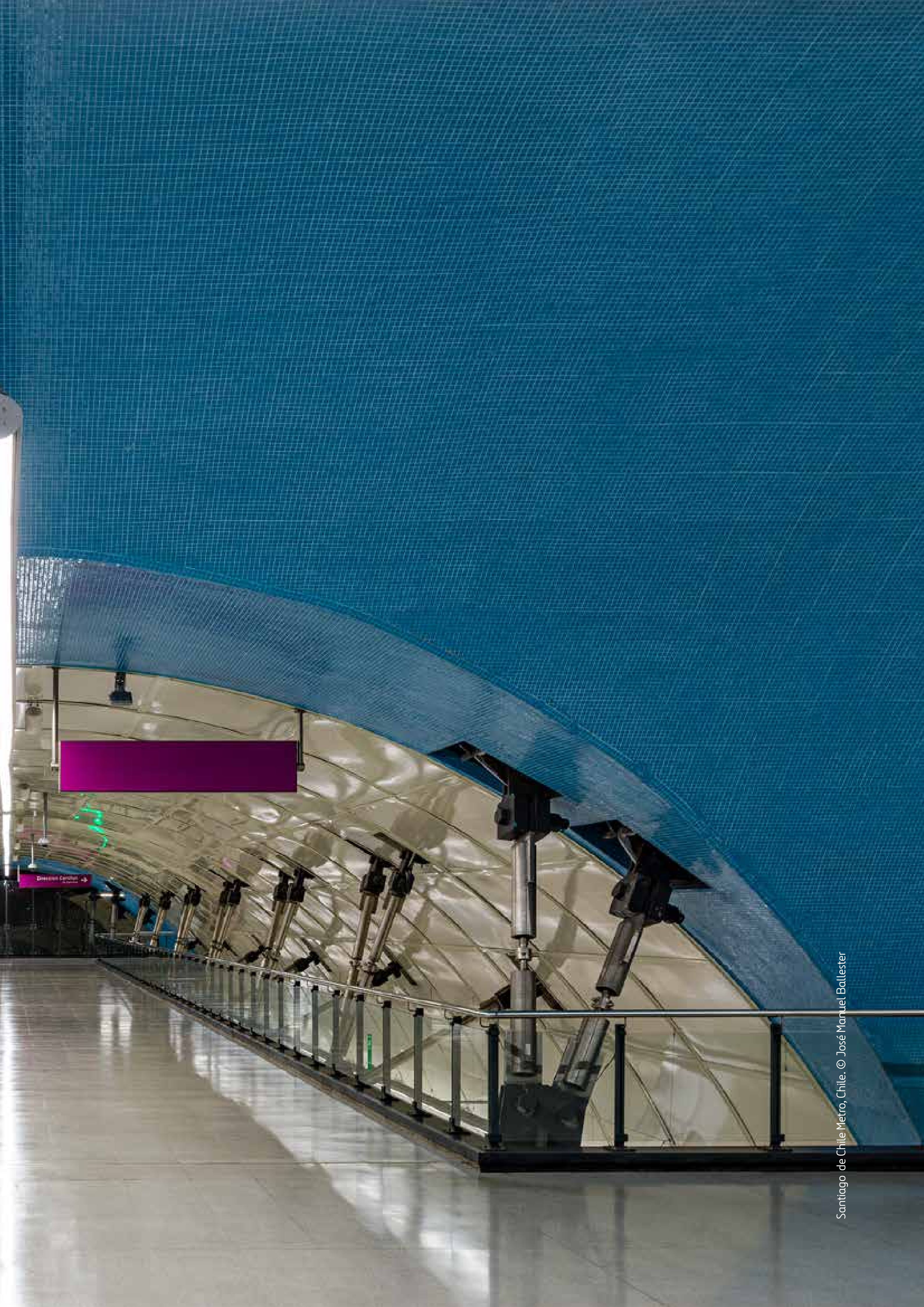
2. CONSOLIDATED ANNUAL REPORT



Santiago de Chile Metro, Chile. © José Manuel Ballester

INDICE.

A. CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR 2020 AND 2019

ASSETS (Millions of euros)	**NOTE**	**2020**	**2019**
Non-current assets		**10,462**	**12,358**
Goodwill on consolidation	3.1	208	248
Intangible assets	3.2	60	63
Fixed assets in infrastructure projects	3.3	6,200	6,880
Intangible asset model		6,110	5,998
Financial asset model		90	882
Investment property		2	2
Property, plant and equipment	3.4	272	299
Right of use	3.7	97	126
Investments in associates	3.5	1,710	2,557
Non-current financial assets	3.6	852	1,247
Loans granted to associates		164	171
Restricted cash in infrastructure projects and other financial assets	5.2	654	970
Other receivables		34	106
Deferred taxes	2.8	586	502
Long-term financial derivatives at fair value	5.5	475	434
Current assets		**12,666**	**11,751**
Assets classified as held for sale	1.1.3	4,071	4,936
Inventories	4.1	691	700
Current income tax assets		108	97
Short-term trade and other receivables	4.2	1,292	1,256
Trade receivables for sales and services		956	891
Other short-term receivables		336	365
Cash and cash equivalents	5.2	6,432	4,735
Loans with Group companies		0	0
Other		0	0
Infrastructure project companies		111	118
Restricted cash		8	6
Other cash and cash equivalents		103	112
Ex-infrastructure project companies		6,321	4,617
Short term financial derivatives at fair value	5.5	72	27
TOTAL ASSETS		**23,128**	**24,109**

LIABILITIES AND EQUITY (Millions of euros)	**NOTE**	**2020**	**2019**
Equity	5.1	**3.827**	**5.087**
Equity attributable to shareholders		3,187	4,304
Equity attributable to non-controlling interests		640	783
Deferred income	6.1	1,245	1,347
Non-current liabilities		**9,320**	**9,054**
Pension plan deficit	6.2	4	4
Long-term provisions	6.3	421	518
Long-term lease liabilities	3.7	61	82
Borrowings	5.2	7,970	7,565
Debt securities and payables of infrastructure project companies		5,078	5,471
Debt securities and payables of ex-infrastructure project companies		2,892	2,094
Other payables	6.4	17	25
Deferred taxes	2.8	428	475
Financial derivatives at fair value	5.5	419	385
Current liabilities		**8,736**	**8,621**
Liabilities classified as held for sale	1.1.3	2,958	3,491
Short-term lease liabilities	3.7	59	71
Borrowings	5.2	1,657	1,033
Debt securities and payables of infrastructure project companies		28	23
Bank borrowings of ex-infrastructure project companies		1,629	1,010
Financial derivatives at fair value	5.5	49	97
Current income tax liabilities		91	107
Short-term trade and other payables	4.3	3,030	3,072
Trade payables		1,390	1,327
Advance payments from customers and work certified in advance		1,333	1,390
Other short-term payables		307	355
Trade provisions	6.3	892	750
TOTAL LIABILITIES AND EQUITY		**23,128**	**24,109**

The accompanying Notes 1.1 to 7.1 form an integral part of the Consolidated statement of financial position for 2020 and 2019

B. CONSOLIDATED INCOME STATEMENT FOR 2020 AND 2019

		2020			2019		
INCOME STATEMENT (Millions of euros)	**NOTE**	**BEFORE FAIR VALUE ADJUSTMENTS**	**FAIR VALUE ADJUSTMENTS (*)**	**TOTAL 2020**	**BEFORE FAIR VALUE ADJUSTMENTS**	**FAIR VALUE ADJUSTMENTS (*)**	**TOTAL 2019**
Revenue		6,341	0	6,341	6,054	0	6,054
Other operating income		3	0	3	2	0	2
TOTAL OPERATING INCOME	2.1	**6,344**	**0**	**6,344**	**6,056**	**0**	**6,056**
Materials consumed		1,005	0	1,005	949	0	949
Other operating expenses	2.2	3,815	0	3,815	3,959	0	3,959
Staff costs	2.3	1,115	0	1,115	1,027	0	1,027
TOTAL OPERATING EXPENSES		**5,935**	**0**	**5,935**	**5,935**	**0**	**5,935**
EBITDA	2.4	**409**	**0**	**409**	**121**	**0**	**121**
Fixed asset depreciation		198	0	198	180	0	180
Operating profit/(loss) before impairment and disposal of fixed assets	2.4	**211**	**0**	**211**	**-59**	**0**	**-59**
Impairment and disposal of fixed assets	2.5	0	15	15	423	36	460
Operating profit/(loss)		**211**	**15**	**226**	**364**	**36**	**401**
Net financial income/(expense) from financing		-234	0	-234	-264	0	-264
Profit/(loss) on derivatives and other net financial income/(expense)		-1	39	37	2	-1	1
Net financial income/(expense) from infrastructure projects		**-235**	**39**	**-197**	**-262**	**-1**	**-263**
Net financial income/(expense) from financing		-8	0	-8	28	0	28
Profit/(loss) on derivatives and other net financial income/(expense)		-32	5	-27	6	36	42
Net financial income/(expense), ex-infrastructure projects		**-40**	**5**	**-35**	**34**	**36**	**70**
Net financial income/(expense)	2.6	**-275**	**44**	**-232**	**-228**	**35**	**-193**
Share of profits of equity-accounted companies	2.7	-328	-50	-378	269	27	296
Consolidated profit/(loss) before tax		**-392**	**9**	**-384**	**405**	**98**	**504**
Corporate income tax	2.8	42	-13	28	-39	-8	-47
Consolidated profit/(loss) from continuing operations		**-350**	**-4**	**-356**	**366**	**90**	**457**
Profit/(loss) from discontinued operations		-4	0	-3	265	-463	-198
Consolidated profit/(loss) for the year		**-354**	**-4**	**-359**	**631**	**-373**	**259**
Profit/(loss) for the year attributed to non-controlling interests	2.10	-42	-9	-51	9	0	9
Profit/(loss) for the year attributed to the parent company		**-396**	**-13**	**-410**	**640**	**-373**	**268**
Net earnings per share attributed to the parent company (euros)	2.11		Basic	-0.57		Basic	0.35
			Diluted	-0.57		Diluted	0.35

(*) Relating to gains and losses arising from changes in the fair value of derivatives and other financial assets and liabilities (Note 5.5), asset and liability impairment (Note 2.5) and the impact of the two items on "share of profits of equity-accounted companies" (Note 2.7).

(**) "Impairment and fixed asset disposals" primarily includes asset impairment and the gains or losses on the sale and disposal of investments in Group companies and associates. When such disposals result in a loss of control, the gain arising from the recognition of the ownership interest at fair value is presented in the fair value adjustments column.

The accompanying Notes 1.1 to 7.1 form an integral part of the consolidated income statement for 2020 and 2019.

C. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR 2020 AND 2019

(Millions of euros)	NOTE	2020	2019
a) Total consolidated profit/(loss) for the year		**-359**	**259**
Attributed to the parent company		-410	268
Attributed to non-controlling interests		51	-9
b) Income and expense recognised directly in equity	5.1	**-399**	**92**
Fully-consolidated companies		-226	-27
Impact on hedge reserves	5.5	-188	-14
Impact on reserves for defined benefit plans	6.2	0	0
Currency translation differences		-87	-16
Tax effect		49	3
Companies held for sale		11	-12
Impact on hedge reserves		3	0
Impact on reserves for defined benefit plans		0	0
Currency translation differences		9	-12
Tax effect		-1	0
Equity-accounted companies		-184	131
Impact on hedge reserves		-28	-15
Impact on reserves for defined benefit plans		-38	-6
Currency translation differences		-132	147
Tax effect		14	5
c) Transfers to income statement	5.1	**46**	**0**
Fully-consolidated companies		0	0
Transfers to income statement		0	0
Tax effect		0	0
Companies held for sale		43	0
Transfers to income statement		53	0
Tax effect		-10	0
Equity-accounted companies		3	0
Transfers to income statement		4	0
Tax effect		-1	0
a+b+cTOTAL COMPREHENSIVE INCOME		**-712**	**351**
Attributed to the parent company		**-711**	**333**
Attributed to non-controlling interests		-1	18

(*) The impact on reserves of defined benefit plans is the only item of income and expense recognised directly in equity that cannot subsequently be reclassified to the income statement (Note 5.1).

The accompanying Notes 1.1 to 7.1 form an integral part of the consolidated statement of Comprehensive income for 2020 and 2019.

D. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2020 AND 2019

(Millions of euros)	SHARE CAPITAL	SHARE/MERGER PREMIUM	TREASURY SHARES	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31.12.19	**147**	**995**	**-75**	**505**	**-1,195**	**3,928**	**4,304**	**783**	**5,087**
							0		0
Balance at 01.01.20	**147**	**995**	**-75**	**505**	**-1,195**	**3,928**	**4,304**	**783**	**5,087**
Consolidated profit/(loss) for the year	0	0	0	0	0	-410	-410	51	-359
Income and expense recognised directly in equity	0	0	0	0	-347	0	-347	-52	-399
Transfers to income statement	0	0	0	0	46	0	46	0	46
Total recognised income and expenses during the year	**0**	**0**	**0**	**0**	**-301**	**-410**	**-711**	**-1**	**-712**
Scrip dividend agreement	3	-92	0	0	0	-29	-119	0	-119
Other dividends	0	0	0	0	0	0	0	-134	-134
Treasury share transactions	-3	-256	62			-62	-258	0	-258
Shareholder remuneration	**0**	**-348**	**62**	**0**	**0**	**-91**	**-377**	**-134**	**-511**
Share capital increases/reductions	0	0	0	0	0	0	0	15	15
Share-based remuneration schemes	0	0	0	0	0	-9	-9	0	-9
Other movements	0	0	0	0	0	-17	-17	1	-16
Other transactions	**0**	**0**	**0**	**0**	**0**	**-26**	**-26**	**16**	**-10**
Perpetual subordinated bond issues	**0**	**0**	**0**	**1**	**0**	**-8**	**-8**	**0**	**-8**
Consolidation scope changes	**0**	**0**	**0**	**0**	**0**	**5**	**5**	**-24**	**-20**
Balance at 31.12.2020	**147**	**647**	**-13**	**505**	**-1,496**	**3,397**	**3,187**	**640**	**3,827**

(Millions of euros)	SHARE CAPITAL	SHARE/MERGER PREMIUM	TREASURY SHARES	OTHER EQUITY INSTRUMENTS	MEASUREMENT ADJUSTMENTS	RETAINED EARNINGS AND OTHER RESERVES	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 31.12.18	**148**	**1,274**	**-128**	**504**	**-1,261**	**3,993**	**4,530**	**833**	**5,363**
Transition to IFRS 16	0	0	0	0	0	-25	-25	0	-25
Balance at 01.01.19	**148**	**1,274**	**-128**	**504**	**-1,261**	**3,968**	**4,505**	**833**	**5,338**
Consolidated profit/(loss) for the year	0	0	0	0	0	268	268	-9	259
Income and expense recognised directly in equity	0	0	0	0	66	0	65	27	92
Transfers to income statement	0	0	0	0	0	0	0	0	0
Total recognised income and expenses during the year	**0**	**0**	**0**	**0**	**66**	**268**	**333**	**18**	**351**
Scrip dividend agreement	2	0	0	0	0	-240	-238	0	-238
Other dividends	0	0	0	0	0	0	0	-128	-128
Treasury share transactions	-3	-279	53	0	0	-53	-282	0	-282
Shareholder remuneration	**-1**	**-279**	**53**	**0**	**0**	**-293**	**-520**	**-128**	**-648**
Share capital increases/reductions	0	0	0	0	0	0	0	66	66
Share-based remuneration schemes	0	0	0	0	0	3	3	0	3
Other movements	0	0	0	0	0	-6	-6	-4	-10
Other transactions	**0**	**0**	**0**	**0**	**0**	**-3**	**-3**	**62**	**59**
Perpetual subordinated bond issues	**0**	**0**	**0**	**1**	**0**	**-8**	**-8**	**0**	**-8**
Consolidation scope changes	**0**	**0**	**0**	**0**	**0**	**-4**	**-4**	**-2**	**-7**
Balance at 31.12.2019	**147**	**995**	**-75**	**505**	**-1,195**	**3,928**	**4,304**	**783**	**5,087**

The accompanying Notes 1.1 to 7.1 form an integral part of the consolidated statement of changes in equity for 2020 and 2019

E. CONSOLIDATED CASH FLOW STATEMENT FOR 2020 AND 2019

(Millions of euros)	NOTE	2020	2019
Net profit/(loss) attributable to parent company	**2.11**	**-410**	**268**
Adjustments to profit/(loss)		997	236
Non-controlling interests		51	-9
Net profit/(loss) from discontinued operations		3	198
Tax		-28	47
Profit/(loss) from equity-accounted companies		378	-296
Net financial income/(expense)		232	194
Impairment and disposal of fixed assets		-15	-460
Depreciation/amortisation		198	180
EBITDA discontinued operations	2.9	178	382
EBITDA including discontinued operations		**587**	**504**
Tax payments	2.8.2	-101	-61
Change in working capital (receivables, payables and other)	5.3	308	206
Dividends from infrastructure project companies received	3.5	299	529
Cash flows from operating activities	**5.3**	**1,093**	**1,178**
Investment in property, plant and equipment/intangible assets	3.2 and 3.4	-116	-202
Investment in infrastructure projects	3.3	-129	-157
Loans granted to associates/acquisition of companies		-152	-34
Interest received	2.6	25	40
Investment of long-term restricted cash		253	-528
Divestment of infrastructure projects	6.3	0	115
Divestment/sale of companies	1.1.4	501	484
Cash flows from investing activities		**382**	**-282**
Cash flows before financing activities		**1,475**	**896**
Capital cash flows from non-controlling interests		19	70
Scrip dividend		-122	-238
Treasury share purchases		-255	-282
Shareholder remuneration	5.1	-377	-520
Dividends paid to non-controlling interests of investees	5.1	-133	-124
Other movements in shareholder's funds	1.2.3.3 and 5.1.2	-24	-6
Cash flows from shareholders and non-controlling interests		**-515**	**-580**
Interest paid	2.6	-274	-286
Lease instalments		-89	-135
Increase in borrowings		2,209	1,376
Decrease in borrowings		-805	-633
Net change in financial borrowing discontinued operations		-96	117
Cash flows from financing activities		**430**	**-141**
Effect of exchange rate on cash and cash equivalents		**-133**	**58**
Change in cash and cash equivalents due to consolidation scope changes		**-6**	**-34**
Change in cash and cash equivalents from discontinued operations	**5.3**	**-70**	**-49**
Change in cash and cash equivalents	**5.2**	**1,697**	**730**
Cash and cash equivalents at beginning of year		4,735	4,005
Cash and cash equivalents at year end		6,432	4,735

The accompanying Notes 1.1 to 7.1 form an integral part of the consolidated cash flow for 2020 and 2019.

F. NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR 2020

SECTION 1: BASIS OF PRESENTATION AND CONSOLIDATION

This section presents the information considered important to know prior to reading the Ferrovial consolidated financial statements.

BASIS OF PRESENTATION AND NEW ACCOUNTING STANDARDS

The Ferrovial consolidated financial statements have been prepared in accordance with the IFRS standards that apply within the European Union. The accounting policies applied are explained in Note 1.3 of this section. During 2020, no accounting standard having a material impact on the financial statements came into force.

Company activities

The disclosures presented in these financial statements include most notably those relating to the distinction between infrastructure project companies and non-infrastructure project companies (see Note 1.1.2 for a definition). Also noteworthy are those relating to the Group's two main assets, the 25% ownership interest in Heathrow Airports Holdings (HAH), which owns Heathrow Airport, and the 43.23% ownership interest in the company that owns the 407 ETR toll road in Toronto (Canada).

Discontinued operations

At 31 December 2020, the Company continued to classify the main assets and liabilities linked to the Services Division as discontinued operations, despite more than one year having elapsed since its initial classification, as the Company still considers that it is highly probable that this divestment will be made. Advisor mandates are in force and conversations are in progress with potential investors, with the objective being to sell the assets at a reasonable price, in line with its current market value.

The delay in completion is due to the impact of the COVID-19 crisis and the conclusion that, given the current market conditions, it was necessary to consider selling different parts of the division separately based on the type of activity in each country, as compared with the initial approach in which the sale was to be based on the different geographic areas in which the organisation was being managed, that is Spain, United Kingdom, Australia and the rest of the international business.

On 30 June, the sale of the services activity in Australia was completed following fulfilment of the conditions precedent stipulated in the sale and purchase agreement dated December 2019 (Note 1.1.3).

Impact of COVID-19

The COVID-19 pandemic had a very significant impact on Ferrovial's businesses, particularly Airports and Toll roads. As a result of the losses generated in the Airports business, the Company's financial statements for the year reflect a loss of EUR -410 million, although a positive flow of EUR 965 million (Note 5.3) was generated from the ex-project activity before taxes EUR 1,054 million and the liquidity position stands at EUR 7,964 million (cash and cash equivalents + undrawn credit lines), which is a historical high.

With the aim of presenting the global impact of the pandemic and in line with ESMA's recommendations, Note 1.2 provides an explanation of the impact of the pandemic on the financial statements for 2020, description of the analysis performed to conclude that the Company can continue to do business under the going concern principle, analysis of the possible impact of COVID-19 on the impairment of assets and assessment of the potential impact on the main financial risks, including an analysis of the risk of breach of covenants included in financing agreements.

Consolidation scope changes

Note 1.1.4 provides detailed information on the main changes in the consolidation scope in the reporting period, primarily highlighting the partial sale of the shareholding in the Portuguese toll roads Norte Litoral and Algarve Via do Infante.

Judgements and estimates

This section includes the main estimates made by Ferrovial when measuring its assets, liabilities, revenues, expenses and obligations (Note 1.2.4).

Exchange rate

Although Ferrovial's functional currency is the euro, a significant portion of its activities is carried out in countries outside the eurozone, its exposure including most notably that to the pound sterling, the US dollar, the Canadian dollar and the Polish zloty. The evolution of these currencies vis-à-vis the euro is shown in Note 1.3.

During 2020 all of the currencies depreciated against the euro, except for the Australian dollar closing exchange rate.

The impact recorded in this regard on shareholders' funds attributable to the parent company is EUR -187 million (Note 5.1.1 changes in equity).

1.1. BASIS OF PRESENTATION, COMPANY ACTIVITIES AND CONSOLIDATION SCOPE

1.1.1. Basis of presentation

The consolidated annual accounts are presented in compliance with the financial reporting regulatory framework applicable to the Group, so as to present fairly the Group's equity, financial position, results and cash flows. The regulatory framework consists of International Financial Reporting Standards (IFRS), as established by Regulation (EC) no. 1606/2002 of the European Parliament and of the Council dated 19 July 2002.

1.1.2 Company activities

Ferrovial comprises the parent company, Ferrovial, S.A., which was incorporated in Spain and has not changed its name, and the subsidiaries detailed in Appendix II. Its registered office is in Madrid, at Calle Príncipe de Vergara 135.

Through these companies, Ferrovial engages in the following lines of business, which are its reporting segments pursuant to IFRS 8:

- **Construction:** Design and build of all manner of public and private works, including most notably the construction of public infrastructure.
- **Toll roads:** Development, financing and operating of toll roads.
- **Airports:** Development, financing and operating of airports, as well as integrated solutions for the development and management of electrical networks.
- **Services:** maintenance and upkeep of infrastructure, facilities and buildings; waste collection and treatment; maintenance of energy and industrial facilities and rendering of other kinds of public services. As detailed in Note 1.1.3, this business activity has been classified as a discontinued operation since 31 December 2018.

For a more detailed description of the various areas of activity in which the consolidated Group conducts its business operations, please consult the Group's website: www.ferrovial.com .

For the purpose of understanding these financial statements, it should be noted that a part of the activity carried out by the Group's business divisions consists of the development of infrastructure projects, primarily in the toll road and airport business lines, but also in the construction and services fields.

These projects are conducted through long-term arrangements with public authorities under which the concession operator, in which the Group generally has an ownership interest together with other shareholders, finances the construction or upgrade of public infrastructure, mainly with borrowings secured by the cash flows from the project and with the shareholders' capital contributions, and subsequently maintains the infrastructure. The investment is recovered by collecting tolls or regulated charges for the use of the infrastructure, or through amounts paid by the authority awarding the contract based on the availability for use of the related asset. In most cases the construction and subsequent maintenance of the infrastructure is subcontracted by the concession operators to the Group's construction and services divisions.

From an accounting standpoint, most of these arrangements are within the scope of application of IFRIC 12.

Accordingly, and in order to aid understanding of the Group's financial performance, these consolidated financial statements separately detail the impact of projects of this nature in "fixed assets in infrastructure projects" (distinguishing between those to which the intangible asset model is applied and those to which the financial asset model is applied), in long-term financial assets and, mainly, in the net cash position and the cash flow disclosures, in which the cash flows called "ex-infrastructure projects", which combines the cash flows generated by the construction and services businesses, the dividends from the capital invested in infrastructure projects and investments in or divestments of the share capital of these projects, are presented separately from the cash flows of the infrastructure projects, which include the cash flows generated by the related concession operators. A list of the companies regarded as infrastructure project companies can be consulted in Appendix II.

It is also important to highlight that two of the Group's main assets are its 25% ownership interest in Heathrow Airport Holdings (HAH), the company that owns Heathrow Airport in London (UK), and its 43.23% ownership interest in 407 ETR, the concession operator of the 407 ETR toll road in Toronto (Canada), which are equity-accounted companies since 2011 and 2010, respectively. In order to provide detailed information on the two companies, Note 3.5, Investments in equity-accounted companies includes information relating to the changes in the two companies' balance sheets and income statements, and this is completed with information considered to be of interest in other Notes within the annual accounts.

Lastly, it should be noted that the Real Estate and Services businesses carried out by Budimex in Poland are included in the Construction segment. In 2019, the Services business was classified under discontinued operations and was carried out by its subsidiary FB Serwis, which was 51% owned by Ferrovial Servicios and 49% by Budimex. In 2020 Budimex acquired the remaining 51% owned by Ferrovial Servicios, therefore it now owns 100% of the company, which is now reported within the Construction Division under continuing operations

1.1.3. Assets and liabilities held for sale and discontinued operations

Discontinued operations

At 31 December 2020 all assets and liabilities linked to the Services business division are classified as discontinued operations and various sales processes are currently open with regard to the different lines of business of the division.

As detailed in Note 1.1.4, on 30 June 2020, Ferrovial completed the sale of its Australian subsidiary Broadspectrum for AUD 485.5 million (approximately EUR 303 million). The transaction was completed after receiving regulatory and competition approvals. This figure does not include the value of the 50% interest in a joint venture with a local partner, which was sold to it in July 2020 for AUD 20 million (EUR 12 million).

This sale forms part of the process of divesting the Services subsidiary, which began in February 2019 and which entails the sale of the Broadspectrum business in the Australia and New Zealand markets. This transaction has resulted in a loss of EUR 64 million in net income from discontinued operations, relating mainly to the reclassification from shareholders' funds to results of the amounts accumulated in equity in respect of currency translation differences and due to changes to the derivatives used to hedge the net exposure of overseas investment (IAS 21).

This impact is explained by the depreciation of the Australian dollar against the euro between the purchase date and the divestment date. This loss had no impact on cash flow or shareholders' funds.

The impact on cash of the transaction, including the sale of the above-mentioned joint venture, amounts to EUR 300 million, of which EUR 291 million relates to the price paid for Ventia (AUD 465.5 million), less EUR 2.3 million in transaction costs. The cash flow impact of the scope exit totals EUR -78 million due to the variation in the net cash position, primarily due to the elimination of the Group's intercompany positions with its Australian subsidiary.

As regards the other activities and as stated in the Annual General Meeting held on 17 April 2020, at the date these financial statements are authorised for issue, the Group remains committed to selling the Services Division.

The delay in completion is due to the impact of the COVID-19 crisis and the conclusion that, given the current market conditions, it was necessary to consider selling different parts of the division separately based on the type of activity in each country, as compared with the initial approach in which the sale was to be based on the different geographic areas in which the organisation was being managed, that is Spain, United Kingdom, Australia and the rest of the international business.

Advisor mandates are in force and conversations are in progress with potential investors, with the objective being to sell the assets at a reasonable price, in line with its current market value.

Measurement of assets at fair value

In line with the legislation in force, the assets and liabilities of each of the units included under discontinued operations must be measured at the lower of its carrying amount or fair value.

The fair value of assets for which there are currently non-binding or binding offers was determined using information relating to the offers. In the case of the Amey business, as already occurred in 2019, the independent expert valuation was employed (which took into account the existence of bids in those business units where this information was available), and in the case of the other businesses for which there is no offer or third-party valuation, the multiples valuation method was applied by reference to 2020 year-end EBITDA. The analysis took into account the impact of COVID-19 so as to arrive at a normalized EBITDA reflecting the best forward-looking estimate of the companies' situation. As regards the multiples, available reference values were used, relating to the offers received in 2019, listed companies and comparable transactions, including transactions completed post-COVID-19 for which information is available. The value of multiples was contrasted by means of a discounted cash flow valuation.

With respect to the carrying amount, it is important to consider that results for the year do not include asset depreciation charges, as indicated in the following section.

Following the valuation exercise and the comparison with the carrying amount of the assets, the following impairments were recognised in 2020: EUR -34 million essentially in relation to the Waste Treatment business in the UK (Amey) and EUR -25 million in relation to the International Services business.

Impact on the presentation of the financial statements

The reclassification of the Services division to discontinued operations had the following impacts on these financial statements:

- The profit/(loss) after tax generated by the Services business is not reported on each line of the income statement but on a single line named "Profit/(loss) from discontinued operations", in both 2020 and 2019 (Note 2.9). Pursuant to IFRS 5, this profit/(loss) does not include depreciation/amortisation charged on the assets. This heading also includes the potential profit/(loss) of impairments due to the fair value adjustment of the assets, as well as the final profit/(loss) created at the moment of sale.
- For the purposes of the balance sheet, all assets and liabilities attributable to the Services business have been reclassified to "Assets/liabilities held for sale and discontinued operations".
- Note 6.5 on "Contingent assets and liabilities and investment commitments" includes information on discontinued operations.
- The following table details the different types of assets and liabilities that are classified as discontinued operations as at December 2020 and December 2019:

SERVICES DIVISION (Millions of euros)	**DEC. 2020**	**DEC. 2019**	**VAR.**
Non-current assets	**3,093**	**3,944**	**-851**
Goodwill	1,342	1,708	-366
Intangible assets	207	390	-183
Fixed assets in infrastructure projects	437	423	15
Property, plant and equipment	406	498	-92
Right of use	328	377	-49
Deferred taxes	272	421	-149
Other non-current assets	101	127	-26
Current assets	**1,627**	**2,271**	**-645**
Inventories	27	59	-32
Short-term trade and other receivables	1,193	1,606	-413
Cash and cash equivalents	394	570	-177
Other current assets	14	36	-22
TOTAL assets	**4,720**	**6,215**	**-1,495**
Fair value provision	-836	-1,279	443
TOTAL assets classified as discontinued operations	**3,884**	**4,936**	**-1,052**

SERVICES DIVISION (Millions of euros)	**DEC. 2020**	**DEC. 2019**	**VAR.**
Deferred income	**38**	**44**	**-6**
Non-current liabilities	**1,074**	**1,423**	**-350**
Long-term provisions	261	272	-11
Long-term lease liabilities	143	191	-48
Borrowings	275	544	-269
Other non-current liabilities	394	416	-21
Current liabilities	**1,760**	**2,023**	**-263**
Short-term lease liabilities	51	77	-26
Borrowings	82	56	26
Short-term trade and other payables	1,328	1,661	-333
Trade provisions	272	224	48
Other current liabilities	27	6	21
TOTAL liabilities classified as discontinued operations	**2,872**	**3,491**	**-618**

As shown in the table, the net balance of assets and liabilities relating to the discontinued Services operation is EUR 1,012 million, of which EUR 1,001 million pertains to the parent company. The decrease in the balance sheet items with respect to 2019 is due mainly to the sale of Broadspectrum in June 2020.

Assets and liabilities held for sale

As indicated in Note 1.1.4, in September 2020 an agreement was reached to sell the equity-accounted Portuguese toll roads Norte Litoral and Via do Infante to the fund DIF Infrastructure VI, the partial sale of both toll roads having been completed in December 2020. At the year end, the Group still records the 20% ownership interest in both concessions, the sale of which will be finalised during 2021.

In addition, in December 2020 an agreement was reached with Aberdeen Infrastructure (Holdco) IV B.V to sell 100% of the Group's shareholdings in Concesionaria de Prisiones Figueras, S.A.U. and 22% of Urbs Iudex Et Causidicus, S.A. (URBICSA), for EUR 40.7 million and EUR 16.2 million, respectively. Completion under the agreement is pending authorisation from the competent bodies at the reporting date, so the accounting effects of the transaction have not been recognised.

In contrast to the Services Division, as this does not involve a business segment or activity, the profit/(loss) generated is still reported on the relevant income statement lines.

The following table details the different types of assets and liabilities that are classified as held for sale at December 2020:

ASSETS HELD FOR SALE (Millions of euros)	DEC. 2020
Non-current assets	170
Fixed assets in infrastructure projects	96
Investments in associates	68
Deferred taxes	5
Current assets	16
Short-term trade and other receivables	5
Cash and cash equivalents	11
TOTAL assets classified as held for sale	**186**

LIABILITIES HELD FOR SALE (Millions of euros)	DEC. 2020
Non-current liabilities	82
Borrowings	56
Other payables	8
Financial derivatives at fair value	18
Current liabilities	3
Borrowings	2
Current income tax liabilities	1
TOTAL liabilities classified as held for sale	**85**

1.1.4. Consolidation scope changes and other disposals in investees

Below is a description of the most significant movements in the consolidation scope in 2020.

Toll roads

In 2020, the terms for the direct sale to DIF, currently a shareholder, of 49% of Norte Litoral, 48% of Algarve and Algarve International B.V. ("AIBV") which holds Algarve debt, were presented for approval. The overall price amounts to EUR 171.9 million.

As the sale was subject to authorisation from the banks and also administrative authorisation (provided that Cintra's shareholding fell below 20%), and in order to bring forward as far as possible the receipt of funds, during negotiations with DIF the possibility of making an initial partial sale of a 29% equity interest in Norte Litoral and 28% of Algarve was envisaged. The partial sale price amounts to EUR 100 million. This partial sale was carried out on 17 December, with this transaction generating a capital loss of EUR -1 million. At December 2020, Cintra holds a 20% shareholding in both concessions, which will be sold in the following year.

Ferrovial, through its toll road subsidiary Cintra, acquired a further 15% interest in the I-77 toll road in North Carolina, USA on 4 December 2020. The transaction is valued at USD 77.7 million (comprising approximately EUR 68 million) plus a deferred payment based on the asset's performance in June 2024, estimated at USD 2.7 million (approximately EUR 2.4 million). Accordingly, Ferrovial's ownership interest will increase from 50.1% to 65.1%. The impact of this transaction amounted to EUR -38 million in parent company reserves and EUR -30 million in non-controlling interests (Note 5.1).

Construction

In June 2020, 1,276,505 shares in Budimex (equivalent to 5% of the ownership interest) were sold, there having been no impact on the consolidated income statement since a controlling interest is still held in the company (50.1%).

The effect of the transaction on cash resources totals EUR 58 million (PLN 255 million). The difference between the transaction price and the carrying amount of the ownership interest sold entailed the recognition of a consolidated capital gain of EUR 43 million, recognised in reserves attributable to the parent company.

On 29 December 2020, Ferrovial Construcción, S.A. acquired all the share capital of Siemsa Industria, S.A. from Ferrovial Servicios S.A.U. for EUR 16 million. This company provides services for the energy, petrochemical and industrial sectors. Following this internal transaction, it no longer forms part of the Services Division, where it was classified as a discontinued operation, and is included in the Group's Construction Division.

Services

On 30 June 2020, Ferrovial also completed the sale of its Australian services subsidiary Broadspectrum to Ventia for AUD 485.5 million (approximately EUR 303 million). The sale equated to a loss of EUR -64 million (Note 1.3).

Other businesses

On 01 July 2020, Ferrovial completed the sale of 30% of Car Sharing Mobility Services, S.L. (CSMS) to Renault for EUR 1.7 million, which equated to the amount Ferrovial contributed for that 30% since the start of business. CSMS is now jointly controlled by Ferrovial and Renault.

1.2. IMPACT OF COVID-19

The World Health Organization declared a global pandemic caused by COVID-19 in March 2020. Most of Ferrovial's business is conducted in countries that are exposed to a greater or lesser extent to COVID-19 outbreaks and have implemented drastic measures such as states of emergency, border closures to international travellers and restrictions on the movements of their own citizens.

These measures have caused a reduction in consumption, commercial activities and industrial production, seriously affecting the countries' economies and pushing down demand for Ferrovial's services. This has impacted mobility services in particular, though not exclusively.

With the aim of presenting the global impact of the pandemic and in line with ESMA's recommendations, this note provides an explanation of the impact of the pandemic on the financial statements for 2020, description of the analysis performed to conclude that the Company can continue to do business under the going concern principle, analysis of the possible impact of COVID-19 on the impairment of assets and assessment of the potential impact on the main financial risks, including an analysis of the risk of breach of covenants included in financing agreements.

1.2.1. Impact on the financial statements for 2020 and mitigating measures adopted

The effects of COVID-19 on Ferrovial's business results are described below:

Airports Division

The pandemic has led to a drastic reduction in the number of passengers both at Heathrow and at AGS (the holding company of Aberdeen, Glasgow and Southampton airports), both of which are equity-accounted companies.

This explains the net loss posted by Ferrovial, since the Airports business contributed EUR -466 million of the total losses for the year of EUR -410 million, Heathrow Airport and AGS contributing EUR -396 and EUR -51 million, respectively.

Passenger trends in the months following the outbreak of the pandemic were as follows.

Passenger trends (*)	JUN-20	SEP-20	DEC-20	2020
HEATHROW	-95.2%	-81.5%	-82.9%	-72.7%
Aberdeen	-83.6%	-71.8%	-70.9%	-65.3%
Glasgow	-98.7%	-82.9%	-90.2%	-78.0%
Southampton	-97.6%	-89.8%	-95.8%	-83.4%
TOTAL AGS	-95.6%	-81.5%	-86.3%	-75.9%

(*) Monthly information compared with the same month of the previous year, except for 2020 information, which reflects cumulative changes for all 12 months of the year.

Due to the impact of COVID-19, the reduction in investment projects and the delay in the expansion process, Heathrow airport undertook a detailed review of its organisational structure to simplify operations and cut costs. As a result, an extraordinary expense of GBP -92 million (EUR -21 million for Ferrovial's % shareholding) was recognised in connection with staff cost reduction measures, which will be a cost saving in the future. Heathrow also reviewed the asset portfolio, particularly assets under construction. Some projects have been put on hold, while others are not expected to restart in the near future. This led to the recognition of a fixed asset impairment loss of GBP -92 million (EUR -21 million for Ferrovial's % shareholding). AGS recognised an extraordinary expense of GBP 7 million (EUR 3 million for Ferrovial's % shareholding) relating to organisational restructuring.

At Heathrow airport, there was also an adverse effect on the income statement due to the variation in derivatives for a total amount of GBP -202 million (EUR -46 million for Ferrovial's % shareholding), the negative value of which increased mainly as a result of decreasing interest rate expectations due to the global economic crisis and an average reduction of 60 basis points in the 6-month LIBOR curve.

At Heathrow and at AGS, measures were taken to cushion the impact on the income statements and preserve the cash resources available. The following measures are particularly worthy of mention:

- Reduction in Heathrow's and AGS' operating expenditure in 2020 by GBP 303 million and GBP 37 million, respectively, compared with the figures budgeted for 2020. These measures include an organisational restructuring and other temporary measures (furlough and wage cuts), renegotiation of supplier contracts, interruption of non-essential activities and consolidation of operations.
- Revenue maximisation, taking advantage of the capacity at Heathrow to increase London market share, as well as cargo flights.
- Reduction of GBP 700 million in fixed asset investments at Heathrow and GBP 25 million at AGS.
- Dividend reduction. No dividend distributions have been carried out in 2020, other than those carried out prior to the start of the pandemic.

Toll Roads Division

Traffic was severely affected in April, followed by a gradual recovery in the following months that slowed in the second half. Traffic trends on the main toll roads in North America are analysed below:

TRAFFIC TRENDS (*)	JUN-20	SEP-20	DEC-20	2020
407 ETR	-57.8%	-38.2%	-48.6%	-45.4%
NTE	-31.3%	-20.3%	-19.4%	-26.2%
LBJ	-45.6%	-42.9%	-40.0%	-38.5%
NTE 35W	-15.9%	-10.0%	-10.4%	-14.7%

(*) Compared with the same month of the previous year

The decline in traffic caused the Toll Roads Division's EBITDA to fall to EUR 251 million, as compared with a figure of EUR 436 million for the same period of the previous year. Similarly, the contribution by equity-accounted businesses, particularly 407 ETR, was also considerably lower (EUR 33 million as compared with EUR 153 million in 2019).

The toll roads are adapting to the new situation by taking certain mitigating measures that include:

- Reduction in operating expenditure: lower toll collection costs, reduction in communication and marketing campaigns, and temporary staff lay-offs.
- Postponement of fixed asset investments. The combined effect of these measures is estimated at EUR 41 million (in proportional terms).
- Dividend reduction. 407 ETR did not pay the dividend for the second or final quarters of the year, entailing a fall of EUR 160 million in dividends received by Ferrovial from this asset, as compared with the amount of EUR 309 million received in 2019.

Construction Division

Unlike Airports and Toll Roads, the impact on this division was less significant and distributed unevenly from region to region. Spain and South America were the most affected due to the lower rates of production in construction work with fixed costs, delays in the arrival of personnel and supplies, acceleration costs and additional health and safety materials. The total impact on operating results amounted to EUR -49 million.

Mitigating measures were also implemented in this business area in order to cut costs (estimated at EUR 3 million), as well as compensation claims due to the delays and/or the costs of project execution under contracts including force majeure or similar clauses.

Services Division (discontinued operation)

COVID-19 also had an adverse effect on the Services Division, particularly during the lockdown months (April and May in Spain; a longer period in the United Kingdom, to the end of June), which was then followed by less severe mobility restrictions, as well as second and third waves.

The pandemic has affected the Services business across all geographies: In Spain traffic-related revenues have been particularly impacted, such as train on-board services and road maintenance in shadow toll concessions, cost overruns, delays and reduction of non-essential work in industrial maintenance and support activities.

In the UK, water and electricity transmission and infrastructure maintenance activities have been impacted. Also, of note is the considerable decrease in oil & gas activities in the United States due to the sharp fall in demand for petroleum derivatives. The impact on this division's EBITDA amounted to EUR -102 million.

As regards the mitigating measures implemented, Ferrovial Servicios availed itself of temporary lay-off proceedings (ERTEs) applicable to certain contracts in Spain, which affected 4,500 employees, leading to a positive impact of EUR 41.5 million.

In the United Kingdom, Amey applied a number of initiatives promoted by the British Government to support the economy, such as:

- 80% subsidy for salaries of furloughed employees up to the limit of GBP 2,500 per employee, which came to an end in the fourth quarter and lead to aid amounting to EUR 7.9 million.
- Advance receipts from public customers in order to bolster the liquidity of public service providers, accompanied by higher payments to suppliers and subcontractors to assure supply chain liquidity.
- Deferral of VAT payments for March and April 2020 until the period April 2021 to March 2022.

In addition to the measures described, the Services Division has implemented cost-cutting initiatives to adapt to the new market circumstances totalling approximately EUR 110 million (in proportional terms), including delay savings on investments in Spain amounting to EUR 15 million, as well as savings brought about by temporary working hour reductions: EUR 42 million from ERTEs in Spain and EUR 7 million from the furlough scheme in the UK).

Impact on cash flows

The impact of the pandemic on cash flows in the infrastructure businesses is quantified in terms of the reduction in dividends received (mainly due to the cancellation of 407 ETR's second and fourth quarter dividends and all of the Heathrow dividends following the start of the pandemic). Dividend trends with respect to the previous year are as follows:

DIVIDENDS RECEIVED	DEC-20	DEC-19	CHANGE
407 ETR	160	309	-149
LBJ	109	0	109
NTE	25	166	-140
HAH	29	145	-116
AGS	0	17	-17
Other	134	92	42
TOTAL	**458**	**729**	**-271**

In the Construction Division, cash flow impacts are largely in line with the trend in results (EUR -59 million). On the other hand, the Services division has experienced a temporary positive impact in working capital derived from the Spanish and UK initiatives stated above. This positive impact is expected to gradually reverse in the following months.

1.2.2. Going concern assessment

As indicated in the previous paragraph, losses for the year of EUR -410 million are explained by the impact of the COVID-19 pandemic, particularly on the Airports business. The pandemic also caused a significant cut in dividends received from the main infrastructure projects.

Bearing in mind this situation and in order to draw conclusions on the application of the going concern principle to these financial statements, an analysis of the Group's cash requirements up to 2022 has been made based on its current cash position.

In this regard, Ferrovial ended the year with an all-time high position of liquidity. In December 2020, ex-infrastructure projects liquidity amounted to EUR 7,964 million (cash and cash equivalents + undrawn credit lines) and the ex-infrastructure projects net cash position amounted to EUR 1,991 million. It should also be noted that the Group's short-term assets and liabilities, including cash and debt position, show a positive balance at end-December 2020.

Beginning with this liquidity position, Ferrovial updated its business plan for the coming five years to include the estimated impact of COVID-19 on each business area, assuming a gradual recovery of business levels in the second half of 2021, once progress has been made in the vaccination process, achieving herd immunity and allowing an economic bounce back. In that scenario, although no dividends distributions are expected from Airports assets, it is assumed a gradual recovery from Toll Roads assets dividends since 2021 second half and 2022. In the Construction division, no significant impacts related to Covid-19 have been considered, and regarding the open divestments processes they are expected to be signed off within 2021, with cash collections to be received within 2021-2022. This baseline scenario would have no material impact on the company's current liquidity position.

A stress scenario was added to this baseline scenario to include a number of assumptions regarding the Company's cash resources in 2021 and 2022 if there is no recovery from the effects of the pandemic. The impacts considered in this stress scenario are as follows:

a. No dividends from infrastructure projects are expected to be received in 2021 and 2022.
b. Worsening of cash projections in the Construction business.
c. Delay in sale processes currently under way, until after 2022
d. Specific recapitalisation needs in certain projects due to the breach of the financing agreements (covenants).

The conclusion drawn from the analysis is that, although this stress scenario would entail a very significant deterioration of the Company's cash position, cash resources would continue to be sufficient to meet commitments. Therefore, based on the available information at the reporting date of these financial statements, Ferrovial's financial position, the diversity of Ferrovial's assets portfolio that could be eligible for divestments or refinancing processes, as well as the measures adopted to offset the effects of the pandemic on its business activities, Ferrovial's finances are sufficient to guarantee the capacity of the Group to continue operating under the going concern principle during the years 2021 and 2022, with no material uncertainties having been identified to doubt this conclusion.

1.2.3. Impact on asset impairment

As indicated previously, the main uncertainties caused by COVID-19 relate to infrastructure projects (tolls roads and airports), due to the drastic reduction in toll road traffic caused by the restrictions imposed on mobility and in the number of airport passengers.

Future trends relating to these assets are subject to a series of uncertainties such as the impact on traffic of the economic freeze, promotion of working from home and electronic commerce (in this case, the impact is positive due to the increase in heavy goods and commercial vehicle traffic related to distribution/logistics activities) or the social distancing measures, which will change mobility habits, at least temporarily.

This situation and the uncertainties as to future trends are relevant when analysing possible impairment loss on the assets used in these activities. Impairment tests were carried out on the main assets (all toll roads and airports, Webber, Budimex, Transchile and service companies classified as discontinued operations) using projections discounted based on the estimated evolution of the pandemic and adjusting upwards the discount rates applied.

As regards the short- and medium-term impact of COVID-19 on the main toll road assets, provided that herd immunity is achieved and that there is a economic bounce back in 2021, we expect a quicker traffic recovery to take place.

In the case of airports, in the base case recovery of traffic levels is expected to be slower than in toll roads, in view of the uncertainty generated by COVID-19. AGS traffic levels are not expected to return to 2019 levels before 2025 and HAH traffic levels are not expected to recover over the course of H7, which completes in 2026. There is considerable uncertainty due to the impact on traffic of government or international decisions restricting or preventing passenger flows, so any estimate will have to be reviewed periodically.

The discount rates used in the impairment testing were determined by analysing trends in the main market parameters, the Company having decided to increase the discount rate by between 25 and 50 basis points with respect to pre-COVID levels. Despite the fall in the risk-free rate in Ferrovial's main markets, the recent increase in risk perception and in returns expected by investors, caused by the pandemic, justify raising cost of capital. It should be noted that the Company uses conservative parameters in order to arrive at a normalised risk-free rate (normalised risk-free rates are between 100 and 200 basis points above the spot rate).

As described in more detail in Note 3.1.2., the conclusion drawn from the exercise carried out, and with the information available to date, is that the assets analysed are not expected to become impaired.

Finally, in respect of the Services business, as these assets continue to be classified as discontinued operations, a fair value restatement has been performed

1.2.4. Impact on financial risks

Covenants

The most relevant covenants in the Group's financing agreements relate to default ratios (breaches) in the infrastructure areas (toll roads and airports).

Toll roads

The financing agreements for the main toll road projects contain no default ratios that might entail the early repayment of the debt. They only contain lock-up ratios, which can prevent dividend distribution by the toll road companies.

The decision taken by 407 ETR not to pay out the second and fourth quarter dividend is presented as a prudent measure in view of the uncertainty, rather than as a contractual impediment.

Airports:

In July 2020, approval was received from Heathrow Finance PLC's creditors (over 95% support) a waiver of the ICR (Interest Coverage Ratio): Cash flows from operating activities divided by interest of above 1x) for 2020 and a modification of the RAR covenant (Regulatory Asset Ratio: Net debt divided by the RAB or regulatory asset base of below 92.5%) increasing the current limit of 92.5% to 95% in 2020 and 93.5% in 2021, so that no default is expected in June 2021 under the current traffic scenario.

This waiver temporarily imposes a number of conditions on the payment of dividends and a minimum liquidity of GBP 200 million. Heathrow also granted bondholders an additional yield increase of up to 0.75%, 0.25% as from the day the waiver comes into effect, a further two 0.25% increases if the RAR is above 92.5% and the remainder if the rating for any bond falls below Ba3 or BB-.

In AGS, the Net borrowings/ EBITDA ratio <9.5x and the debt service coverage ratio (DSCR) >1.1x were expected to breach in 2020. On 15 June a waiver was obtained for both June and December 2020 covenants. The December waiver successfully overcame a liquidity test at 30 November 2020.

Corporate debt:

Corporate date consists primarily of the following debt instruments: corporate bonds, Euro Commercial Paper (ECP) and corporate liquidity lines. None of the instruments includes default ratios, so there is no risk of default on this type of obligations.

Measurement of derivatives

The coronavirus pandemic and related economic consequences have triggered major upheavals in financial markets having a direct impact on the value of the Ferrovial Group's portfolio of derivatives. The fall in interests rates affecting certain currencies and the generalised increase in credit risk are particularly significant.

Interest rates

In some regions, the pandemic has forced central banks to apply emergency interest rate cuts and extraordinary liquidity measures that have caused interest rates to fall across the board.

The interest rate cuts affecting the GBP, EUR and USD have directly affected the valuation of Ferrovial's Interest Rate Swaps (IRS) in the period January-December 2020 (GBP -28 million (ex- Heathrow), EUR -14 million and USD -6 million, with balancing items in reserves). In the case of Heathrow an impact of EUR -15 million (net profit/(loss) attributable to Ferrovial) has been registered in this regard in the income statement for 2020.

Credit risk

The increase in credit risk due to the economic consequences of the pandemic has caused a sharp widening of credit spreads and of Credit Default Swaps (CDS), as well as deterioration in the credit worthiness of some of the projects and counterparties. This has had a direct impact on the calculation of credit risk adjustments for derivatives. In general, the widening of credit risk has a positive impact on liability derivatives (negative valuation) and a negative effect on asset derivatives (positive valuation). Specifically, it had an impact between January and December 2020 of EUR +11 million on IRS in Euros and EUR -1.4 million in the Autema index-linked swap. These impacts have been reflected in reserves and in the income statement based on the accounting treatment of each derivative.

This credit risk rise could lead to hedge ineffectiveness, although there has been no significant decline in the effectiveness of any of the Ferrovial Group's derivatives according to the tests performed to date, except for Heathrow cross-currency swaps (CCS), which had a net impact of EUR -15 million in the Ferrovial income statement as at December 2020, of which EUR -4 million relate to those generated by the CVA impact.

UK inflation (Retail Price Index, RPI)

Although expected inflation in the United Kingdom (RPI) is at slightly lower levels than at the start of the pandemic, which is beneficial for Heathrow's index-linked swap (ILS) portfolio, the sharp fall in GBP nominal interest rates had a broader adverse impact due to the negative effect of discount factors and variable interest rate (LIBOR) receipts for a part of the portfolio (a net amount of EUR -16 million for Ferrovial's % shareholding, impacting the income statement).

Impairment of financial assets

The Group applies the IFRS 9 expected credit loss approach to the impairment of receivables. The Group reviews the ratings of customers (or awarding entities in the case of financial assets under IFRIC 12) annually and calculates a percentage reflecting the probability of default and the percentage loss that this would entail. This credit review exercise revealed losses of EUR 9 million, primarily related to the AGS airports project (Note 3.6.1).

1.3. ACCOUNTING POLICIES

1.3.1. New accounting standards

1.3.1.a) New standards, amendments and interpretations adopted by the European Union mandatorily applicable for the first time in 2020:

The same accounting policies have been applied when preparing these consolidated annual accounts as were applied to the consolidated annual accounts for the financial year ended 31 December 2019, except for the adoption of the amendments to IFRS 9, IAS 39 and IFRS 7 due to the interest rate benchmark reform. These amendments came into effect in the European Union on 1 January 2020 and have therefore been first-time adopted this year.

The purpose of the reform of the benchmark interest rate is to replace the indices used as benchmarks for the average interest rate at which a certain number of financial institutions would grant unsecured interbank funding for different periods and currencies, such as the EURIBOR or the LIBOR.

The amendments brought in by the standard provide a number of exemptions applicable to all hedging relationships that are directly affected by the interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty regarding the timing and/or amount of cash flows linked to the interest rate of the hedged item or hedging instrument.

The Group has applied these exemptions retroactively to hedging relationships in force at 1 January 2020 or designated since that date and affected by the interest rate benchmark reform. This amendment to IFRS 9 will be applied until the uncertainty regarding the timing or amount of cash flows from the hedged item or hedging instrument ends or the hedging relationship is discontinued.

The hedging instruments within the scope of the changes to interest rates by hedge type are set out below:

BENCHMARK	NOTIONAL (M EUR)	NOTIONAL (M LOCAL
Euribor	**1,741.04**	**1,741.04**
IRS	1,741.04	1,741.04
Libor GBP	**2,130.12**	**1,931.21**
IRS	*646.81*	*579.24*
CCS	*1,483.31*	*1,351.97*
Libor USD	**399.73**	**456.79**
IRS	*149.73*	*183.04*
CCS	*250.00*	*273.75*

1.3.1.b) New standards, amendments and interpretations mandatorily applicable in annual reporting periods subsequent to 31 December 2020:

The new standards, amendments and interpretations approved by the IASB but not yet mandatorily applicable at 31 December 2020 that might have an effect on the Group are as follows:

STANDARD, INTERPRETATION OR AMENDMENT	DATE PUBLISHED IN THE EU OFFICIAL JOURNAL	DATE APPLICABLE IN THE EU	IASB APPLICABLE DATE
Amendment to IFRS 4 Insurance contracts - deferral of IFRS 9	16 December 2020	01 January 2021	01 January 2021
IFRS 17 – Insurance contracts	Pending	Pending	01 January 2023
Amendment to IAS 1 Presentation of financial statements: classification of financial liabilities as current or non-current	Pending	Pending	01 January 2023
Amendments to: IFRS 3 Business combinations IAS 16 Property, plant and equipment IAS 37 Provisions, contingent liabilities and contingent assets Annual improvements 2018 - 2020	Pending	Pending	01 January 2022
Amendments to IFRS 9. IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest rate benchmark reform – phase 2.	Pending	Pending	01 January 2021

Although the Group is currently analysing the impact, based on the analyses carried out to date first-time adoption is not expected to have a material impact on the consolidated annual accounts, except for the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest rate benchmark reform – phase 2.

1.3.2. Basis of consolidation

In 2020 and 2019 the reporting dates of the individual annual accounts of all the companies included in the consolidation scope were either the same as, or were temporarily brought into line with, that of the parent company.

In this regard, in order to calculate the degree of control, joint control or significant influence existing at each company in the Group, a review has been carried out of the consistency between the stake held and the number of votes controlled in each company under their articles of association and shareholder agreements.

In the case of business activities with companies in which the existence of joint control is identified, the general basis of consolidation is the equity method.

In relation to these jointly controlled businesses, apart from the situations in which there are two venturers, each with a 50% ownership interest, the cases requiring a more in-depth analysis are those relating to infrastructure projects in which Ferrovial is the shareholder with the largest ownership interest (less than or equal to 50%) and has the right to propose the Chief Executive Officer or other executives of the investee, while the other shareholders, mainly infrastructure funds, have a direct participation on the Board of Directors.

In all these cases, it has been concluded that the projects in question should be equity-accounted, because Ferrovial does not have the right to nominate the majority of the Board of Directors of these companies, and the decisions of the said Boards (including the appointment of the main executive positions) always require a simple or qualified majority, when Ferrovial does not itself have a casting vote in the event of a tie. Notable cases in this regard are the stakes held in the companies that own the following Toll Road projects (the percentage stake held in each is shown in brackets): I-66 (50%), 407 ETR (43.23%), Slovakia (35%), Toowoomba (40%) and Osars (50%).

Contracts that are undertaken through temporary consortia (UTEs) or similar entities that meet the IFRS 11 requirements to be classified as "Joint arrangements" are proportionately consolidated.

It is considered that, in these cases of joint control, the partners have direct control over the assets, liabilities, income and expenses of these entities and joint and several liability. Operations of this nature contributed to the consolidated Group assets, profit/(loss) and revenues of EUR 29 million, EUR -126 million and EUR 1,074 million, respectively (2019: EUR 182 million, EUR -133 million and EUR 963 million). Particularly worthy of note due to their materiality (sales representing more than 0.5% of consolidated sales) are the following companies relating to construction projects:

PROJECT	ACTIVITY	% SHAREHOLDING		REVENUE (€M)
Northern Line / Thames Tideway Tunnel	Design and construction of the Thames Tideway tunnel and Northern Line extension of the London Underground	50	%	199
HS2 Enabling Works	Preliminary ground and enabling works for the HS2 high speed line in the UK	37	%	116
Bucaramanga Toll Road (Ruta del Cacao)	Engineering, procurement and construction of the Bucaramanga-Barrancabermeja-Yondó project	70	%	59
Tokamak Iter	Construction of the Tokamak reactor located in Cadarache (France)	30	%	34
HS2 Main works	Works on 80 km of the HS2 between Chilterns and Warwickshire, including 15 viaducts, 5 km of green tunnels, 22 km of road diversions, 67 bridges and 30 million cubic metres of excavation.	15	%	30
TOTAL				**438**

The companies over which Ferrovial, S.A. exercises significant influence or joint control and which do not meet the requirements in IFRS 11 to be classified as "joint operations" are equity-accounted. A breakdown of the equity-accounted companies can be found in Note 3.5. and in Appendix II.

Certain companies are also consolidated using the equity method, in which it holds a direct or indirect stake of less than 20%, so long as Ferrovial can appoint one of the members of the Board of Directors.

Intra-Group balances and transactions are eliminated on consolidation. However, the transactions recognised in the income statement in relation to construction contracts performed by the Construction Division for infrastructure project concession operators are not eliminated on consolidation, since it is considered that the Group performs work for the concession grantor or regulator in exchange for the right to operate the infrastructure under the terms pre-established by the grantor or regulator. The grantor or regulator thus controls the asset from inception and grants the above mentioned right in exchange for the work performed, and, therefore, the conclusion may be reached that at Group level the work is performed for third parties. This is in line with IFRIC 12.

The non-elimination of these transactions had an impact of EUR -22 million on the income statement, after taxes and non-controlling interests (2019: EUR -127 million). The detail of the transactions not eliminated on the basis of the foregoing is shown in Note 6.8, related party transactions.

Appendix II contains a list of subsidiaries and associates.

Finally, as regards transactions for the purchase or sale of a percentage stake that does not lead to any change of control in the company in question, the minority stake is measured at its proportional value in the identifiable net assets of the company being acquired or sold. Changes in a parent's ownership interest in a subsidiary that do not give rise to a loss of control are equity transactions.

1.3.3. Accounting policies applied to each line item in the consolidated statement of financial position and consolidated income statement

Set forth below is a detail of only those accounting policies adopted by the consolidated Group in preparing these consolidated annual accounts with respect to which there is an option permitted by IFRS or, as the case may be, on the basis of the specific nature of the industry in which it operates or of its materiality.

1.3.3.1. Property, plant and equipment, investment property and intangible assets

- Subsequent to initial recognition, the items included under "intangible assets", "investment property" and "property, plant and equipment" are measured at cost less any accumulated depreciation and any accumulated impairment losses.
- The straight-line method is used to calculate the depreciation/amortisation charge for the assets included under "intangible assets", "investment property" and "property, plant and equipment", except in the case of certain machinery in the construction business, which is depreciated using the diminishing balance method.

The consolidated companies depreciate "property, plant and equipment" over the following useful lives:

	YEARS OF USEFUL LIFE
Buildings and other structures	10-50
Machinery, installations and tooling	2-25
Furniture and fittings	2-15
Vehicles	3-20
Other fixed assets	2-20

1.3.3.2. Investments in infrastructure projects

This line item includes investments in infrastructure made by companies that hold these projects within the scope of IFRIC 12 (mainly toll roads), where remuneration consists of an unconditional right to receive cash or other assets, or a right to charge the corresponding fees based on the degree to which the public service is used.

The assets acquired by the concession operator to provide the concession services but which do not form part of the infrastructure (vehicles, furniture, computer hardware, etc.) are not included in this line item because they are not returned to the concession grantor. Assets of this nature are classified under "property, plant and equipment" and are depreciated over their useful life, using a method that reflects their economic use.

IFRIC 12 Intangible Asset Model

All initial investments relating to the infrastructure that is subsequently returned to the grantor, including compulsory purchase costs and borrowing costs capitalised during construction, are amortised on the basis of the expected pattern of consumption applicable in each case (normally forecast vehicle numbers in the case of toll roads) over the term of the concession.

The investments contractually agreed on at the start of the concession on a final and irrevocable basis for being made at a later date during the term of the concession, and provided they are not investments made to upgrade infrastructure, are considered to be initial investments. For investments of this nature, an asset and an initial provision are recognised for the present value of the future investment, applying a discount rate to calculate the present value that is equal to the borrowing costs associated with the project. The asset is amortised based on the pattern of consumption over the entire term of the concession and the provision is increased by the related interest cost during the period until the investment is made.

Where a payment is made to the grantor to obtain the right to operate the concession, this amount is also amortised based on the pattern of consumption over the concession term.

A provision is recognised systematically for replacement investments over the period in which the related obligations accrue, which must have been set up in full by the time the replacement becomes operational. The provision is recognised on the basis of the pattern of consumption over the period in which the obligation arises, and applying financial criteria.

Infrastructure upgrade investments are those that increase the infrastructure's capacity to generate revenue or reduce its costs. In the case of investments that will be recovered over the concession term, since the upgrade investments increase the capacity of the infrastructure, they are treated as an extension of the right granted and, therefore, they are recognised in the consolidated balance sheet when they come into service. They are amortised from the date on which they come into service based on the difference in the pattern of consumption arising from the increase in capacity.

However, if, on the basis of the terms and conditions of the concession, these investments will not be offset by the possibility of obtaining increased revenue from the date on which they are made, a provision is recognised for the best estimate of the present value of the cash outflow required to settle the obligations related to the investment that will not be offset by the possibility of obtaining increased revenue from the date on which the investments are made. The balancing entry is an addition to the acquisition cost of the asset.

In the case of the proportional part of the upgrade or increase in capacity that is expected to be recovered through the generation of increased future revenue, the general accounting treatment used for investments that will be recovered in the concession term will be applied. The main assumptions used in relation to these arrangements correspond to vehicle number and replacement investment estimates, which are updated each year by technical departments.

Set forth below is a detail of the main toll road concessions in force to which the intangible asset model is applied, showing their duration, status and the accounting method applied:

Toll road concessions accounted for using the intangible asset model:

CONCESSION OPERATOR	COUNTRY	STATUS	FIRST YEAR OF CONCESSION (*)	FINAL YEAR	ACCOUNTING METHOD
NTE Mobility Partners, LLC	USA	Operational	2014	2061	Full consolidation
NTE Mobility Partners Seg 3 LLC	USA	Operational	2018	2061	Full consolidation
LBJ Infr. Group LLC	USA	Operational	2014	2061	Full consolidation
I-66 Mobility Partners LLC	USA	Construction	2016	2066	Equity-accounted
I-77 Mobility Partners LLC	USA	Operational	2019	2069	Full consolidation
Euroscut Azores	Portugal	Operational	2011	2036	Full consolidation
Eurolink Motorway Operations (M4-M6)	Ireland	Operational	2005	2033	Equity-accounted
Autopista Terrassa Manresa, S.A.	Spain	Operational	1989	2036	Full consolidation

(*) First year of the concession (if in service) or year of commencement of construction (if at the construction phase).

Financial Asset Model IFRIC 12

This line item includes the service concession arrangements related to infrastructure in which the consideration consists of an unconditional contractual right to receive cash or another financial asset, either because the grantor guarantees to pay the operator specified or determinable amounts or because it guarantees to pay the operator the shortfall between amounts received from users of the public service and specified or determinable amounts. Therefore, these are concession arrangements in which demand risk is borne in full by the grantor. In these cases, the amount due from the grantor is accounted for as a loan or receivable under assets in the consolidated balance sheet.

To calculate the amount due from the grantor, the value of the construction, operation and/or maintenance services provided and the financial return in arrangements of this nature are taken into consideration.

Revenue from the services (mainly construction and maintenance) provided in each period increases the amount of the related receivables with a balancing entry in sales. The financial return on the consideration for the services provided also increases the amount of the receivables with a balancing entry in sales. Amounts received from the grantor reduce the total receivable with a balancing entry in cash.

When reporting this financial income in concessions of this type it is classified as ordinary income, since it forms part of the ordinary concession activity and is earned on a regular and periodic basis.

At 31 December 2020 and 2019, the financial income included in sales revenue amounted to EUR 14 million and EUR 113 million, respectively. This reduction is due to the fact that the cassation appeal in the litigation brought by Autema (Autopista Terrasa Manresa, S.A.) that was in progress with the Catalan Regional Government in connection with the project concession scheme was not given leave to proceed. As a result of this rejection, the project was recognised under the intangible asset model as from January 2020 and no financial income is therefore applicable (Notes 2.1 and 6.5.1). Also, the borrowing costs associated with the financing of concessions to which the financial asset model is applied amounted to EUR 22 million in 2020 and EUR 26 million in 2019.

Below is a detail of the main toll road concession arrangements in force to which the financial asset model is applied, showing their duration, status and the accounting method applied:

Toll road concessions accounted for using the financial asset model

CONCESSION OPERATOR	COUNTRY	STATUS	FIRST YEAR OF CONCESSION (*)	FINAL YEAR	ACCOUNTING METHOD
Auto-Estradas Norte Litoral	Portugal	Operational	2006	2031	Equity-accounted
Autoestrada do Algarve, S.A.	Portugal	Operational	2004	2030	Equity-accounted
Eurolink M3	Ireland	Operational	2010	2052	Equity-accounted
A66 Benavente - Zamora	Spain	Operational	2015	2042	Equity-accounted
407 East Extension	Canada	Operational	2016	2045	Equity-accounted
Scot Roads Partnership Project Limited (**)	UK	Operational	2017	2047	Equity-accounted
Nexus Infr. Unit Trust (Toowoomba)	Australia	Operational	2019	2043	Equity-accounted
Blackbird Infrastructure Group (407 East Phase 2)	Canada	Operational	2019	2047	Equity-accounted
Ruta del Cacao S.A.S	Colombia	Construction	2015	2040	Equity-accounted
Zero Bypass Ltd.	Slovakia	Construction	2016	2050	Equity-accounted
Netflow OSARs Western	Australia	Construction	2017	2040	Equity-accounted
Riverlinx, Ltd.	UK	Construction	2019	2050	Equity-accounted

(*) First year of the concession (if in service) or year of commencement of construction (if at the construction phase).
(**) Owned 20% through Cintra and 20% through Amey

Other concession arrangements accounted for using the financial asset model

The other arrangements to which the financial asset model is applied relate to the Construction Division. Below is a breakdown of the most significant:

CONCESSION OPERATOR	COUNTRY	STATUS	FIRST YEAR OF CONCESSION (*)	FINAL YEAR	ACCOUNTING METHOD
Concesionaria de Prisiones Lledoners	Spain	Operational	2008	2038	Full consolidation
Conc. Prisiones Figueras S.A.U.	Spain	Operational	2011	2040	Full consolidation
Depusa Aragón, S.A.	Spain	Construction	2017	2037	Full
Wroclaw Budimex Car Park	Poland	Operational	2012	2042	Full consolidation
Urbicsa Ciudad de la Justicia	Spain	Operational	2008	2039	Equity-accounted
Concesionaria Vía Olmedo Pedralba	Spain	Operational	2013	2041	Equity-accounted
FBSerwis SA - IM009 DDS	Poland	Operational	2016	2021	Full consolidation

(*) First year of the concession (if in service) or year of commencement of construction (if at the construction phase).

1.3.3.3. Other line items in the balance sheet and income statement

Cash and cash equivalents of infrastructure project companies: Restricted cash (Note 5.2.1).

This heading includes investments of the same type and maturity that are assigned to the financing of infrastructure projects, the availability of which is restricted under the financing contracts as security to cover certain obligations relating to the interest or principal on the borrowings and to infrastructure maintenance and operation.

Fair value measurement

In such derivative measurements, the credit risk of the parties to the related agreement is taken into account. The impact of credit risk will be recognised in profit and loss, unless the derivatives qualify as effective cash flow hedges, in which case the effect will be recognised in reserves. The Group uses appropriate measurement methods based on the circumstances and on the volume of inputs available for each item, attempting to maximise the use of relevant observable inputs and avoiding the use of unobservable inputs. The Group establishes a fair value band that categorises the inputs to measurement methods used to measure fair value into the following three levels:

- Level 1: Quoted prices for identical assets or liabilities.
- Level 2: Inputs other than quoted prices that are observable for the assets or liabilities, either directly or indirectly.
- Level 3: Unobservable market inputs for the asset or liability.

As indicated in Note 5.5, “financial derivatives”, all the Group's financial derivatives are categorised as Level 2.

Financial instruments

Impairment of financial assets

IFRS 9 is based on an expected loss model whereby the loss provision is calculated based on the coming 12-month or lifetime expected losses for the financial instruments, depending on the significance of the related increase in risk.

This model applies to all financial assets, including commercial assets contracted under IFRS 15, non-trade assets and receivables under the IFRIC 12 model. For its calculation, the Group has developed a method whereby certain rates are applied to financial asset balances that reflect expected credit losses based on the credit profile of the counterparty (the customer, in the case of trade and other receivables and the awarding entity for financial assets under IFRIC 12). These percentages reflect the probability that payment obligations will not be met and the percentage lost, which, in the event of non-payment, would ultimately be irrecoverable.

The assignment of ratings and trends in the rates are overseen by the financial risk department, which performs an update at each year end based on credit risks. If during the analysis a significant increase in risk is identified with respect to that initially recognised, the expected loss is calculated taking into account lifetime probability of default.

The Group applies the simplified approach to trade and other receivables. In order to calculate expected loss, an average rating is obtained for customers by business and geographic area and is used to generate the rates to be applied to the balances, depending on whether the customer is a public or private entity and on its business sector (only in the case of private sector customers).

Moreover, if the customer is declared insolvent, a claim is filed against it or it defaults on payment, a breach is deemed to have occurred and the entire trade receivable will be provisioned. To this end, the Group has defined payment periods per type of customer that trigger a breach and thus the posting of a provision.

In the case of receivables under the IFRIC 12 model (Note 3.3.2), the expected loss provision is calculated individually for each asset based on the awarding entity's credit quality. If the credit risk has not increased significantly, the calculation will be made based on the same amount as the expected credit losses over the next 12 months. The risk is deemed not to have increased significantly if the awarding entity has a rating above investment grade and has maintained this level since initial recognition.

Classification and measurement of financial assets.

According to IFRS 9 the classification and measurement method is based on two aspects, these being the features of the contractual cash flows from the financial asset and the entity's business model. This sets out three potential measurement methods: amortised cost, fair value through other comprehensive income (equity) and fair value through profit or loss. The Group's financial assets are mainly assets held to maturity, the cash flows of which are only payments of principal and interest, so, on this basis, financial assets are carried at amortised cost. We would solely note that for its equity instruments that are measured by default at their fair value with changes reported in profit/(loss), there is an option to report changes in fair value in other comprehensive income from the outset. This decision cannot be revoked and must be taken for each asset individually.

Hedge accounting. IFRS 9 attempts to align hedge accounting more closely with risk management, and the new requirements establish a principle-based approach.

Other equity instruments

These are perpetual bonds with payment at the discretion of the party that issues the coupon in question. They do not meet the conditions to be considered as a financial liability for accounting purposes, because they do not include any contractual obligation to make payment in the form of cash or any other financial asset, nor do they include any obligation to exchange financial assets or liabilities. They are therefore entered as part of the company's equity, in other equity instruments.

Non-refundable grants related to assets

Non-refundable capital grants are measured at the amount granted under "deferred income" (Note 6.1) in the consolidated statement of financial position, and are taken to profit or loss gradually in proportion to the period of depreciation on the assets financed with these grants, which is recognised under "depreciation and amortisation charge". From the cash flow standpoint, the amount of the grants collected in the year is presented as a reduction of the amount of the investments made.

Trade payables

"Trade payables" include the balances payable to suppliers under reverse factoring arrangements with banks.

These balances are classified as trade payables and the related payments as cash flows from operating activities, since the payments are made to the banks under the same conditions as those agreed with the supplier, the company bound by the obligation to make payment does not agree an extension with the banks beyond the due dates agreed with the supplier, and there are no special guarantees to secure the payments to be made.

1.3.3.4 Revenue recognition

In order to ensure that policy is standardised across all its different lines of business, Ferrovial has prepared a common revenue recognition policy adapted to IFRS 15 "revenue from contracts with customers".

i) General revenue recognition criteria

The first step in the revenue recognition process involves identifying the relevant contracts and the performance obligations that they contain.

Generally speaking, the performance obligations in the Construction and Services activities carried out by Ferrovial are met over time, rather than at a specific moment, since the customer simultaneously receives and consumes the benefits offered by the company's performance as the service is provided.

As regards the criterion for recognising revenues over time (the method of measuring the progress of performance of an obligation), Ferrovial has established certain criteria that are consistently applied in respect of similar performance obligations.

In this regard, the Group has chosen the output method as its preferred method for measuring the value of assets or services for which control is transferred to the customer over time, which is applied whenever the progress of the work performed can be measured on the basis and over the course of the contract.

In contracts for the provision of different, highly interrelated goods or services required to produce a combined output, which often occurs in contracts for construction activities, the applicable output method is that of measurement of units produced ("surveys of performance" under "output methods"), in which the revenue recognised relates to the work units completed, based on the price assigned to each unit. In accordance with this method, the units produced under each contract are measured and the output for the month is recognised as revenue. The costs of carrying out works or service projects are recognised on an accrued basis, and the costs actually incurred in producing the units of output are recognised as an expense together with those which, because they might be incurred in the future, have to be allocated to the units produced to date. (see note 1.3.3.4. v) on provisions for deferred expenses).

In routine or recurring service contracts (in which the services are substantially the same), such as maintenance and cleaning services, which are transferred with the same pattern of consumption over time and whose remuneration consists of a recurring fixed amount over the term of the contract (e.g. monthly or annual payment), in such a way that the customer receives and consumes the benefits of the services as the entity provides them, the method selected by the Group to recognise revenue is the "time elapsed output method". Under this method, revenue is recognised on a straight-line basis over the term of the contract and costs are recognised on an accrual basis.

Only in those contracts that are not for routine or recurring services and for which the unitary price of the units to be performed cannot be determined, use of the stage of completion measured in terms of the "costs incurred" (input method) is permitted. Under this method, the company recognises revenues based on the costs as they accrue, as a percentage of the total costs forecast for completion of the works, taking account of the expected profit margins for the whole project, according to the most recently updated budget. This method entails measuring the costs incurred as a result of the work completed to date as a proportion of the total costs forecast, and recognising revenues in proportion to the total revenues expected. As indicated above, this method only applies to those complex, lump-sum construction or services contracts in which it is not possible to break down the price and measure the units to complete.

Finally, as regards determining whether the company acts as a principal or agent, Ferrovial is the principal in both construction and service contracts if it provides goods and services directly to the customer and transfers control of them without involving intermediaries.

In the case of concession agreements in which Ferrovial both builds and operates the toll road, the construction company is the principal if it is ultimately responsible for fulfilling the commitment to execute the work in accordance with the concession agreement specifications and assumes the contractual obligations in the event of a claim or delay.

ii) Recognition of revenue from contract modifications, claims and disputes

Modifications are understood to mean changes to the scope of the work that are not provided for in the original contract and that could result in a change to the revenues attached to the contract in question. Changes to the initial contract require the customer's technical and financial approval prior to the issue of billings and collection of the amounts relating to additional work.

The criterion applied by the Group is not to recognise any revenue from this additional work until the additional work has been approved by the client. In cases where the work has been approved but its measurement remains pending, the "variable consideration" requirement (as explained below) will apply. This entails recognising revenue in an amount that will be most likely not to suffer any significant reversal. Any costs associated with the units completed or services rendered will be recognised at the time at which they are incurred, regardless of whether or not the modification has been approved.

A claim is a request seeking payment or compensation from the customer (for example, cases involving compensation, reimbursement of costs, legally mandatory inflation-linked review), subject to the submission of a direct application to the customer. The criterion followed by the Group with regard to claims is to apply the method mentioned above in relation to changes, when such claims are not covered by the contract, or to apply the variable consideration method, when they are covered by the contract but need to be quantified.

A dispute is the result of an incident of non-compliance or rejection after a claim has been made to the customer under the terms of the contract, the result of which is pending in a procedure being pursued directly with the customer or in court or arbitration proceedings. In line with the criteria followed by the Group, in the event that the revenues relating to a dispute in which the enforceability of the amount being claimed are in doubt, these revenues will not be recognised and any recognised earlier will be cancelled, since the dispute shows that the customer has not given its approval for the completed work. In the event that the customer questions the value of the work completed revenues will be recognised on the basis of the criteria applied in cases of "variable consideration", as explained below.

Only in cases in which a legal report confirms that the rights forming the subject of the dispute are clearly enforceable and, therefore, at least the costs directly associated with the service relating to the dispute are recoverable, revenues may be recognised up to the maximum amount of the costs incurred.

(iii) Determination of the transaction price

The purpose of the entity is to allocate the price to each performance obligation (or distinct good/service) for an amount that represents the consideration to which the entity expects to be entitled in exchange for the transfer of goods or services committed to the customer.

In order to fulfil the allocation purpose, the transaction price of each performance obligation identified in the contract is allocated as a selling price that is separate in relative terms.

The best evidence of a separate selling price is the observable price of a good or service when the entity sells that good or service separately in similar circumstances and to similar customers.

Variable consideration

If the consideration promised in a contract includes a variable amount, this amount is recognised only to the extent that it is highly probable that a significant reversal in the amount recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. For example, it is stipulated that a bonus may only be recognised once a high percentage of completion of the contract has been reached.

Financing component

Generally speaking, in order to calculate the price of a performance obligation, an implicit financing component is calculated, in cases in which the period between the date on which the goods or services are delivered and the date on which the customer is expected to pay for the goods or services is greater than a year. This component is treated as financial income.

Where a performance obligation involves a period of less than one year between the date on which the company transfers goods that have been promised to the customer and the date on which the customer pays, the practical solution permitted under the regulations is applied to avoid adjusting the financial amount of the consideration.

In cases in which there is a contractual or legal right to charge late payment interest for a payment that is delayed with regard to the contractually agreed terms, this late payment interest is only recognised when it is highly probable that it will be effectively paid.

iv) Balance sheet items related to revenue recognition

Works completed pending certification/work certified in advance

Unlike revenue recognition, the amounts billed to the customer are based on achievement of the various milestones established in the contract and on acknowledgement thereof by the customer, which takes the form of a contractual document referred to as a progress billing certificate. Thus, the amounts recognised as revenue for a given year do not necessarily coincide with the amounts billed to or certified by the customer. In contracts in which the revenues recognised exceed the amount billed or certified, the difference is recognised in an asset account "Work completed pending certification" (since it is an asset under the contract) under "Trade receivables for sales and services", while in contracts in which the revenues recognised are lower than the amount billed or certified, the difference is recognised in a liability account "Work certified in advance" (since it is a liability under the contract) under "Short-term trade and other payables".

Bidding and mobilisation costs

In addition to the balance sheet entries described above, the Group also recognises assets connected with the cost of obtaining contracts (bidding costs) and the costs incurred in order to comply with contracts, or the start-up costs (mobilisation costs) that relate directly to the main contract, provided that they are recoverable during the performance of the contract. These amounts are included in a different account on the assets side of the balance sheet, under "inventories" (Note 4.1).

Bidding costs are only capitalised when they are directly related to a contract, it is probable that they will be recovered in the future, and either the contract has been awarded or the company has been selected as preferred bidder.

The costs incurred, regardless of whether or not the contract is won, are recognised as an expense, unless they are explicitly recoverable from the customer in any case (whether or not the contract is won). They are amortised systematically as the goods and services connected with the asset are transferred to the customer.

Any costs that are necessary in order to implement a contract, mobilisation costs, are capitalised whenever it is probable that they will be recoverable in the future and when they do not include costs that would normally be generated for the company if the contract had not been won. They are gradually recognised as an expense on the basis of the proportion of actual output to estimated output under each contract. Otherwise, the expenses are entered directly to profit or loss.

v) Provisions from customer contracts

The main provisions relating to customer contracts are provisions for deferred expenses and for budgeted losses.

- Provisions for deferred expenses. These cover expenses that are expected to be generated at the end of a contract, such as the removal of construction machinery or dismantling costs, together with estimates of the repairs that will be required during the warranty period. These provisions are connected with an existing obligation set out in the contract, on the basis that the company will probably allocate resources to complying with the obligation, the amount of which can be reliably estimated. The provisions are allocated on the basis of the best possible estimates of total costs. They may be calculated as a percentage of the total revenues expected from the contract, if there is historical information from similar contracts.

  As regards the warranty obligations included in this type of provision, these will not be treated as a separate performance obligation, unless the customer has the option of engaging the warranty separately, meaning that the obligation will be entered in accordance with IAS 37 on provisions.

- Provisions for budgeted losses. These provisions are recognised as soon as it becomes obvious that the total costs expected to be incurred in a contract exceed total expected revenues. For the purposes of calculating this provision, where necessary, the criteria set out in paragraph 14 (b) of IAS 37 are applied. In this way, the estimate of the total contract budget will include the forecast revenues that are considered probable.

  These criteria are different from those set out in IFRS 15, mentioned above in Note 1.2.3.4 "revenue recognition", under which the revenues are only recognised when considered highly probable.

  Likewise, in the event that the total profit expected from a contract is lower than the amount recognised according to the rules set out above for revenue recognition, the difference is entered as a provision for negative margins.

vi) Specific criteria for revenue recognition by segment

Construction business

For construction contracts, as a general rule, single performance obligation will be identified owing to the high degree of integration and customisation of the various goods and services to provide a combined output that is transferred to the customer over time.

As mentioned above, the Group has chosen the "measured work unit" ("output method") as its preferred method. This is applied whenever the progress of the work can be measured as it is being carried out, and a price has been allocated to each work unit.

It is only with regard to contracts in which it is not possible to determine a unit price for the units to be completed that the input method known as "measure of progress based on costs incurred" may be applied.

Services business

In the case of the Services business, there is no single type of contract, given the wide diversity of services offered. In general, contracts include a range of different tasks and unit prices, in which revenues are taken to the income statement when the services are provided, based on time elapsed, i.e. when the customer simultaneously receives and consumes the benefits provided by the performance of the service as it is being provided. This happens, for example, with recurring or routine services such as facility management, street cleaning or waste collection services.

Certain contracts include different types of activities, subject to a scale of fixed unit tariffs for the provision of the services that are provided and that form part of the contract as a whole. In these contracts, the customer requests each service by submitting work orders, which are classified as independent performance obligations, and any associated revenues will be recognised on the basis of the specific requirements set out for approval in each contract.

In the case of complex, long-term contracts that include the provision of various services involving different performance obligations (construction, maintenance, operation, etc.), payment of which is made regularly and for which the price relating to the obligations in question is indicated in the contract or can be calculated, revenues are recognised for the recurring services on an elapsed time basis, using the progress achieved criterion for the more complex performance obligations in which it is not possible to allocate a price to each of the units completed.

Lastly, it should be noted that the revenue from certain contracts that fall within the scope of IFRIC 12 is recognised as described in Note 1.2.3.2.

Toll roads business

The contracts included in this line of business are accounted for in accordance with IFRIC 12, which provides for the classification of the contract assets on the basis of the intangible asset model and the financial asset model (mixed models could also be applied) (Note 1.3.3.2).

In the case of concession arrangements accounted for using the intangible asset model, the customer is the user of the infrastructure and, therefore, each use made of the infrastructure by users is considered a performance obligation, and the related revenue is recognised at a point in time. In the case of concession arrangements accounted for using the financial asset model, in which the customer is the concession grantor, revenue recognition depends on the various services provided (e.g. operation or maintenance), which will be accounted for as different performance obligations, to which market prices have to be allocated. In cases in which an isolated sale price cannot be directly identified, it is estimated on the basis of the best possible estimate, applying the margin expected for this business.

Airports business

Generally speaking, these are short-term services rendered to the customer (airlines or airport users), in which regulated revenues will be recognised at a specific moment. It should be noted that the revenue from certain contracts that fall within the scope of IFRIC 12 is recognised as described in Note 1.3.3.2.

Real estate business

This consists mainly of revenues associated with the sale of flats, retail units and garages, which are entered when the purchaser obtains legal rights and takes physical possession of the asset. Each unit (flat, retail unit, etc.) will be classified as a separate performance obligation and recognised upon the legal and financial transfer of the asset to the purchaser.

Energy distribution business

These are contracts with a series of services that are substantially the same and are transferred using the same standard model. The monthly tariff reflects the value of the services rendered. This type of contract will only have a performance obligation that is transferred over time, and revenues are recognised using the output method.

1.3.3.5 Non-current assets held for sale

Non-current assets are classified as assets held for sale if it is considered that their carrying amount will be recovered when sold, rather than via continued use.

This condition is only met when the sale is highly probable, and they are available for immediate sale in their current condition, and that the sale is likely to be completed in the space of one year from the classification date. The period may be extended if the delay is caused by events and circumstances beyond the company's control and there is sufficient evidence of the commitment to the sales plan. The total of these assets is registered in one line, and valued at the lower value of their carrying amount and their fair value, less the costs to sell them, and are not subject to depreciation from the moment they are classified as held for sale. The profit/(loss) contribution of these assets to the Group's profit/(loss) is registered in the income statement, classified by type.

An entity that is committed to a sale plan that entails the loss of control of a subsidiary will classify all that subsidiary's assets and liabilities as held for sale when the requirements indicated in the previous paragraph are met, irrespective of whether or not the entity retains a non-controlling interest in its former subsidiary following the sale.

1.3.3.6 Discontinued operations

Discontinued operations are those that have been sold or otherwise disposed of, or have been classified as held for sale and represent a full segment for the consolidated Group, or form part of a single plan or relate to a subsidiary acquired solely for resale. The profit/(loss) generated from discontinued operations, both for the current financial year, as well as those presented alongside it, is presented in a specific line in the income statement after tax, with the total comprising the follow amounts:

- Profit/(loss) after tax of the activities and/or discontinued operations.
- Profit/(loss) after tax recognised for the fair value measurement, less sales costs, or for divestment.

1.3.4. Accounting estimates and judgements

Estimates have been made when preparing the 2020 consolidated annual accounts to measure some of the assets, liabilities, income, expenses and commitments recognised. These estimates basically relate to the following:

i. The estimates that are taken into account for the purposes of recognising revenues from customer contracts (Note 1.3.3.4), particularly important being those relating to:

- determining whether there are enforceable rights to recognise revenue;
- determining whether the modification of a contract has been approved;
- establishing whether the criteria have been met to recognise revenue as variable consideration;
- recognising revenues in relation to an amendment, claim or dispute;
- establishing whether there are one or more performance obligations and the price to be allocated to each of them;
- defining the method applicable to each performance obligation in order to recognise revenues on the basis of time, bearing in mind that, according to the accounting policy established by the company, the preferred method is the output method (analysis of work completed), based on either percentage completed or time elapsed, while the input method (measure of progress based on costs) is applied in cases in which the services rendered do not represent recurrent and routine services in which it is not possible to determine the unit price for the units to be completed;
- in the case of contracts entered under the criterion of examination of work completed, measurement of the units completed and the price to be allocated to them;
- in the case of contracts entered using the input method (measure of progress based on costs), defining the degree to which costs have been incurred and the margin expected to be obtained from the contract;
- Determining capitalisation of bidding and mobilisation costs;
- Assessment of whether to act as principal or agent;
- Estimates relating to the calculation of provisions for expected losses and deferred expenses.

ii. The judgement regarding meeting the conditions to classify the assets and liabilities of the Services Division as discontinued operations in line with IFRS 5, and for the fair value estimation of those assets (Note 1.1.3).

iii. Estimates made for the purposes of the going concern assessment (Note 1.2)

iv. Estimates made in 2020 regarding the impact of COVID-19 (Note 1.2)

v. Assessment of possible legal and tax contingencies (Note 6.5 on contingent liabilities and Note 6.3 on provisions).

vi. The recognition for accounting purposes of the subordinated guaranteed hybrid bond (Note 5.1.2 equity instruments).

vii. The estimates for the selection of the accounting method to be applied in relation to the loss of control (Note 1.2.2, basis of consolidation).

viii. Estimates regarding derivative measurements and the expected cash flows associated with them in order to determine the existence of hedging relationships (Note 5.5, financial derivatives at fair value).

ix. The measurement of possible impairment losses on certain assets, especially in 2020 with relation to the assets in the Airports business (Notes 2.1, Impact of COVID-19, Note 3.1, Goodwill, 3.6. Non-current financial assets and Note 3.5, Investments in associates).

x. Business performance projections that affect the estimates of the activation of tax assets and the possible recoverability of the same (Note 2.8 on tax matters).

xi. Estimates that take account of the future vehicle numbers on toll roads for the purpose of preparing financial information for toll roads pursuant to IFRIC 12 (Note 3.3, investments in infrastructure projects, and Note 6.3, provisions).

xii. Estimate of the impact of changing the concession model from receivables to intangible assets in the Autema project.

xiii. The assumptions used in the actuarial calculation of liabilities due to pensions and other commitments to employees (Note 6.2, pension plan deficit).

xiv. The measurement of share award plans (Note 6.7, share-based remuneration schemes).

xv. Estimation to determine the term of lease agreements when they include cancellation or extension options; assessment of whether the exercise of such options, which affect the value of the right-of-use asset and the lease liability, is reasonably certain (Note 1.2.1.a).

These estimates were made using the best information available at 31 December 2020 on the events analysed. However, it is possible that events that may take place in the future might make it necessary to change these estimates. Changes in accounting estimates would be applied prospectively in accordance with the requirements of IAS 8.

1.3.5. Disclosures

It should also be noted that in preparing these consolidated annual accounts the Group has omitted any information or disclosures which did not require disclosure due to their qualitative importance and were considered to be immaterial under IFRS.

1.4. EXCHANGE RATE

As indicated above, Ferrovial engages in business outside the eurozone through various subsidiaries.

The exchange rates used to convert these financial statements for their inclusion in the Group's consolidated financial statements are as follows:

Balance sheet items (exchange rates at 31 December 2020 and at 31 December 2019 for the comparative period):

CLOSING EXCHANGE RATE	2020	2019	CHANGE 20/19 (*)
Pound sterling	0.8956	0.8467	5.78 %
US dollar	1.2225	1.1229	8.87 %
Canadian dollar	1.5609	1.4573	7.11 %
Australian dollar	1.5888	1.5986	-0.61 %
Polish zloty	4.5678	4.2565	7.31 %
Chilean peso	868.6600	845.1700	2.78 %

(*) A negative change represents an appreciation of the reference currency against the euro and vice versa.

Items in the income statement and cash flow statement (cumulative average rates at December 2020 and at December 2019 for the comparative period):

1.5. INFORMATION BY SEGMENT

Appendix III contains the statements of financial position and the income statement for each business segment, both for 2020 and for the comparative period.

AVERAGE EXCHANGE RATE	2020	2019	CHANGE 20/19 (*)
Pound sterling	0.8887	0.8745	1.62 %
US dollar	1.1465	1.1183	2.51 %
Canadian dollar	1.5377	1.4800	3.90 %
Australian dollar	1.6593	1.6077	3.21 %
Polish zloty	4.4673	4.2960	3.99 %
Chilean peso	906.6242	796.8192	13.78 %

(*) A negative change represents an appreciation of the reference currency against the euro and vice versa.

As detailed in the previous tables, during 2020 the main currencies in which Ferrovial operates depreciated against the euro.

The impact recorded in this regard on shareholders' funds attributable to the parent company is EUR -187 million (Note 5.1.1 changes in equity).

Note 5.4 explains how exchange rate risk is managed.

In addition, the impact caused by exchange rates is also analysed in the Notes where this is a relevant issue.

It also includes a breakdown by segment of the sections in which this information is important or required under accounting legislation.

SECTION 2: PROFIT/(LOSS) FOR THE YEAR

This section comprises the Notes relating to the profit/(loss) for the year.

The net loss for the year of EUR -410 million may be explained by the COVID-19 pandemic, particularly in the Airports business, which contributed a total of EUR -466 million to total losses for the year of EUR -410 million, relating to Heathrow and AGS in the amounts of EUR -396 million and EUR -51 million, respectively.

Besides the impact of the decline in business caused by COVID-19, results for the year were influenced by various non-recurring effects, some of which were also partly related to the mitigating measures implemented in the businesses to counteract the pandemic:

- Non-recurring impacts on HAH amounting to EUR -116 million, due primarily to fair value adjustments to derivatives (EUR -46 million), an extraordinary expense of EUR -21 million in connection with staff cost saving measures and the regularisation of the tax rate (EUR -28 million).
- Other non-recurring tax impacts amounting to EUR 43 million mainly as a result of the reestimation of the recoverability of deferred tax assets, considering such recovery to be probable based on the total balance of deferred tax liabilities in each jurisdiction (Note 2.8).
- Non-recurring impact of EUR 22 million at Autema, attributable to changes in the fair value of ILS derivatives (Note 2.6).
- Non-recurring impact of EUR 6 million relating to the change of concession scheme and the shift to the intangible asset model (Note 2.5).
- Non-recurring impact of EUR -4 million to discontinued operations, consisting mainly of the loss on the sale of Broadspectrum (EUR -64 million, Note 2.9) and impairment losses in the United Kingdom and International Business totalling EUR -34 million and EUR -25 million, respectively, partially offset by the gain of EUR 121 million generated by the other businesses (excluding depreciation and amortisation charges under IFRS 5).
- Non-recurring impacts on AGS amounting to EUR -13 million mainly related to an extraordinary expense of EUR -3 million for the organisational restructuring of both personnel and suppliers, as well as the regularisation of deferred taxes to 19%, which had a negative impact of EUR -9 million.
- Restructuring costs related to the new operating model set by the company in its “Horizon 24” strategic plan, amounting to EUR -22 million.

For clarity, this section addresses income statement movements in continuing operations on each line and ends with a breakdown of discontinued operations.

	BALANCES AT 31/12/2020		BALANCES AT 31/12/2019	
NON-RECURRING IMPACTS	**PROFIT/(LOSS) BEFORE TAX**	**NET PROFIT/ (LOSS)**	**PROFIT/ (LOSS) BEFORE TAX**	**NET PROFIT/(LOSS)**
Impact of financial derivatives (Note 2.6) excluding Autema	5	4	36	27
Autema derivatives (Note 2.6)	39	22	-1	0
Autema impairment (Note 2.5)	10	6	-58	-58
Project divestment, deconsolidation and impairment (Note 2.5) excluding Autema	5	6	518	507
Non-recurring impacts, HAH (Note 2.7)	-116	-116	31	31
Other non-recurring tax impacts	0	43	0	14
Non-recurring impacts, discontinued operations	0	-4	0	-263
Non-recurring impacts, AGS (Note 2.7)	-13	-13	0	0
Restructuring costs “Horizon 24”	-22	-22	0	0
Other impacts	-7	-14	0	-5
TOTAL	**-98**	**-87**	**526**	**253**

NOTES ON PROFIT/(LOSS) FOR CONTINUING OPERATIONS

2.1. OPERATING INCOME

The detail of the Group's operating income at 31 December 2020 is as follows:

(Millions of euros)	2020	2019
Revenue	6,341	6,054
Other operating income	3	2
TOTAL OPERATING INCOME	**6,344**	**6,056**

The Group's revenue at 31 December 2020 relating to contracts with customers, as interpreted by IFRS 15, amounted to EUR 6,255 million (Note 4.4).

Revenue includes the financial income for the services provided by the concession operators that apply the financial asset model, amounting to EUR 14 million in 2020 (2019: EUR 113 million), as described in Note 1.2.3.2. This reduction relates is due to the fact that the cassation appeal in the litigation brought by concession operator Autema that was in progress with the Catalan Regional Government in connection with the project concession scheme was not given leave to proceed. As a result of this rejection, as indicated in Note 6.5.1.a), the project was recognised under the intangible asset model throughout 2020.

“Other Operating Income” includes the impact of the grants related to income received in 2019 amounting to EUR 3 million (2019: EUR 2 million).

The breakdown of revenue by segment and the comparison with the prior year is as follows:

	2020			
(Millions of euros)	EXTERNAL SALES	INTERSEGMENT SALES	TOTAL	VAR. %
Construction	4,833	1,029	5,862	8 %
Toll roads	403	1	405	-34 %
Airports	8	0	8	-58 %
Other segments	72	120	193	28 %
Adjustments	0	-126	-126	-14 %
Total	**5,317**	**1,024**	**6,341**	**5 %**

	2019		
(Millions of euros)	EXTERNAL SALES	INTERSEGMENT SALES	TOTAL
Construction	4,985	428	5,413
Toll roads	616	1	617
Airports	19	0	19
Other segments	14	137	151
Adjustments	0	-146	-146
Total	**5,634**	**420**	**6,054**

The inter-segment sales that are not eliminated in the Group's consolidated financial statements are the sales made by the Construction Division to the infrastructure concession operators, as discussed in Notes 1.2.2 and Note 6.8.

The sales in “other segments” relate to companies not assigned to any of the business segments, including most notably the Group parent company, Ferrovial, S.A., and its smaller subsidiaries.

The breakdown of sales by geographical area is as follows:

(Millions of euros)	2020	2019	VAR. 20/19
USA	2,467	1,934	533
Poland	1,877	1,820	57
Spain	901	1,013	-112
UK	428	396	32
Canada	12	59	-47
Other	656	832	-176
TOTAL	**6,341**	**6,054**	**287**

The Ferrovial Group's sales in its five main markets account for 90% of total sales.

2.2. OTHER OPERATING EXPENSES

“Other Operating Expenses” mainly includes the subcontracted work and changes in provisions for the year:

(Millions of euros)	2020	2019	VAR.
Subcontracted work	2,850	2,623	226
Leases	222	255	-33
Repairs and maintenance	57	52	5
Independent professional services	276	317	-41
Changes in provisions for liabilities (Note 6.3)	267	397	-130
Other operating expenses	144	315	-171
Other operating expenses	**3,815**	**3,958**	**-143**

2.3. STAFF COSTS

The detail of staff costs is as follows:

(Millions of euros)	2020	2019	VAR.
Wages and salaries	944	864	81
Social security	135	126	10
Pension plan contributions	7	7	0
Share-based payments	10	7	3
Other welfare expenses	22	23	-1
TOTAL	**1,119**	**1,027**	**92**

The detail of the number of employees at 31 December 2020 compared to 2019, by professional category and gender, is broken down by continuing and discontinued operations in the following tables:

CONTINUING OPERATIONS	31/12/2020			
CATEGORY	MEN	WOMEN	TOTAL	VAR. 20/19
Executive directors	2	0	2	0 %
Senior managers	8	1	9	-31 %
Executives	110	10	120	-6 %
Managers/Professionals/Supervisors	6,455	2,374	8,829	2 %
Administrative/Support personnel	536	579	1,115	0 %
Manual workers	8,172	268	8,440	3 %
TOTAL	**15,283**	**3,232**	**18,515**	**2 %**

CONTINUING OPERATIONS	31/12/2019		
CATEGORY	MEN	WOMEN	TOTAL
Executive directors	2	0	2
Senior managers	11	2	13
Executives	116	11	127
Managers/Professionals/Supervisors	6,374	2,281	8,655
Administrative/Support personnel	534	586	1,120
Manual workers	7,965	234	8,199
TOTAL	**15,002**	**3,114**	**18,116**

DISCONTINUED OPERATIONS	31/12/2020			
CATEGORY	MEN	WOMEN	TOTAL	VAR. 20/19
Executive directors	0	0	0	0 %
Senior managers	0	0	0	0 %
Executives	23	5	28	-32 %
Managers/Professionals/Supervisors	6,648	2,298	8,946	33 %
Administrative/Support personnel	374	868	1,242	-10 %
Manual workers	31,836	19,554	51,390	-19 %
TOTAL	**38,881**	**22,725**	**61,606**	**-14 %**

DISCONTINUED OPERATIONS	31/12/2019		
CATEGORY	MEN	WOMEN	TOTAL
Executive directors	0	0	0
Senior managers	0	0	0
Executives	32	9	41
Managers/Professionals/Supervisors	4,605	2,116	6,721
Administrative/Support personnel	349	1,027	1,376
Manual workers	42,268	21,446	63,714
TOTAL	**47,254**	**24,598**	**71,852**

The detail of the number of employees at 31 December 2020 with a disability equal to or greater than 33% amount to 3,077 employees, including continuing and discontinued operations, which represents 3.8% of the total workforce at the end of the year.

The average workforce by business division for the two periods being compared is as follows:

	31/12/2020			
BUSINESS	MEN	WOMEN	TOTAL	VAR. 20/19
Construction	14,190	2,818	17,008	-1 %
Toll roads	328	154	482	-3 %
Airports	31	18	49	-18 %
Other	291	191	482	-20 %
TOTAL CONTINUING OPERATIONS	**14,840**	**3,181**	**18,021**	**-2 %**
TOTAL DISCONTINUED OPERATIONS	**42,721**	**23,563**	**66,284**	**-9 %**
TOTAL	**57,561**	**26,744**	**84,305**	**-8 %**

	31/12/2019		
BUSINESS	MEN	WOMEN	TOTAL
Construction	14,510	2,653	17,163
Toll roads	334	165	499
Airports	39	20	59
Other	329	274	604
TOTAL CONTINUING OPERATIONS	**15,212**	**3,112**	**18,324**
TOTAL DISCONTINUED OPERATIONS	**48,577**	**24,310**	**72,887**
TOTAL	**63,789**	**27,422**	**91,211**

The main average workforce variation in absolute terms relates to discontinued operations as a result of the sale of Broadspectrum in 2020.

2.4. EBITDA AND EBIT BEFORE IMPAIRMENTS AND DISPOSALS

EBITDA at 31 December 2020 amounted to EUR 409 million (31 December 2019: EUR 121 million), representing an increase of 238% compared to 2019, primarily due to the improvement in the Construction Division.

Fixed asset depreciation charges for 2020 totalled EUR 198 million as compared with EUR 180 million in the previous year.

The Management Report provides a detailed analysis of the way these line items have performed by business.

2.5. IMPAIRMENT AND DISPOSALS

The following section contains a breakdown of the main gains and losses relating to impairment and disposals:

Profit/(loss) recognised in 2020:

The amount recognised in respect of impairment and disposals in 2020 came to a total of EUR 15 million and primarily related to the following items:

Autema: As indicated in Note 6.5, on 19 October 2020 the Supreme Court gave notice of the non-admission of the cassation appeal against the Catalan High Court's judgement ratifying the changes made to the concession agreement by the Catalan Regional Government (granting entity) in 2015. The 2015 changes entailed a shift from a contract without traffic risk (the granting entity paying the operator the difference between tolls collected and the operating surplus stipulated in the Economic and Financial Plan) to a contract with traffic risk (the granting entity subsidising a part of the toll). This ruling cannot be appealed before the Spanish courts.

As a result of the judgement, Autema was classified as an intangible asset (previously a financial asset). This change had an effect of EUR 10 million on the line item impairment and disposals (EUR 6 million in net profit), which is explained by two opposing movements:

- A loss of EUR -168 million due to the new value of the concession asset including the effects of the lost appeal, the loss being the difference between the financial asset's carrying amount at 1 January 2020 (EUR 689 million) and the estimated new value of the intangible asset (EUR 521 million). See Note 3.3.1. and Note 6.5.1.

- A profit of EUR 178 million arising from the index-linked swap arranged by the concession company in 2008 to hedge revenue variability by obtaining an annual CPI of 2.50%. The change of concession model caused a reduction in the flows hedged by the derivative (hedged item) leading to partial hedge ineffectiveness and thus the recognition of this positive impact in the income statement (Note 5.5).

Capital loss on the partial disposal of the Portuguese toll roads Norte Litoral and Algarve, amounting to EUR -2 million (EUR -1 million in net profit). This transaction is described in Note 1.1.4 consolidation scope changes.

Capital gains from the partial divestment of 30% of Car Sharing Mobility Services, S.L. (CSMS) to Renault, amounting to EUR 7 million (EUR 7 million in net profit) of which EUR 5 million relate to the fair value of the holding retained (50%). This transaction is described in Note 1.1.4 consolidation scope changes.

	IMPACT ON PROFIT/(LOSS) BEFORE TAX			
(Millions of euros)	BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS	TOTAL 2020	IMPACT ON NET PROFIT/(LOSS)
Sale of Zity ownership interest	2	5	7	7
Sale of the stake in the Portuguese toll roads	-2	0	-2	-1
Income from capital gains and disposals	**0**	**5**	**5**	**6**
Autema	0	10	10	6
Impairment gains/(losses)	**0**	**10**	**10**	**6**
TOTAL IMPAIRMENT AND DISPOSALS	**0**	**15**	**15**	**12**

The gains/(losses) relating to impairment and disposals in 2019 essentially related to the following:

	IMPACT ON PROFIT/(LOSS) BEFORE TAX			
(Millions of euros)	BEFORE FAIR VALUE ADJUSTMENTS	FAIR VALUE ADJUSTMENTS	TOTAL 2019	IMPACT ON NET PROFIT/(LOSS)
Autopista del Sol	380	95	474	473
Other	43	0	43	34
Income from capital gains and disposals	**423**	**95**	**518**	**507**
Autema	0	-58	-58	-58
Impairment gains/(losses)	**0**	**-58**	**-58**	**-58**
TOTAL IMPAIRMENT AND DISPOSALS	**423**	**37**	**460**	**449**

2.6. NET FINANCIAL INCOME/(EXPENSE)

The following table gives a detailed, item-by-item breakdown of the changes in net financial income/(expense) in 2020 and 2019. The profit/(loss) generated by the infrastructure project companies is presented separately from the result of non-infrastructure project companies (see the definition in Note 1.1.2) and in each of them a further distinction is made between the financial income from financing (which includes the finance costs on credits and loans with credit institutions and bonds, and the returns on financial investments and loans granted) and the net financial income/(expense) from derivatives and other items, which includes the impact of the fair value measurement of ineffective hedges and other income and expenses not directly related to financing.

Millions of euros	2020	2019	CHANGE (%)
Financial income from infrastructure project financing	8	18	-56 %
Financial expense from infrastructure project financing	-242	-282	14 %
Net financial income/(expense) from infrastructure project financing	**-234**	**-264**	**11 %**
Profit/(loss) on derivatives and other fair value adjustments from infrastructure projects (*)	39	-1	4,000 %
Other net financial income/(expense) from infrastructure projects	-2	2	200 %
Other net financial income/(expense) from infrastructure projects	**37**	**1**	**-3,600 %**
Total net financial income/(expense) from infrastructure projects	**-197**	**-263**	**25 %**
Financial income from other company financing	43	75	-43 %
Financial expense from other company financing	-51	-47	-9 %
Net financial income/(expense) from other company financing	**-8**	**28**	**128 %**
Profit/(loss) on derivatives and other fair value adjustments from other companies (*)	5	36	-86 %
Net financial income/(expense) from other companies	-32	6	-671 %
Other net financial income/(expense) from other companies	**-27**	**42**	**-165 %**
Total net financial income/(expense) from other companies	**-35**	**70**	**-150 %**
Net financial income/(expense)	**-232**	**-193**	**-20 %**

(*) Included in the fair value column in relation to the net financial income/(expense) in the consolidated income statement for a total amount of EUR 44 million in 2020 and EUR 35 million in 2019.

The following table provides a breakdown of infrastructure project companies financial expense, breaking down capitalised expenses from toll roads under construction:

Infrastructure project financing expenses from infrastructures (Millions of euros)	2020	2019
Accrued financial expenses	-268	-302
Expenses capitalised during the construction	26	20
Financial expenses in P&L	**-242**	**-282**

The movement in net financial income/(expense) is explained mainly by the increase in the amount capitalised compared to 2019 (EUR 6 million) in respect of toll roads under construction, primarily due to the NTE Segment 3 project, as well as the gain on the Ausol project following its sale in 2019 (EUR 20 million)

- The main effect recognised under gains/(losses) on derivatives and other fair value adjustments to infrastructure projects relates to the peak of ineffectiveness of an index-linked swap (ILS) at a fair value of EUR 39 million (EUR 22 million in net profit), following the reclassification of the Autema project as an intangible asset (Note 5.5).
- The financial income from ex-infrastructure project companies in 2020 amounted to EUR -8 million (31 December 2019: EUR 28 million), relating to external borrowing costs (EUR -51 million) and financial income primarily obtained from financial investments (EUR 43 million). The change over 2019 is primarily due to the lower return from cash resources in the US and Canada compared to the previous financial year.
- Other net financial income/(expense) from ex-infrastructure projects include the impact of derivatives and other fair value adjustments primarily relating to the impact of the derivatives not designated as hedges, including most notably, equity swaps arranged by the Group to hedge the impact on equity of variable share-based remuneration schemes (Note 6.7) with an impact

of EUR -10 million in 2020 due to the poor performance of the share price in 2020.

Excluding the effects caused by derivatives, the remaining net financial income/(expense) from ex-infrastructure project companies are shown below:

OTHER NET FINANCIAL INCOME/(EXPENSE) FROM EX-INFRASTRUCTURE PROJECT COMPANIES

(Millions of euros)	2020	2019	VAR. 20/19
Cost of bank guarantees	-27	-35	8
Financial provision for transition to IFRS 9	-10	0	-10
Late-payment interest	9	7	2
Foreign exchange differences	-27	2	-29
Interest on tax assessments	-7	-7	0
Security deposit income, Associates (E.A.)	19	19	0
Other	10	19	-9
TOTAL	**-32**	**6**	**-38**

This sub-section principally includes the cost of guarantees, late payment interest, foreign exchange differences, interest on loans granted to equity-accounted companies, financial expenses on pension plans and interest on tax proceedings. In 2020, bank guarantee income reflects the billing of bank guarantees to equity-accounted projects (EUR 10 million), in particular the I-66 toll road.

Impact on cash flow: as can be observed in the following table, the difference between the net financial income/(expense) on financing and the interest cash flows reported in the cash flow statement is EUR -44 million.

	NET FINANCIAL INCOME/(EXPENSE) NOT CAPITALISED	INTEREST CASH FLOW	DIFFERENCE
Infrastructure projects	-284	-239	-46
Ex-infrastructure project companies	28	26	2
TOTAL	**-256**	**-212**	**-44**

This difference at project level primarily relates to the US toll roads (NTE, LBJ, NTE Segment 3 and I-77), in which the financing agreements allow for the capitalisation of interest during the early years of the concession, in such a way that it is added to the principal and means that there is no outflow of cash during the financial year (EUR -45 million), as well as the impact of the reclassification of the Services Division as a discontinued operation (EUR 18 million), given that it is not reflected in the net financial income/(expense) of the division in the line item “net financial income/expense on financing” in the income statement, but the interest cash flow is in the Cash Flow Statement.

2.7. SHARE OF PROFITS OF EQUITY-ACCOUNTED COMPANIES

The share of the net profit of equity-accounted companies in 2020 amounted to EUR -378 million (2019: EUR 296 million). The detail of the most significant companies is as follows:

PROFIT/(LOSS) OF EQUITY-ACCOUNTED COMPANIES

(Millions of euros)	2020	2019
HAH	-396	106
407 ETR	33	153
AGS	-51	9
Other	36	28
TOTAL	**-378**	**296**

The company HAH's financial statements contributed to Ferrovial a loss of EUR -396 million, which EUR -116 million corresponds to extraordinary impact. As a result of the impact of COVID-19, investment projects were cut back and expansion projects were delayed, the organisational structure having been reviewed in detail. As a result, an extraordinary expense of EUR 21 million was recognised in connection with staff cost saving measures. The asset portfolio was also reviewed, particularly assets under construction. Some projects have been put on hold, while others are not expected to restart in the near future. This led to the recognition of a fixed asset impairment loss of EUR 21 million. Deferred taxes were regularised to 19%, entailing a negative impact of EUR 28 million. The remaining extraordinary items reflect fair value adjustments to derivatives (essentially due to the performance of the ILS), which had a negative impact of EUR 46 million during the year.

Excluding these non-recurring impacts in both years, HAH's profit/(loss) dropped by EUR 354 million compared to the previous year, reaching EUR -280 million at 31 December 2020 (31 December 2019: EUR 74 million).

In terms of 407 ETR, the negative performance compared to December 2019 (EUR 120 million) is primarily due to the decrease in traffic due to COVID-19.

EUR -13 million of AGS' losses of EUR -51 million (EUR 9 million 2019) relate to extraordinary impacts. It´s mainly due to an extraordinary expense of EUR 3 million for the organisational restructuring of personnel, as well as the regularisation of deferred taxes to 19%, which had a negative impact of EUR 9 million.

The profit of EUR 36 million in the line item “Other” relates above all to FMM Company, the company responsible for the Doha Airport maintenance contract, which contributed a profit of EUR 8 million for 2020 (it was carried as a discontinued operation due to forming part of the Services Division, while it is now included in the Airports Division), the Portuguese toll roads Auto-Estrada Norte Litoral (EUR 8 million) and Autoestrada do Algarve (EUR 5 million), and the Colombian toll road Ruta del Cacao (EUR 5 million). The remaining projects had an impact of EUR 10 million.

Note 3.5 provides greater detail on the profit/(loss) of these companies.

2.8. CORPORATE INCOME TAX AND DEFERRED TAXES

2.8.1. Explanation of the corporate income tax expense for the year and the applicable tax rate

In 2020 a corporate income tax rebate was posted amounting to EUR 28 million (2019: EUR -47 million), this amount:

- Does not include the corporate income tax expense relating to equity-accounted companies (Notes 2.7 and 3.5) as, pursuant to accounting legislation, the result is presented net of the related tax effect.

- Includes income of EUR 46 million (EUR 7 million in 2019), primarily due to the re-estimation of the recoverability of deferred tax assets, recovery being deemed probable based on the total balance of deferred liabilities in each jurisdiction, after deducting this impact, income tax expense accruing on results for the year amounted to EUR -18 million.

After deducting, from the pre-tax loss (EUR -384 million), results of equity-accounting companies (net loss of EUR 378 million), permanent differences (EUR 90 million) and consolidated results having no tax impact (EUR 30 million), taxable income amounts to EUR 114 million, as compared with income tax expense for the year (EUR -18 million), entailing an effective income tax rate of 15%, which is in line with the rate applicable in the main countries in which Ferrovial has operations.

This effective tax rate is in line with the rates applicable in the main countries in which Ferrovial has a presence.

2020

(Millions of euros)	SPAIN	UK	AUSTRALIA	US	POLAND	CANADA	OTHER COUNTRIES (*)	TOTAL
Profit/(loss) before tax	**-91**	**-444**	**6**	**-75**	**159**	**45**	**15**	**-384**
Profit/(loss) from equity-accounted companies	-4	447	-4	0	0	-35	-27	378
Permanent differences	6	2	-3	13	28	4	39	90
Profit/(loss) on consolidation with no tax impact	0	0	0	20	0	2	8	30
Taxable income	**-88**	**5**	**0**	**-42**	**187**	**17**	**35**	**114**
Tax expense for the year	58	0	0	23	-34	-5	-15	28
Change to the prior-year tax evaluation	-36	-1	0	-14	-2	1	6	-46
Adjusted tax expense	**22**	**-1**	**0**	**10**	**-35**	**-4**	**-9**	**-18**
Effective rate applicable to taxable income	25%	19%	30%	24 %	19%	25%	25%	15%
Effective national tax rate (*)	25 %	19%	30%	23%	19%	26.5%		

(*) The country's effective tax rate is the result of combining the tax rates and taxes (federal, state and municipal) applicable in each country.

The following is an explanation of the various items that must be adjusted in order to calculate the effective tax rate:

- Permanent differences. This item relates to the year's expenses or income which, pursuant to the tax legislation applicable in each of the countries, are not deductible (expenses) or taxable (income) in the year and are not expected to be deductible or taxable in future years. The cumulative balance in this connection is an expense of EUR 90 million. The most significant of these adjustments are broken down below:
  - Losses primarily generated in international construction projects for which, in accordance with the prudence principle of accounting, no tax credit has been recognised (EUR 99 million).
  - Non-deductible expenses totalling EUR 16 million (primarily financial expenses in the Tolls Roads Division in Portugal and other sundry costs recognised by Budimex).
  - Non-taxable income due to the use of tax-loss carryforwards amounting to EUR 22 million and the recovery of EUR 21 million in provisions treated as non-deductible in prior years.
  - Capital gains generated by the sale of assets in the Toll Roads (Algarve and Norte Litoral) and Mobility (Car Sharing - Zity) Division amounting to EUR 10 million, which are exempt from tax (Note 1.1.4).
- Profit/(loss) on consolidation with no tax impact This item relates to profit/(loss) derived from applying accounting consolidation criteria, which do not have any tax implication. The accumulated balance for this concept is an expense of EUR 30 million that primarily relates to losses in concession project companies in the US and Canada, and which are fully consolidated. However, the associated tax credit is recognised solely at Ferrovial's percentage of ownership as these companies are taxed under pass-through tax rules; the shareholders of these companies are the taxpayers, at the percentage of ownership that they hold. This heading also includes the regularisation of the accounting consistency adjustments totalling EUR 8 million recognised in Slovakia.

The following table includes the detail of the calculation of the effective tax rate for 2019.

2019

(Millions of euros)	SPAIN	UK	AUSTRALIA	US	POLAND	CANADA	OTHER COUNTRIES (*)	TOTAL
Profit/(loss) before tax	**569**	**55**	**-62**	**-363**	**73**	**173**	**60**	**504**
Profit/(loss) from equity-accounted companies	-3	-114	-6	0	0	-158	-15	-296
Permanent differences	-452	27	69	266	45	7	4	-34
Profit/(loss) on consolidation with no tax impact	0	0	0	45	0	6	-5	46
Taxable income	**115**	**-32**	**1**	**-53**	**118**	**27**	**44**	**219**
Tax expense for the year	-189	6	0	107	-26	-15	69	-47
Change to the prior-year tax evaluation	158	0	0	-96	3	8	-79	-7
Adjusted tax expense	**-30**	**6**	**0**	**11**	**-23**	**-7**	**-10**	**-54**
Effective rate applicable to taxable income	27%	18%	30%	21%	20%	26%	24%	25%
Effective national tax rate (*)	25%	19%	30%	21%	19%	27%		

(*) The country's effective tax rate is the result of combining the tax rates and taxes (federal, state and municipal) applicable in each country.

2.8.2 Detail of the current and deferred tax expense and the tax paid in the year

The breakdown of the income tax expense for 2020 and 2019, differentiating between current tax, deferred tax and changes because re-estimation of the recoverability of deferred tax assets considering such recovery to be probable based on the total balance of deferred tax liabilities in each jurisdiction (Note 2.8.1):

(Millions of euros)	2020	2019
Tax expense for the year	**28**	**-47**
Current tax expense	-72	-73
Deferred tax expense	60	31
Tax effect of consolidation adjustments on equity	-6	-12
Re-estimation of the recoverability of deferred tax assets	46	7

The corporate income tax paid in the year, both for continuing and discontinued operations amounted to EUR 101 million, as shown in the note on cash flows (Note 5.3).

2.8.3. Movements in deferred tax assets and liabilities

The detail of the movements in the deferred tax assets and deferred tax liabilities in 2020 is as follows:

ASSETS

(Millions of euros)	2019	TRANSFERS AND OTHER	CHANGE TO PRIOR-YEAR TAX EVALUATIONS	CHARGED/CREDITED TO PROFIT AND LOSS	CHARGED/CREDITED TO EQUITY	FOREIGN EXCHANGE EFFECT	2020
Tax credits	55	-7	20	67	0	-6	129
Deferred taxes, tax and accounting criteria	332	6	2	15	0	-19	336
Deferred taxes, equity measurement	114	-6	-1	-1	0	0	106
Other items	1	-4	15	2	3	-1	16
TOTAL	**502**	**-11**	**36**	**83**	**3**	**-26**	**587**

LIABILITIES

(Millions of euros)	2019	TRANSFERS AND OTHER	CHANGE TO PRIOR-YEAR TAX EVALUATIONS	CHARGED/CREDITED TO PROFIT AND LOSS	CHARGED/CREDITED TO EQUITY	FOREIGN EXCHANGE EFFECT	2020
Deferred taxes, goodwill	38	1	1	-3	0	-2	35
Deferred taxes, tax and accounting criteria	310	2	-9	27	1	-16	315
Deferred taxes, equity measurement	115	-2	0	0	-47	0	66
Other items	12	1	0	-2	0	1	12
TOTAL	**475**	**2**	**-8**	**22**	**-46**	**-17**	**428**

Movements in deferred tax assets and liabilities include the impact of the recognition of tax credits for tax-loss carryforwards, mainly in the US (EUR 53 million), in line with the approach laid down in IAS 12, as mentioned in the following section.

The deferred tax assets and liabilities recognised at 31 December 2020 arose essentially from:

a) Tax credits

These are tax credits that have not yet been used by companies in the Group. This line item does not include all the existing tax credits, but rather only those that, based on the Group's projections, are expected to be able to be used in the short or medium term. The total balance recognised amounts to EUR 129 million, of which EUR 127 million relate to tax credits for tax loss carryforwards and EUR 2 million to tax credits.

Set out below is a breakdown of tax-loss carryforwards pending offset, distinguishing between continuing and discontinued operations, and showing the maximum tax credit and the tax credit capitalised:

CONTINUING OPERATIONS

(Millions of euros) Country	TAX-LOSS CARRYFORWARDS	TIME-BAR PERIOD	MAXIMUM TAX CREDIT	TAX CREDIT CARRIED FORWARD
Spanish consolidated tax group	461	No expiry date	115	31
US consolidated tax group	601	No expiry date	126	53
Canada	98	2024-2040	26	13
UK	99	No expiry date	19	8
Other	289	2021-No expiry date	68	22
Total	**1,548**		**355**	**127**

DISCONTINUED OPERATIONS

(Millions of euros) Country	TAX-LOSS CARRYFORWARDS	TIME-BAR PERIOD	MAXIMUM TAX CREDIT	TAX CREDIT CARRIED FORWARD
Spanish consolidated tax group	9	No expiry date	2	2
US consolidated tax group	9	No expiry date	2	0
Australia	1	No expiry	0	0
UK	719	No expiry	137	24
Other	95	2021-No expiry date	25	1
Total	**833**		**166**	**28**

Spanish consolidated tax group:

For the purpose of ascertaining the recoverability of tax-loss carryforwards, a model was designed based on the Group companies' latest available earnings projections, the decision having been taken, from a prudent viewpoint, not to recognise all the tax credits in the accounts, given the reasonable doubts regarding recovery in the short and medium term. However, in 2020, in accordance with IAS 12, an amount of EUR 31 million of tax credits was recognised equal to the excess liability temporary differences over asset temporary differences.

US consolidated tax group:

For the purpose of ascertaining the recoverability of tax-loss carryforwards, a model was designed based on the Group companies' latest available earnings projections, the decision having been taken, from a prudent viewpoint, not to recognise all the tax credits in the accounts, given the reasonable doubts regarding recovery in the short and medium term and as recovery may be delayed by the award of new projects. However, in 2020, in accordance with IAS 12, an amount of EUR 14 million of tax credits was recognised equal to the excess liability temporary differences over asset temporary differences.

UK:

Considering that tax-loss carryforwards generated after 1 April 2017 may be used by any UK Group company, tax credits were recognised for tax losses in the amount of EUR 8 million and EUR 24 million in respect of continuing and discontinued operations, respectively.

b) Assets and liabilities arising from temporary differences between accounting and tax criteria

This item relates to the tax impact resulting from the fact that the timing of recognition of certain expenses or income is different for accounting and tax purposes.

The recognition of an asset means that certain expenses have been recognised for accounting purposes before their recognition for tax purposes and therefore the company will recover the income or expense for tax purposes in future years. Conversely, a liability represents an expense that is recognised for tax purposes before its recognition for accounting purposes, or income recognised in the accounts before it is declared in the tax return.

The deferred tax assets include most notably:

- Provisions recognised for accounting purposes which do not have a tax effect until they are materialised (EUR 184 million).
- Deferred tax assets of EUR 136 million arising as a result of differences between the tax and accounting methods used to recognise income, mainly in the Construction Division.
- Accelerated depreciation and amortisation for accounting purposes (EUR 4 million).

The balance of the liabilities relates mainly to:

- Differences between tax and accounting criteria in relation to the recognition of provisions (EUR 93 million).
- Deferred tax liabilities for differences between tax and accounting amortisation (EUR 99 million).
- Deferred tax assets of EUR 27 million arising as a result of differences between the tax and accounting methods used to recognise income, mainly in the Construction Division.
- Deferred tax assets of EUR 42 million arising as a result of differences between the tax and accounting methods used to recognise income in accordance with IFRIC 12, mainly in the Toll Road Division.

c) Deferred taxes arising from equity measurement adjustments

This reflects the cumulative tax impact resulting from measurement adjustments recognised in reserves. The impact appears as an asset or liability since there is generally no direct tax effect until the amount in reserves is recognised in profit/(loss).

The asset balance relates to accumulated losses in reserves that will have a tax impact when they are recognised in profit/(loss). Conversely, the liability balance relates to gains not yet recognised for tax purposes. Deferred tax assets and liabilities relating to financial derivatives amounted to EUR 105 million and EUR 66 million, respectively.

d) Deferred taxes relating to goodwill

These relate to deferred tax liabilities relating to the tax credit for goodwill amounting to EUR 35 million, which mainly include those related to the amortisation of Webber, LLC goodwill.

e) Deferred taxes relating to dividends pending payment by investees

The Group records no deferred taxes in this regard on the understanding that the conditions laid down in paragraph 39 of IAS 12 are fulfilled in all cases, that is the parent company is able to control the timing of recovery of the difference and the difference is unlikely to reverse in the foreseeable future.

The detail of the movements in the deferred tax assets and deferred tax liabilities in 2019 is as follows:

ASSETS

(Millions of euros)	2018	TRANSFERS AND OTHER	CHANGE TO PRIOR-YEAR TAX EVALUATIONS	CHARGED/CREDITED TO PROFIT AND LOSS	CHARGED/CREDITED TO EQUITY	FOREIGN EXCHANGE EFFECT	2019
Tax credits	214	-4	-141	-17	1	2	55
Deferred taxes, tax and accounting criteria	347	-108	10	82	0	1	332
Deferred taxes, equity measurement	88	0	0	1	26	-1	114
Other items	14	8	-17	-4	0	0	1
TOTAL	**663**	**-104**	**-148**	**62**	**27**	**2**	**502**

LIABILITIES

(Millions of euros)	2018	TRANSFERS AND OTHER	CHANGE TO PRIOR-YEAR TAX EVALUATIONS	CHARGED/CREDITED TO PROFIT AND LOSS	CHARGED/CREDITED TO EQUITY	FOREIGN EXCHANGE EFFECT	2019
Deferred taxes, goodwill	32	7	-4	3	0	0	38
Deferred taxes, tax and accounting criteria	443	-7	-160	28	0	6	310
Deferred taxes, equity measurement	90	1	0	0	24	0	115
Other items	9	2	0	0	1	0	12
TOTAL	**574**	**3**	**-164**	**31**	**25**	**6**	**475**

2.8.4. Years subject to tax inspection

In accordance with prevailing legislation, taxes may not be deemed to be finally settled until the returns filed have been inspected by the tax authorities or the limitation period established by law has elapsed.

The tax inspection of Ferrovial, S.A. relating to the Recovery Procedure for Spanish State Aid linked to the tax write-down of financial goodwill resulting from the acquisition of Amey (EU Decision 2015/314 of the European Commission of 15 October 2014 (Third Decision – Note 6.5.1)), in connection with corporate income tax for 2016 to 2018, ended in January 2021 with the notification of the settlement resolution stating a tax liability of EUR 3.8 million. A claim has been lodged against the settlement resolutions in the economic-administrative courts and are currently being processed pending a ruling.

The Spanish tax consolidated group is also undergoing a partial inspection of corporate income tax for 2014 to 2017 that is in the document submission stage, so the outcome is not yet known.

At the international level, the Canadian tax authorities have initiated an inspection of income tax for 2013 to 2017 on the company 4352238 Canada Inc. The Canadian tax inspectors question the deductibility in Canada of intragroup charges made by Cintra Services (Spain) for the provision of financial services, the transaction having been reclassified as a dividend.

The regularisation pending payment is estimated at EUR 7.6 million (CAD 11.7 million), including the non-deductible expense, withholding tax under the treaty, interest and penalties. The claim in the Canadian courts is currently suspended pending the outcome of the mutual agreement procedure initiated.

NOTES ON PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

2.9. PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

As discussed in Note 1.1.3, at 31 December 2020, and as in 2019, the Services division is classified to discontinued operations, the impact on the income statement of this line of business is now reported in one line item “net profit/(loss) from discontinued operations”. This line also includes an impairment loss equal to the difference between the estimated fair value of the assets and their carrying amount.

The main effect recognised in profit/(loss) from discontinued operations is the loss of EUR -64 million on the sale of Broadspectrum, due essentially to the reclassification to the income statement of amounts accumulated in currency translation differences and associated derivative reserves, in accordance with IAS 21 (Note 1.1.3).

The following impairments have also been recognised: EUR -34.3 million essentially in relation to the Waste Treatment business in the UK (Amey) and EUR -25.3 million in relation to the International Services business, as detailed in Note 1.1.3. A profit of EUR 121 million has been recognised in the remainder of the Services businesses (excluding amortisations and depreciations according to IFRS 5).

For a better understanding of the results of the Services business and the way in which they have been included in the Group's consolidated results, the accompanying table provides a breakdown by line of profit/(loss) from this discontinued operation:

(Millions of euros)	2020	2019	VAR.
Revenue	5,935	6,995	-1,060
EBITDA	**220**	**382**	**-163**
Fixed asset depreciation	-229	-288	59
Operating profit/(loss) before impairment and disposal of fixed assets	-9	95	-104
Impairment and disposal of fixed assets	-21	-5	-15
Operating profit/(loss)	**-30**	**89**	**-119**
Net financial income/(expense)	-61	-74	13
Share of profits of equity-accounted companies	22	29	-7
Consolidated profit/(loss) before tax	-68	45	-113
Corporate income tax	-32	-16	-16
Profit/(loss) after tax	-101	29	-130
Profit/(loss) for the year attributed to non-controlling interests	-2	-3	0
Profit/(loss) for the year attributed to the parent company	-103	26	-129
Adjustments to discontinued operations	159	216	-57
Fair value provision	-60	-440	381
Profit/(loss) from discontinued operations	**-3**	**-198**	**195**

Regarding the different components of the profit/(loss) for discontinued operations, the following is of particular note:

Adjustments to discontinued operations in 2020 relate essentially to the elimination of fixed asset depreciation/amortisation charges (EUR +186 million), the loss on the divestment of the Australian subsidiary Broadspectrum (EUR -64 million net of tax).

NOTES ON PROFIT/(LOSS) FROM NON-CONTROLLING INTERESTS, NET PROFIT/(LOSS) AND EARNINGS PER SHARE

2.10. PROFIT/(LOSS) FROM NON-CONTROLLING INTERESTS

In 2020 the profit/(loss) attributed to non-controlling interests amounted to EUR -51 million (December 2019: EUR 9 million).

This figure relates to the profits obtained by Group companies that may be allocated to other partners with a stake in the said companies. The figures shown as positive numbers refer to loss-making companies, while negative amounts reflect profits.

(Millions of euros)	2020	2019	VAR. 20/19	NON-GROUP %
Budimex Group	-54	-22	-32	44.90 %
Autopista del Sol	0	-5	5	20.00 %
Autop.Terrasa Manresa, S.A.	-11	-16	5	23.70 %
LBJ Infraestructure Group	20	-4	24	45.4 %
NTE Mobility Partners	-12	-9	-3	37.1 %
FAM Construction LLC	16	37	-21	30.0 %
Sugar Creek Construction LLC	8	27	-19	30.0 %
Other companies	-15	4	-19	
Continuing operations	**-48**	**12**	**-60**	
Discontinued operations	**-3**	**-3**	**0**	
TOTAL	**-51**	**9**	**-60**	

The main change with respect to the previous year is the improvement in the Budimex Group's results (EUR 32 million) due to the favourable trend in both the civil works and real estate businesses. The results of FAM Construction LLC (EUR 21 million) and Sugar Creek LLC (EUR 19 million) also improved, considerable losses having been posted in 2019 in connection with US construction contracts. This was all offset by the worsening of results recognised by LBJ Infrastructure Group (EUR 24 million lower) due to the decline in traffic caused by COVID-19.

2.11. NET PROFIT/(LOSS) AND EARNINGS PER SHARE

The calculation of earnings per share attributed to the parent company is as follows:

(Millions of euros)	2020	2019
Net profit/(loss) attributable to parent company (millions of euros)	-410	268
Perpetual subordinated bond, net cost	-8	-8
Net adjusted profit/(loss) attributed to the parent company (millions of euros)	-418	260
Weighted average number of shares outstanding (thousands of shares)	739,102	742,193
Less average number of treasury shares (thousands of shares)	-6,826	-10,514
Average number of shares to calculate basic earnings per share	732,277	731,679
Basic earnings per share (euros)	-0.57	0.35
Net adjusted profit/(loss) from continuing operations	-364	448
Basic earnings per share, continuing operations (euros)	-0.50	0.61
Net profit/(loss) from discontinued operations	-3	-198
Basic earnings per share, discontinued operations (euros)	0.00	-0.27

Basic earnings per share have been calculated by dividing profit for the year attributed to the parent company's shareholders, adjusted for the net coupon for the year on the subordinated perpetual bonds issued by the group and taken directly to equity (Note 5.1.2.d), by the weighted average number of ordinary shares outstanding, excluding the average number of treasury shares held during the year.

As regards diluted earnings per share, it should be noted that the Group did not have any dilutive potential ordinary shares, since no convertible debt instruments were issued and the share-based remuneration schemes described in Note 6.7 will not give rise to any share capital increases at the Group. Consequently, no dilutive impact is envisaged when employee rights under the plans are exercised. Hence there is no difference between the basic and diluted earnings per share.

The capital increases carried out by the Group in 2019 and 2020 to meet commitments to make share-based payments to shareholders availing themselves of scrip dividend arrangements (Note 5.1.1.) do not distort earnings per share since the company's policy is to reduce share capital in the amount approximately equivalent to the shares issued (Note 5.1.2.a).

The detail of net profit/(loss) by geographical area is as follows:

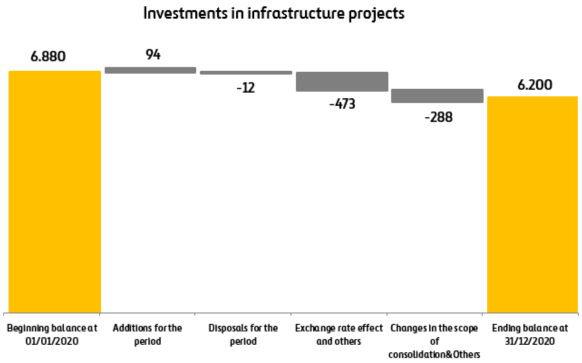
(Millions of euros)	2020	2019	VAR. 20/19
Spain	79	583	-504
Canada	41	163	-122
Australia	7	-464	471
USA	-44	-194	150
UK	-547	82	-630
Poland	71	26	45
Chile	-19	22	-41
Ireland	7	18	-10
Other	-4	32	-36
TOTAL	**-410**	**268**	**-678**

The earnings by business segment are shown in Appendix III.

SECTION 3: NON-CURRENT ASSETS

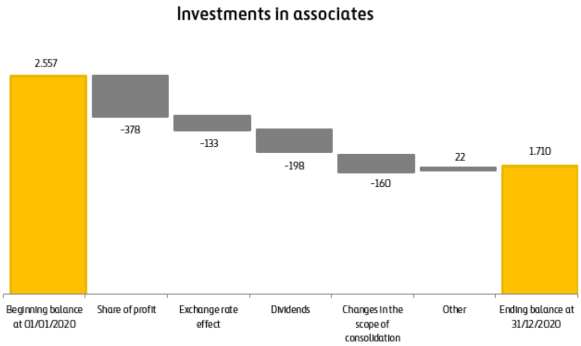
This section includes the Notes on non-current assets in the balance sheet, excluding deferred tax assets (Section 2) and financial derivatives (Section 5).

The main components of the non-current assets at December 2020 at Ferrovial are "fixed assets in infrastructure projects" amounting to EUR 6,200 million, accounting for 59% of total non-current assets (Note 3.3), "investments in associates" amounting to EUR 1,710 million (relating mainly to the investments in HAH and 407 ETR), accounting for 16% of total non-current assets (Note 3.5). The "goodwill on consolidation" (EUR 208 million) accounts for 2% of total non-current assets.



As regards the performance of infrastructure project fixed assets, the change on the previous financial year is due mainly to the euro-US dollar foreign exchange effect and to the impairment recorded by Autema (EUR -168 million) derived from the rejection of the appeal in cassation of the litigation with the Generalitat de Catalunya in relation to the concession regime of this project (note 6.5.1.a), and to the reclassification to held for sale of Concesionaria de Prisiones Figueras, S.A.U. (EUR -100 million), whose sale agreement has been reached during 2020.

Investments in associates fell by EUR -847 million, due principally to the share in the net loss of these companies (EUR -378 million) and distribution of dividends paid out in the amount of EUR -198 million, mainly by 407 ETR and HAH. Also of note is the changes in share capital of EUR -160 million, primarily due to the sale of 29% of Autoestrada Norte Litoral, 28% of Euroscut Algarve and 28% of Algarve BV, as well as the capital contributions at the I-66 toll road and the exchange rate effect (EUR -133 million), primarily due to the appreciation of the euro against the pound sterling and the Canadian dollar.



As regards changes in goodwill, there was a fall of EUR 40 million, primarily from the sale of the Southern Crushed Concrete asphalt plant (EUR -22 million) and the foreign exchange effect (EUR -18 million).

3.1. GOODWILL AND ACQUISITIONS

The table below details the movements in goodwill in 2020:

(Millions of euros)	BALANCES AT 31/12/2019	OTHER	EXCHANGE RATE	BALANCES AT 31/12/2020
Construction	**205**	-22	-14	**169**
Budimex	69	0	-5	64
Webber	136	-22	-10	105
Airports	**43**	0	-3	**39**
Transchile	43	0	-3	39
TOTAL	**248**	**-22**	**-18**	**208**

3.1.1. Movements over the year

The following is a description of the main changes by type of movement:

Other

The impact in the "other" column relates to the sale of Southern Crushed Concrete's asphalt plant. As a result, goodwill decreased by EUR 22 million.

Exchange rate

The other changes relate to variations in exchange rates, mainly in the construction business.

3.1.2. Goodwill impairment test

A. Construction Division goodwill (Webber and Budimex):

Methodology and discount rate

The goodwill of Webber (US) and Budimex (Poland) amounted to EUR 105 million and EUR 64 million, respectively, at 31 December 2020 (31 December 2019: EUR 136 million and EUR 69 million, respectively).

In the case of Webber, five-year projections are adopted and the residual value is based on the cash flow for the last year projected, provided that this cash flow is normalised, and applying a growth rate that in no case exceeds the long-term growth rate estimated for the market in which the company operates. The cash flows are discounted at a discount rate (WACC) after tax of 7.3% (compared to 7.1% in 2019) and a growth rate into perpetuity of 2.0% (similar to 2019). The risk-free interest rate used to calculate the WACC is 2.0%, 110 basis points above the ten-year US bond rate at 31 December 2020.

In 2020, the approximate discount rate (WACC) before tax amounted to 8.7% (compared with 8.5% in 2019).

In the case of Budimex, since it is listed on the Warsaw Stock Exchange, the goodwill was tested for impairment by ascertaining whether the closing market price at 31 December 2020 of the Budimex share was higher than its carrying amount plus the allocated goodwill. The test did not show the existence of any impairment.

Main factors that affect the valuation and performance compared with the previous year and budget:

The projected cash flows are based on the latest estimates approved by the company, which take into account recent historical data.

The main factors that affect the cash flow projections of Webber are revenue forecasts and the projected operating margins. These projections are based on four basic components: the existing order book, winning new contracts, estimated future margins and the perpetuity growth rate. It should be noted that the forecast operating margins are lower than the historical margins of recent years, in line with average margins in the industry. The perpetuity growth rate used was 2.0%, which is similar to long term inflation forecasts for the US without considering present economic growth. It should be noted that COVID-19 has had a limited impact on Webber (Note 1.2).

Impairment test results:

The value of Webber resulting from application of this impairment test model is 178% higher than its carrying amount (compared to 107% in 2019).

The residual value of Webber represents 39% of the total value after the specific forecast period.

The quoted market price of the Budimex share at 31 December 2020 was 716% higher than its carrying amount (compared to 546% in 2019).

Sensitivity analysis:

A sensitivity analysis was performed on Webber's goodwill, particularly in relation to the operating margin, the discount rate and the perpetuity growth rate, to ensure that possible changes in the estimate do not have an impact on the possible recovery of the goodwill recognized.

Specifically, a pessimistic scenario was taken into consideration with a perpetuity growth rate of 1% and a reduction in the profit from operations of 50 basis points. The value disclosed in this scenario presents a buffer of 146% over the carrying amount.

On this basis, the valuation disclosed would equal the carrying amount if the reduction in the margin with respect to the projected figure was 532 basis points, thereby leaving the assumption of perpetuity growth at 1%.

Lastly, it should be stated that in a scenario maintaining the margins but assuming a zero perpetuity growth rate (compared to 2%), there would be no impairment.

At Budimex, due to the significant buffer between the quoted market price and its carrying amount, the company considers that there is no evidence of impairment.

B. Transchile goodwill:

In addition to the goodwill relating to Budimex and Webber, the remaining goodwill relates to Transchile (the electricity transmission line operating company in Chile).

Based on the goodwill impairment test findings, the buffer is 58% with respect to the carrying amount of EUR 55 million. The flows were discounted at a 6.6% cost of capital (8.0% before taxes), which is in line with the rate used to calculate goodwill impairment in 2019.

3.2. INTANGIBLE ASSETS

At year-end 2020, the balance of intangible assets other than infrastructure projects amounted to EUR 60 million (2019: EUR 63 million).

This heading includes:

- "Rights on concessions" includes the rights to operate the tenders that are not classified as projects (see definition in Note 1.1.2). At 31 December 2020 and 31 December 2019, this is not a significant amount.
- "Computer software" with a net value of EUR 6 million (31 December 2019: EUR 7 million).

- "Customer contracts and commercial relations", relating to the net value of the commercial order book, customer databases and other intangible assets, in the amount of EUR 54 million (31 December 2019: EUR 57 million) essentially derived from the Budimex Services business included in the Construction Division.
- During the financial year, no significant fully depreciated assets have been written down.

The impact on cash flows (Note 5.3) from additions to intangible assets amounted to EUR -2 million.

3.3. INVESTMENTS IN INFRASTRUCTURE PROJECTS

3.3.1. Intangible asset model

(Millions of euros)	BALANCE AT 01/01	TOTAL ADDITIONS	TOTAL DISPOSALS	FOREIGN EXCHANGE EFFECT	CONSOLIDATION SCOPE CHANGES AND TRANSFERS	OTHER	BALANCE AT 31/12
Spanish toll roads	0	0	0	0	689	-168	521
US toll roads	5,905	141	-4	-490	0	0	5,553
Other toll roads	391	0	-0	-0	0	0	391
Toll road investment	6,296	141	-4	-490	689	-168	6,465
Accumulated depreciation/amortisation	-305	-66	1	20	-21	0	-370
Net investment in toll roads	5,992	76	-2	-469	668	-168	6,095
Investment in other infrastructure projects	5	12	0	-2	0	0	15
Depreciation/amortisation of other infrastructure projects	0	0	0	0	0	0	0
Total net investment in other infrastructure projects	5	12	0	-2	0	0	15
TOTAL INVESTMENT	**6,302**	**153**	**-4**	**-492**	**689**	**-168**	**6,480**
TOTAL DEPRECIATION/AMORTISATION AND PROVISION	-303	-66	1	20	-21	0	-370
TOTAL NET INVESTMENT	**5,998**	**88**	**-2**	**-471**	**668**	**-168**	**6,110**

- The most significant changes in 2020 were as follows:

  - Exchange rate fluctuations resulted in a change of EUR -471 million (2019: EUR -502 million) in the balances of these assets, the full amount of which was attributed to the change in the euro/US dollar exchange rate at the US toll roads (Note 1.3).

  - There were gross Toll road additions of EUR 141 million, relating to US toll roads. Of these, the most significant involve the North Tarrant Express Extension for EUR 128 million (2019: EUR 80 million) and the I-77 Mobility Partners LLC toll road for EUR 7 million (2019: EUR 131 million).

  - Impact recognised in the Spanish Toll Roads business, arising in AUTEMA, due to the reclassification from financial assets to intangible assets following the rejection of the cassation appeal in the litigation that was in progress with the Catalan Regional Government in connection with the project concession scheme. As a consequence, a provision of EUR 168 million has been recorded as reflected in Other's column of the table. See Note 6.5.1.a and Note 2.5.

  - Also, "investment in other infrastructure projects" includes concession arrangements awarded to the Airports division that are classified as intangible assets under IFRIC 12, primarily associated with electricity transmission lines in Chile for a net investment of EUR 13 million euros (2019: EUR 5 million).

In the case of the infrastructure project companies, all their concession assets have been pledged as security for the existing borrowings (Note 5.2). The borrowing costs capitalised in this connection in 2020 are detailed in Note 2.6.

The movements to these assets in 2019 were as follows:

(Millions of euros)	BALANCE AT 01/01	TOTAL	TOTAL	CONSOLIDATION SCOPE CHANGES AND TRANSFERS	FOREIGN	BALANCES
Spanish toll roads	736	1	-23	-713	0	0
US toll roads	5,581	214	0	0	110	5,905
Other toll roads	386	4	0	0	0	391
Toll road investment	6,703	219	-23	-713	110	6,297
Accumulated depreciation/amortisation	-424	-94	4	211	-2	-305
Net investment in toll roads	6,279	125	-19	-502	108	5,992
Investment in other infrastructure projects	2	4	0	0	0	5
Depreciation/amortisation of other infrastructure projects	-1	1	-0	0	-0	0
Total net investment in other infrastructure projects	1	5	-0	0	-0	5
TOTAL INVESTMENT	**6,705**	**223**	**-23**	**-713**	**110**	**6,302**
TOTAL DEPRECIATION/AMORTISATION AND PROVISION	-424	-93	4	211	-1	-303
TOTAL NET INVESTMENT	**6,280**	**130**	**-19**	**-502**	**109**	**5,998**

3.3.2. Financial asset model

The assets accounted for using the financial asset model pursuant to IFRIC 12, mainly relate to long-term receivables (more than twelve months) from governments in return for services rendered or investments made under a concession arrangement. The movements in the years ended 31 December 2020 and 2019 were as follows:

MOVEMENTS (Millions of euros)	**INFRASTRUCTURE PROJECT RECEIVABLES 2020**	**INFRASTRUCTURE PROJECT RECEIVABLES 2019**
OPENING BALANCE	**883**	**875**
Additions	6	117
Disposals	-9	-92
Transfers and other	-689	30
Autema impairment	0	-58
Foreign exchange effect	-1	0
Other	0	10
Reclass. to held for sale	-100	0
YEAR-END BALANCE	**90**	**883**

Note: balances shown net of provisions

The main change for the year, as indicated in Note 3.3.1. reflected in "transfers and other" in the amount of EUR -689 million, is the shift to the intangible asset model caused by the change affecting AUTEMA's concession scheme, as the above-mentioned appeal was not allowed to proceed (Note 6.5.1.a).

The amount of EUR -100 million reclassified to held for sale relates to Concesionaria de Prisiones Figueras, S.A.U., the corresponding sale agreement having been reached in 2020 (Note 1.1.3).

	BALANCE AT 31/12/2020		
CONCESSION OPERATOR	LONG-TERM RECEIVABLES	SHORT-TERM RECEIVABLES	TOTAL
(Millions of euros)		(Note 4.2)	2020
Concesionaria de Prisiones Lledoners	57	2	59
Depusa Aragón	24	1	25
Budimex Parking Wrocław	10	0	10
CONSTRUCTION	**91**	**3**	**94**
TOTAL GROUP	**91**	**3**	**94**

	BALANCE AT 31/12/2019		
CONCESSION OPERATOR	LONG-TERM RECEIVABLES	SHORT-TERM RECEIVABLES	TOTAL
(Millions of euros)		(Note 4.2)	2019
Autopista Terrasa Manresa, S.A	689	27	716
TOLL ROADS	**689**	**27**	**716**
Concesionaria de Prisiones Lledoners	59	2	61
Concesionaria de Prisiones Figueras	98	4	102
Depusa Aragón	25	1	26
Budimex Parking Wrocław	11	0	11
CONSTRUCTION	**193**	**6**	**200**
Denver Great Hall LLC	0	0	0
AIRPORTS	**0**	**0**	**0**
TOTAL GROUP	**883**	**33**	**916**

3.3.3 Impact on cash flows

The cash flow impact of the additions to projects, primarily accounted for using the intangible asset model amounted to EUR -128 million (Note 5.3), which differs from the additions recognised in the balance sheet, primarily due to the following reasons:

- In projects in which the intangible asset model is applied, due to differences between the accrual basis and cash basis of accounting, as well as the capitalisation of the borrowing costs attributable to projects under construction, which do not generate cash outflows.
- In projects in which the financial asset model is applied, due to the increases in receivables as a balancing entry to income for services rendered, which do not generate cash inflows either.
- The impact on cash flows reflects movements associated with the discontinued operation, which are not recognised in the balance sheet due to being reclassified to held for sale.

3.4. PROPERTY, PLANT AND EQUIPMENT

The movements in "property, plant and equipment" in the statement of consolidated financial position were as follows:

MOVEMENTS DURING 2020 (Millions of euros)	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER INSTALLATIONS, TOOLING AND FURNITURE	TOTAL
Investment: Balance at 01/01/2020	**84**	**485**	**204**	**772**
Additions	2	37	30	69
Disposals	-17	-73	-26	-116
Consolidation scope changes and transfers	0	0	-1	-1
Foreign exchange effect	-5	-21	-7	-33
Balances at 31/12/2020	**64**	**428**	**200**	**691**
Accumulated depreciation and impairment losses at 01.01.20	**-20**	**-316**	**-137**	**-473**
Depreciation charge	-3	-24	-20	-47
Disposals	9	56	22	87
Foreign exchange effect	1	9	4	14
Balances at 31/12/2020	**-13**	**-275**	**-131**	**-419**
Carrying amount 31.12.2020	**51**	**153**	**69**	**272**

The most significant changes in 2020 were as follows:

Additions:

Of the total additions, amounting to EUR 69 million, the most significant arose at the Construction Division amounting to EUR 63 million in relation to specific construction machinery acquisitions and other installations, tooling and furniture.

The detail, by business segment, of the additions to property, plant and equipment is as follows:

(Millions of euros)	2020	2019
Construction	63	48
Toll roads	3	5
Other	3	2
TOTAL	**69**	**55**

Impact on cash flow: The impact on cash flows arising from additions to property, plant and equipment amounted to EUR -114 million, of which EUR -50 million relates to the Construction Division and EUR -64 million arose from the Services Division. As outlined in Note 5.3, the cash flow reported includes cash flows from operating activities, investment and financing for discontinued operations and assets held for sale.

Disposals:

The property, plant and equipment disposals and reductions amounted to EUR 116 million and arose largely as a result of the derecognition of fully depreciated or obsolete items, which did not have a material effect on the consolidated income statement. Specifically, EUR 110 million were removed in the Construction Division.

Other disclosures relating to property, plant and equipment:

The property, plant and equipment not used in operations are not material with respect to the final consolidated balances. Impairment losses on other items of property, plant and equipment total EUR 15 million (2019: EUR 14 million), associated with the Construction Division.

The Group has taken out insurance policies to cover the possible risks to which its property, plant and equipment are subject and the claims that might be filed against it for carrying on its business activities. These policies are considered to adequately cover the related risks.

The property, plant and equipment under construction amounts to EUR 12 million (EUR 7 million in 2019).

As at 31 December 2020 there are no significant property, plant and equipment subject to restrictions on title or pledged as security for liabilities.

The following table shows the movements that occurred during 2019:

MOVEMENTS DURING 2019 (Millions of euros)	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER INSTALLATIONS, TOOLING AND FURNITURE	TOTAL
Investment: Balance at 01/01/2019	**53**	**468**	**164**	**685**
Additions	3	27	25	56
Disposals	-4	-14	-12	-30
Consolidation scope changes and transfers	31	1	25	57
Foreign exchange effect	1	2	2	4
Balances at 31/12/2019	**84**	**485**	**204**	**772**
Accumulated depreciation and impairment losses at 01.01.19	**-11**	**-307**	**-116**	**-434**
Depreciation charge	-2	-25	-18	-46
Disposals	2	10	10	22
Consolidation scope changes and transfers	-9	6	-12	-15
Foreign exchange effect	0	1	-1	0
Balances at 31/12/2019	**-20**	**-316**	**-137**	**-473**
Carrying amount at 31.12.2019	**64**	**169**	**66**	**299**

3.5. INVESTMENTS IN ASSOCIATES

The breakdown of investment in equity-accounted companies at 2020 year-end and of the movements therein are shown in the table below. Due to their significance, the investments in 407 ETR (43.23%), Heathrow Airport Holdings (HAH) (-25%) and AGS (50%) are presented separately.

2020 (millions of euros)	HAH (25%)	407 ETR (43.23%)	AGS (50%)	OTHER	TOTAL
Balance at 31.12.19	**690**	**1,422**	**57**	**388**	**2,557**
Share of profit/(loss)	-396	33	-51	36	-378
Dividends	-29	-158	0	-11	-198
Foreign exchange differences	-33	-92	-3	-5	-133
Pensions	-30	0	-1	0	-31
Consolidation scope changes	0	0	0	-160	-160
Other	3	0	-2	52	53
Balance at 31.12.20	**205**	**1,205**	**0**	**300**	**1,710**

Scope changes included an impact of EUR -166 million due to the sale of 29% of Autoestrada Norte, 28% of Euroscut Algarve and 28% of Algarve BV, as well as the subsequent reclassification of the remaining ownership interest (20%) to held-for-sale assets.

Impact on cash flow: The difference between the dividends of EUR 198 million in the foregoing table and the dividends of EUR 299 million disclosed in the cash flow statement (Note 5.3) relates mainly to interest received on loans granted to equity-accounted companies, recognised under non-current financial assets in the balance sheet (Note 3.6), to the effect of certain exchange rate hedges related to dividends received, as well as for the payment of dividends from Services projects.

The movements in this heading in the balance sheet in 2019 were as follows:

2019 (millions of euros)	HAH (25%)	407 ETR (43.23%)	AGS (50%)	OTHER	TOTAL
BALANCE AT 31.12.18	**705**	**1,475**	**60**	**215**	**2,455**
Share of profit/(loss) (Note 2.7)	106	153	9	28	296
Dividends	-145	-307	-12	-16	-479
Changes in share capital	43	101		4	148
Foreign exchange differences	-3	0	3	-5	-5
Pensions	0	0	-2	109	108
Other	-16	0	-3	53	34
BALANCE AT 31.12.19	**690**	**1,422**	**57**	**388**	**2,557**

3.5.1. Disclosures relating to HAH

a. Impairment analysis

As indicated in Note 1.2, the Airport business, specifically Heathrow Airport, has been severely impacted by COVID-19. Specifically, operating income and EBITDA have declined by 62% and 95%, respectively, on 2019 due to the fall in passenger volumes caused by COVID-19, with a total of 22 million passengers.

The regulatory asset base (RAB) ended the year at GBP 16,492 million. Traffic in 2020 was also 73% lower than in 2019. In this respect, Ferrovial has recognised equity-accounted losses of EUR -396 million and a total write-down of EUR 485 million in the investment, including the impacts on reserves, the investment's carrying amount having decreased from EUR 690 million at December 2019 to EUR 205 million at December 2020.

In addition, as also indicated in the above-mentioned note, the pandemic has impacted the company's financial position, with the company being granted a waiver of the covenants contained in Heathrow's financing facilities; which entailed the suspension of dividend payments as from the first quarter of 2020.

In the 2020 financial statements of FGP Topco, the parent of the Heathrow Group, the company's directors state that the impact of COVID-19 continues to generate considerable uncertainty regarding the aviation industry and, following the analysis of different possible business scenarios for the upcoming 12 months, a very adverse scenario may arise in which creditors may be asked to give a new waiver. The directors of the company have concluded that there is material uncertainty about the application of the going concern basis, and consider that the underlying credit quality of the company and the business should in such a scenario allow for the support of the company's creditors, so that the accounts can continue to be prepared on a going concern basis.

In view of this situation, Ferrovial has assessed the recoverability of the investment in the company, concluding that it is recoverable, based on the information available to date. This conclusion is based on the analysis of liquidity, the degree of fulfilment of debt covenants, the asset's implicit value and the applicable regulatory scheme.

In this regard, the Company's liquidity levels would allow all of its payments to be made at least to March 2022, even if there were no income of any kind.

As regards the debt covenants, the Company applies the "severe but plausible downside" scenario to December 2021, which would entail an approximate decline of 10 million passengers as compared with the Company's base estimate. In this scenario, operating and financial measures under the Company's control would allow the possible infringement of debt covenants to be mitigated. However, and as previously explained, should the uncertainty unleashed by COVID-19 lead to more negative scenarios than the "Severe but plausible downside", the Company might have to arrange new financial covenant waivers. In this scenario, the underlying credit quality of the company and the business should allow support from creditors.

As concerns the implicit valuation of the asset, Ferrovial has made an estimate of its recoverable value and has concluded that no additional impairment has to be recognised on the book value of the asset after the losses already recognised in the year.

The main assumptions used in the valuation model were as follows:

- The most recent business plan approved by the company was considered. This plan is based on the return on assets established by the regulator for the period of six years, extended by one, ending on 31 December 2019.
- The regulator has agreed to extend the current regulatory period, H7, by two years (2020 and 2021).
- The value of the investment was calculated by discounting the future cash flows per the business plan, using the adjusted present value (APV) method until 2051. A period of more than five years has been used to capture the high volume of investment envisaged in the medium and long term and thanks to the visibility of cash flows from the assets, allowing the projection of a long-term capital structure. A five-year projection period would not adequately reflect the value of the assets. Terminal value is calculated using the EV/RAB multiple, which stands at 1.15x. The growth rate implicit in the terminal value calculation is 1.24%.
- Flows are discounted at the deleveraged rate (7.5% for H7), discounting the tax shield at the cost of debt.

The valuation findings show a sizeable buffer over the carrying amount. It is important to consider that the enterprise value implicit in the current carrying amount would mean a multiple of less than 1 with respect to the RAB at December 2020.

Finally, as regards the regulatory scheme applicable to the asset, Heathrow has initiated a process to reopen the five-year regulatory agreement (Q6), on the basis that the impact of COVID-19 may be regarded as an extraordinary circumstance generating the right to compensation for the losses incurred, under section 22 of the "Civil Aviation Act". This process is discussed in detail in the Management Report that was formally prepared together with these Consolidated financial statements.

b. Movements in the balance sheet and income statement 2020-2019

In view of the importance of this investment, the following is a detail of the balance sheet and income statement for this Group of companies, adjusted to bring them into line with Ferrovial's accounting policies, together with comments on the changes therein over the course of 2020.

The balance sheet figures shown relate to the full balances of HAH and are presented in pound sterling. The exchange rates used in 2020 are EUR 1=GBP 0.89555 (2019: GBP 0.84665) for the balance sheet figures and EUR 1=GBP 0.88873 (2019: GBP 0.87453) for the income statement figures.

Balance sheet 2020/2019

HAH (100%) Millions of GBP	**2020.12**	**2019.12**	**VAR.**
Non-current assets	16,823	17,172	-349
Goodwill	2,753	2,753	0
Fixed assets in infrastructure projects	13,076	13,522	-445
Rights of use of leased assets	285	276	9
Non-current financial assets	42	49	-8
Pension plan surplus	12	33	-22
Deferred taxes	0	0	0
Financial derivatives	656	539	117
Other non-current assets	0	0	0
Current assets	4,572	1,851	2,721
Trade and other receivables	462	244	218
Financial derivatives	146	0	146
Cash and cash equivalents	3,949	1,594	2,355
Other current assets	14	13	1
TOTAL ASSETS	**21,395**	**19,023**	**2,371**

HAH (100%) Millions of GBP	**DEC. 2020**	**DEC. 2019**	**VAR.**
Equity	-1,586	15	-1,601
Non-current liabilities	20,637	17,846	2,791
Pension provisions	31	29	2
		0	
Borrowings	18,461	15,449	3,012
Deferred taxes	652	784	-133
Financial derivatives	1,134	1,227	-93
Other non-current liabilities	359	356	4
Current liabilities	2,344	1,162	1,182
Borrowings	1,921	644	1,277
Trade payables	386	428	-41
Financial derivatives	21	55	-34
Other current liabilities	16	36	-20
TOTAL LIABILITIES	**21,395**	**19,023**	**2,371**

Equity

At 31 December 2020, equity amounted to GBP -1,586 million, down GBP -1,601 million from 2019.

In addition to the loss for the year of GBP -1,408 million, the main movements were the negative impact of GBP -105 million recognised in pension plan reserves, the dividend pay-out of GBP -100 million in the first quarter and the GBP -8 million write-down of held-for-sale assets, all offset by the positive impact of hedging derivatives amounting to GBP 21 million.

Twenty-five percent of the investee's shareholders' funds does not relate to the carrying amount of the shareholding, since the carrying amount also includes the capital gain arising from the fair value measurement of the equity interest retained following the divestment of 5.88% of this company in October 2011. The gain was recognised as an increase in goodwill. Therefore, in order to obtain the carrying amount of Ferrovial, it would be necessary to apply 25% of the shareholders' funds presented above (GBP -397 million) and the amount of the aforementioned gain (GBP 581 million), giving a total of GBP 184 million which, translated at the year-end exchange rate (EUR 1 = GBP 0.89555), equates to a shareholding of EUR 205 million.

Borrowings

The borrowings of HAH (short and long-term) amounted to GBP 20,382 million at 31 December 2020, an increase of GBP 4,289 million with respect to the prior year (31 December 2019: GBP 16,093 million). This increase is primarily due to the effect of:

- Heathrow's liquidity position at 31 December stood at GBP 3,900 million in cash, allowing all obligations forecast beyond 15 months to be covered, in the extreme case that there were no revenues. Liquidity was improved by raising GBP 2,500 million in debt financing during the year, as well as subordinated debt (ADI Finance 2 Ltd facility) of GBP 750 million. Heathrow has sufficient liquidity to meet all needs for at least 15 months in a no-revenue scenario or until well into 2023, according to HAH's traffic forecasts.
- Amortisation and a bond issue in the amount of GBP -402 million and GBP 1,977 million respectively, as well as a net increase of GBP 2,436 million in bank borrowings.
- Decrease of GBP 281 million as a result of fair value adjustments to and the exchange rate of foreign currency bonds issued.
- Other movements amounting to EUR -4 million (mainly accrued unmatured interest and fees).

Financial derivatives at fair value

The notional principal amount of HAH's derivatives portfolio at 31 December 2020 totalled GBP 18,710 million, including interest rate derivatives (IRSs) with a notional amount of GBP 6,794 million (hedging floating-rate borrowings), cross-currency swaps (hedging bonds issued in foreign currencies) with a notional amount of GBP 5,639 million and index-linked swaps (ILSs) with a notional amount of GBP 6,276 million). The purpose of inflation derivatives is to convert fixed-rate debt into debt that has a variable rate based on inflation, for the purpose of hedging variations in the regulatory asset base (RAB) caused by changes to the inflation rate.

Income statement 2020-2019

The following table shows HAH's income statement movements in 2020 and 2019.

HAH (100%) Millions of GBP	**2020**	**2019**	**VAR.**
Operating income	1,175	3,070	-1,894
Operating expenses	-1,087	-1,147	60
EBITDA	**89**	**1,922**	**-1,834**
Fixed asset depreciation	-848	-805	-43
Operating profit/(loss) before impairment and disposals	-759	1,117	-1,877
Impairment and disposal of fixed assets	0	0	0
OPERATING PROFIT/(LOSS)	**-759**	**1,117**	**-1,877**
Net financial income/(expense)	-855	-621	-234
Profit/(loss) before tax	-1,614	497	-2,111
Corporate income tax	206	-126	332
Profit/(loss) from continuing	-1,408	370	-1,779
Profit/(loss) from discontinued operations	0	0	0
Net profit/(loss)	**-1,408**	**370**	**-1,779**
Profit/(loss) attributable to Ferrovial (millions of euros)	**-396**	**106**	**-502**

Note 2.7 explains in detail the different components that explain the impact on Ferrovial's results of the investment in this company. The management report includes more detailed information on the changes in HAH's results.

3.5.2. Disclosures relating to 407 ETR

As with HAH, given that Ferrovial's stake in the 407 ETR was remeasured when control was lost, and the implicit existence of goodwill was considered, pursuant to the contents of page 40 et seq. of IAS 28, the possible existence of indications of impairment is assessed on an annual basis.

a. Impairment analysis

This asset performed very well until 2019, with average annual growth in revenue of 10%, in EBITDA of 11% and in dividends of 11%. In 2020, light vehicle traffic was impacted by COVID-19, particularly in April (-80% below the previous year). Traffic levels then recovered quickly up to -38% on the previous year in September 2020. Subsequently, due to the new wave of the pandemic and the lockdown measures adopted in Toronto, traffic levels fell again.

The measurement that Ferrovial made of this concession, which includes estimated pandemic effects, shows a very large buffer over its book value. Sensitivity to increased revenues and the discount rate has been measured, and a broad buffer is maintained.

The recoverable amount of a concession operator with an independent financial structure and limited duration was calculated by discounting the cash flows to be received by shareholders until the end of the concession term, 2098 in the case of 407 ETR. The Group considers that value in use must be obtained using models that cover the entire concession term, as the asset is in different phases of investment and growth and there is sufficient visibility to use a specific economic and financial plan during the concession term.

The cost of own resources (or equity cost) was calculated in accordance with the CAPM model. To calculate the discount rate, a risk-free rate was used, which referenced the 30-year bond in Canada, a beta coefficient reflecting the asset's leverage and risk, and a market premium of 6.0% (same as last year) are used. The result is a discount rate after tax (equity cost, or Ke) of 6.50% (7.29% before taxes).

Based on the evaluation performed and the positive trend in recent years, as well as the sensitivity analyses (primarily focusing on revenue growth and an increase in the discount rate), no signs of impairment were identified.

b. Movements in the balance sheet and income statement 2020-2019

These figures relate to the full balances of the Company and are presented in millions of Canadian dollars. The exchange rates used in 2020 are EUR 1=CAD 1.56087 (2019: CAD 1.45730) for the balance sheet figures and EUR 1=CAD 1.53765 (2019: CAD 1.47998) for the income statement figures.

Balance Sheet 2020-2019

407 ETR (100%) Millions of CAD	**2020**	**2019**	**VAR.**
Non-current assets	4,598	4,539	59
Fixed assets in infrastructure projects	4,016	4,007	9
Non-current financial assets	580	491	90
Deferred taxes	2	41	-39
Current assets	1,054	812	243
Short-term trade and other receivables	173	254	-81
Cash and cash equivalents	881	557	324
Total assets	**5,652**	**5,350**	**302**
Equity	-4,703	-4,288	-415
Non-current liabilities	10,154	9,396	758
Borrowings	9,603	8,868	735
Deferred taxes	551	528	23
Current liabilities	201	242	-41
Borrowings	124	143	-18
Short-term trade and other payables	77	99	-23
Total liabilities	**5,652**	**5,350**	**302**

Below is a description of the main changes in the balance sheet of 407 ETR at 31 December 2020 compared to the previous year:

Equity

Equity fell by CAD 415 million with respect to 2019, as a result of the inclusion of the profit for the year of CAD 148 million and the reduction of CAD 563 million due to the payment of a dividend to shareholders.

43.23% of the shareholders' funds of the subsidiary does not relate to the consolidated carrying amount of the holding, since the latter also includes the amount of the gain arising from the remeasurement at fair value of the investment retained following the sale of a 10% ownership interest in this company in 2010, recognised as an addition to the value of the investment, and the goodwill that arose in 2009 as a result of the merger of Grupo Ferrovial, S.A. and Cintra Concesiones de Infraestructuras de Transportes, S.A. Therefore, in order to obtain the consolidated carrying amount at Ferrovial, it is necessary to increase the 43.23% of shareholders' funds presented above (CAD -2,033 million) by the amount of the aforementioned gain and of the goodwill (CAD 2,594 million and CAD 1,319 million, respectively), giving a total of CAD 1,880 million which, translated at the year-end exchange rate (EUR 1 = CAD 1.56087), is equivalent to the investment of EUR 1,205 million.

Borrowings

Borrowings as a whole (short-term and long-term) increased by CAD 716 million with respect to December 2019, mainly due to a bond issue in March with a nominal value of CAD 1,450 million (Series 20-A1 maturing in 2050 for CAD 700 million, Series 20-A2 maturing in 2025 for CAD 350 million and Series 20-A3 for CAD 400 million maturing in 2032). This increase was offset by the CAD -705 million repayment of bond series 10 A-3 and 99 A-5 and the ordinary redemption of bond series 99 A-3 and 00 A-2, amounting to CAD -14.7 million.

Income statement 2020-2019

The following table shows the income statement movements of 407 ETR in the years ended December 2020 and December 2019:

407 ETR (100%) Millions of CAD	2020	2019	VAR.
Operating income	909	1,505	-597
Operating expenses	-169	-196	27
EBITDA	**740**	**1,309**	**-569**
Fixed asset depreciation	-97	-106	8
Operating profit/(loss)	**642**	**1,204**	**-561**
Net financial income/(expense)	-441	-420	-21
Profit/(loss) before tax	201	783	-582
Corporate income tax	-53	-207	154
Net profit/(loss)	**148**	**576**	**-428**
Profit/(loss) attributable to Ferrovial (millions of CAD)	64	249	-185
Adjustment to depreciation/amortisation following loss of control (Millions of CAD)	-13	-22	9
Adjusted net profit/(loss) attributable to Ferrovial (43.23% in millions of CAD)	**51**	**227**	**-176**
Adjusted net profit/(loss) attributable to Ferrovial (43.23% in millions of EUR)	**33**	**153**	**-120**

The main change in the income statement relates to "operating income" (CAD -597 million) as a result of the drop in traffic caused by COVID-19.

It should be noted that the profit/(loss) attributable to Ferrovial also includes the depreciation and amortisation over the concession term of the remeasurement recognised following the loss of control of the company as a result of the sale in 2010 mentioned above.

Therefore, CAD -13 million of amortisation would have to be deducted from the 43.23% of the local profit (CAD 64 million). Translating the resulting CAD 51 million at the average exchange rate (EUR 1 = CAD 1.53765) gives the EUR 33 million allocable to Ferrovial in 2020 (Note 2.7). In 2019 (EUR 1 = CAD 1.47988) gives the EUR 153 million attributed to Ferrovial in 2019 (Note 2.7).

3.5.3. Disclosures relating to AGS

Under other equity-accounted assets, the most noteworthy is the 50% ownership interest in the share capital of the company AGS, which owns Aberdeen, Glasgow and Southampton airports in the UK.

The three airports in the Airport business have been significantly affected by COVID-19. As mentioned in Note 1.2, passenger volumes fell by 76% on the previous year. Together with a series of extraordinary costs incurred to cut the company's recurring operating expenditure, this led Ferrovial to post a net loss of EUR -51 million.

This loss, together with other equity impacts, means the carrying amount of Ferrovial's equity interest fell from EUR 59 million in 2019 to zero in 2020.

In addition, as indicated in Note 3.6, the company was granted a subordinated loan from Ferrovial for a nominal amount of GBP 98 million.

3.5.4. Other disclosures relating to associates

a) Movements relating to the remaining associates

The associates breakdown, showing their consolidated carrying amount and the main data is disclosed in Appendix II.

The movements in 2020 in the investments in these companies were as follows:

2020	OTHER
Balance at 31.12.19	**388**
Share of profit/(loss) (Note 2.7)	36
Dividends	-11
Foreign exchange differences	-5
Pensions	0
Consolidation scope change	-160
Reclassifications and transfers (Note 6.3.)	-3
Other	55
BALANCE AT 31.12.20	**300**

The share of profit/(loss) most notably includes the contributions of the joint ventures of Portuguese toll roads (EUR 29 million), FMM Company (EUR 8 million) and other associates (EUR -1 million).

The dividends received relate to toll roads, amounting to EUR 11 million (primarily EuroScut Algarve, S.A., Auto-Estradas Norte, S.A., and A66 Benavente-Zamora).

Scope changes of EUR -160 million relate basically to the sale of 29% of Autoestradas Norte, 28% of Euroscut Algarve and 28% of Algarve BV (EUR -166 million), as explained in point 3.5 above.

Finally, in Toll Roads, the positive effect of the capital contribution of EUR 61 million relating to I-66 was recognized (an amount of EUR 35 million has been committed).

See additional comments below in point b.2).

b) Other disclosures relating to equity-accounted companies

b.1) I-66 toll road

November 2017 saw the financial close of the I-66 toll road in Virginia. The stake held in the concession-holding company is 50%, and it is equity-accounted.

Although at 2020 year-end the investment in the capital of this company amounts to EUR 35 million, there is a commitment to invest an additional EUR 590 million in the next four years.

At 31 December 2020, the main toll road assets are fixed assets used in infrastructure projects in the amount of EUR 1,780 million (31 December 2019: EUR 1,222 million). In terms of liabilities, of particular note is financial borrowings in the amount of EUR 1,681 million (EUR 1,319 million at 31 December 2019).

b.2) Other information

There are also some associates with a carrying amount of zero. Under IAS 28, if an entity's share of losses of an associate equals or exceeds its interest in the associate, the entity discontinues recognising its share of further losses, unless the entity has incurred legal or constructive obligations that make it necessary to recognise a liability for additional losses after the entity's interest is reduced to zero.

There are no significant restrictions on the capacity of associates to transfer funds to the parent company in the form of dividends, debt repayments or advances, other than such restrictions as might arise from the financing agreements of those associates or from their own financial position, and there are no contingent liabilities relating to associates that might ultimately be assumed by the Group.

There are no significant companies in which the ownership interest exceeds 20% that are not equity-accounted.

The guarantees provided by Group companies to equity-accounted companies are detailed in Note 6.5.

3.6. NON-CURRENT FINANCIAL ASSETS

The movements at 31 December 2020 were as follows:

MOVEMENTS IN 2020 (Millions of euros)	LONG-TERM LOANS IN ASSOCIATES	RESTRICTED CASH FROM INFRASTRUCTURE PROJECTS AND OTHER FINANCIAL ASSETS	OTHER LONG-TERM RECEIVABLES	TOTAL
BALANCE AT 01.01.2020	**170**	**970**	**106**	**1,246**
Additions	16	1,614	7	1,637
Disposals	-11	-1,868	-1	-1,880
Transfers and other	0	0	-76	-76
Foreign exchange effect	-11	-63	-1	-75
Consolidation scope changes	0	0	0	0
BALANCE AT 31/12/2020	**164**	**654**	**34**	**852**

Note: balances shown net of provisions

- "Long-term loans in associates" primarily includes the loan granted to AGS (Note 3.6.1.) amounting to EUR 100 million (2019: EUR 106 million), and other ordinary loans to associates totalling EUR 64 million (2019: EUR 64 million).
- "Restricted cash relating to infrastructure projects and other financial assets" relates primarily to deposits made at toll road concession operators, the use of which is limited to certain purposes established in the concession arrangement, such as payment of future investments or operating expenses and debt servicing. Specifically, the net reduction of EUR -316 million primarily relates to LBJ Infrastructure Group (a net amount of EUR -193 million due to project dividend payments of USD 229 million, once the contractual deadlines were net allowing pay-out) and to NTE Mobility Partners Segments 3 LLC (EUR -57 million, due essentially to payments on segment 3C investments).
- The Note on the net cash position provides details of the main balances and changes recognised in relation to this line item.
- Lastly, "Other receivables" includes:
  - Other trade receivables, mainly from various public authorities in connection with long-term contracts.
  - The change is explained mainly by the M-203 toll road balance of EUR 76 million recoverable from the authorities. In 2020, following the ruling issued by the authorities on the compensation receivable, the balance was transferred to short term as it is expected to be collected in 2021 (Notes 4.2 and 6.5.1).
  - Long-term deposits and guarantees amounting to EUR 15 million (December 2019: EUR 16 million).

3.6.1. Loan granted to AGS

As indicated in Note 3.5.3, Ferrovial has granted a subordinated loan of GBP 98 million to the company AGS. The company's other shareholder has granted a loan on the same terms.

In November 2020, both the shareholders approved the contribution of additional subordinated debt in the amount of GBP 50 million, Ferrovial's portion being GBP 25 million.

Given the impact of COVID-19 on the company, the recoverability of those loans has been analysed. It should be noted that the company is also funded by a syndicated bank loan of GBP 756 million that is not secured by the shareholders and matures in March 2022, the banking syndicate having granted covenant waivers in June and December 2020.

The asset recoverability exercise included expectations of future trends, the company's liquidity forecasts for 2021 and the first quarter of 2022, and the status of the bank borrowings that fall due in February 2022.

- Future asset trends: The company owns the assets, so operations are not subject to a concession period. Accordingly, a model was prepared in which traffic is assumed to progressively recover as the vaccination process takes effect. The assumptions are consistent with forecasts of air traffic trends obtained from different sources. The model shows a total value for the asset that is above the carrying amount of the current investment.
- Liquidity: The contingency plans adopted during 2020 have allowed the Company to end the year with a positive position of liquidity. A scenario was prepared based on the company's position, assuming a slight recovery of traffic in the second half

of the year once the vaccination process is stable. The conclusion drawn from the analysis is that the company would not have further liquidity needs in addition to the GBP 50 million already contributed by the shareholders, within twelve months of the formulation date of these Annual Accounts.

- Bank borrowings: The Company is in the early stages of renegotiating the bank borrowings. The aim is to reach an agreement on the possible extension of current debt for a three-year period, which would allow the asset to be returned under the normal terms of the transaction.

On the basis of the three factors analysed, the amounts borrowed by the company are likely to be recovered, in view of the information currently available.

The above notwithstanding, an expected loss provision of EUR 9 million has been set up in accordance with IFRS 9, based on the decline in the company's credit quality.

For information purposes, the movements in these line items in 2019 are detailed below:

MOVEMENTS IN 2019 (Millions of euros)	LONG-TERM LOANS IN ASSOCIATES	RESTRICTED CASH FROM INFRASTRUCTURE PROJECTS AND OTHER FINANCIAL ASSETS	OTHER LONG-TERM RECEIVABLES	TOTAL
BALANCE AT 01.01.2019	**173**	**473**	**108**	**754**
Additions	0	1,085	12	1,097
Disposals	1	-557	-17	-572
Transfers and other	-1	0	0	-1
Foreign exchange effect	6	6	3	15
Reclassification to discontinued operations	-9	-37	0	-46
BALANCE AT 31/12/2019	**170**	**970**	**106**	**1,246**

3.7. RIGHTS OF USE OF LEASED ASSETS AND ASSOCIATED LIABILITIES

This Note details the right-of-use assets recognised under IFRS 16 Leases and the liabilities associated with them.

Note 1.3.1.a) details the accounting policy affecting lease agreements. IFRS 16 affects the group for those agreements in which it acts as a lessee.

Set out below are movements in right-of-use assets in the balance sheet:

MOVEMENTS IN 2020 (Millions of euros)	LAND	BUILDINGS	VEHICLES	PLANT AND MACHINERY	OFFICE EQUIPMENT AND OTHER	TOTAL
BALANCE AT 31/12/2019	**7**	**61**	**34**	**23**	**2**	**126**
Additions	2	11	24	6	1	**43**
Disposals	-2	-2	-2	-1	-0	**-7**
Transfers and other	0	0	0	0	0	**0**
Depreciation/amortisation	-2	-19	-21	-14	-1	**-57**
Consolidation scope changes	0	1	-4	-0	0	**-3**
Foreign exchange effect	-0	-2	-2	-1	-0	**-6**
BALANCE AT 31/12/2020	**5**	**48**	**29**	**12**	**3**	**97**

The Group primarily has lease agreements for buildings, vehicles and technical installations and machinery. Buildings provide the greatest right-of-use asset value and primarily relate to the offices of the different long-term businesses.

The most significant variations in the heading relates to additions totalling EUR 43 million, of which EUR 39 million is associated with Construction Division leases (essentially in Poland and construction activities abroad).

As a balancing item for the rights of use in the amount of EUR 97 million, the lease liabilities amount to EUR 120 million, of which EUR 61 million is carried as a long-term item and EUR 59 million as a short-term item.

As mentioned in Note 1.2.1.a), the Poland real estate business records certain leased assets in inventories and investment property, therefore these leases have a net cost of EUR 19 million at 31 December 2020 2019: EUR 23 million) and this is the main reason for the difference between the closing balance of the right-of-use assets and the lease liabilities.

The movements in 2020 related to lease liabilities associated with contracts in force were as follows:

	LEASE LIABILITIES
BALANCE AT 31/12/2019	**153**
Additions due to new contracts	41
Associated financial expenses	4
Disposals due to payments	-59
Foreign exchange effect	-7
Consolidation scope changes and other	-11
BALANCE AT 31/12/2020	**120**
Long-term lease liabilities	**61**
Short-term lease liabilities	**59**

Financial expenses associated with lease agreements amounted to EUR 4 million at 31 December 2020. Lease payments in 2019 amounted to EUR -59 million (Note 5.3).

Below, future debt maturities are analysed in each business area at 31 December 2020.

	2021	2022	2023	2024	2025	2026 AND BEYOND	TOTAL
Corporation	3	3	3	3	3	0	15
Construction	54	22	12	5	6	3	102
Toll roads	1	1	0	0	0	0	3
Airports	0	0	0	0	0	0	0
TOTAL LEASE LIABILITIES	**58**	**26**	**15**	**8**	**9**	**4**	**121**

At 31 December 2020, lease expenses in the income statement amounted to EUR 221 million (2019: EUR 255 million). These relate to the following items:

a. Expenses due to leases that although comply with the definition of leases under IFRS 16, fall within some of the exceptions of the application of the standard. In this regard, given the nature of the Group business, assets are normally leased to undertake the different phases of a project, for periods of less than one year or are considered to be low value (less than EUR 5.000)

b. Expenses related to leases that are not in the scope of IFRS 16, essentially because the assets leased are not identified individually and are easily substitutable by the supplier.

   This amount includes the variable payments not included in the value of the liability, which amounts to EUR 1 million.

SECTION 4: WORKING CAPITAL

This section contains the Notes on inventories (Note 4.1), short-term trade and other receivables (Note 4.2), as well as short-term trade and other payables (Note 4.3). The net balance of these items is called working capital.

Millions of euros	2019	EXCHANGE RATE	CONSOLIDATION SCOPE CHANGES	OTHER	2020
Inventories	699	-49	1	38	690
Short term trade and other receivables	1,256	-62	20	78	1,292
Short-term trade and other payables	-3,072	160	-14	-103	-3,029
TOTAL	**-1,116**	**49**	**8**	**13**	**-1,047**

Working capital increased by EUR 70 million during 2020.

Section 4.4 includes a more detailed analysis of the items in the balance sheet relating to recognition of revenues from contracts with customers in the Construction business, including the disclosures required under IFRS 15 in relation to these contracts.

4.1. INVENTORIES

The inventories balance at 31 December 2020 and 2019 is as follows:

Millions of euros	2019	EXCHANGE RATE	CONSOLIDATION SCOPE CHANGES	OTHER	2020
Goods purchased for resale	390	-25	0	9	375
Raw materials and other supplies	237	-20	0	41	258
Bidding and mobilisation costs	73	-4	1	-12	58
Inventories	**699**	**-49**	**1**	**38**	**690**

Of the trade inventories recognised at 31 December 2020, EUR 368 million (2019: EUR 383 million) relate to the Construction division mainly to real estate business in Poland.

EUR 255 million of raw materials and other supplies relate to the Construction Division, primarily at Budimex amounting to EUR 93 million (2019: EUR 112 million) and its subsidiaries in the US and Canada, amounting to EUR 140 million (2019: EUR 102 million).

Both for bid and mobilisation costs, amortisation is carried out systematically, in accordance with the transfer of goods and services to which the asset corresponds. In 2020, EUR 10 million of bidding costs and EUR 0.3 million of mobilisation costs were amortised.

4.2. SHORT-TERM TRADE AND OTHER RECEIVABLES

The detail of "short-term trade and other receivables" at 31 December 2020 and 2019 is as follows:

Millions of euros	2019	EXCHANGE RATE	CONSOLIDATION SCOPE CHANGES	OTHER	2020
Trade receivables for sales and services	892	-51	24	92	956
Other receivables	364	-11	-3	-15	335
TOTAL RECEIVABLES	**1,256**	**-62**	**20**	**78**	**1,292**

a) Trade receivables for sales and services

The detail of "balances with customers" at 31 December 2020 and 2019 is as follows:

Millions of euros	2019	EXCHANGE RATE	CONSOLIDATION SCOPE CHANGES	OTHER	2020
Trade receivables	805	-35	18	38	827
Bad debt provisions	-225	2	0	15	-207
Net trade receivables	580	-32	18	54	619
Net completed work pending certification	217	-13	5	35	244
Withholdings as security	94	-6	1	3	93
TRADE RECEIVABLES FOR SALES AND SERVICES	**892**	**-51**	**24**	**92**	**956**

The change in "Other" (EUR 92 million), is explained primarily by the increase in this line item in Construction (EUR 84 million), as a result of business activity.

In addition, at 31 December 2020 there is no balance sheet item relating to factoring agreements (EUR 1 million at 31 December 2019).

The following details the main trade receivables, broken down by type of debtor:

	CONSTRUCTION			OTHER AND ADJUSTMENTS		TOTAL		
Public sector	568	60	%	39	n.a.	607	63	%
Private sector	242	26	%	8	n.a.	250	26	%
Group companies and associates	134	14	%	-34	n.a.	100	10	%
TOTAL	**943**	**100**	**%**	**13**	**N.A.**	**956**	**100**	**%**

In order to manage credit risk relating to private customers, the Group has implemented pre- and post-contracting measures. Pre-contracting measures include the consultation of debtor registers, ratings, solvency studies, etc., while post-contracting measures during the execution of construction work include the follow-up of contractual incidents, non-payment events, etc.

The changes in trade provisions were as follows:

(Millions of euros)	2020	2019
Opening balance	**225**	**227**
Amounts charged to the income statement:	5	3
Allocations	13	8
Reversals	-8	-5
Applications	-21	-6
Foreign exchange effect	-2	1
Transfers and other	0	0
CLOSING BALANCE	**207**	**225**

Group management considers that the carrying amount of trade receivables approximates their fair value.

b) Other receivables

The detail of "other receivables" at 31 December 2020 and 2019 is as follows:

Millions of euros	2019	EXCHANGE RATE	CONSOLIDATION SCOPE CHANGES	OTHER	2020
Advance payments to suppliers	65	-4	0	-5	57
Sundry receivables	151	-6	2	14	160
Infrastructure project receivables	33	0	-4	-25	3
Receivables from public authorities	116	-1	0	2	116
OTHER RECEIVABLES	**364**	**-11**	**-3**	**-15**	**335**

"Sundry receivables" essentially includes receivables relating to normal business activities, but the balancing item is not the principal customer under the contract. The change with respect to December 2019 is due primarily to the reclassification from long-term to short-term accounts of the receivable pending collection from the Madrid Regional Government in relation to the administrative proceeding involving Autopista M-203 (Note 6.5.1), partially offset by insurance receipts in the Construction business.

Lastly, "receivables from public authorities" includes tax receivables other than income tax receivables.

4.3. SHORT-TERM TRADE AND OTHER PAYABLES

The detail of "short-term trade and other receivables" at 31 December 2020 and 2019 is as follows:

Millions of euros	2019	EXCHANGE RATE	CONSOLIDATION SCOPE CHANGES	OTHER	2020
Trade payables	1,327	-64	8	119	1,390
Work certified in advance	755	-45	2	91	803
Advance payments	636	-36	0	-70	529
Other non-trade payables	354	-15	4	-37	307
TRADE AND OTHER PAYABLES	**3,072**	**-160**	**14**	**103**	**3,029**

a) Trade payables

The detail of the trade payables at 31 December 2020 and 2019 is as follows:

Millions of euros	2019	Exchange rate	Consolidation scope changes	Other	2020
Trade payables	910	-52	6	61	926
Trade payables sent for reverse factoring	172	0	1	41	215
Withholdings made from suppliers	245	-12	0	17	249
TRADE PAYABLES	**1,327**	**-64**	**8**	**119**	**1,390**

The line item "trade payables" increased by EUR 62 million compared to the balance recognised at 31 December 2019. Excluding the foreign exchange effect and scope changes, trade payables increased by EUR 119 million, primarily in the Construction Division. As regards trade payables subject to reverse factoring, that is balances pending payment to suppliers under reverse factoring arrangements (Note 1.2.3.3 on accounting policies) these increased by EUR 41 million, the balance changing from EUR 172 million at 31 December 2019 to EUR 215 million in December 2020.

Group management considers that the carrying amount of trade receivables approximates their fair value.

b) Disclosure obligation in relation to payments to suppliers provided for in Additional Provision Three of Law 15/2010

In compliance with the obligation to disclose the average supplier payment period laid down by Article 539 and Additional Provision Eight of the Spanish Companies Act (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Act), the Company hereby states that the average supplier payment period for all of the Group companies registered in Spain in 2020 (including discontinued operations) was 41 days.

Set forth below is the breakdown required by Article 6 of the Resolution of 29 January 2016 from the Spanish Institute of Accounting and Auditing in relation to the disclosures to be provided on the average supplier payment period in 2020 and 2019:

(Days)	2020	2019
AVERAGE SUPPLIER PAYMENT PERIOD	**41**	**39**
Ratio of transactions settled	41	39
Ratio of transactions not yet settled	37	43
AMOUNT (euros)		
TOTAL PAYMENTS SETTLED	**685,411,852**	**676,032,321**
TOTAL OUTSTANDING PAYMENTS	**21,572,506**	**19,316,271**

The mutual intra-group commercial transactions between companies belonging to the Ferrovial Group are not included in the consolidation process, meaning the consolidated balance sheet contains no outstanding balances due to companies within the Group. Thus, the information detailed in the previous table refers solely to suppliers outside of the Group, noting for information purposes that the average payment period between Group companies is generally 30 days.

The breakdown of the average supplier payment period for discontinued operations is as follows:

(Days)	2020	2019
AVERAGE SUPPLIER PAYMENT PERIOD, DISCONTINUED OPERATIONS	**53**	**55**
Ratio of transactions settled	52	55
Ratio of transactions not yet settled	72	67
AMOUNT (euros)		
TOTAL PAYMENTS SETTLED	**597,633,850**	**625,129,365**
TOTAL OUTSTANDING PAYMENTS	**29,372,206**	**29,257,855**

c) Work certified in advance for construction work and customer advances

This line item includes:

- Work certified in advance (see definition in Notes 4.4 and 1.2.3.4) increased by EUR 49 million compared to the balance recognised in December 2019, due to the increase in the volume of billing compared to the pace of execution, basically in international construction projects.
- The balance of advance payments from customers (see definition in point 4.4) fell by EUR -106 million (EUR -70 million excluding the foreign exchange effect) as compared with December 2019, primarily due to the reimbursement of advance payments in the US Construction Division.

d) Other non-trade payables

The detail of "other non-trade payables" is as follows:

Millions of euros	2019	EXCHANGE RATE	CONSOLIDATION SCOPE CHANGES	OTHER	2020
Accrued wages and salaries	133	-8	2	26	153
Payables to public authorities	168	-9	3	-49	113
Other payables	54	-3	0	-9	41
OTHER NON-TRADE PAYABLES	**354**	**-20**	**4**	**-31**	**307**

4.4. INFORMATION ON BALANCES FROM CONTRACTS WITH CUSTOMERS AND OTHER DISCLOSURES RELATING TO IFRS 15

Information on the balance sheet from contracts with customers

As mentioned in Note 1.2.3.4, relating to the policy with regard to recognising revenues from contracts (IFRS 15), in contracts in which the performance obligations are measured over time, the difference between the revenues recognised for services rendered and the amounts actually billed to the customer are systematically analysed on a contract by contract basis. If the amount billed is lower than the revenue recognised, the difference is recognised as an asset under "trade receivables for sales and services - completed work pending certification" (Note 4.2.a.), whereas if the amount of revenue recognised is lower than the amount billed, a liability is recognised under "short-term trade and other payables Works certified in advance" (Note 4.3).

Also, in certain construction contracts, advances are agreed upon that are paid by the customer when work is commenced on the contract, the balance of which is offset against the various progress billings as the contract work is performed.

These amounts are included on the liabilities side of the balance sheet, under "trade payables" (Note 4.3.a).

In contrast to the advance payments, in some contracts the customer retains a portion of the price to be paid in each progress billing to guarantee the satisfaction of certain contractual obligations. These "retentions" are not reimbursed until the contract is definitively settled. These amounts are included on the assets side of the balance sheet, under "trade receivables for sales and services" (Note 4.2.a).

Unlike completed work pending certification and work certified in advance" the advances and retentions are balances that will have an impact on future cash flows, since in the case of the advances a lower amount will be collected in the future as the advances are discounted from the progress billings, whereas the retentions will give rise to higher collections in the future, since the customer will reimburse the related amounts as and when the contract work is settled.

The detail of the amounts recognised in this connection at 31 December 2020 and 2019 is as follows:

Millions of euros	2019	EXCHANGE RATE	CONSOLIDATION SCOPE CHANGES	OTHER	2020
Completed work pending certification	217	-13	5	35	244
Withholdings	94	0	1	-2	93
Total assets from customer contracts	**311**	**-13**	**6**	**33**	**337**
Work certified in advance	755	-45	2	91	803
Advance payments	636	-36	0	-70	529
Total liabilities from customer contracts	**1,390**	**-81**	**2**	**21**	**1,333**

The balance at 31 December 2020 of work completed and pending certification relates almost entirely to amounts relating to revenues from the main contract signed with the customer, since, in line with the general policy established by the Group, only works that are due and payable may be recognised, i.e. amounts that have been approved by the customer. The balance shown under claims includes only the cases in which it is deemed highly probable that there will be no reversal of revenues in the future.

In general, performance obligations in the construction business are fulfilled over time. Therefore, as the amounts relating to changes and claims are immaterial under the completed work pending certification heading, the balance relates basically to differences between work completed and work certified due to timing differences in the customer certification and review process, billing milestones, certification schedule, etc.

Other disclosures relating to IFRS 15:

Revenue from contracts with customers:

EUR 6,255 million of total revenue recognised in 2020 (Note 2.1, operating income) relate to revenue from contracts with customers, which represents 98.6% of revenue recognised.

(Millions of euros)	2020
Construction	5,788
Toll roads	386
Airports	8
Other segments	72
Revenue from contracts with customers	**6,255**

With regard to income pending recognition in relation to uncompleted performance obligations at year-end, this line item corresponds to what is generally referred to as the order book (see the definition in the section Alternative performance measures in the Management report).

The table below is a breakdown of this figure by business area and includes an estimate of the years in which it is expected that it will appear in income.

INCOME	2021	2022	2023	2024	2025 AND BEYOND	TOTAL
Construction	5,261	2,144	1,887	708	130	10,129
Total	**5,261**	**2,144**	**1,887**	**708**	**130**	**10,129**

The total numbers of contracts in progress in the Construction businesses are approximately 636.

SECCIÓN 5: CAPITAL STRUCTURE AND FINANCING

The notes in this section describe the changes in Ferrovial's financial structure, addressing both changes in equity (Note 5.1) and consolidated net debt (Note 5.2) (taken to be the balance of cash and cash equivalents net of financial debt, bank borrowings and debt securities), broken down by project companies and ex-project companies. They also describe the Group's exposure to the main financial risks and the policies for managing them (Note 5.4), as well as the derivatives arranged in connection with those policies (Note 5.5).

The equity attributable to shareholders (Note 5.1) decreased compared to 2019, primarily due to shareholder remuneration, as well as the loss for the year.

EQUITY ATTRIBUTED TO SHAREHOLDERS

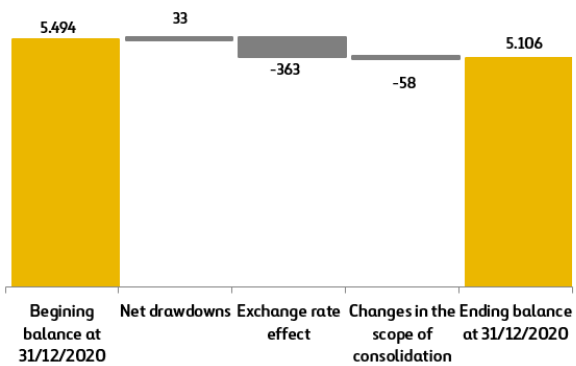
(Millions of euros)

CLOSING BALANCE AT 31/12/2019	4,304
Net profit/(loss)	-410
Income and expense recognised directly in equity	-347
Amounts transferred to the income statement	46
Shareholder remuneration	-377
Other	-25
Final balance at 31/12/2020	**3,187**

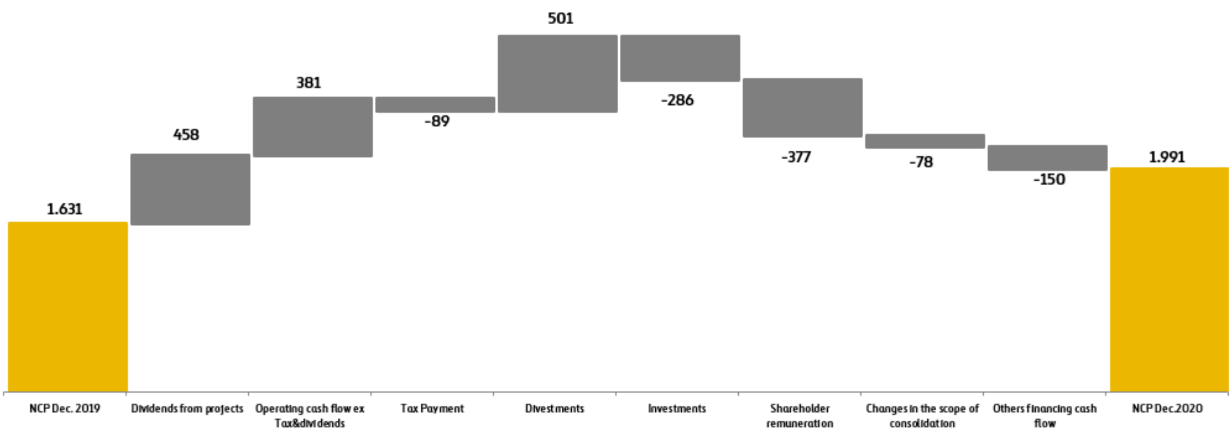
Ferrovial's net consolidated debt (Note 5.2) in non-infrastructure projects including discontinued operations amounted to EUR 1,991 million as compared with EUR 1,631 million in 2019.

The improvement during the year is explained by cash flows (Note 5.3), which do include movements in discontinued operations. The positive flow from operating activities ex taxes of EUR 1,054 million is particularly worthy of note and was due primarily to divestments during the financial year (EUR 501 million), flows from the Construction and Services businesses, and dividends received from projects, which though lower than the previous year reached the figure of EUR 458 million.
This positive net figure continues to make it possible to amply achieve the objective of maintaining an investment grade rating, where the Company considers a relevant metric a ratio, for ex-infrastructure projects, of Net Debt (gross debt less cash) to gross operating profit (EBITDA) plus dividends from projects of no more than 2:1. Ferrovial's current rating stands at BBB.
As regards infrastructure project borrowings, the change compared to the previous year (EUR 5,106 million in December 2020, compared to EUR 5,494 million in December 2019), is primarily due to the exchange rate effect (EUR -363 million).

BORROWINGS OF INFRAESTRUCTURE PROJECTS



NET CASH POSITION EX INFRAESTRUCTURES PROJECT:



5.1. EQUITY

5.1.1 Changes in equity

The detail of the main impacts net of taxes that affected the changes in equity in 2020 and which explain the changes in equity in the period from December 2020 to December 2019 is as follows:

	ATTRIBUTED TO SHAREHOLDERS	ATTRIBUTED TO NON-CONTROLLING INTERESTS	TOTAL EQUITY
Equity at 31.12.2019	**4,304**	**783**	**5,087**
	0	0	0
Equity at 01.01.2020	**4,304**	**783**	**5,087**
Consolidated profit/(loss) for the year	-410	51	-359
Impact on hedge reserves	-130	-27	-157
Impact on reserves for defined benefit plans	-31	0	-31
Currency translation differences	-187	-25	-211
Income and expense recognised directly in equity	-347	-52	-399
Amounts transferred to the income statement	46	0	46
TOTAL RECOGNISED INCOME AND EXPENSES	**-711**	**-1**	**-712**
Scrip dividend/other dividends	-119	-134	-252
Treasury share transactions	-258	0	-258
SHAREHOLDER REMUNERATION	**-377**	**-134**	**-511**
Share capital increases/reductions	0	15	15
Share-based remuneration scheme	-9	0	-9
Hybrid bond	-8	0	-8
Consolidation scope changes	5	-24	-20
Other movements	-17	1	-16
OTHER TRANSACTIONS	**-29**	**-8**	**-37**
Equity at 31.12.2020	**3,187**	**640**	**3,827**

The following is a description of the main movements in shareholders' funds in 2020, which gave rise to a reduction of EUR -1,117 million in equity attributable to shareholders.

<u>The consolidated profit/(loss) for the year</u> attributed to the parent company totalled EUR -410 million.

Income and expense recognised directly in equity relate to:

- Hedging instruments: Recognition of the changes in value of the effective portion of derivatives designated as hedges, as detailed in Note 5.5, the negative impact of which was EUR -130 million, of which EUR -111 million relates to fully consolidated companies, EUR -21 million to equity-accounted companies and EUR 2 million to companies held for sale and discontinued operations.
- Defined benefit plans: This item includes the impact on equity of actuarial gains and losses arising from adjustments and changes to the Group's defined benefit plan assumptions, which had a total impact for the parent company of EUR -31 million net of taxes relating to the equity-accounted companies (HAH/AGS).
- Currency translation differences: The currencies to which Ferrovial is most exposed in terms of equity (mainly the Canadian dollar, US dollar and pound sterling), as detailed in Note 5.4, gave rise to currency translation differences of EUR -187 million attributed to the parent company. These translation differences are presented net of the effect of foreign currency hedging instruments arranged by the Group (Note 5.5). The following table provides a breakdown by currency of movements in currency translation differences attributed to the parent company:

(Millions of euros)	DECEMBER 2020
Canadian dollar	-112
Pound sterling	-28
US dollar	-28
Colombian peso	-12
Polish zloty	-10
Other currencies	2
TOTAL	**-187**

Amounts transferred to the income statement

This reflects the impact of the reclassification from shareholders' funds to profit or loss, as per IAS 21, of the amounts accumulated in equity in respect of translation differences and hedging derivatives, with respect to the sale of Broadspectrum and the partial sale of the Norte Litoral toll road (Note 1.1.4), for a net amount of EUR 46 million (EUR 57 million pre-tax). The portion pertaining to the Broadspectrum sale (Note 2.9) is reported in profit/(loss) from discontinued operations in the income statement, while the portion related to the partial sale of the Norte Litoral toll road is included in "Impairment and disposals" (Note 2.5).

Shareholder remuneration:

- Scrip dividend: For the fifth successive year, Ferrovial, S.A.'s Annual General Meeting held on 17 April 2020 approved a flexible shareholder remuneration scheme whereby the shareholders may freely choose to receive new bonus shares in a capital increase charged to reserves or an amount in cash by transferring to the Company (if they have not already done so in the market) of the free allotment rights to the shares held. As a result, two share capital increases were completed in 2020 as follows:
- In May 2020, 6,134,989 new shares were issued and charged to reserves at a par value of EUR 0.20 per share, entailing a share capital increase of EUR 1.2 million (no impact on cash), and free allotment rights were purchased in the amount of EUR 93 million, representing a price per share of EUR 0.312.
- In November 2020, 6,012,605 new shares were issued and charged to reserves at a par value of EUR 0.20 per share, entailing a share capital increase of EUR 1.2 million (no impact on cash), and free allotment rights were purchased in the amount of EUR 28 million, representing a price per share of EUR 0.200.
- The cash flow impact of shareholder remuneration in 2020 amounted to EUR 377 million (Note 5.3). The difference between the scrip dividend of EUR 119 million and the treasury share purchase of EUR 258 million reflected in the table above, and the scrip dividend of EUR 122 million and the treasury share purchase of EUR 255 million disclosed in the cash flow statement (Note 5.3), is explained by the above-mentioned issuance of new shares against reserves in the amount of EUR 2.4 million.

Share-based remuneration schemes:

In 2020 a total of 636,789 shares were acquired, representing 0.43% of Ferrovial's share capital, for subsequent delivery, together with a part of the treasury shares recognised at the beginning of the year, under share-based remuneration schemes. The total cost of acquisition of these shares was EUR 17.4 million and the total gain on these remuneration schemes recognised in the Company's equity amounts to EUR -9 million.

As explained in Note 5.5, the Company has arranged Equity Swaps in order to hedge against the possible impact on equity of the exercise of share-based remuneration schemes. These instruments entail a fair value impact of EUR -10 million on net financial income/(expense).

Subordinated hybrid bond:

The movement for the year reflects the costs associated with this equity instrument described in the following Note 5.1.2 d), equating to a negative impact of EUR -8 million in 2020.

Scope changes relate to the following transactions:

The sale of 5% of the Group's stake in Budimex, entailing the recognition of a capital gain of EUR 43 million (Note 1.1.4) as an increase in the value of equity attributable to the parent company.

The purchase of 15% of the I-77 Mobility Partners LLC toll road (Note 1.1.4) entailing an impact of EUR -38 million in equity attributable to the parent company.

5.1.2 Equity components

The following is an explanation of each of the equity line items presented in the consolidated statement of changes in equity:

a) Share capital

At 31 December 2020, share capital stood at EUR 146,580,475.20 and was fully subscribed and paid up. Share capital consists of 732,902,376 ordinary shares in a single class with a par value of twenty euro cents (EUR 0.20) each. Movements during the year, broken down in the following table, relate to the share capital increase and reduction transactions mentioned in the preceding section.

SHARES	NUMBER	PAR VALUE
Opening balance	735,215,443	147,043,089
Scrip dividend	12,147,594	2,429,519
Share capital reduction	-14,460,661	-2,892,132
CLOSING SHARES	**732,902,376**	**146,580,475**

At 31 December 2020, the only company with an ownership interest of over 10% is Rijn Capital BV, which holds 20.265% of the shares and is controlled by the Chair of the Company's Board of Directors, Rafael del Pino y Calvo Sotelo.

The parent company's shares are traded on the Spanish Electronic Trading System (SIBE) and on the Spanish stock exchanges; they all carry the same voting and dividend rights.

b) Share premium and merger premium

At 31 December 2020, the share premium and merger premium, which arose as a result of the merger of Grupo Ferrovial, S.A. with Cintra Concesiones de Infraestructuras de Transporte, S.A. (currently Ferrovial, S.A.) in 2009, totalled EUR 647 million. Both line items are included in unrestricted reserves.

c) Treasury shares

At 31 December 2019, 3,276,261 treasury shares were held. Movements during 2020 were as follows:

TRANSACTION COMPLETED/PURPOSE	NUMBER OF SHARES PURCHASED	NUMBER OF SHARES APPLIED TO PURPOSE	TOTAL NUMBER OF SHARES
Balance at 31.12.2019			**3,276,261**
Share capital reduction	11,704,701	-14,460,661	-2,755,960
Remuneration schemes	636,789	-723,526	-86,737
Shares received - scrip dividend	200,470	0	200,470
Balance at 31.12.2020			**634,034**

The Annual General Meeting of Ferrovial, S.A. held on 17 April 2020 approved a treasury share Buy-Back Programme for a maximum amount of EUR 360 million, the purpose of which was a subsequent capital reduction by redeeming the shares. Over the course of 2020 11,704,701 treasury shares were acquired at an average price of EUR 21.83 per share, giving rise to a payment totalling EUR 255.5 million. Subsequently, it was resolved to reduce share capital by 14,460,661 shares, giving rise to a share capital reduction of EUR 3 million and an impact of EUR -256 million, which was recognised against unrestricted reserves (merger premium) and related to the difference between the acquisition price and the par value of the retired shares.

The market value of the treasury shares held by Ferrovial at 31 December 2020 (634,034 shares) was EUR 14 million.

d) Other equity instruments

Through its subsidiary Ferrovial Netherlands BV, with a guarantee from Ferrovial, S.A., the Group made a perpetual subordinated bonds issue in 2017 in the nominal amount of EUR 500 million and with an annual coupon of 2.124% until the first recalculation date (May 2023). Following this first recalculation date, the coupon will be changed to a rate equivalent to adding 2.127% to the 5-year swap rate that applies at that time. The same calculation will be made every 5 years until 2043, at which point the 5-year swap rate that applies at that time will be increased by 2.877%.

These bonds may be repaid for the first time, at the issuer's discretion, in five and a half years (2023) from the date of issue (from 14 February 2023 to 14 May 2023 inclusive), and subsequently on each coupon payment date. Ferrovial also has the right to defer the payment of coupons over time, and such payment cannot be demanded by the holders.

As mentioned in Note 1.2.3.3, when it is the issuer that has the right to decide regarding both the repayment of principal and the possibility of deferring the payment of coupons on the bond, the instrument is entered under equity.

Thus, these subordinated perpetual bonds are recognised under "other equity instruments". The costs associated with the issue of these bonds and the accrued interest and payment of the coupon, which at the end of 2020 amounted to an accumulated figure of EUR -27 million (EUR -8 million accrued in this financial year), are recognised under "reserves" and treated in a similar way to dividends.

Irrespective of this type of instrument being classified as shareholders' funds from an accounting standpoint, the method followed by the rating agencies for the purpose of analysing the Group's debt level is to consider the hybrid bond issue fully or partially as debt and/or partially as equity, according to the current methodologies applied by each of these rating agencies.

e) Measurement adjustments

“Measurement adjustments” in the consolidated statement of changes in equity, the balance of which at 31 December 2020 was EUR -1,496 million, includes the accumulated amount in reserves of the measurement adjustments made to translation differences (EUR -610 million), pension plans (EUR -477 million) and measurement adjustments made to derivatives (EUR -409 million).

As regards the requirements of IAS 1 in relation to the disclosure of “income and expenses recognised directly in equity”, it is important to note that the only items that under the related accounting legislation may not be transferred in a future period to the income statement are the items relating to pension plans.

f) Retained earnings and other reserves

This line item includes prior years’ retained earnings and other reserves totalling EUR 3,397 million (2019: EUR 3,928 million). The other reserves include restricted reserves of the parent company, relating mainly to the legal reserve of EUR 30 million.

Adjustments relating to share-based remuneration schemes and the impact of the subordinated perpetual bond’s coupons and associated costs are also recognised under this heading.

g) Proposed distribution of profit for 2020

The Company posted a profit for the year of EUR 23,089,980.13.

The Board of Directors will propose to the Company’s Annual General Meeting the following distribution of FERROVIAL, S.A.'s individual profit:

	2020
Profit of FERROVIAL, S.A. (individual company) (euros)	23,089,980.13
Distribution (euros):	
To reserves	23,089,980.13

The legal reserve is fully funded.

h) Non-group companies with significant ownership interests in subsidiaries

At 31 December 2020, the non-controlling interests in the share capital of the most significant fully consolidated Group companies were as follows:

FERROVIAL GROUP SUBSIDIARY	NON-GROUP %	NON-GROUP SHAREHOLDER
TOLL ROADS		
Autopista Terrassa-Manresa, S.A.	23.72%	Acesa (Autopista Concesionaria Española, S.A.)
LBJ Infrastructure Group Holding LLC	28.3272%-17.0689%	LBJ Blocker (APG)- Meridiam Infr. S.a.r.l. (MI LBJ)
NTE Mobility Partners Holding LLC	37.03 %	Meridiam Infrastrucuture S.a.r.l.
NTE Mobility Partners SEG 3 Holding LLC	28.8399%-17.4949%	NTE Segments 3 Blocker, Inc. (APG) - Meridiam Infraestructure NTE 3A/3B LLC
I-77 Mobility Partners, LLC	17.45%-17.45%	Aberdeen Infr. Invest./John Laing I-77 Holco Corp.
CONSTRUCTION		
Budimex S.A.	9.8%-6.3%-33.8%	AVIVA OFE Aviva BZ WBK-Nationale Nederlanden OFE (listed on the stock exchange)

The main financial statement aggregates of the most significant Group companies in which other shareholders own interests are as follows (data on 100% terms):

2020

(Millions of euros)	ASSETS	LIABILITIES	SHAREHOLDERS’ FUNDS	NCP	NET PROFIT/ (LOSS)
Terrassa Manresa toll road:	1,069	261	807	31	37
LBJ Infraestructure Group	1,987	1,827	160	-1,358	-24
NTE Mobility Partners	1,543	1,498	45	-1,007	20
NTE Mobility Partners Segments 3 LLC	1,851	1,498	353	-748	10
I-77 Mobility Partners LLC	629	444	185	-222	-5
Budimex	1,724	1,417	307	465	52

The main movements in "equity attributable to non-controlling interests" in 2020 were as follows

COMPANY	BALANCE AT 31.12.2019	PROFIT/ (LOSS)	DERIVATIVES	CURRENCY TRANSLATION DIFFERENCES	DIVIDENDS	SHARE CAPITAL INCREASE	OTHER	BALANCE AT 31.12.2020
Terrassa Manresa toll road:	208	11	-28	0	0	0	-0	192
LBJ Infraestructure Group	192	-20	0	-9	-91	0	-0	73
NTE Mobility Partners	21	12	0	-2	-15	0	-0	17
NTE Mobility Partners Segments 3 LLC	169	8	0	-14	0	0	-0	163
I-77 Mobility Partners LLC	105	-4	0	-7	0	0	-30	65
FAM Construction LLC (I-66)	-36	-16	0	4	0	0	-0	-48
Budimex	136	54	0	-8	-13	0	13	183
Other	-13	6	0	10	-15	15	-7	-3
TOTAL	**783**	**51**	**-27**	**-25**	**-134**	**15**	**-23**	**640**

"Capital increase/reduction" reflects the impact of the increase in funds attributable to non-controlling interests in Sugar Creek Construction LLC (EUR 15 million).

The heading "Other movements" primarily records, firstly, the effect of EUR -30 million relating to the I-77 Mobility Partners LLCC toll road, resulting from the purchase of an additional 15% by the Group, and conversely, the impact of EUR 13 million relating to the sale of 5% of Budimex as explained under "consolidation scope changes" in the foregoing section 5.1.1.

5.2. NET CONSOLIDATED DEBT

In order to present an analysis of the Group's net debt position, the following table contains a breakdown of the Net Cash Position, distinguishing between infrastructure project companies and the other companies. The net cash position is understood to be the balance of the items included under "cash and cash equivalents", together with the long-term restricted cash of infrastructure projects, less financial borrowings (short-term and long-term bank borrowings and debt securities).

The net cash position also includes forwards totalling EUR 14 million that hedge the cash held by the Group in Australian and Canadian dollars, as well as cross-currency swaps, valued at EUR -2 million and associated with the borrowings and cash denominated in US dollars. The derivatives are accounted for in this way because they are associated in full with the aforementioned borrowings/cash and the related exchange rate effect is netted off therefrom.

	31/12/2020							
CONTINUING OPERATIONS (Millions of euros)	BANK BORROWINGS / BONDS	CROSS-CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-4,522	-2	6,321	14	3	1,815	-39	1,775
Infrastructure project companies	-5,106	0	111	0	650	-4,344	39	-4,305
TOTAL NET CASH POSITION	**-9,627**	**-2**	**6,432**	**14**	**654**	**-2,530**	**0**	**-2,530**

	31/12/2019							
CONTINUING OPERATIONS (Millions of euros)	BANK BORROWINGS/ BONDS	CROSS-CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-3,104	11	4,624	-24	7	1,508	-34	1,473
Infrastructure project companies	-5,494	0	1,082	0	963	-4,412	34	-4,378
Total net cash position	**-8,598**	**11**	**5,705**	**-24**	**970**	**-2,905**	**0**	**-2,905**

	CHANGE							
CONTINUING OPERATIONS (Millions of euros)	BANK BORROWINGS/ BONDS	CROSS-CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-1,418	-14	1,698	37	-4	307	-5	302
Infrastructure project companies	388	0	-971	0	-312	68	5	73
Total net cash position	**-1,030**	**-14**	**727**	**37**	**-316**	**375**	**0**	**375**

A breakdown of discontinued operations for both periods is also included below, as well as a table showing information for both continuing and discontinued operations:

	31.12.2020			31.12.2019			
DISCONTINUED OP. (Millions of euros)	BANK BORROWINGS / BONDS	CASH AND CASH EQUIVALENTS	NET BORROWING POSITION	BANK BORROWINGS / BONDS	CASH AND CASH EQUIVALENTS	NET BORROWING POSITION	VAR.
Ex-infrastructure project companies	-76	292	216	-306	464	158	58
Infrastructure project companies	-281	101	-180	-317	107	-210	30
Total net cash position	**-357**	**394**	**36**	**-623**	**571**	**-52**	**88**

	31/12/2020							
CONTINUING AND DISCONTINUED OP. (Millions of euros)	BANK BORROWINGS/ BONDS	CROSS-CURRENCY SWAPS	CASH AND CASH EQUIVALENTS	FORWARDS	LONG-TERM RESTRICTED CASH	NET BORROWING POSITION	INTRA-GROUP POSITION	TOTAL
Ex-infrastructure project companies	-4,598	-2	6,614	14	3	2,030	-39	1,991
Infrastructure project companies	-5,445	0	224	0	650	-4,571	39	-4,532
Total net cash position	**-10,043**	**-2**	**6,837**	**14**	**654**	**-2,541**	**0**	**-2,541**

The net cash position ex-infrastructure projects including discontinued operations amounted to EUR 1,991 million at December 2020 compared to EUR 1,631 at December 2019, a change of EUR 360 million. The net cash position of infrastructure projects including discontinued operations varied by EUR 56 million, changing from EUR -4,588 million in December 2019 to EUR -4,532 million in December 2020. A more detailed analysis of this position, both for continuing and discontinued operations is included in Note 5.3 on cash flow and in the management report that has been formally prepared together with these consolidated financial statements.

5.2.1. Infrastructure projects

a) Cash and cash equivalents and restricted cash

Infrastructure project financing agreements occasionally impose the obligation to arrange certain restricted accounts to cover short-term or long-term obligations relating to the payment of the principal or interest on the borrowings and to infrastructure maintenance and operation.

Restricted cash is classified as short-term or long-term depending on whether it must remain restricted for less than or more than one year. In any event, these funds are invested in highly-liquid financial products earning floating interest. The type of financial product in which the funds may be invested is also restricted by the financing agreements or, where no restrictions are stipulated, the decision is made on the basis of the Group's policy for the placement of cash surpluses.

Short-term balances, which amount to EUR 8 million (31 December 2019: EUR 6 million), are recognised under "cash and cash equivalents" in the balance sheet whereas long-term balances, of EUR 650 million (31 December 2019: EUR 963 million), are classified as financial assets. Therefore, the restricted cash at 31 December 2020 amounted to EUR 658 million, relating to the NTE Segment 3, LBJ, I-77 and NTE toll roads, along with other European toll roads, amounting to EUR 575 million, EUR 51 million, EUR 22 million, EUR 2 million and EUR 8 million respectively (December 2019: EUR 969 million), including both long- and short-term amounts. Accordingly, there was a net change of EUR -312 million, due to:

- A net decrease in the restricted cash amount of EUR -248 million (excluding exchange rate effects), essentially from the LBJ toll road (EUR -193 million) and NTE Segment 3 (EUR -57 million) due to the dividend payments in both projects in December 2020.
- The exchange rate effect amounted to EUR -63 million, caused mainly by changes in the value of the US dollar (Note 1.3).

Other cash and cash equivalents relate to bank accounts and highly-liquid investments subject to interest rate risk.

b) Infrastructure project borrowings

b.1) Breakdown by project, significant changes in the year and main characteristics of the borrowings

The following is a breakdown of borrowings by project, distinguishing between bonds and bank borrowings, short- and long-term, and changes during the year.

	31.12.2020			CHANGE 20/19		
(Millions of euros)	BONDS	BANK BORROWINGS	TOTAL	BONDS	BANK BORROWINGS	TOTAL
Long term	**2,429**	**2,649**	**5,078**	**-206**	**-186**	**-392**
US toll roads	2,429	1,577	4,006	-206	-103	-309
Spanish toll roads	0	642	642	0	-5	-5
Portuguese toll roads	0	290	290	0	-11	-11
Airports	0	52	52	0	-6	-6
Construction	0	87	87	0	-60	-60
Short term	**5**	**22**	**28**	**3**	**1**	**4**
Spanish toll roads	0	5	5	0	0	0
US toll roads	5	0	5	3	0	3
Portuguese toll roads	0	13	13	0	2	2
Airports	0	2	2	0	0	0
Construction	0	3	3	0	-1	-1
TOTAL	**2,434**	**2,671**	**5,106**	**-203**	**-185**	**-388**

	31.12.2019		
(Millions of euros)	BONDS	BANK BORROWINGS	TOTAL
Long term	**2,636**	**2,835**	**5,471**
US toll roads	2,636	1,680	4,315
Spanish toll roads	0	648	648
Portuguese toll roads	0	302	302
Other toll roads	0	0	0
Airports	0	58	58
Construction	0	148	148
Short term	**2**	**22**	**23**
Spanish toll roads	0	5	5
US toll roads	2	0	2
Portuguese toll roads	0	10	10
Airports	0	2	2
Construction	0	4	4
TOTAL	**2,637**	**2,856**	**5,494**

The following table shows movements in gross infrastructure project borrowings, broken down into variations in borrowings with balancing entries in cash flows, exchange rate effects and scope changes, as well as movements in borrowings due to the accrual of interest, which do not affect period cash positions.

(Millions of euros)	DEC. 2019	INCREASE/DECREASE WITH IMPACT ON CASH FLOW	FOREIGN EXCHANGE EFFECT	IMPACT OF CHANGES IN THE CONSOLIDATION SCOPE AND OTHER	CAPITALISED/ ACCRUED INTEREST	DEC. 2020
Gross borrowing position, projects	5,494	-30	-360	-58	59	5,106

Infrastructure project borrowings decreased by EUR -388 million compared to December 2019, a change that was mainly due to the following reasons:

- Exchange rate effect amounting to EUR -360 million, mainly due to the depreciation of the euro against the US dollar.
- Increase in borrowings already arranged at the end of 2019 and capitalisation and accrual of interest for a net amount of EUR 29 million. There was an increase of EUR 35 million primarily due to US toll roads, with the most noteworthy changes being:
  - NTE Mobility Partners Seg 3 LLC, NTE Mobility Partner and I-77 (EUR 20 million), mainly due to interest capitalisation.
  - LBJ (EUR 29 million), due to the new debt structure following the refinancing completed during the year (EUR -13 million), a debt reduction of EUR -61 million (USD -71 million), a share premium (EUR 68 million), arrangement expenses and fees (EUR -4 million), and the application of the amortised cost method mainly associated with the old debt (EUR 10 million). This transaction is broken down in greater detail in the next section. There was also a change of EUR 16 million in interest capitalised.
  - In contrast, there was a repayment of the borrowings at the Azores project amounting to EUR -9 million.
- Impact of scope changes following the classification to held-for-sale liabilities of the Concesionaria de Prisiones Figueras (Note 1.1.4) liability of EUR -58 million.

US toll roads:

NTE Mobility Partners, LLC

The concession operator is financed via a USD 871 million taxable bond issue maturing in 2049 at a fixed interest rate of 3.92%, as well as PABs (Private Activity Bonds) issued for USD 331.8 million (USD 400 million including premium), to be paid from 2031 to 2039 at a fixed interest rate of 4.00% and 5.00% (average weighted interest rate of 4.63%).

NTE Mobility Partners Seg 3 LLC

In terms of segment 3A-3B, the borrowings comprise the issue of USD 274 million of Private Activity Bonds (PABs), maturing at 25 and 30 years (7.00% fixed interest on USD 128 million and 6.75% fixed interest on USD 146 million), and a TIFIA loan of USD 531 million at a fixed rate of 3.84%, with final maturity in 2054 and fully drawn down at 31 December 2020. In addition, USD 87 million of interest has been capitalised, therefore the carrying amount at 31 December 2020 amounts to USD 618 million.

As regards Segment 3C, the debt comprises USD 654 million (total of USD 750 million including premium) in Private Activity Bonds (PABs) issue, to be paid from 2047 to 2058, at a fixed interest rate of 5.00%.

LBJ Infr. Group LLC

During 2020, the refinancing of part of the project debt was completed, consisting of the early repayment of USD 615 million in PABs (Private Activity Bonds) and a new PAB bond issue of USD 537.5 million (USD 615 million with premium) to be paid from 2030 to 2040 at a fixed interest rate of 4.00% and additionally a taxable bond issue for USD 7 million at a fixed interest rate of 2.75%, maturity in 2026.

Following this refinancing operation, a dividend payment of USD 229 million was made after fulfilling the distribution milestones:

- The financing agreement contains no default ratio that might entail the early repayment of the debt. All payment obligations prior to dividend pay-out were also fulfilled (Operating & Maintenance, Capex, debt service, etc.).
- Interest payable on the TIFIA loan has been settled.
- Restricted cash reserved for debt servicing is fully funded.
- The debt service coverage ratio (DSCR) is equal to or greater than 1.2.
- The contractual deadlines (fifth anniversary as from substantial completion) were met.

LBJ also has a TIFIA loan of USD 850 million granted by the US Federal Government with a repayment profile from 2036 to 2050, which bears interest at a fixed rate of 4.22%. The carrying amount at 31 December 2020, including capitalised interest, amounts to USD 1,136.3 million.

I-77 Mobility Partners, LLC

This concession operator is financed through a USD 100 million issue of PABs (5.00% fixed interest), of which USD 7 million have final maturity between 2026 and 2030, USD 13 million have final maturity in 2037 and EUR 80 million have final maturity in 2054.

It also has a TIFIA loan of USD 189 million against which USD 211.1 million had been drawn down at 31 December 2020 (USD 189.0 million of principal and USD 22.1 million of capitalised interest). This loan bears interest at a fixed rate of 3.04% and has final maturity in 2053.

Spanish toll roads:

Cintra Inversora Autopistas de Cataluña (A. Terrasa Manresa)

The company is now financed through a credit facility with a tranche A and a tranche B with limits of EUR 300 million and EUR 316 million, respectively, both bearing interest at 6-month EURIBOR of -0.283% +1.50%. Both tranches have been drawn down in their entirety, and the loan matures in 2035. The company has also been granted a liquidity line of up to a maximum of EUR 25 million, against which it had drawn down EUR 42.4 million as at 31 December 2020 (bearing interest at 6-month EURIBOR of -0.283%+1.50%). It should also be noted that this company has a derivative with a notional amount of EUR 595.8 million, a guaranteed interest rate of 5.3290% and maturity in 2035. The fair value of the derivative arranged (recognised under "derivative financial instruments", Note 5.5) was EUR -299.9 million at year-end.

Portuguese toll roads:

Euroscut Azores

The entity has a syndicated bank financing with final maturity in 2033, against which EUR 304.9 million had been drawn down at 31 December 2020 (bearing interest at the 6-month EURIBOR of -0.287% +0.85%). In relation to these borrowings, the concession operator has arranged a derivative with a notional amount of EUR 261.9 million, a guaranteed fixed interest rate of 4.115% and maturity in 2033. The fair value of the derivative arranged (recognised under "derivative financial instruments", Note 5.5) was EUR -73.8 million at year-end.

Breakdown of other projects:

(Millions of euros)	LONG TERM	SHORT TERM	2020	CHANGE 20/19
Transchile Charrúa Transmisión, S.A.	52	2	54	-7
Other airports	0	0	0	0
Airports	**52**	**2**	**54**	**-6**
Conc. Prisiones Lledoners, S.A.	69	2	71	-1
Concesionaria de Prisiones Figueras S.A.U.	0	0	0	-60
Depusa Aragón, S.A.	18	1	19	-1
Other construction	0	0	0	0
Construction	**87**	**3**	**90**	**-62**
TOTAL Other infrastructure project borrowings	**139**	**5**	**144**	**-68**

(Millions of euros)	LONG TERM	SHORT TERM	2019
Transchile Charrúa Transmisión, S.A.	58	2	60
Other airports	0	0	0
Airports	**58**	**2**	**60**
Conc. Prisiones Lledoners, S.A.	70	2	72
Concesionaria de Prisiones Figueras S.A.U.	58	2	60
Depusa Aragón, S.A.	19	1	20
Other construction	0	0	0
Construction	**148**	**4**	**152**
TOTAL Other infrastructure project borrowings	**206**	**6**	**212**

Other project borrowings decreased by EUR -68 million as compared with December 2019. This decrease is primarily due to the derecognition of the Concesionaria de Prisiones Figueras S.A.U. debt following its reclassification to held for sale (Note 1.1.4).

b.2) Maturities by currency and fair value of infrastructure project borrowings:

	CURRENCY	FAIR VALUE 2020	CARRYING AMOUNT 2020	2021	2022	2023	2024	2025	2026+	TOTAL MATURITIES
Infrastructure project obligations		**2,921**	**2,434**	**0**	**0**	**0**	**0**	**0**	**2,270**	**2,270**
TOLL ROADS		**2,921**	**2,434**	**0**	**0**	**0**	**0**	**0**	**2,270**	**2,270**
	USD	2,921	2,434	0	0	0	0	0	2,270	2,270
	EUR	0	0	0	0	0	0	0	0	0
AIRPORTS		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	USD	0	0	0	0	0	0	0	0	0
Bank borrowings of infrastructure project companies		**2,671**	**2,671**	**72**	**25**	**69**	**37**	**45**	**2,459**	**2,708**
TOLL ROADS		**2,528**	**2,528**	**17**	**24**	**68**	**36**	**44**	**2,375**	**2,564**
	USD	1,577	1,577	0	0	40	0	0	1,567	1,607
	EUR	950	950	17	24	28	36	44	807	957
AIRPORTS		**54**	**54**	**54**	**0**	**0**	**0**	**0**	**0**	**54**
	USD	54	54	54	0	0	0	0	0	54
CONSTRUCTION		**90**	**90**	**1**	**1**	**1**	**1**	**1**	**84**	**90**
	EUR	90	90	1	1	1	1	1	84	90
TOTAL INFRASTRUCTURE PROJECT BORROWINGS		**5,592**	**5,106**	**72**	**25**	**69**	**37**	**45**	**4,729**	**4,978**

The differences between the total maturities of bank borrowings (EUR 4,978 million) and the carrying amounts recognised at 31 December 2020 (EUR 5,106 million) are explained mainly by the difference between the nominal values and carrying amounts of the borrowings, as certain adjustments are made in accordance with applicable accounting legislation. Thus, the accrued interest payable and the application of the amortised cost method represent an impact of EUR 128 million, taking into account that the maturities of the borrowings do not include interest.

The fair value reflected in the table above is calculated as follows:

- For fixed-rate bonds, subject to changes in value due to fluctuations in market interest rates: since they are quoted in an active market, the related market value is used.
- For fixed-interest bank borrowings, also subject to changes in value due to fluctuations in rates: future cash flows are discounted using a market interest rate, calculated using an internal valuation model.
- Lastly, for floating-rate bank borrowings: no significant differences are deemed to exist between the fair value of the borrowings and their carrying amount and, therefore, the carrying amount is used.

b.3) Information on credit limits and credit drawable for infrastructure projects

Below is a comparative analysis of borrowings not drawn down at year-end:

2020

(Millions of euros)	BORROWING LIMIT	DRAWN DOWN	DRAWABLE	DEBT RECOGNISED IN THE ACCOUNTS
Toll roads	4,859	4,834	25	4,962
US toll roads	3,878	3,878	0	4,011
Spanish toll roads	677	652	25	648
Other toll roads	305	305	0	303
Airports	54	54	0	54
Construction	90	90	0	90
TOTAL FINANCIAL	**5,003**	**4,978**	**25**	**5,106**

2019

(Millions of euros)	BORROWING LIMIT	DRAWN DOWN	DRAWABLE	DEBT RECOGNISED IN THE ACCOUNTS
Toll roads	5,261	5,216	45	5,282
US toll roads	4,265	4,245	20	4,317
Spanish toll roads	682	657	25	653
Other toll roads	314	314	0	312
Airports	61	61	0	60
Construction	154	154	0	152
TOTAL FINANCIAL	**5,476**	**5,431**	**45**	**5,494**

The entire sum of the EUR 25 million drawable (31 December 2019: EUR 45 million), relates to amounts not drawn down against Spanish toll roads. It should be noted that this drawable amount is associated exclusively with the projects, based on the nature and performance thereof, as discussed below.

b.4) Guarantees and covenants for project borrowings

The borrowings classified as project borrowings are without recourse to the shareholders of the projects or with recourse limited to the guarantees provided. The guarantees provided by subsidiaries of Ferrovial in relation with the borrowings of these projects are described in Note 6.5, Contingent liabilities.

At 31 December 2020, all the fully-consolidated project companies were achieving the significant covenants in force.

5.2.2. Net cash position excluding infrastructure projects

a) Borrowings excluding infrastructure projects

a.1) Breakdown between short and long-term balances, changes during the year and main characteristics

(Millions of euros)	2020 LONG TERM	2020 SHORT TERM	2020 TOTAL	CHANGE 20/19 LONG TERM	CHANGE 20/19 SHORT TERM	CHANGE 20/19 TOTAL
Corporate bonds and debentures	2,566	524	3,090	778	505	1,283
Euro Commercial Paper	0	1,091	1,091	0	118	118
Corporate liquidity lines	284	0	284	29	0	29
Other borrowings	42	14	56	-10	-4	-14
TOTAL FINANCIAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	**2,892**	**1,629**	**4,521**	**797**	**619**	**1,417**

(Millions of euros)	2019 LONG TERM	2019 SHORT TERM	TOTAL
Corporate bonds	1,788	19	1,807
Euro Commercial Paper	0	973	973
Corporate liquidity lines	255	0	255
Other borrowings	52	18	70
TOTAL FINANCIAL BORROWINGS EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	**2,094**	**1,010**	**3,104**

The following table shows changes to ex-infrastructure project gross borrowings, broken down into variations in borrowings with balancing entries in cash flows, exchange rate effects and scope changes, as well as changes in borrowings due to the accrual of interest, which do not affect period cash positions:

(Millions of euros)	DEC. 2019	INCREASE/DECREASE WITH IMPACT ON CASH FLOW	FOREIGN EXCHANGE EFFECT	IMPACT OF CHANGES IN THE CONSOLIDATION SCOPE AND OTHER	CAPITALISED/ ACCRUED INTEREST	DEC. 2020
Bank borrowings/ Project bonds	3,104	1,435	-31	0	13	4,522
Cross-currency swaps	-11	0	14	0	0	2
Gross borrowing position, ex-projects	**3,093**	**1,435**	**-17**	**0**	**13**	**4,524**

The corporate debt comprises the following debt instruments:

Corporate bonds:

The carrying amount of Corporate bonds totals EUR 3,090 million at 31 December 2020 (31 December 2019: EUR 1,807 million). These are broken down in the following table:

ISSUE DATE	(PAR) VALUE (MILLIONS OF EUROS)	MATURITY	ANNUAL COUPON
7/6/2013	500	7/6/2021	2.557%
14/9/2016	500	14/9/2022	0.375%
15/7/2014	300	15/7/2024	2.500%
29/3/2017	500	31/3/2025	1.375%
14/5/2020	650	14/5/2026	1.382%
24/6/2020	131	14/5/2026	1.382%
12/11/2020	500	12/11/2028	0.540%

The bonds issued in 2013 are traded on the secondary market of the London Stock Exchange, while those issued from 2014 are admitted to trading on the Spanish AIAF Fixed-Income market (Spain). All these issues are guaranteed by Ferrovial S.A., the parent company of the Group. It should be noted that the Group has interest rate derivatives associated with the corporate bonds issued, with a notional amount of EUR 250 million; these derivatives convert the fixed interest rate into a floating one, Note 5.5.

Euro Commercial Paper:

In the first quarter of 2018, the company formally completed a Euro Commercial Paper (ECP) programme for a maximum amount of EUR 1,000 million, with maturities between 1 and 364 days from the issue date, allowing for greater capital markets finance sourcing diversification and more efficiency when managing available liquidity. Towards the end of 2019 this limit was increased up to EUR 1,500 million, with the carrying amount standing at EUR 1,091 million at 31 December 2020.

Liquidity facility:

In July 2018, Ferrovial refinanced the liquidity facility, incorporating sustainability criteria. Of the current maximum limit on the facility (EUR 900 million and potential to draw down the balance in EUR, USD, CAD and GBP), USD 284 million has been drawn down at 31 December 2020.

In order to cover possible interest rate and foreign exchange fluctuations affecting the amount drawn, Ferrovial has arranged cross-currency swaps for USD 274 million, maturing in 2022, for an agreed equivalent value of EUR 250 million, the fair value of which amounts to EUR -26 million.

The variation in corporate debt with respect to December 2019 (EUR 1,430 million) is essentially due to the new corporate bond issue (EUR 1,283 million) and the increase in ECPs issued (EUR 118 million), at an average rate of -0.15%.

The transactions referred to above are in response to the Company's objective of facing the pandemic crisis from a highly relevant cash position, leading to an all-time liquidity high of EUR 7,964 million.

Information on the credit limits and credit drawable of the corporate debt.

The detail of the limits and the amounts drawable of the corporate debt at 31 December 2020 and at 31 December 2019 is as follows:

	2020			
(Millions of euros)	BORROWING LIMIT	DRAWN DOWN (*)	DRAWABLE	CORPORATE DEBT
Bonds	3,081	3,081	0	3,090
Syndicated facility	900	250	650	224
ECPs	1,091	1,091	0	1,091
Other	340	60	280	60
TOTAL CORPORATE DEBT	**5,412**	**4,482**	**930**	**4,464**

(*) The balance drawn on the syndicated facility includes the fair value of cross-currency swaps (EUR -26 million).

	2019			
(Millions of euros)	BORROWING LIMIT	DRAWN DOWN (*)	DRAWABLE	CORPORATE DEBT
Bonds	1,800	1,800	0	1,807
Syndicated facility	900	250	650	255
ECPs	973	973	0	973
Other	0	0	0	0
TOTAL CORPORATE DEBT	**3,673**	**3,023**	**650**	**3,034**

(*) The balance drawn on the syndicated facilities includes the fair value of cross-currency swaps (EUR 5 million).

Company's credit rating

The credit rating agencies Standard & Poor's and Fitch maintained their opinion regarding the financial rating of Ferrovial's corporate debt in December 2020, respectively rating it at BBB and BBB with stable outlook and, therefore, within the "Investment Grade" category.

a.1.2) Other borrowings

"Other borrowings" of EUR 56 million (31 December 2019: EUR 70 million) primarily include other bank debt balances for EUR 44 million (31 December 2019: EUR 45 million) mainly in the Construction Division.

Information on credit limits and available credit:

As regards information on the limits and amounts available for drawdown under other borrowings, the following table shows the position at 31 December 2020 and 31 December 2019:

	2020			
(Millions of euros)	BORROWING LIMIT	DRAWN DOWN	DRAWABLE	CORPORATE DEBT
Construction	198	57	141	58
OTHER BORROWINGS	198	57	141	58

	2019			
(Millions of euros)	BORROWING LIMIT	DRAWN DOWN	DRAWABLE	CORPORATE DEBT
Construction	212	66	146	69
OTHER BORROWINGS	212	66	146	69

The differences between total bank borrowings and the carrying amount thereof at 31 December 2020 are explained mainly by the difference between the nominal values and carrying amounts of the debts, as certain adjustments are made in accordance with applicable accounting legislation.

a.2) Maturities by currency and fair value of borrowings excluding infrastructure projects

BORROWINGS (millions of euros)	CURRENCY	FAIR VALUE 2020	CARRYING AMOUNT 2020	2021	2022	2023	2024	2025	2026	TOTAL MATURITIES
Corporate debt		**4,598**	**4,465**	**1,591**	**500**	**0**	**550**	**500**	**1,341**	**4,482**
	EUR	4,598	4,465	1,591	500	0	550	500	1,341	4,482
Other borrowings		**57**	**57**	**6**	**4**	**11**	**4**	**16**	**16**	**57**
	EUR	0	0	0	0	0	1	0	0	2
	PLN	0	0	6	3	11	3	16	16	56
TOTAL FINANCIAL BORROWING EXCLUDING INFRASTRUCTURE PROJECT COMPANIES		**4,656**	**4,522**	**1,597**	**504**	**11**	**554**	**516**	**1,357**	**4,539**

The differences between the total maturities of financial borrowings and the carrying amounts of the debt at 31 December 2020 are primarily explained by the difference between the nominal values and carrying amounts of the borrowings, as certain adjustments are made in accordance with applicable accounting legislation (basically accrued interest payable and the application of the amortised cost method).

The fair value of bank borrowings excluding infrastructure project companies coincides with the related carrying amount because the borrowings are tied to floating market interest rates and, therefore, changes in the benchmark interest rates do not affect their fair value.

As regards corporate bonds: since they are quoted in an active market, the related market value is used.

In line with the aforementioned criteria, the estimated total fair value of bank borrowings and bonds excluding infrastructure project companies at 31 December 2020 is estimated at EUR 4,656 million.

The 2021 maturities amount to EUR 1,597 million and primarily relate to the maturity of the ECPs and corporate bonds. The borrowing maturities do not include interest.

b) Cash and cash equivalents of other companies

In general, the method used to classify the cash and cash equivalents at short- and long-term coincides with that used in the preparation of the Consolidated Annual Accounts for 2019.

Also, at 31 December 2020 there were certain restricted accounts totalling EUR 105 million (31 December 2019: EUR 87 million) primarily relating to Construction, for operating motives in construction projects in the US, as well as the Budimex works in progress.

5.3. CASH FLOW

The consolidated cash flow statement has been prepared in accordance with IAS 7. This note provides an additional breakdown, based on internal criteria established by the Company for business purposes, which in certain cases differ from the provisions of IAS 7. The main criteria applied are as follows:

- In order to provide a clearer explanation of the cash generated, the Group separates cash flows into "Cash flows excluding infrastructure projects", where infrastructure project concession operators are treated as financial assets and the investments in the capital of these companies are therefore included in cash flows from investing activities and the yields from the investments (dividends and capital reimbursements) are included in operations cash flow, and "cash flows from infrastructure projects", consisting of cash flows from the operating and financing activities of infrastructure project concession operators.
- The treatment given to interest received on cash and cash equivalents differs from that in the cash flow statement prepared in accordance with IAS 7, since this interest is included in cash flows from financing activities, as a reduction of the amount of interest paid, under "interest cash flow".
- This cash flow endeavours to present the changes in the net cash position as the net amount of financial borrowings, cash and cash equivalents and restricted cash. This method also departs from that established in IAS 7, which explains the change in cash and cash equivalents.
- In addition, with regard to the treatment of leases, as the nature of the payment is tied to business operations, the related cash flow is included in changes in working capital in cash flows from operating activities, which differs from the treatment afforded in the cash flow statement, where it is included in cash flows from financing activities. The total amount of lease instalments reported in the cash flow statement amounts to EUR -89 million at December 2020, of which EUR -59 million related to continuing operations (Note 3.7) and EUR -30 million related to discontinued operations.
- It should finally be noted that dividends received derive mainly from infrastructure projects and equity-consolidated companies. This includes both dividends and other similar items, mainly interest on subordinated borrowings and participating loans, and repayments of capital, debt and loans.
- As outlined in Note 1.1.3, the cash flow reported in this note includes flows from operating, investing and financing activities related to discontinued operations and held-for-sale assets, reflecting the main line items, thus explaining the net cash position including discontinued operations.

The change in Cash flow is also discussed in the management report that was formally prepared together with these Consolidated financial statements

DECEMBER 2020 (MILLIONS OF EUROS)	NOTE	CASH FLOW EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	CASH FLOW OF INFRASTRUCTURE PROJECT COMPANIES	REMOVALS	CONSOLIDATED CASH FLOW
EBITDA including discontinued operations	2	203	384	0	587
IFRS-16 impact		-89	0	0	-89
EBITDA including discontinued operations and IFRS 16		114	384	0	498
Dividends receipts and other flows from equity-accounted companies	3.5	458	0	-159	299
Change in working capital (receivables, payables and other)		268	40	0	308
Operating cash flow before tax		**839**	**425**	**-159**	**1,105**
Taxes paid in the year	2.8.1	-89	-12	0	-101
Cash flows from operating activities		**750**	**413**	**-159**	**1,004**
Investment	3.2, 3.3 and 3.4	-286	-128	18	-397
Divestment	1.1.3	501	0	0	501
Cash flows from investing activities		215	-128	18	104
Cash flows from operating activities		**965**	**284**	**-141**	**1,108**
Interest cash flows	2.6	-21	-229	0	-250
Capital cash flows from non-controlling interests		17	20	-18	19
Scrip dividend		-122	0	0	-122
Treasury share purchases		-255	0	0	-255
Shareholder remuneration	5	-377	0	0	-377
Dividends paid to non-controlling interests of investees		-26	-266	159	-133
Other movements in shareholder's funds		-24	0	0	-24
Exchange rate effect		-95	296	0	201
Consolidation scope changes	1.1.3	-78	0	0	-78
Other movements in borrowings (no cash flows)		-2	-49	0	-51
Cash flows from financing activities		**-605**	**-228**	**141**	**-692**
Change in net cash position	5	**360**	**56**	**0**	**416**
Opening position		**1,631**	**-4,588**	**0**	**-2,957**
Closing position		**1,991**	**-4,532**	**0**	**-2,541**

Changes in working capital:

The changes in working capital disclosed in the table above (EUR 308 million) explain the difference between the Group's EBITDA and cash flows from operating activities before tax, and they arise from the difference between the timing of accrual of the income and expenses for accounting purposes and the date on which such accruals are converted into cash, due mainly to changes in trade receivables and payables or other balance sheet items.

Thus, a reduction in the balance of trade receivables will give rise to an improvement in working capital and a reduction of the balance of payables to suppliers will give rise to a worsening of working capital.

The changes in this line item do not coincide with the changes in working capital reported in Section 4 of the consolidated annual accounts as detailed in the following table

	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECTS AND ADJUSTMENTS	TOTAL
Change in working capital (Note 4)	-1	-12	-13
Change in working capital for discontinued operations and assets held for sale (Note 1.3)	180	13	193
Change in working capital including discontinued operations	179	1	180
Changes in working capital with an impact on other lines in the cash flow statement	-49	24	-25
Changes in provisions with an impact on EBITDA or on working capital	140	0	140
Continuing operations	47	0	47
Discontinued operations	93	0	93
Changes in other balance sheet items with an impact on operating cash flow	-3	16	13
TOTAL WORKING CAPITAL REPORTED IN THE CASH AND CASH EQUIVALENTS STATEMENT (NOTE 5.3)	**268**	**40**	**308**

The differences detailed in the table relate to the following items:

- Changes in working capital with an impact on other lines in the cash flow statement (mainly investment cash flow). The working capital accounts reported in Note 4, in particular the payables to suppliers, can relate to transactions that do not affect operating cash flow, such as fixed asset purchases.
- Changes in provisions with an impact on EBITDA or on working capital for EUR 140 million, which relates to:
  - Net change in provisions for continuing operations (EUR 47 million), relating mainly to Construction (EUR 37 million), comprising the appropriation/reversal and application of provisions totalling EUR 66 million (Note 6.3) and other provisions and effects such as provisions for assets (doubtful receivables and inventories) amounting to EUR -29 million, and to other divisions (EUR 11 million), comprising the appropriation/reversal and application of provisions totalling EUR 25 million (Note 6.3) and other provisions and effects totalling EUR -14 million).
  - Change of EUR 93 million in provisions for discontinued operations, EUR 147 million of which relates to the recognition and reversal of provisions and EUR -54 million to the application of provisions.
- Changes in other balance sheet items with an impact on operating cash flow. The changes in working capital reported in Note 4 reflect only movements in items included under “short-term trade and other receivables”, “short-term trade and other payables” and “inventories”. In certain cases, operating income and expenses relate not only to items shown in working capital (short-term items) but also to certain items recognised as long-term assets and liabilities, such as long-term trade receivables and long-term trade payables, or even to items in equity accounts such as operations relating to share-based remuneration schemes.

Cash flow from discontinued operations:

The cash flow from discontinued operations in the Services Division is set out below, which as commented in Note 1.1.3 is recognised in the reported cash flow lines:

(Millions of euros) 2020	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECTS	ADJUSTMENTS	CONSOLIDATED
OPERATIONS CASH FLOW EX CORPORATE INCOME TAX	358	83	-23	417
Corporate income tax cash flow	0	-6	0	-5
CASH FLOWS FROM OPERATING ACTIVITIES	**358**	**77**	**-23**	**412**
Investment	-83	-4	1	-86
Divestment	300	0	0	300
CASH FLOWS FROM OPERATING ACTIVITIES	**576**	**73**	**-23**	**626**
CASH FLOWS FROM FINANCING ACTIVITIES (NON-CONTROLLING INTERESTS)	-3	-18	0	-21

(Millions of euros) 2019	EX-INFRASTRUCTURE PROJECT COMPANIES	INFRASTRUCTURE PROJECTS	ADJUSTMENTS	CONSOLIDATED
OPERATIONS CASH FLOW EX CORPORATE INCOME TAX	77	70	-8	139
Corporate income tax cash flow	-46	-7	0	-53
CASH FLOWS FROM OPERATING ACTIVITIES	**31**	**63**	**-8**	**86**
Investment	-164	-2	0	-165
Divestment	1	0	0	1
CASH FLOWS FROM OPERATING ACTIVITIES	**-131**	**61**	**-7**	**-77**
CASH FLOWS FROM FINANCING ACTIVITIES (NON-CONTROLLING INTERESTS)	-7	-20	0	-27

DECEMBER 2019 (Millions of euros)		CASH FLOW EXCLUDING INFRASTRUCTURE PROJECT COMPANIES	CASH FLOW OF INFRASTRUCTURE PROJECT COMPANIES	REMOVALS	CONSOLIDATED CASH FLOW
EBITDA including discontinued operations	2	-76	580	0	504
IFRS-16		-134	-1	0	-135
EBITDA including discontinued operations and IFRS 16		-210	579	0	369
Dividends receipts and other flows from equity-accounted companies	3.5	729	0	-199	529
Change in working capital (receivables, payables and other)		292	-86	0	206
Operating cash flow before tax		**810**	**493**	**-199**	**1,104**
Taxes paid in the year	2.8.1	-25	-36	0	-61
Cash flows from operating activities		**785**	**457**	**-199**	**1,043**
Investment		-295	-157	60	-392
Divestment	1.1	484	115	0	599
Cash flows from investing activities		189	-41	60	207
Cash flows from operating activities		**974**	**416**	**-140**	**1,250**
Interest cash flows	2.6	-7	-239	0	-246
Capital cash flows from non-controlling interests		13	117	-60	70
Scrip dividend		-238	0	0	-238
Treasury share purchases		-282	0	0	-282
Shareholder remuneration	5	-520	0	0	-520
Dividends paid to non-controlling interests of investees		-18	-306	199	-124
Other movements in shareholder's funds		-6	0	0	-6
Exchange rate effect		-26	-66	0	-92
Consolidation scope changes	1.1.3	-2	422	0	419
Other movements in borrowings (no cash flows)		-11	-47	0	-59
Cash flows from financing activities		**-579**	**-119**	**140**	**-558**
Change in net cash position	5	**395**	**297**	**0**	**692**
Opening position		**1,236**	**-4,885**	**0**	**-3,649**
Closing position		**1,631**	**-4,588**	**0**	**-2,957**

5.4. MANAGEMENT OF FINANCIAL RISKS AND CAPITAL

The Group's business is affected by changes to the financial variables that have an impact on the Group's accounts, these being mainly interest rate risk, exchange rates, inflation, credit, liquidity and variable income. The policies adopted by the Group in managing these risks are explained in detail in the Management Report.

The following are specific data on the Group's exposure to each of these risks and an analysis of the sensitivity to a change in the various variables, together with a brief description of the way in which each risk is managed.

In addition, in view of the importance of the UK's decision to leave the European Union both economically and politically (Brexit), this Note includes a separate in-depth analysis of the impact it has had for Ferrovial with respect to the various financial risks and how these risks are being managed.

a. Exposure to interest rate variations

Ferrovial's businesses are subject to changes in the economic cycles and, therefore, to interest rate fluctuations. These fluctuations may affect the Company's net financial expense due to the variable interest on financial assets and liabilities, as well as the measurement of financial instruments arranged at fixed interest rates. Ferrovial manages interest rate risk so as to optimise the financial expense borne by the Group and achieve suitable proportions of fixed- and variable-rate debt based on market conditions. Therefore, when interest rates are low, the Group seeks to fix future levels at non-infrastructure project level, although such hedging can affect liquidity in the event of cancellation.

At infrastructure project level, the banks and rating agencies require a higher percentage of fixed-rate debt. These strategies are implemented by issuing fixed-rate debt or by arranging hedging financial derivatives, a breakdown of which is provided in Note 5.5, Financial derivatives at fair value.

The accompanying table shows a breakdown of the Group's borrowings, indicating the percentage of borrowings that is considered to be hedged (either by a fixed rate or by derivatives).

BORROWINGS (Millions of euros)	2020 TOTAL GROSS DEBT	% DEBT HEDGED	NET EXPOSED DEBT	IMPACT ON PROFIT/(LOSS) + 100 B.P.
Ex-infrastructure project companies	4,524	87 %	572	6
Toll roads	4,962	98 %	101	1
Construction	90	94 %	5	0
Airports	54	100 %	0	0
Infrastructure projects	5,106	98 %	107	1
TOTAL BORROWINGS	**9,630**	**93 %**	**683**	**7**

BORROWINGS (Millions of euros)	2019 TOTAL GROSS BORROWING	% DEBT HEDGED	NET EXPOSED DEBT	IMPACT ON PROFIT/(LOSS) + 100 B.P.
Ex-infrastructure project companies	3,104	90 %	306	3
Toll roads	5,282	98 %	101	1
Construction	152	94 %	9	0
Airports	60	100 %	-0	-0
Infrastructure projects	5,494	98 %	110	1
TOTAL BORROWINGS	**8,598**	**95 %**	**415**	**4**

Accordingly, in the fully-consolidated companies, a linear increase of 100 basis points in market interest rate curves at 31 December 2020 would increase financial expenses in the income statement by an estimated EUR 7 million, of which EUR 1 million relates to infrastructure projects and EUR 6 million to ex-infrastructure project companies, entailing a net impact on Ferrovial's results of EUR 5.3 million (expense).

It is also necessary to take into account changes in the fair value of the financial derivatives arranged, which are indicated in Note 5.5.

As regards these interest rate hedging instruments, a linear increase of 100 basis points in the market yield curves at 31 December 2020 would, in the case of the effective hedges, have a positive impact of approximately EUR 92 million on the shareholders' funds attributable to the parent from fully consolidated companies, while a decrease of 100 basis points would produce a negative impact of approximately EUR 103 million.

As a balancing entry to this impact, it must be taken into consideration that a drop in interest rates would produce an increase in the value of the projects, as this would lead to a lower discount rate in their measurement.

b. Exposure to foreign exchange fluctuations

Ferrovial regularly monitors its expected net exposure with regard to each currency over the coming years, both for dividends receivable and as regards investments in new projects, or potential divestments.

Ferrovial establishes its hedging strategy by analysing past changes in both short- and long-term exchanges rates, establishing monitoring mechanisms such as future projections and long-term equilibrium exchange rates. These hedges are established by using foreign currency deposits or arranging derivatives (Note 5.5 for more details).

The following tables show, by type of currency, the value of assets, liabilities, non-controlling interests and shareholders' funds attributed to the parent company at December 2020, adjusted by the aforementioned currency forwards relating to each currency:

CURRENCY (Millions of euros)	DECEMBER 2020 ASSETS	LIABILITIES	PARENT COMPANY SHAREHOLDERS' FUNDS	NON-CONTROLLING INTERESTS
Euro	7,535	6,436	907	191
Pound sterling	1,984	1,750	233	1
US dollar	8,078	7,366	447	265
Canadian dollar	3,191	1,982	1,209	0
Australian dollar	91	35	56	0
Polish zloty	1,721	1,412	126	183
Chilean peso	297	229	68	0
Colombian peso	150	47	103	0
Other	81	42	38	-0
TOTAL GROUP	**23,128**	**19,301**	**3,187**	**640**

Note 1.4 contains a breakdown of the changes in the year in the closing exchange rates. As a result of these changes, the impact of currency translation differences on equity at 31 December 2020 was EUR -187 million for the parent company. The breakdown by currency is detailed in Note 5.1.1.

Analysing sensitivity to exchange rate effects, Ferrovial estimates that a 10% depreciation in the value of the euro at year-end against the main currencies in which the Group holds investments would have an impact on the parent company shareholders' funds of EUR 243 million, of which 55% would relate to the impact of the Canadian dollar, 20% to the US dollar and 11% to the pound sterling.

Also, the detail of net profit/(loss) attributable to the parent company by type of currency for 2020 and 2019 is detailed in the following table.

CURRENCY (Millions of euros)	NET PROFIT/(LOSS) 2020	2019
Euro	67	594
Pound sterling	-480	98
US dollar	-40	-188
Canadian dollar	41	163
Australian dollar	-57	-464
Polish zloty	71	26
Chilean peso	-19	19
Other	8	19
TOTAL GROUP	**-410**	**268**

Note 1.4 contains a detail of the changes in the year in the average exchange rates. In this regard, the impact of a 10% appreciation of the euro against other currencies on the income statement would have amounted to a change of EUR -54 million.

c. Exposure to credit and counterparty risk

The Group's main financial assets exposed to credit or counterparty risk are as follows:

	2020	2019	VAR. 20/19
Investments in financial assets (1)	2,484	1,126	1,358
Non-current financial assets	942	2,130	-1,188
Net financial derivatives (assets)	547	461	86
Trade and other receivables	1,292	1,256	36

(1) Included in cash and cash equivalents

- Ferrovial actively monitors the risk that it assumes with its Banks: Ferrovial constantly analyses the performance of risk via internal credit quality studies for each of the financial institutions at which it is exposed.
- Its internal regulations for managing surpluses sets maximum investment limits for each counterparty, based on objective criteria: a minimum acceptable risk is required in order for surplus cash to be invested, and limits are also set on the amounts invested, depending on the risk given to each of these counterparties. In addition, the Risk Department monitors the performance of each of the different counterparties, proposing the appropriate protective or corrective measures on the basis of specific events.
- Territories: Ferrovial monitors the performance of the markets (territories) in which it has a presence, along with that of its target markets. The Financial Risk Department proposes the potential action to be taken in the event that some change in risk levels is expected in a particular territory or market.
- Customers: Ferrovial analyses and monitors its customers' credit risk, using an internal methodology for the rating of Ferrovial customers that is standardised for the whole Group.

d. Exposure to liquidity risk

The Group has established the mechanisms necessary to preserve the level of liquidity that reflect the cash generation and need projections, in relation to both short-term collections and payments and obligations to be met at long term.

Ex-infrastructure project companies

At 31 December 2020, cash and cash equivalents amounted to EUR 6,321 million (2019: EUR 4,617 million). Also, at that date undrawn credit lines totalled EUR 1,071 million (2019: EUR 796 million).

Infrastructure projects

At 31 December 2020, cash and cash equivalents (including short-term restricted cash) amounted to EUR 111 million (2019: EUR 118 million). Also, at that date undrawn credit lines amounted to EUR 25 million (2019: EUR 45 million), which were primarily arranged to cover committed investment needs.

e. Exposure to variable income risk

Ferrovial is also exposed to the risk relating to the fluctuation of its share price. This exposure arises specifically in equity swaps used to hedge against risks of appreciation of share-based remuneration schemes, the detail of which is shown in Note 5.5 to these consolidated financial statements.

Since these equity swaps are not classified as hedging derivatives, their market value has an impact on profit or loss. Accordingly, a EUR 1 increase/decrease in the Ferrovial share price would have a positive/negative impact of EUR 2.7 million on the net profit of Ferrovial.

f. Exposure to inflation risk

Most of the revenue from infrastructure projects is associated with prices tied directly to inflation. This is the case of the prices of both the toll road concession contracts and those of HAH, which are equity-accounted.

Therefore, an increase in inflation would increase the cash flow derived from assets of this nature. Fixed benefit pension plans in the United Kingdom also include obligations that are linked to inflation. These are covered individually, since they are not consolidated within Ferrovial.

Unlike the other company assets, from the accounting standpoint the financial derivatives arranged at HAH, the objective of which is to convert fixed-rate borrowings into index linked debt, are measured at fair value through profit and loss, since up until now they are not accepted as hedge accounting instruments. HAH is assessing their classification as an accounting hedge under the accounting standards (IFRS 9). The accounting impact to date means that an increase of 100 b.p. throughout the inflation curve would have an effect on the net profit attributable to Ferrovial (in proportion to its percentage of ownership) of EUR -241 million.

Also, in the case of the toll road concession operator AUTEMA, there is a derivative tied to Spanish inflation. At the year end, 37% was discontinued as a result of the change from the financial model to the intangible model. The remaining 63% is regarded as a hedging instrument, the effectiveness measurement being inside the ranges allowing hedge accounting to continue. An increase of 100 b.p. throughout the inflation curve would have a negative effect on reserves of EUR -101 million and EUR 59 million on profit/(loss)

g. Capital management

The Group aims to achieve a debt-equity ratio that makes it possible to optimise costs while safeguarding its capacity to continue managing its recurring activities and the capacity to continue to grow through new projects in order to create shareholder value.

With regard to financial borrowings, Ferrovial Group's objective is to maintain a low level of indebtedness, excluding infrastructure projects, in a way that will allow it to retain its "investment grade credit rating". In order to achieve this target it has established a clear and consistent financial policy in which a relevant metric refers to the maintenance of an ex-projects net debt (gross debt less cash) to EBITDA ratio, plus dividends from projects, of no more than 2:1.

At 31 December 2020, the net cash position is positive (assets exceeded liabilities) and, therefore, the difference with respect to the maximum debt-equity ratio established is very significant. For the purpose of calculating this ratio, "net debt excluding infrastructure project companies" is defined in Note 5.2 and "gross operating profit/(loss) from operations plus dividends" is the profit from operations before impairment losses, disposals and depreciation and amortisation of the Group Companies other than infrastructure concession operators, plus the dividends received from infrastructure project companies.

h. Impact of Brexit on financial risks

This section includes an analysis of the impact that Brexit is having for Ferrovial with respect to the financial risks and how these risks are being managed. The risk section of the Management Report contains a comprehensive analysis of Brexit and how it may affect the Group's various business areas.

Ferrovial's UK exposure on the basis of the various financial and business variables is detailed in the following table:

	2020		
(Millions of euros)	FERROVIAL TOTAL	UK EXPOSURE	% OF TOTAL
Revenue (*)	12,149	3,014	25%
EBITDA (*)	705	37	
Net profit/(loss)	-410	-557	
Shareholders' funds	3,187	-1,515	
Consensus analyst estimate			7%
Construction order book	10,129	1,064	11%
Services order book	13,027	7,993	61%
Airports managed			25% HAH, 50% AGS

(*) Including discontinued operations

Exchange rate

Following tough negotiations, the European Union and the United Kingdom have reached a trade agreement the most noteworthy consequence of which is the removal of tariffs on trade in goods between both parties. This avoids the feared hard Brexit and thus assures an orderly exit from the Union.

At 31 December 2020, the pound sterling had depreciated almost 6% year-on-year. As a hedge against foreign currency risk against a negative outcome regarding the effect of Brexit, Ferrovial arranged hedges with a notional amount of GBP 239 million.

Inflation and interest rates

Analysing performance between 2020-2019, the market has slightly reduced its inflation forecast in relation to the future Retail Price Index (RPI) with figures standing at around 3.28% and a present rate that is also much lower with figures standing at around -2.92% (for periods greater than 2 years), due to the more marked decline in nominal interest rates of around an average of 70 basis points, compared to the previous year

Inflation has not been affected since the Brexit agreement; but actual interest rates have fallen, adversely impacting the value of defined benefit pension plans

5.5. FINANCIAL DERIVATIVES AT FAIR VALUE

a) Disclosure by type of derivative, changes, maturity dates and main features

The table below includes a detail of the fair values of the derivatives arranged at 31 December 2020 and 2019, as well as the maturity date of the notional amounts to which the derivatives relate (maturities of notional amounts are shown as positive figures and already-arranged future increases are presented as negative amounts):

	FAIR VALUE		NOTIONAL MATURITIES					
TYPE OF INSTRUMENT (Millions of euros)	BALANCES AT 31/12/2020	BALANCES AT 31/12/2019	2021	2022	2023	2024	2025 AND BEYOND	TOTAL
ASSET BALANCES	**547**	**462**	**3,561**	**5**	**-2**	**-4**	**75**	**3,635**
Cintra index-linked swaps (inflation derivatives)	489	426	-4	-2	-3	-4	75	62
Cross currency swaps, corporate business	0	5	0	0	0	0	0	0
Toll road cross-currency swaps	23	7	736	0	0	0	0	736
Corporate IRS	4	8	250	0	0	0	0	250
Equity swaps	0	8	0	0	0	0	0	0
Exchange rate derivatives, corporate business	2	0	115	0	0	0	0	115
Other derivatives	27	9	2,463	6	2	0	0	2,471
LIABILITY BALANCES	**468**	**482**	**532**	**357**	**26**	**34**	**1,133**	**2,082**
Cintra interest-rate swaps (interest-rate derivatives)	374	370	16	78	23	28	712	858
Cross currency swaps, corporate business	26	0	0	250	0	0	0	250
Equity swaps	3	0	65	0	0	0	0	65
Corporate IRS	44	41	0	0	0	0	400	400
Exchange rate derivatives, corporate business	2	24	77	0	0	0	0	77
Other derivatives	20	48	375	29	3	6	21	433
NET BALANCES (LIABILITIES)	**78**	**-20**	**4,093**	**362**	**24**	**30**	**1,208**	**5,717**

	FAIR VALUE		CASH FLOW MATURITIES					
TYPE OF INSTRUMENT (Millions of euros)	BALANCES AT 31/12/2020	BALANCES AT 31/12/2019	2021	2022	2023	2024	2025 AND BEYOND	TOTAL
ASSET BALANCES	**547**	**462**	**57**	**0**	**0**	**0**	**489**	**546**
Cintra index-linked swaps (inflation derivatives)	489	426	0	0	0	0	489	489
Cross currency swaps, corporate business	0	5	0	0	0	0	0	0
Toll road cross-currency swaps	23	7	23	0	0	0	0	23
Corporate IRS	4	8	4	0	0	0	0	4
Equity swaps	0	8	0	0	0	0	0	0
Exchange rate derivatives, corporate business	2	0	2	0	0	0	0	2
Other derivatives	1	9	1	0	0	0	0	1
LIABILITY BALANCES	**468**	**482**	**58**	**70**	**46**	**45**	**250**	**468**
Cintra interest-rate swaps (interest-rate derivatives)	374	370	44	42	40	39	209	374
Cross currency swaps, corporate business	26	0	0	26	0	0	0	26
Equity swaps	3	0	3	0	0	0	0	3
Corporate IRS	44	41	0	1	6	6	31	44
Exchange rate derivatives, corporate business	2	24	2	0	0	0	0	2
Other derivatives	20	48	9	1	0	0	10	20
NET BALANCES (LIABILITIES)	**78**	**-20**	**-1**	**-70**	**-46**	**-45**	**239**	**78**

Toll road derivatives

Toll road interest rate swaps

In order to hedge the interest rate risk in toll road infrastructure projects, the borrowings of which bear interest at a variable rate (primarily Cintra Inversora Autopistas de Cataluña, S.A. and Euroscut Azores), the concession holders have arranged interest rate hedges on the projects' debt, establishing a fixed or increasing interest rate for a total notional amount of EUR 858 million at 31 December 2020. Overall, the fair value of these hedges increased from EUR -370 million at 31 December 2019 to EUR -374 million at 31 December 2020.

In general, since these derivatives are considered to be effective, the changes in their fair value are recognised in reserves, with an impact of EUR -4 million (EUR -3 million attributable to the parent company, after tax and non-controlling interests).

The changes in settlements and accruals gave rise to an impact on net financial income/(expense) of EUR -46 million and of EUR 46 million in cash.

Index linked swaps, toll roads

This item relates exclusively to AUTEMA, which in 2008 arranged an index linked swap to hedge income variability, by means of which an annual CPI of 2.50% was fixed. As indicated in Note 6.5.1. in relation to the resolution of AUTEMA's lawsuit, the unsuccessful appeal and the resulting loss, and therefore, the change of concession model caused a reduction in the flows hedged by the inflation derivative (hedged item), however there were still flows subject to inflation, such as the toll flows and the price compensation flows from the Catalan Regional Government under Decree 2015. The decrease in the hedged item means that the hedge became partially ineffective, having a positive impact of EUR 178 million recognised in the line item Group impairment and disposals (Note 2.5), which has its counterpart in the effect recorded in Reserves.

Moreover, as regards the measurement of the portion still hedged, COVID-19 caused a reduction in flows and therefore an ILS hedge ineffectiveness peak impacting fair value in the amount of EUR 39 million.

As a result, the derivative's fair value stood at EUR 489 million at 31 December 2020, the net impact on reserves for the year amounting to EUR -155 million (EUR -116 million after taxes attributable to the parent company), plus an impact of EUR -12 million on cash.

Toll road cross-currency swaps

In 2019, the company 4352238 Canada Inc arranged cross-currency swaps to hedge a financial investment in Canadian dollars. These instruments have a notional value of EUR 900 million (EUR 736 million), expire in 2021 and have a fair value of EUR 23 million.

Corporate business derivatives

Interest rate swaps, corporate business

In relation to the bond issues launched in 2013, the Group arranged interest rate derivatives for a notional amount of EUR 250 million expiring in 2021. Since they convert a portion of the fixed interest rate on the bonds into a floating interest rate, these derivatives constitute a partial fair value economic hedge of the aforementioned bond issues and they all qualify for hedge accounting.

This means that the fair value changes in both the derivative and the hedged item (in this case, a part of the bond) are carried at fair value through profit or loss. The fair value impact of these bonds on net financial income/(expense) amounted to EUR 4 million (2019: EUR 4 million).

In addition, in November 2020, the Group derecognised the interest rate derivatives arranged in 2018 for a total notional amount of EUR 500 million, entailing an impact of EUR -21 million on cash. Also, the Group contracted interest rate derivatives for a total notional amount of EUR 400 million, in order to secure the rate applicable in the event of the refinancing of one of the bonds issued by the Company. At 31 December 2020, these derivatives had a fair value of EUR -44 million and are designated as cash flow hedges, the value change being recognised with a balancing entry in reserves.

Cross currency swaps, corporate business

At 31 December 2020, the Group recorded cross-currency swaps to hedge a drawdown on the US dollar corporate liquidity line (Note 5.2.2). These instruments have a notional value of USD 274 million (EUR 250 million), maturities in 2022 and a fair value of EUR -26 million.

Equity swaps

The Company has arranged equity swaps hedging the potential financial impact of the exercise of share-based remuneration schemes granted to employees.

These equity swap contracts are described below:

- The calculation base comprises a given number of Ferrovial shares and a reference price, which is usually the share price on the execution date.
- During the swap term, Ferrovial pays interest at a given interest rate (EURIBOR plus a spread to be applied to the result of multiplying the number of shares by the strike price) and receives compensation equal to the dividends on those shares.
- When the swap expires, if the share price has risen, Ferrovial will receive the difference between the share price and the reference price. If the share price has fallen, Ferrovial will pay the difference to the bank.

At the 2020 year end, these derivatives had a notional value equivalent to 2.7 million shares which, based on the strike price of the equity swaps (price at which they must be settled with the banks), represented a total notional amount of EUR 65 million.

Exchange rate derivatives, Corporate

These derivatives relate to Corporate hedges of foreign currency risk, the main aim of which is to protect against the volatility of future cash flows in foreign currencies (primarily the pound sterling, the US dollar, and the Canadian dollar). Their notional value amounted to EUR 192 million at 31 December 2020, of which EUR 74 million relate to pound sterling, EUR 114 million to the US dollar, EUR 4 million to the Canadian dollar. They expire in the short-term. The changes in their value are recognised as translation differences and amounted to EUR -40 million in 2020 (for effective derivatives). Options, which are not classified as accounting hedges, are recognised in net financial income/(expense) at fair value and in 2020 represented an expense of EUR 1 million.

Other derivatives

This item includes the other derivatives contracted by the Group for a fair value of EUR 7 million, of which EUR 26 million relates to foreign exchange derivatives in the toll toads business, largely hedging volatility in future Canadian dollar flows (Note 1.3), and EUR -19 million essentially relating to interest rate swaps, hedging certain project borrowings in the Construction and Airports Divisions.

B) MAIN IMPACTS ON PROFIT & LOSS AND EQUITY

The movements for accounting purposes in the main derivatives arranged by fully consolidated companies, detailing the fair values thereof at 31 December 2020 and 2019, and the impact on reserves, profit/(loss) and other balance sheet items are as follows:

	FAIR VALUE			IMPACTS						
TYPE OF INSTRUMENT (Millions of euros)	BALANCE AT 31/12/2020	BALANCE AT 31/12/2019	VAR.	IMPACT ON RESERVES (I)	FAIR VALUE IMPACT ON PROFIT/(LOSS) (II)	IMPACT ON FINAL PROFIT/(LOSS) (III)	CASH (IV)	EXCHANGE RATE (V)	OTHER IMPACTS ON BALANCE SHEET OR INCOME	TOTAL
Index-linked derivatives	**489**	**426**	**63**	**-155**	**39**	**0**	**-12**	**0**	**192**	**63**
Cash flow hedges	489	426	63	-155	39	0	-12	0	192	63
Interest rate derivatives	**-425**	**-425**	**-1**	**-32**	**-1**	**-48**	**64**	**0**	**17**	**0**
Cash flow hedges	-429	-432	3	-10	-1	-47	68	0	-7	3
Fair value hedges	4	8	-4	-23	0	-1	-4	0	24	-4
Cross-currency swaps	**-2**	**11**	**-14**	**0**	**0**	**21**	**-21**	**-1**	**-12**	**-14**
Cash flow hedges	-26	5	-30	0	0	3	-21	0	-12	-30
Fair value hedges	23	7	17	0	0	17	0	-1	0	17
Foreign exchange derivatives	**20**	**-41**	**61**	**1**	**11**	**0**	**-144**	**192**	**2**	**62**
Fair value hedges	10	-34	44	1	6	0	-81	117	1	44
Net foreign investment hedges	8	-7	15	0	1	0	-61	75	0	15
Speculative	2	0	2		4		-2		1	3
Equity swaps	**-3**	**8**	**-10**	**0**	**-10**	**0**	**0**	**0**	**0**	**-10**
Speculative	-3	8	-10	0	-10	0	0	0	0	-10
TOTAL	**79**	**-21**	**100**	**-187**	**38**	**-27**	**-113**	**192**	**198**	**100**

Derivatives are recognised at market value at the arrangement date and at fair value at subsequent dates. Changes in the value of these derivatives are recognised for accounting purposes as follows:

- The changes in the year in the fair value of the derivatives that qualify for cash flow hedge accounting are recognised with a balancing entry in reserves (column I).
- The changes in fair value of the derivatives that do not qualify for hedge accounting or that are considered to be held for speculative purposes are recognised as a fair value adjustment in the Group income statement (column II) and are reflected separately in the income statement.
- "Impact on net financial income/(expense)" (column III) reflects the impacts on net financial income/(expense) from financing arising from the interest flows accrued during the year.
- "Impact on cash" (column IV) indicates net payments and collections during the year.
- The impact of the difference between closing currency translation differences at December 2020 and 2019 is also presented separately (column V).
- The "other impacts" column shows the impacts on operating profit/(loss), net financial income/(expense) (exchange rate) or other impacts not considered in the other columns (column VI).

C) DERIVATIVE VALUATION METHODS

All the Group's financial derivatives and other financial instruments carried at fair value are included in LEVEL 2 of the fair value measurement band, since although they are not quoted on regulated markets, the inputs on which their fair values are based are observable, either directly or indirectly.

The fair value measurements are performed by the Company using an internally developed measurement tool based on market best practices. However, they are in any event compared with the measurements received from the counterparty banks on a monthly basis.

Equity swaps are measured as the difference between the market price of the share on the calculation date and the unit settlement (strike) price agreed at inception, multiplied by the number of shares under the contract.

The other instruments are measured by quantifying the net future cash inflows and outflows, discounted to present value, with the following specific features:

- Interest rate swaps: the future cash flows with floating reference rates are estimated by using current market projections at the measurement date for each currency and settlement frequency; and each cash flow is discounted using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the measurement date.
- Index-linked swaps: the future cash flows are estimated by projecting the future behaviour implicit in the market curves on the valuation date for each currency and settlement frequency, for both reference interest rates and reference inflation rates. As in the cases described above, the flows are discounted using the discount rates obtained at the measurement date for each flow settlement period and currency.
- Cross-currency swaps: the future cash flows with floating reference rates are estimated by using current market projections at the measurement date for each currency and settlement frequency; and each cash flow is discounted using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the measurement date, including the cross-currency basis spreads. The present value of the flows in a currency other than the measurement currency is translated at the spot exchange rate prevailing at the measurement date.

- Foreign currency derivatives: as a general rule, the future cash flows are estimated by using the exchange rates and market curves associated with each currency pair (forward points curve), and each flow is updated using the market zero-coupon rate that is appropriate for the settlement period and currency in question at the valuation date. For other more complex instruments (options, etc.), appropriate valuation methods are used for each instrument, taking into consideration the necessary market data (volatilities, etc.).

Lastly, credit risk, which pursuant to IFRS 13 was included in derivative measurements, is estimated as follows:

- In order to calculate the adjustments associated with own and counterparty credit risk (CVAs/DVAs), Ferrovial applies a methodology based on calculating the future exposure of the various financial products using Monte Carlo simulations. To this potential exposure, a probability of default and a loss given default based on the parties' business and credit quality are applied, as well as a discount factor based on the currency and applicable maturity at the valuation date.
- In order to calculate the probabilities of default of the Ferrovial Group companies, the credit risk management department assesses the rating of the counterparty (company, project, etc.) using a proprietary, rating agency-based methodology. This rating is used to obtain market spread curves according to the currency and term in question (generic curves by rating level).
- In order to calculate the probabilities of default of the balancing entries, the CDS curves of those companies are used, if available. Otherwise, the CDS curves of a similar entity (proxy) or a generic spread curve (by rating level) are used.

SECTION 6: OTHER DISCLOSURES

This section includes other notes required under the applicable legislation.

Of particular note due to its importance is Note 6.5, Contingent liabilities, contingent assets, obligations and commitments, in which the main lawsuits that affect the Group companies and guarantees provided are described, with particular emphasis on the guarantees provided by ex-infrastructure project companies on behalf of infrastructure project companies.

The changes in liabilities other than current liabilities and borrowings, such as the pension obligations (Note 6.2) and provisions (Note 6.3), are also analysed.

6.1. DEFERRED INCOME

The detail of deferred income at 31 December 2020 and 2019 is as follows:

(Millions of euros)	2020	2019	CHANGE 20/19
Capital grants	1,245	1,347	-102
Other deferred income	0	0	0
TOTAL DEFERRED INCOME	**1,245**	**1,347**	**-102**

Capital grants received from government bodies relate entirely to infrastructure projects in the Toll Roads Division.

These grants are mainly located in the following toll road projects: EUR 380 million for LBJ Infrastructure Group, EUR 461 million for NTE Mobility Partners, EUR 210 million for NTE Mobility Partners Segments 3 LLC and, lastly, EUR 190 million for I-77 Mobility Partners.

The main change during the financial year occurred at NTE Mobility Partners Segments 3, a Cintra subsidiary in the US, which received additional grants over the course of the year amounting to EUR 18 million.

The US companies have also seen their value decrease by EUR -111 million due to the dollar's depreciation against the euro.

These capital grants are released to the income statement for the year at the same rate as the depreciation charged on the assets they finance, net of depreciation. The impact of these grants on cash flows is presented net of cash flows from investing activities.

6.2. PENSION PLAN DEFICIT

This line item reflects the deficit relating to pension and other employee retirement benefit plans. At 31 December 2020, the provision recognised in the balance sheet amounted to EUR 4 million and solely related to Budimex (31 December 2019: EUR 4 million).

6.3. PROVISIONS

The provisions recognised by the consolidated Group are intended to cover risks arising in the course of business. They are recognised using best estimates of the risks and uncertainties and of related trends.

This note provides a breakdown of all the line items disclosed separately in provisions on the liabilities side of the balance sheet. In addition to these line items, there are other impairment losses and provisions that are presented as a reduction of certain asset line items and which are disclosed in the notes relating to those specific assets

The movements in the long-term and short-term provisions presented separately in liabilities in the consolidated balance sheet were as follows:

(Millions of euros)	LITIGATION AND TAXES	REPLACEMENT AND UPGRADES IFRIC 12	OTHER LONG-TERM RISKS	WASTE LANDFILLS	COMPULSORY PURCHASES	TOTAL NON-CURRENT PROVISIONS	SHORT-TERM PROVISIONS	TOTAL
Balance at 31 December 2019	**378**	**49**	**81**	**10**	**0**	**518**	**750**	**1,268**
Consolidation scope changes and transfers	**-87**	**1**	**-7**	**0**	**1**	**-92**	**97**	**6**
Allocations	**24**	**16**	**5**	**1**	**0**	**45**	**445**	**490**
EBITDA	17	0	5	1	0	22	444	466
Net financial income/(expense)	6	3	0	0	0	9	0	10
Impairments and disposals	0	0	0	0	0	0	0	0
Corporate income tax	1	0	0	0	0	1	0	1
Fixed asset depreciation	0	13	0	0	0	13	0	13
Reversals:	**-15**	**0**	**-14**	**0**	**0**	**-29**	**-179**	**-208**
EBITDA	-15	0	-14	0	0	-28	-171	-200
Net financial income/(expense)	0	0	0	0	0	0	-8	-8
Impairments and disposals	0	0	0	0	0	0	0	0
Corporate income tax	0	0	0	0	0	0	0	0
Fixed asset depreciation	0	0	0	0	0	0	0	0
Applications with balancing items in working capital accounts	**-4**	**0**	**-1**	**0**	**0**	**-5**	**-172**	**-176**
Applications with balancing items in other assets	**-4**	**-3**	**0**	**0**	**0**	**-7**	**-1**	**-8**
Foreign exchange differences	**-4**	**-4**	**-1**	**-1**	**0**	**-10**	**-48**	**-58**
Balance at 31 December 2020	**289**	**58**	**63**	**9**	**1**	**421**	**892**	**1,314**

The table above shows the changes in the year by detailing, on the one hand, the consolidation scope changes and transfers, the charges for the year and reversals that had an impact on the various lines in the income statement and, on the other, other changes which did not have an impact thereon, such as amounts used recognised under various headings in the balance sheet and the exchange rate effect.

An analysis of the effect on the income statement reveals a net appropriation (expense) of EUR 267 million which impacts EBITDA, relating primarily to the Construction Division (appropriation of EUR 412 million and reversal of EUR -183 million), mainly in the Polish business, as well as a provision of 22 million euros for restructuring costs in connection with the implementation of the company's new operating model announced in the "Horizon 24" plan, of which 12 million euros have been applied in the year, leaving 10 million euros pending application in personnel provisions within working capital.

Provisions have also been applied during the year with balancing items in working capital accounts in the amount of EUR -176 million, mainly relating to the Construction Division (EUR -163 million). The sum of the appropriation/reversal (EUR 267 million) and application (EUR -176 million) and other effects similar to provisions for doubtful receivables that are not included in the breakdown of liability provisions (EUR -43 million) are explained for working capital purposes in the cash flow statement, for a total amount of EUR 47 million (Note 5.3).

Litigation provisions

At 31 December 2020, the total litigation provisions for the group amounted to EUR 289 million. This item includes the following items:

- Provisions to cover the possible risks resulting from lawsuits and litigation in progress, amounting to EUR 104 million (December 2019: EUR 112 million), largely relate to the Construction Division. This provision is recognised and reversed against changes to provisions in EBITDA.
- Provisions for tax claims, amounting to EUR 185 million (31 December 2019: EUR 266 million), arising in relation to local or central government duties, income taxes and other taxes, as a result of the varying interpretations that can be made of the tax legislation in the various countries in which the Group operates (Note 6.5.1.d). These provisions are recognised and reversed against EBITDA, against net financial income/(expense) and/or against corporate income tax, depending on the nature of the tax for which the provision has been recognised (penalties, related interest, and/or contested tax assessments). The impact of the Services business is recognised in the net profit/(loss) from discontinued operations (Note 1.1.3). The change during the year is explained primarily by reclassifications to short term on the assumption that the matters will be resolved in the coming year (Note 6.5.1.d).

Provision for replacements pursuant to IFRIC 12

This line item includes the provisions for investments in replacements established by IFRIC 12 (see Note 1.2.3.2), the total amount of which amounted to EUR 58 million. This provision is recognised and reversed with a charge/credit, respectively, to the depreciation and amortisation charge over the period in which the obligations accrue, until the replacement becomes operational. The impact of this amortisation amounts to EUR 13 million.

Provisions for other long-term risks

This heading includes the provisions recognised to cover certain long-term risks other than those attributable to litigation or tax claims, such as third-party liability resulting from the performance of contracts, guarantees provided with enforcement risk and other similar items, which amounted to EUR 63 million at 31 December 2020 (31 December 2019: EUR 81 million).

Provision for landfills

"Provision for landfills" contains the estimated cost of landfill closure and post-closure activities relating to the landfills operated in the Services business in Poland. The provision is calculated based on a technical estimate of the consumption to date of the total capacity of the respective landfills. This provision is recognised and reversed with a charge/credit, respectively, to changes in provisions within EBITDA, as the costs required for closure of the landfill are incurred. The balance of EUR 9 million for this heading at 31 December relates to the services business in Poland.

Provision for compulsory purchases

This provision relates to the compulsory purchases for the Azores toll road.

Short-term provisions

At 31 December 2020, the short-term provisions balance amounted to EUR 892 million (31 December 2019: EUR 750 million). The increase is mainly due to reclassifications of tax provisions mentioned above, related to corporate income tax from 2003 to 2005 (Note 6.5.1d).

This entry primarily covers provisions relating to customer contracts, such as provisions for deferred expenses (relating to the completion of works and the removal of site equipment, pursuant to the contract) and provisions for budgeted losses. In this regard, these types of provisions are mainly focused on the Construction Division for EUR 733 million (2019: EUR 763 million).

This provision is recognised and reversed against changes to provisions in EBITDA.

6.4. OTHER LONG-TERM PAYABLES

This heading includes:

- Participating loans granted by Spain's Central Government to various infrastructure project concession operators were immaterial at 31 December 2020 (EUR 9 million at 31 December 2019 in the Construction Division). The decrease of EUR -9 million is explained by the reclassification to held-for-sale assets of the company Concesionaria de Prisiones Figueras, S.A.U. (Note 1.1.3).
- Long-term loans with associates of the Toll Roads Division, amounted to EUR 11 million (31 December 2019: EUR 11 million).
- Long-term trade payables amounted to EUR 5 million (31 December 2019: EUR 7 million).

6.5. CONTINGENT LIABILITIES, CONTINGENT ASSETS, OBLIGATIONS AND COMMITMENTS

6.5.1. Litigation

In carrying on its activities the Group is subject to possible contingent liabilities of varying kinds. These contingent liabilities lead to lawsuits or litigation in relation to which a provision is recognised based on the best estimate of the foreseeable disbursements required to settle the obligation. These provisions are set out in Note 6.3.

Therefore, it is not expected that any significant liabilities will arise, other than those for which provisions have already been recognised, that might represent a material adverse effect.

The detail of the most significant litigation, in terms of amount, in the Group's various business divisions is as follows:

a) Litigation relating to the toll road business

Terrassa Manresa toll road (AUTEMA):

Contentious-administrative action against Decrees 161/2015 and 337/2016 approved by the Government of Catalonia:

On 14 July 2015, the Government of Catalonia published Decree 161/2015, which radically amended the rules governing the concession for the project originally established in Decree 137/1999. This legislative change was carried out in December 2016 via Decree 337/2016 (both referred to collectively as the "Decrees").

The change introduced by the new legislation entailed moving from a regime under which the Government of Catalonia paid the concession operator the difference between the tolls collected and the operating surplus established in the Economic and Financial Plan, to a system whereby the remuneration earned by the concession operator will depend on the number of the infrastructure's users, with the Government of Catalonia subsidising a portion of the toll paid by the user, reducing AUTEMA's revenues by between 50% and 43%.

In this regard, the Concession Operator considers that there are sound arguments to conclude that the Grantor had clearly exceeded the limits of its power to amend the public arrangements by issuing these decrees. Accordingly, the company filed an appeal against the aforementioned Decrees at the High Court of Catalonia (TSJC).

Over the course of 2017, the co-defendants (the Catalan Government and Bages Regional Council) filed their written submissions in reply to the complaint and, during H1 2018, evidence was heard. Following the submission of written conclusions by Autema in July and by the co-defendants in September 2018, the conclusions phase of the trial was brought to an end.

On 18 March 2019, AUTEMA was notified of the Catalan High Court's judgement disallowing its contentious-administrative appeal against the Decrees. A cassation appeal has been lodged against this judgement at the Supreme Court.

On 19 October 2020, the Company was notified that the cassation appeal had not been given leave to proceed at the Supreme Court. As a result of this Supreme Court decision, the judgement issued by the Catalan High Court became final and fully applicable.

On 17 November 2020, a plea for nullity of the decision was filed on the grounds that the Supreme Court, before disallowing the appeal, should have initiated a preliminary ruling procedure before the European Court of Justice and, not having done so, infringed the appellant's right to due process. The plea for nullity has recently been dismissed. AUTEMA is preparing an appeal (recurso de amparo) before the Constitutional Court.

AUTEMA has continued to treat the concession as a financial asset in the past few years, based on the opinion of its external legal advisors, who considered there to be sound grounds for arguing that the publication of the Decree was an abuse of the granting authority's power to modify the concession scheme.

However, due to the non-admission of the cassation appeal, the company has changed the accounting treatment of the concession, changing it from a financial asset to an intangible asset. The impact of this change was made with effect from 1 January 2020 and entailed the recognition of a non-recurring profit, as explained in Note 2.5.

M-203 toll road

Legal action filed by the concession operator seeking the termination of the concession agreement on the grounds of a breach by the Administration:

On 24 April 2014, the Concession operator instigated a proceeding at the Madrid High Court of Justice requesting the termination of the concession arrangement due to a breach by the grantor and the annulment of the penalties imposed on the Concession Operator due to the halting of the construction work.

Following the favourable judgement by the Madrid High Court, in an Order from the CAM's Ministry of Transport, Infrastructure and Housing dated 3 November 2017 (the "Order for Termination"), the Community of Madrid (CAM) terminated the concession agreement. In 2018, the CAM took over the works and refunded the bank bonds provided as a definitive guarantee (which amounted to EUR 6 million).

With regard to the Authority's subrogation to the expropriation proceedings and compensation both for the investment made (net investment value - NIV) and for the damage suffered, in April 2019 the Company filed a complaint with the CAM, citing the Authority's failure to act and demanding that it comply with its obligation to issue a ruling on the NIV.

As the CAM did not respond to the Company's demand within 3 months, the Company filed a contentious-administrative appeal on 15 July 2019 in which it cited the CAM's failure to act and included an interim injunction asking the court to order the CAM to issue its ruling expeditiously.

This interim injunction was rejected in October 2019, and the legal procedure seeking to have the CAM hand down its ruling on the NIV has continued its course. The Company filed a claim at the Madrid High Court on 17 December, and on 11 February 2020 notification was received of the CAM's response, giving the Company a period of time to submit its written conclusions.

In addition, on 27 January 2020, the Company was notified via administrative channels of the CAM's valuation report on the amount of the NIV, in which it puts this figure at EUR 56 million (excluding VAT) plus the interest that accrues until payment is effectively made. The Company was invited to present allegations and did so on 12/02/2020, referring to the content of the previous documents, requesting that a resolution be issued as soon as possible and reserving the right to take any steps admissible to claim the difference between the EUR 60 million claimed, as recognised in the Company's balance sheet, and the amount recognised in the report. The Company has decided to set aside a provision of EUR 4 million, which is the difference between the EUR 60 million recognised in receivables, to offset the investment made by the Company, and the EUR 56 million that the CAM valued this at in its NIV report.

Finally, on 22 October 2020 the Company was notified of a judgement upholding the appeal against administrative silence in which the Madrid Regional Government was ordered to immediately issue the NIV settlement decision. The judgement was declared to be final on 27 November 2020. The Madrid Regional Government then had two months to enforce the judgement and issue the corresponding NIV resolution. On 3 February 2021, once the two-month period had elapsed without the Madrid Regional Government having issued the resolution, the Company submitted a request to the Madrid High Court for the enforcement of the judgement without delay.

As a result of the termination of the concession arrangement, at 31 December 2020 the Company reclassified the carrying amount of the asset (EUR 78 million) as receivables and includes the above-mentioned EUR 60 million, as well as EUR 13 million in VAT and EUR 5 million in interest. As indicated, a provision of EUR 4 million is recorded in case of non-recovery.

Court proceedings instigated by the financial institutions of the radial 4 project:

With regard to Radial 4, in June 2013 a group of financial institutions from the banking syndicate that was financing the Project filed court proceedings with Madrid Court of First Instance No. 61 against the shareholders of the company that had guaranteed the contribution of contingent capital in certain circumstances, namely Cintra Infrastructures, SE – and Sacyr Concesiones, S.L.

In that lawsuit, they sought the enforcement of a guarantee that had been put in place by the shareholders, on the grounds of an alleged breach of certain ratios. This corporate guarantee amounts to a total of EUR 23 million, of which Cintra's share amounts to EUR 14.9 million. In their reply to the action, Cintra and Sacyr argued, inter alia, that the banks did not have active locus standi (a legitimate right to act), believing that they could not file an action against the Shareholders but should instead file it against the company that was the Investor in the Project. They also argued that the purpose of the guarantee was not to afford the borrower funds to cover payments relating to the financing, but rather to ensure its financial solvency in order to meet obligations arising from a refinancing process that has not taken place.

In the end, the First Instance Court accepted the plea for the lack of active locus standi on the part of the claimants, dismissing the banks' claim without entering into the merits of the case. The Banks appealed this judgement before the Madrid Court of Appeal, which upheld the first instance judgement in December 2016. Against this judgement, the financial institutions filed an extraordinary appeal for procedural infringement with the Supreme Court.

Notice of the Supreme Court's ruling admitting the Banks' extraordinary appeal for a procedural infringement was given on 12 July 2019, recognising the Banks' active locus standi to make a direct claim against the Sponsors and thus forcing the Court of Appeal to enter into the merits of the case.

On 21 February 2020, notice was received of the Supreme Court judgement upholding the extraordinary appeal lodged last year by the banks financing the R4 toll road in which they claimed the enforcement of the guarantees given by the project's former shareholders (in the amount of EUR 14.95 million, fully provisioned, in Cintra's case). As a consequence, the proceedings have been passed on to the Provincial Court, which must issue a new judgement based on the merits of the case after confirming the financing banks' legal standing.

On 14 October 2020, notification was given of the judgment handed down by the Madrid Court of Appeal upholding the banks' claim. The shareholders Cintra and Sacyr lodged a cassation appeal against this decision at the Court of Appeal. The appeal was admitted on 3 February 2021, the shareholders were instructed to appear before the Supreme Court and a certificate was issued attesting to the judgement, as required by the banks in order to request provisional enforcement. Cintra and Sacyr are awaiting the Supreme Court's decision to admit or disallow the cassation appeal and the banks may request the provisional enforcement of this judgement in the next few days.

At present, both the EUR 14.95 million of the guarantees given and the EUR 4.18 million in default interest accruing since the proceeding began are fully provisioned by the Company.

Lawsuit regarding insolvency of SH-130 toll road creditors

On 1 March 2018, "SH-130 Concession Company, LLC" filed an initial statement of case at the United States Bankruptcy Court Western District of Texas against Ferrovial, S.A, Cintra Infrastructures SE, Ferrovial Construcción and other companies of the Ferrovial Group, and against the partner in the SH-130 toll road project.

SH-130 Concession Company, LLC was 65% owned by Cintra TX 56, LLC until 28 June 2017, when ownership of its share capital was transferred to the current shareholders as the result of the completion of the voluntary insolvency process (Chapter 11) filed on 2 March 2016.

The complaint is based on the claim that some of the payments made by the concession operator to the construction company in 2011 and 2012, during the toll road's design and construction phase, were allegedly made in a way that defrauded the creditors, since, in the claimant's opinion: (i) the works were completed incorrectly and should not, therefore, have been paid for; and (ii) the concession operator was insolvent.

The claimant is demanding the refund of these payments, which amount to USD 329 million.

It also accuses Ferrovial, S.A., Cintra Infrastructures SE and other Group companies of having caused SH-130 Concession Company, LLC to make such payments, thus breaching the fiduciary duties that it should have observed under the State of Delaware's commercial legislation, as well as accusing them of aiding and abetting the breach of such duties.

In an amendment to the initial statement of case filed on 28 September 2018, the claimant sought additional damages consisting of the refund of the profits earned under the agreements for services for which the defendants had invoiced the claimants over the said period. The claimant is yet to specify the amount required for this item. It has also extended the initial complaint in relation to fulfilment of fiduciary duties.

The Ferrovial Group's defendant companies presented various motions to dismiss on the initial legal action. On 7 September 2018, the court allowed the motions to dismiss relating to the Group companies Ferrovial Internacional, S.L.U. and Ferrovial International Ltd. (which have been excluded from the legal action). The proceeding continues with respect to the other defendants. The aforementioned amendment to the complaint was also the subject of a second motion to dismiss, which was rejected by the court on 16 July 2019.

On 5 August 2019, the claimant filed a third amendment to the complaint, in which it extended its accusations of an infringement of fiduciary duties to events that had occurred in 2007 as a result of the financial closure of the project.

At the time of closing of these financial statements, this lawsuit is in the discovery phase, which once completed will be followed by the submission and argument phases. The timetable for this process has undergone several reviews, the most recent on 10 February 2021, when the court handed down a new order extending the time periods allocated to the proceedings. A final ruling is expected by Q3 2021.

An analysis of the current situation carried out by legal advisors has led to the conclusion that the Ferrovial Group companies named as defendants could succeed in having the actions brought against them rejected by the Court. Based on the above, the Company has not set aside any provision in group companies in relation to these legal proceedings.

b) Litigation relating to the Construction business

The Construction Division is involved in a number of ongoing legal actions, relating principally to potential construction defects in the building work it has completed and claims for civil liability.

The provisions recognised in relation to these risks at 31 December 2020 totalled EUR 104 million (2019: EUR 112 million) and relate to a total of 75 lawsuits.

The main lawsuit relates to the SH 130 toll road construction works in Texas, as detailed below, and this is in addition to the proceedings relating to the same project, which are described in the section relating to lawsuits in the toll road business.

Arbitration - construction works at the SH-130 toll road in Texas:

In addition to the legal action mentioned in the section relating to litigation in the toll road business, the concession operator for the SH 130 toll road (SH130 Concession Company, LLC) filed a request for the submission to arbitration of a dispute against Central Texas Highway Contractors, LLC, the toll road's constructor (in which Ferrovial Construcción holds a stake), and against the companies Zachry Industrial, INC. and Ferrovial Construcción, as the joint guarantors of the aforementioned company. In the application for arbitration, the concession operator included general, concise allegations of construction faults and defects, basically in relation to the road surface package, which it valued at USD 130 million, 50% of which (USD 65 million) would be attributable to Ferrovial's ownership interest, there being no joint and several liability with respect to the other shareholder's ownership interest.

In March 2019, the company SH130 Concession Company LLC, filed a statement of claim for USD 161 million (which added to the initial USD 130 million, amounts to a total of approximately USD 291 million), which consists of the amounts that SH130 Concession Company, LLC alleges it has incurred or will incur to repair the damages claimed.

Of this amount, 50% (USD 145 million) would relate to the Ferrovial Group's ownership interest.

Following the submission of the respondent's statement of defence, SH130 Concession Company, LLC has filed its statement of reply in December 2019, in which it basically maintains the same claims but has reduced the amount to USD 280 million (USD 140 million would be attributed to the Ferrovial Group's share).

In January 2020, a mediation process was initiated with SH130 Concession Company, LLC (also involving the project partner Zachry, insurance companies, designers and subcontractors related to the alleged construction defects) in order to negotiate the close of the claim. This mediation process ended without a settlement.

The hearing began on 9 March 2020 but was suspended on 20 March due to COVID-19. The hearing resumed through electronic means on 13 August. The International Chamber of Commerce (institution responsible for the arbitration proceeding) has sent notice that the final award will be issued by the arbitrators in mid-March 2021. The award will probably be notified to the parties in April.

After analysing all the documents accessed, the legal advisors of the companies involved still believe that construction work on the toll road was carried out in accordance with the terms of the contract and industry best practices and that, in any case, any liability that may result from this lawsuit could be reduced by certain factors, such as:

- The existence of insurance policies to the benefit of the construction company.
- Any liability for the defects being alleged should rest with the companies that were subcontracted by the construction company, with regard to both design and the work executed to lay the road surface.
- It would appear that the Texas Department of Transport and the concession operator have reached an agreement to carry out the work required to repair the defects in the amount of USD 60 million, which is well below the amount claimed.

The Company does not consider there to be additional risks other than those already taken into consideration in the provision recognised in 2019 (USD 25 million).

Construction business in Spain:

On 1 October 2019, the Spanish National Markets and Competition Commission's (CNMC) Competition Division (CD) agreed to bring sanctions proceedings against a number of companies, one of them being Ferrovial Construcción, for alleged prohibited behaviour that is contrary to competition regulations.

As outlined by the CD, this behaviour ostensibly consists of the exchange of certain information between companies for the purposes and/or with the effect of restricting competition during the course of the competitive tendering processes organised by Public Authorities in Spain for the construction and refurbishment of infrastructure and buildings.

The list of charges drawn up by the CD was received in October 2019. This document contains the conclusions reached in the investigation that was carried out and it gives details of the events that could constitute an infringement of the competition regulations. A statement of defence arguments was filed in December, arguing that the infringements indicated by the CD had not occurred.

In March 2020, the CD gave notice of the proposed penalty, stating that the parties' practices conflict with and infringe the Spanish Anti-Trust Law and proposing a penalty of EUR 48 million.

On 11 June, Ferrovial Construcción presented its writ of allegations against the proposal. On 16 July, the CNMC's Competition Court declared the proceedings to have expired and ordered the raising of new proceedings relating to the same events.

The Group therefore considers that no amount need be provisioned in addition to the EUR 3 million recognised in the 2019 Consolidated Annual Accounts.

c) Litigation relating to the Services business (discontinued operations)

Services business in the UK:

Amey Cyber-attack

Likewise, on the 16th December 2020 Amey became aware of a cyber-attack. It later transpired that the attack had resulted in data theft and systems encryption. The attackers contacted with Amey in pursuit of a ransom, however such request was rejected, and information was subsequently published on the dark web. Some Amey computers, servers, systems and files were impacted. Other systems (including SAP) were not impacted but disabled as precaution. Ferrovial systems were not impacted.

An immediate mitigation action plan was enacted with four action lines (investigate, preserve, recover and restore). The company has insurance policies covering risks related to the cyber-attack.

After the analysis of the impact, management has concluded that the cyber-attack has not had a material impact on its 2020 financial information and there is not a material liability that would require the recognition of a risk provision at year end. At as the date of this Financial Statements, there have been no material contractual performance deductions levied against Amey as a direct consequence of the cyber-attack. Amey is not aware of any claim outside of the normal contractual mechanisms.

WBHO lawsuit

On 22 December 2020, WBHO, a subcontractor to Amey Consulting Australia Pty Limited filed a lawsuit against the company in the New South Wales Supreme Court. The lawsuit does not refer to a specific amount but merely seeks the payment of: i) ordinary damages; ii) damages relating to alleged misleading or improper conduct under the terms of Australian Consumer Law during the tendering phase; iii) compensation for alleged breaches of contract and additional expenses incurred by WBHO originating from two other subcontractors; iv) interest; and v) costs. The basis for the claim made in point iii) is that Amey failed to meet the milestones for finalisation of the design, so the project took longer and WBHO incurred construction costs that had not been considered on the date of the contract.

The lawsuit is lacking in detail. Amey will request additional information from the court including more detail of the lawsuit, though it has also notified its insurers about the lawsuit and at closing set aside a provision of AUD 3 million against the excess on the insurance policy.

Mick George Limited lawsuit

AmeyCespa (East) Limited maintains a service provision agreement with Northamptonshire County Council and subcontracts some of the services to Mick George Limited under an agreement that expires on 31 March 2023. In September 2019, AmeyCespa (East) Limited received a series of invoices from its subcontractor Mick George as the result of a different interpretation of the clauses of the agreement.

In these invoices, the subcontractor retrospectively recalculated the amounts owed since April 2013, and it continues to apply this new interpretation to any new invoices. The amount claimed amounts to GBP 21.6 million (GBP 25.9 million including VAT), and the difference arising from this new interpretation amounts to approximately GBP 390,000 per month. In the opinion of the Group's legal advisors, Amey has a strong case, and no provision has therefore been set aside in this regard.

Services business in Spain:

Litigation relating to the Resolution from the Spanish National Markets and Competition Commission (CNMC) in relation to the municipal solid waste sector.

On 12 June 2019, the CNMC set forth a list of the established facts in which it outlined anti-trust conduct or practices, divided into two blocks:

- participation in market-sharing agreements and recommendations in the municipal solid waste sector as a partner of ASELIP (Association of Waste Management and Street Cleaning Companies); and
- bilateral client-sharing agreements with a competitor in the non-hazardous industrial waste sector in Catalonia and Andalusia, and with another competitor in the same industrial waste sector in Andalusia.

As reported in the 2019 annual accounts, Ferrovial has filed a contentious-administrative appeal with the National Court on the grounds that the initiation of these new proceedings violates the basic right of Cespa S.A. and Cespa Gestión de Residuos S.A.U. not to be tried twice for the same offence, since proceedings were previously initiated for the same reason and later dismissed by the Courts.

The appeal has been concluded and is now pending a date to be set for the voting and handing down of the judgement. On 31 July 2019, the CNMC handed down its ruling on a proposed penalty, and on 30 August 2019 CESPA and CESPA GR filed claims against this ruling.

On 19 September 2019, the CNMC Board ordered the suspension of the term allocated to resolve the proceedings until the National Court has ruled on the contentious-administrative appeal for the protection of basic rights. The Group has decided not to set aside any provision, given that the Company's legal advisors believe that the arguments set out in the appeal seeking protection for basic rights are robust.

Litigation relating to the penalty proceedings opened by the Spanish National Markets and Competition Commission (CNMC) in relation to the road maintenance sector:

Following a period of investigation into reserved information, on 16 July 2019, the CNMC initiated penalty proceedings against FERROSER INFRAESTRUCTURAS, S.A. and its Parent FERROVIAL, S.A., along with other companies in the sector (ACS, ACCIONA, FCC, OHL, SACYR, ELECNOR, and others), due to potential anti-trust practices during tendering for providing maintenance and operations services for the State Road Network, arranged by the Ministry of Public Works.

The CNMC has only announced initiation and has provided access to part of the proceedings. In relation to the investigation period related to the reserved information, the Group has filed a contentious-administrative appeal with the National Court seeking protection for basic rights, essentially based on the fact that the Inspection order was very generalised and that the indicators of the investigation were not provided, and this has been admitted for process and has been challenged by the Public Prosecutor, pending a date for a vote and ruling. For the same reasons, on 11 January 2019, an appeal was filed with the Madrid High Court, asking for the Court Ruling that authorised the inspection to be revoked, though the appeal was definitively dismissed.

On 6 March 2020, the CNMC issued a resolution suspending the maximum period for issuing a decision in the penalty proceedings. This is explained by the appeals lodged by other companies investigated against the decisions of the Competition Directorate whereby the confidential nature of certain documents obtained in the inspections of these companies was partially rejected. The maximum period for issuing a decision in the proceeding (18 months as from initiation) will be suspended until the day following the Board's resolutions on the appeals filed (the Board must issue a decision within three months). In any event, the Competition Directorate has stated that this suspension of the maximum resolution period does not necessarily mean that proceedings will be suspended.

On 31 December 2020, the CNMC gave notice of its List of Established Facts, in which Ferrovial Servicios was also included, but without proposing a penalty. The relevant claims were properly filed within the necessary deadline (3-02-2021) by the three companies, and no provisions have been entered in this regard as at 31 December 2020.

Empresa de Mantenimiento y Explotación M-30, S.A. (Emesa).

As set out in the 2018 annual accounts, acting through the company Empresa de Mantenimiento y Explotación M-30, S.A. (Emesa) in which it holds a 50% stake, the Group is operating the contract for the maintenance of the M-30 infrastructure, and it holds a 20% stake in the mixed financial holding company Madrid Calle 30, which is the holder of the concession agreement for this infrastructure. During the 2017 financial year, Madrid City Council, which also holds a stake in Madrid Calle 30, formed a municipal Investigation Commission whose main recommendations (insofar as they affect the Group) are to reverse the management model for Madrid Calle 30 to one in which the company is 100% municipally owned and to request the relevant City Council bodies to determine who is liable for paying for the electricity supply, which to date has been paid for by Madrid Calle 30. On 31 December 2018, Emesa filed an appeal against the resolution in which the Madrid City Council approved the Report by the Investigation Commission.

On 3 June 2019, a judgement was issued on the appeal, declaring that it was inadmissible due to a lack of legal standing on the part of the appellant (Emesa). Nonetheless, although it was not given leave to proceed, point of law four of the appeal states that the Investigation Committee's rulings are mere recommendations and are not binding on Emesa. In other words, the company could only be affected by any possible rulings that may be issued in the future that contain the said recommendations.

As regards liability for electricity supply payments, on 16 September 2020 MC30's duly empowered director sent a bureau fax to EMESA claiming payment of the cost. On 2 October 2020, EMESA objected to paying. On 6 October, MC30's director sent another bureau fax to EMESA in which it (i) considers the limitation period for the claim made to have been interrupted; (ii) conditions the instigation of legal actions by MC30 on the final decisions that may be taken by Madrid City Council. EMESA has decided not to set aside any provision to this regard, given that the Company's legal advisors believe that the arguments are robust.

d) Tax-related litigation

As indicated in Note 6.3, Ferrovial has recognised provisions for taxes for a total amount of EUR 185 million. In the companies in the Services Division, located in the discontinued operations line item, these tax provisions amount to EUR 27 million.

These provisions primarily correspond to on-going tax-based legal actions relating to tax inspections in Spain, the most significant being those concerning corporate income tax and VAT for the periods 2002 to 2015. Therefore, the total amount for litigation in Spain amounts to EUR 373 million, of which the Group believes that it has strong arguments to defend its procedural position, therefore it has set aside partial allowance provisions to cover the risk that could arise from these actions in the amount of EUR 268 million, as well as EUR 7 million associated with companies in the Services Division, which are classified under discontinued operations.

These actions include one that relates to the tax write-down of financial goodwill resulting from the acquisition of Amey and Swissport. Ferrovial has filed an appeal against the decision by the European Commission in 2014 ("Third Decision"), in which this kind of tax measure is classified as constituting state aid. Although we feel there are sound grounds supporting the Group's procedural stance, if a favourable court judgement is not issued, the amount of EUR 87 million will be payable to the Treasury, including the expected Corporate Income Tax for 2020, of which EUR 37 million was already settled in 2017 and EUR 3.8 million is expected to be paid in 2021. In this pessimistic scenario, the impact on the income statement would be EUR 4.5 million, having recognised the corresponding deferred tax liability of EUR 134 million, which is offset by applying tax credits available to the Company in the amount of EUR 42 million.

Also included is the Ferrovial lawsuit relating to Corporate Income Tax for the financial years 2003 to 2005, in which the main point of law concerns the different interpretation given to the setting aside of the provision for the portfolio of shares in Toronto Highway BV. The Supreme Court has handed down a Judgement dismissing the action, and the Company has filed an action to have the Judgement set aside. The amount to pay totals EUR 79 million, which is fully provisioned. During the year, this amount has been reclassified from long-term provisions for lawsuits to short-term provisions.

e) Other litigation

In addition to the litigation discussed above, of particular note is the Group continuing to maintain its contractual position vis-à-vis certain tax claims that had been filed by Promociones Habitat, S.A., which was sold by Ferrovial Fisa, S.L. in 2016. These claims are currently pending resolution or payment and a provision for the amount thereof has been duly recognised in the consolidated financial statements.

6.5.2. Guarantees

a) Bank guarantees and other guarantees issued by insurance companies

In carrying on its activities the Group is subject to possible contingent liabilities – uncertain by nature – relating to the liability arising from the performance of the various contracts that constitute the activity of its business divisions.

In order to cover the aforementioned liability, the Group has bank guarantees and other guarantees issued by insurance companies. At 31 December 2020, the balance amounted to EUR 6,728 million) EUR 7,742 million at 31 December 2019).

The following table contains a breakdown of the risk covered in each business area.

(Millions of euros)	2020	2019
Construction	4,548	5,526
Toll roads	1,051	1,199
Airports	18	20
Other	299	292
Total continuing operations	**5,915**	**7,036**
Services	813	707
Total discontinued operations	**813**	**707**
TOTAL	**6,728**	**7,742**

The EUR 6,728 million, by type of instrument, relate to: i) EUR 3,403 million of bank guarantees; ii) EUR 2,636 million of guarantees provided by bonding agencies and iii) EUR 689 million of bank guarantees provided by insurance companies.

These guarantees cover the liability to customers for correct performance in construction or services contracts involving Group companies. So, if a project were not executed, the customer would enforce the guarantee.

Despite the significant amount of these guarantees, the impact that might arise on the consolidated financial statements is very low, since the Group Companies perform contracts in accordance with the terms and conditions agreed upon with the customers and recognise provisions within the results of each contract for risks that might arise from performance thereof (Note 6.3).

Lastly, of the total amount of the Group's bank guarantees for continuing operations listed in the above table, EUR 756 million (Note 6.5.3.) secure its commitments to invest in the capital of infrastructure projects.

b) Guarantees given by Group companies for other Group companies

As indicated previously, in general guarantees are provided among Group companies to cover third-party liability arising from contractual, commercial or financial relationships.

Although these guarantees do not have any effect at consolidated Group level, there are certain guarantees provided by non-infrastructure project companies to infrastructure project companies (Note 1.1.2.) which, due to the classification of project borrowings as being without recourse, it is relevant to disclose (see Note b.1.). Contingent capital guarantees).

Other noteworthy guarantees have also been provided to equity-accounted companies (see b.2.).

b.1) Guarantees provided by ex-infrastructure project companies to infrastructure project companies in relation to the borrowings of the latter that could give rise to future additional capital disbursements if the events guaranteed took place (contingent capital guarantees).

Guarantees provided by non-infrastructure project companies to infrastructure project companies can be classified into the following two categories:

- Guarantees that address the correct performance in construction and service contracts which have been mentioned in Note 6.5.2-a).
- Guarantees related to risks other than the correct performance of construction and service contracts, which could give rise to future additional capital disbursements if the events guaranteed take place.

The latter guarantees are the ones that are going to be explained in further detail in this section since, as mentioned in Note 5.2., net cash position, the borrowings for infrastructure projects are without recourse to the shareholders or with limited recourse to the guarantees provided and, therefore, it is relevant to distinguish those guarantees that if the guaranteed event occurs, could be executed and could result in disbursements to the infrastructure projects or holders of their debt other than the committed capital or investment mentioned in Note 6.5.3. Such guarantees are called contingent capital guarantees.

The detail, by beneficiary company, purpose and maximum amount, of the outstanding guarantees of this nature at 31 December 2020 relating to fully consolidated infrastructure project companies is as follows. At 31 December 2020, Figueras has been classified as held for sale (discontinued operations). It should be noted that the amounts below relate to Ferrovial:

BENEFICIARY COMPANY (PROJECT)	GUARANTEE PURPOSE	AMOUNT
Conc. Prisiones Lledoners	Technical guarantee to repay amounts to the bank in the event of termination of the contract. Does not cover insolvency (default) or breach by the grantor	69
Conc. Prisiones Figueras	Technical guarantee for failure to repay the bank in three specific cases relating to construction permit, General Urban Development Plan (PGOU) and modifications. Does not cover insolvency (default) or breach by the grantor	57
SUBTOTAL OF GUARANTEES FOR CONSTRUCTION PROJECTS		**126**
TOTAL GUARANTEES FOR FULLY CONSOLIDATED INFRASTRUCTURE PROJECTS		**126**

The Company has also furnished bank guarantees amounting to EUR 10 million in relation to the Centella project (transmission lines in Chile) to cover the achievement of project milestones and payment of any fines during the initial execution period.

The detail of the amounts of the guarantees, in relation to the financing of the equity-accounted infrastructure projects and, accordingly, the borrowings of which are not included in the Group's consolidated financial statements is as follows. At 31 December 2020, Urbicsa has been classified as held for sale (discontinued operations). It should be noted that the amounts below relate to Ferrovial:

BENEFICIARY COMPANY	GUARANTEE PURPOSE	AMOUNT
Ausol	Financial guarantee covering the contribution of contingent equity.	3
Serrano Park (Cintra)	Guarantee to cover repayment of the debt	1
Auto-Estradas Norte Litoral (Cintra)	Guarantee limited to compulsory purchase overruns.	0
Ruta del Cacao (Cintra)	Guarantee limited to construction works overruns.	2
URBICSA (Construction)	Technical guarantee for repayment in the event of termination of the agreement or breach of certain contracts on grounds attributable to the Borrower or its Shareholders. Does not cover insolvency or breach by the Grantor.	42
TOTAL GUARANTEES FOR EQUITY-ACCOUNTED INFRASTRUCTURE PROJECTS		**48**

In relation to the I-66 toll road project, the Company has provided bank guarantees amounting to EUR 12 million in relation to potential capital repayments (contingent capital) for that amount.

In addition, the Company has provided a guarantee amounting to EUR 19.1 million in relation to the Radial 4 toll road, which was excluded from the consolidation scope in 2015. This amount is fully provisioned at 31 December 2020 and a related cassation appeal is currently in progress (Note 6.5.1.a)).

b.2) Other guarantees provided to equity-accounted companies other than infrastructure project companies

Certain construction and services contracts are performed by equity-accounted companies often created specifically to execute contracts previously awarded to their shareholders. In these cases, the shareholders provide performance bonds relating to those contracts. The liability secured is similar to that indicated in Note 6.5.2.a.

They include guarantees provided in the Services Division by Amey UK PLC in favour of various equity-accounted companies that it has an ownership interest in. These guarantees total EUR 303 million, the most significant of which related to the contracts with the British Ministry of Justice and the Manchester tram network. It should be noted that the aforementioned amount relates to the annual amount of contracts not yet performed in proportion to Ferrovial's percentage of ownership.

c) Security interests in assets

The security interests in assets are described in the following Notes:
Guarantees given for fixed assets (Note 3.4)
Security interests in deposits or restricted cash (Note 5.2).

d) Guarantees received from third parties

At 31 December 2020, Ferrovial had received guarantees from third parties totalling EUR 1,601 million (31 December 2019: EUR 1,098 million), mainly in the Construction Division in the Ferrovial Construcción companies in the United States (EUR 1,184 million), the Budimex Group (EUR 153 million) and other construction companies (EUR 264 million), particularly noteworthy were the companies in the UK (EUR 98 million) and national construction (EUR 66 million).

These third party guarantees are technical guarantees that are offered by certain subcontractors or suppliers in the construction business in order to guarantee complete compliance with their contractual obligations with regard to the work they are engaged to complete, and may not be sold or pledged.

6.5.3. Commitments

As described in Note 1.1, the infrastructure projects carried out by the Group are performed through long-term contracts where the concession operator is a company in which the Group has interests, either alone or together with other partners, and the borrowings necessary for financing the project are allocated to the project itself, without recourse to the shareholders or with recourse limited to the guarantees provided, under the terms set forth in Note 5.2. From a management viewpoint, Ferrovial therefore takes into account only the investment commitments relating to the capital of the projects, since the investment in the assets is financed by the borrowings of the projects themselves.

a) Investment commitments

The investment commitments of the Group in relation to the capital of its infrastructure projects are as follows:

(Millions of euros)	2021	2022	2023	2024	2025	2026 AND BEYOND	TOTAL
Toll roads	2	58	13	3	0	0	75
Airports	53	40	4	0	0	0	**98**
INVESTMENTS IN FULLY CONSOLIDATED INFRASTRUCTURE PROJECTS	**55**	**98**	**17**	**3**	**0**	**0**	**173**
Toll roads	358	266	0	0	0	26	650
Airports	28	0	0	0	0	0	28
Construction	1	0	0	0	0	0	1
INVESTMENTS IN EQUITY-ACCOUNTED INFRASTRUCTURE PROJECTS	**386**	**266**	**0**	**0**	**0**	**26**	**678**
TOTAL INVESTMENTS INFRASTRUCTURE PROJECTS	**441**	**364**	**17**	**3**	**0**	**26**	**851**

At 31 December 2020, the investment commitments amounted to EUR 851 million (2019: EUR 976 million). Toll Roads Division includes EUR 590 million in relation to the I-66 toll road project. Airports Division includes GBP 25 million related to the AGS airports project and the rest of the investment commitments are related to transmission lines in Chile. The curtailment in investment commitments is primarily related to investments made in toll road projects in the US and Australia in 2020.

As indicated in 6.5.2.a), a part of these infrastructure project commitments, amounting to EUR 851 million, are secured by bank guarantees amounting to EUR 756 million.

There are also property, plant and equipment purchase commitments in the Services Division totalling EUR 112 million (2019: EUR 129 million) which relate mainly to the acquisition of machinery or the construction of treatment plants. There are also EUR 4 million related to acquiring companies in the Construction Division (2019: EUR 4 million).

(Millions of euros)	2021	2022	2023	2024	2025	2026 AND BEYOND	TOTAL
Acquisition of property, plant and equipment	70	15	2	9	2	14	112
Acquisition of companies	1	0	0	0	0	0	1
TOTAL SERVICES	**70**	**15**	**2**	**9**	**2**	**14**	**112**
Acquisition of companies	0	0	4	0	0	0	4
TOTAL CONSTRUCTION	**0**	**0**	**4**	**0**	**0**	**0**	**4**
TOTAL	**70**	**15**	**6**	**9**	**2**	**14**	**116**

b) Environmental commitments

Any operation designed mainly to prevent, reduce or repair damage to the environment is treated as an environmental activity.

Costs incurred to protect and improve the environment are taken to profit or loss in the year in which they are incurred, irrespective of when the resulting monetary or financial flow takes place.

Provisions for probable or certain environmental liability, litigation in progress and indemnities or other outstanding obligations of undetermined amount not covered by insurance policies are recorded when the liability or obligation giving rise to the indemnity or payment arises.

6.6. REMUNERATION OF THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

6.6.1. Bylaw-stipulated Board of Directors' remuneration

The Company's current remuneration scheme, regulated by Article 56 of its bylaws, consists in the stablishment - by the Annual General Meeting- of the maximum annual remuneration for all the members of the Board of Directors. The Directors' Remuneration Policy approved by General meeting of Shareholders on April 17, 2020, determined the maximum and the set of annual amount of Directors' remuneration for the term of that Policy (years 2020, 2021 and 2022), setting it as a fixed amount.

The remuneration of Directors in its condition comprises (i) a fixed allocation, a part of which is paid in quarterly instalments and the remainder (the additional fixed allocation) by means of a single payment at the end of the financial year; and (ii) per diems for actual attendance at Board and committee meetings. Remuneration is linked to the functions and responsibilities assigned to each director, membership of Board committees and other objective circumstances that the Board of Directors deems relevant, thereby ensuring their long-term independence and commitment.

On the same date these annual accounts are authorised for issue, the Board of Directors issues and makes available to the shareholders the Annual Report on Directors' Remuneration referred to in Article 541 of the Spanish Companies Act. The report describes in greater detail aspects of the Company's remuneration policy applicable in the current year, providing an overview of how the remuneration policy was applied in 2020 and a breakdown of the individual remuneration accrued to each director in 2020. The table below shows the itemised bylaw-stipulated remuneration of the members of the Board of Directors accrued during 2020 and 2019.

Should more meetings be held than initially envisaged or, for any other reason, should the amount of the per diems plus fixed allocations exceed the total maximum remuneration payable to directors for the year in question, the difference is deducted from the amount of the additional fixed allocation proportionally for each director on the basis of Board status. This adjustment was made in 2019.

The decrease in the remuneration of the Directors in their capacity as such during 2020 is due to the reduction of part of their fixed allowance agreed by the Board of Directors of the Company on the occasion of covid-19. The Board of Directors also decided to partially reduce the amount of the fixed supplementary allowance. The difference in this remuneration item between 2020 and 2019 is due to the fact that in 2019 an adjustment was made (as mentioned above), as the amount of the fixed components added to the amount of the per diems exceeded the maximum annual amount determined by the General Meeting.

This table does not include remuneration received by the executive directors for discharging executive duties at the Company, as described in Note 6.6.2.

DIRECTOR (a)	2020			
(Thousands of euros)	FIXED ALLOWANCE	PER DIEMS	ADDITIONAL FIXED REMUNERATION	TOTAL
Rafael del Pino Calvo-Sotelo	33	122	86	241
Oscar Fanjul Martín	33	83	70	186
Ignacio Madridejos Fernández	33	61	43	137
María del Pino y Calvo-Sotelo	33	61	43	137
Santiago Fernández Valbuena	33	69	43	145
José Fernando Sánchez-Junco Mans	33	81	43	157
Joaquín del Pino y Calvo-	33	48	43	124
Philip Bowman	33	59	43	135
Hanne Birgitte Breinbjerg Sorensen	33	56	43	132
Bruno Di Leo	33	58	43	134
Juan Hoyos Martínez de Irujo)	33	61	43	137
Gonzalo Urquijo Fernández de Araoz	33	59	43	135
TOTAL	**394**	**819**	**587**	**1,800**

DIRECTOR (a) (Thousands of euros)	2019 FIXED ALLOWANCE	PER DIEMS	ADDITIONAL FIXED REMUNERATION	TOTAL
Rafael del Pino y Calvo-Sotelo	35	143	74	252
Santiago Bergareche Busquet (to 19/12/2019)	34	77	63	174
Joaquín Ayuso García (to 30/9/2019)	26	55	35	116
Ignacio Madridejos Fernández (to 30/9/2019)	9	14	9	32
Íñigo Meirás Amusco (to 30/09/2019)	26	57	28	111
María del Pino y Calvo-Sotelo	35	72	37	144
Santiago Fernández Valbuena	35	88	37	160
José Fernando Sánchez-Junco Mans	35	89	37	161
Joaquín del Pino y Calvo-	35	54	37	126
Oscar Fanjul Martín	35	80	37	152
Philip Bowman	35	59	37	131
Hanne Birgitte Breinbjerg Sorensen	35	58	37	130
Bruno Di Leo	35	54	37	126
Juan Hoyos Martínez de Irujo (as from 2/10/2019)	9	12	9	30
Gonzalo Urquijo Fernández de Araoz (as from 19/12/2019)	1	0	1	3
TOTAL	**420**	**912**	**515**	**1,848**

(a) Continuance in the post. Full year, unless otherwise stated.

6.6.2. Individual executive directors' remuneration

a) Remuneration accrued in 2020 and 2019.

In 2020, the following remuneration accrued to the executive directors for the performance of their functions, irrespective of the remuneration referred to in the preceding section.

The decrease in the fixed remuneration of executive directors is due to the reduction approved as a result of COVID-19.

EXECUTIVE DIRECTORS' REMUNERATION * (Thousands of euros)	2020 RAFAEL DEL PINO	IGNACIO MADRIDEJOS	TOTAL
Fixed remuneration	1,405	937	2,342
Variable remuneration	1,620	810	2,430
Life insurance premiums	8	4	12
Share plans (1)	1,602	0	1,602
TOTAL 2020	**4,635**	**1,751**	**6,386**

* Remuneration as executive directors

(1) In March 2020, a number of shares equivalent to the level of completion of the units allocated in 2017 were delivered, after the relevant withholdings had been made. The CNMV was notified on dated 16/3/2020.

(2) During 2020, Mr. Ignacio Madridejos has been charged the amount of EUR 8 thousand as remuneration in kind corresponding to a company car.

EXECUTIVE DIRECTORS' REMUNERATION * (Thousands of euros)	2019 RAFAEL DEL PINO	IGNACIO MADRIDEJOS (as from 30/9/19)	ÍÑIGO MEIRÁS** (to 30/9/19)	TOTAL
Fixed remuneration	1,455	250	969	2,674
Variable remuneration	1,608	250	188	2,046
Life insurance premiums	8	0	5	13
Share plans (1)	1,097	0	1,097	2,194
Other (2)	0	600	725	1,325
TOTAL 2019	**4,168**	**1,100**	**2,984**	**8,252**

** In addition to the information set out above, to compensate for losing his status as executive director of the Company and the subsequent termination of his senior manager contract, the Company paid a gross amount of EUR 8,167 thousand to Íñigo Meirás (the entire amount being subject to personal income tax); amount covered by the group savings insurance policy mentioned in Note 6.6.7.

(1) In March 2019, a number of shares equivalent to the level of completion of the units allocated in 2016 were delivered, after the relevant withholdings had been made. The CNMV was notified on 19/3/2019.

2) An appointment bonus was awarded to Ignacio Madridejos in the form of Ferrovial shares. The figure for Íñigo Meirás relates to the final monetary settlement.

b) Share-based remuneration schemes

The following are the target-linked share-based compensation plans for which vesting has not yet occurred:

EXECUTIVE DIRECTORS' PLAN AT 31.12.2020		UNITS	NO. OF VOTING RIGHTS	NO. OF VOTING RIGHTS
Rafael del Pino y Calvo-Sotelo	2018 allocation	73,900	73,900	0,01%
	2019 allocation	70,000	70,000	0,01%
	2020 allocation	46,500	46,500	0,00%
Ignacio Madridejos Fernández	2019 allocation	14,468	14,468	0,00%
	2020 allocation	46,500	46,500	0,00%

6.6.4. Pension funds and plans or life insurance premiums

As in 2019, no contributions were made in 2020 to pension plans or funds for former or current members of the Company's Board of Directors or for directors of the Company who are members of other Boards of Directors and/or senior managers of Group companies and associates. No such obligations were acquired during the year.

As regards life insurance premiums, the Company has insurance policies covering death (for which premiums totalling EUR 12 thousand were paid in 2020; EUR 13 thousand in 2019) under which the executive directors are beneficiaries. No life insurance premiums were paid for Company directors who are members of other Boards of Directors and/or senior managers of Group companies or associates.

Lastly, the Company has arranged a third-party liability insurance policy covering the directors and managers of the Group companies, the parent company of which is the Company. Those insureds include the Company's Directors. The premium paid in 2020 under the aforementioned insurance policy amounted to EUR 1,059 thousand.

6.6.5. Advances and loans

At 31 December 2020, no advances or loans had been granted by the Company to the directors in their capacity as such or as members of other Boards of Directors or senior managers of Group companies or associates.

6.6.6. Senior management remuneration

The overall remuneration accrued to the Company's senior managers in 2020 is analysed below:

SENIOR MANAGEMENT REMUNERATION

(Thousands of euros)	2020	2019
Fixed remuneration	5,317	4,714
Variable remuneration	3,657	3,202
Performance-based share plan	4,528	3,090
Exercise of stock option plans and/or other financial instruments (see description)	0	0
Remuneration as members of administrative bodies of other Group companies, jointly-controlled entities or associates	30	35
Insurance premiums	17	18
Other (1)	2,291	0
TOTAL	**15,840**	**11,059**

(1) Removal of two senior managers (figure subject to personal income tax), and a joining bonus

SENIOR MANAGEMENT REMUNERATION

(Thousands of euros)	2019	2018
Fixed remuneration	4,714	5,237
Variable remuneration	3,202	3,803
Performance-based share plan	3,090	5,083
Exercise of stock option plans and/or other financial instruments (see description)	0	0
Remuneration as members of administrative bodies of other Group companies, jointly-controlled entities or associates	35	35
Insurance premiums	18	19
Other (1)	0	8,924
TOTAL	**11,059**	**23,101**

(1) Removal of two senior managers (figure subject to personal income tax).

The remuneration indicated relates to the following posts: General Secretary, Chief Financial Officer, HR General Manager, Construction General Manager, Services General Manager, Airports General Manager, Toll Roads General Manager, Information Systems and Innovation General Manager, Internal Audit Director, Communications and Corporate Responsibility Director, Corporate Strategy Director, Risk and Compliance Director, Mobility Director and Sustainability Director. This does not include remuneration for senior managers who were also executive directors, which was addressed in Note 6.6.2.

The Company has also implemented a "Flexible Remuneration Scheme", which allows employees to voluntarily change their remuneration package based on personal needs, replacing a portion with certain benefits in kind. These products include a life and retirement savings group insurance scheme. Participants may request that a portion of their gross annual remuneration be paid by the Company in the form of a premium under a life and retirement savings group insurance policy. The senior managers requested contributions totalling EUR 48 thousand from the Company, replacing the remuneration shown in the table above (EUR 58 thousand in 2019).

6.6.7. Other disclosures on remuneration

The agreements between the Company and the senior managers, including one executive director, specifically provide for the right to receive the indemnities referred to in Article 56 of the Spanish Labour Statute in the event of unfair dismissal.

In order to encourage loyalty and continuity, a deferred remuneration scheme was granted to thirteen senior managers, including one executive director. The scheme consists of extraordinary remuneration that will only be paid in any of the following circumstances:

- Exit of the senior manager by mutual agreement upon reaching a certain age.
- Unfair dismissal or exit at the Company's discretion without cause for dismissal, before the senior manager reaches the age initially agreed, if the amount exceeds the figure stipulated in the Labour Statute.
- Death or disability of the senior manager.
- To cover this incentive, each year the Company makes contributions to a group savings insurance policy under which the Company is both policyholder and beneficiary. The contributions are quantified on the basis of a certain percentage of each senior manager's total monetary remuneration. Contributions made in 2020 amounted to EUR 2,006 thousand (EUR 1,991 thousand at 31 December 2019), of which EUR 401 thousand relates to two executive directors. The figure of Other in the table 6.6.6 amounted to EUR 2.291 million, corresponds mainly to the amounts received by two members of senior management who left the company in 2020. This amount does not affect the income statement for the year, as the company recognises as an expense each year the amounts contributed in the year to the group savings insurance, regardless of when these amounts are received.

6.7. SHARE-BASED REMUNERATION SCHEMES

Performance-based share plan

At year-end 2020, Ferrovial has three remuneration schemes in place for the Group's executive directors, senior managers and managers, consisting of a performance-based share plan.

Plan approved by the Board of Directors on 29 October 2015. It covers the financial years 2016, 2017 and 2018. The annual cost of the plan may not exceed EUR 22 million for each of the three years, the plan being conditional upon employees remaining at the Company for at least three years as from the moment it is granted (barring special circumstances) and upon the achievement during the vesting period of ratios calculated on the basis of EBITDA in relation to net productive assets, and total shareholder return with respect to a comparable group. As mentioned, the plan is intended for executive directors, senior managers and managers. The application of this plan to executive directors was authorised by the Company's Annual General Meeting held on 4 May 2016.

Long-term incentive plan approved by the Board of Directors on 28 February 2019. This plan will have a one-year term and the annual cost of the plan may not exceed EUR 22 million. The plan is tied to employees remaining at the Company for at least three years as from the grant date (barring special circumstances) and upon the achievement during the vesting period of ratios calculated on the basis of the relation between operating profit/(loss) and net productive assets and total shareholder return in relation to a comparable group.

The plan is intended for executive directors, senior managers and managers. The application of this plan to Executive Directors was authorised at the Company's Annual General Meeting held on 5 April 2019, as communicated to the CNMV on the same day.

Units were allocated for 2019 to the executive directors for the purposes of calculating plan duration and terms on 15 February 2019.

Lastly, on 19 December 2019 the Board of Directors approved a new long-term incentive plan. The plan will be in force for three years (from 2020 to 2022) and consists of awarding Ferrovial, S.A. shares. The annual cost of the plan may not exceed EUR 22 million and it is conditional upon employees remaining at the Company for three years as from the date it is granted (barring special circumstances) and upon the achievement during the vesting period of ratios calculated on the basis of business cash flow and total shareholder return with respect to a comparable group.

The plan is intended for executive directors, senior managers and managers. The application of this form of remuneration to executive directors was submitted for approval by Annual General Meeting.

There were 2,468,724 shares outstanding at 31 December 2020 relating to these plans.

Changes to the share-based remuneration schemes in 2020 and 2019 are summarised below:

	2020	2019
Number of shares at beginning of year	**3,125,747**	**3,274,816**
Plans granted	622,004	1,005,040
Plans settled	-930,106	-724,787
Shares surrendered and other	-307,068	-408,762
Shares exercised	-41,853	-20,560
Number of shares at the end	**2,468,724**	**3,125,747**

This share award plan includes the plans described above in Note 6.6 on remuneration of executive directors and senior managers.

In 2020, the staff costs recognised at the Group in relation to these remuneration schemes amounted to EUR 10 million (2019: EUR 7 million) with a balancing entry in equity. The increase in expenditure is explained by the fact that the share plans were 89.1% settled in 2020, as compared with 71.88% in 2019.

Measurement of performance-based share plan

These plans were accounted for as futures and, therefore, the value of the foreseeable dividends up to the delivery date is discounted to the value of the shares at the grant date, using a rate of return equal to the average cost of borrowings over the share award period, and they are equity settled and, therefore, they are measured when granted and the initially calculated value thereof is not re-estimated. The related amounts are recognised under "staff expenses" with a balancing entry in reserves.

6.8. RELATED-PARTY TRANSACTIONS

Legislation

In relation to the disclosures on transactions that the Company (or Group companies) completed with related parties, Ministry of Economy and Finance Order EHA/3050/2004 of 15 September on related-party transactions that must be disclosed by issuers of securities listed on official secondary markets must be taken into consideration.

Article 1.1 of the order requires the inclusion in half-yearly financial reports of quantified information on all the transactions effected by the Company with related parties. In addition, Article 3.1 of the Order considers related-party transactions to include any transfer of resources, services or obligations between related parties, regardless of whether or not any consideration is paid.

Related-party transactions

The commercial transactions between the Company (or its Group Companies) and related parties carried out in 2020 are disclosed below, in three separate categories: a) transactions between Ferrovial, S.A and its significant shareholders, directors and senior executives; b) transactions between subsidiaries of Ferrovial, S.A and its significant shareholders, directors and senior executives, and c) Transactions between Group Companies.

Where the profit or loss from a transaction cannot be disclosed, as it pertains to the provider entity or individual, the transaction is marked with an asterisk (*).

a) Transactions between Ferrovial, S.A and its significant shareholders, directors or senior managers

This heading includes transactions effected (i) between Ferrovial, S.A. and its significant shareholders, their close family members or entities in which the latter can exercise significant influence; and (ii) between Ferrovial S.A. and its directors, senior managers, their close family members or entities in which the latter can exercise significant influence. If the party related to the Company was a related party for a part of the year, the transactions performed in that period are indicated.

(Thousands of euros)		2020			2019		
NAME/ COMPANY NAME	TRANSACTIONS	AMOUNT	PROFIT OR LOSS	BALANCE	AMOUNT	PROFIT OR LOSS	BALANCE
Bankia	Balance drawn on guarantee facilities		0	0	-56,000	0	-56,000
Bankia	Services received		0	0	-368	0	0
Marsh	Receipt of insurance services	-7	0	0			

Information on remuneration and loans granted to directors and senior managers can be consulted in Note 6.6.

b) Transactions between subsidiaries of Ferrovial, S.A. and their significant shareholders, directors or senior managers

This heading includes transactions effected (i) between the Company's subsidiaries and their significant shareholders, close family members or entities in which the latter can exercise significant influence; and (ii) between the Company's subsidiaries and their directors, senior managers, close family members or entities in which the latter can exercise significant influence.

If the party related to the Company was a related party for a part of the year, the transactions performed in that period are indicated.

(Thousands of euros)		2020			2019		
NAME/COMPANY NAME	**TRANSACTIONS**	**AMOUNT**	**PROFIT OR LOSS**	**BALANCE**	**AMOUNT**	**PROFIT OR LOSS**	**BALANCE**
Rafael del Pino y Calvo-Sotelo	Services rendered	7	0	1	8	1	1
María del Pino y Calvo-Sotelo	Services rendered	8	1	0	12	2	0
Ana María Calvo-Sotelo y Bustelo	Services rendered	45	2	4	97	7	0
Joaquín Ayuso García	Services rendered	0	0	0	6	1	0
Altamira Asset Management	Services received	0	0	0	-12	0	0
	Services rendered	0	0	0	4,743	152	813
Criu, S.L.	Services rendered	19	1	2	80	4	2
Cummins and Group companies	Services received	-1,129	0	0	-16	0	0
Maxam Holding and its Group companies	Goods purchased/services received	0	0	0	-6	0	0
	Services rendered	1	0	0	0	0	0
Marsh and its Group companies	Receipt of insurance services	-6,877	0	13	-8,951	0	-16
Bankia	Receipt of financial services	0	0	0	-1,490	0	0
	Financing agreements. Guarantees	0	0	0	-69,509	0	-69,509
	Interest received	0	0	0	30	30	0
	Interest paid	0	0	0	-882	0	0
	Balance drawn on guarantee facilities	0	0	0	-100,700	0	-100,700
	Derivative transactions	0	0	0	-871	0	0
Polan, S.A.	Services rendered	152	2	42	185	6	62
Centro de Innovación de Infraestructuras Inteligentes Foundation	Collaboration agreements	-800	0	0	-1,559	0	-44
	Services rendered	18	0	0	37	0	0
Haya Real Estate, S.A.	Services rendered	0	0	1	38	4	47
Lafarge Holcim and Group companies	Purchase of cement and related materials	-1,724	0	-53	-2,616	0	-375
	External services	0	0	0	-51	0	-2
	Waste collection	52	1	18	37	2	12
Sidecu, S.A.	Services rendered	1	0	0	1	0	0

c) Transactions between Group companies

Also described are transactions between the subsidiaries and the Company which, in all cases form part of their ordinary businesses as regards purpose and conditions and were not eliminated on consolidation for the following reason.

As explained in detail in Note 1.2.2, the balances and transactions relating to construction work performed by the Construction Division for the Group's infrastructure concession operators are not eliminated on consolidation since, at consolidated level, contracts of this type are classed as construction contracts in which the work – to the extent that it is completed – is deemed to be performed for third parties, as the ultimate owner of the work is the grantor both from a financial and legal viewpoint.

In 2020 Ferrovial's Construction Division billed those concession operators EUR 974,587 thousand (2019: EUR 363,270 thousand) for work performed and related advance payments and, in this respect, recognised sales for that construction work totalling EUR 1,025,2521 thousand (2019: EUR 420,231 thousand).

In 2020 the profit from these transactions attributable to the Company's holdings in the concession operators in question and not eliminated on consolidation, net of taxes and non-controlling interests, was EUR -18,702 thousand. In 2019, this amounted to EUR -127,354 thousand.

6.9. CONFLICTS OF INTEREST

For most of 2020, the director Gonzalo Urquijo was the executive chairman of Abengoa, S.A. and/or its group companies, which engage in power transmission activities that could on occasions overlap Ferrovial's activities in this non-core business segment. Mr. Urquijo left the Board meetings during deliberations on those activities and has not accessed the relevant Board information.

With the exception of the above, in accordance with legislation in force (Article 229 of the Spanish Companies Act), there were no direct or indirect conflicts of interest with the Company, notwithstanding the Company's transactions (or those of the Group companies) with related parties disclosed in the notes to the accounts or, where applicable, resolutions relating to remuneration or appointments.

6.10. AUDIT FEES

Pursuant to Royal Decree 1514 of 16 November 2007, approving the Spanish National Chart of Accounts, following is a disclosure of the total fees relating to the "audit services" and "other consultancy services" provided by the auditors of the 2020 and 2019 financial statements of the Group Companies, including both the lead auditor of Ferrovial S.A. and the other auditors of all its subsidiaries, both in Spain and abroad.

"Fees for audit services" includes the following items:

- "Audit services" relates to strictly statutory audit services.
- "Audit-related services" relates to services other than statutory audit services which by law or by regulation can only be provided by the Company's auditor, such as the review of financial information in bond issues and services which due to their nature are normally provided by the Company's auditor, such as the review of tax returns.

The total of "Other non-audit services" provided by the lead auditor out of the total audit services for the financial year 2020 amounted to 18.60 % of the amount of fees for audit services in 2020.

Millions of euros	2020	2019 (*)
Fees for audit services	**6.1**	**6.6**
Lead auditor	**3.0**	**5.2**
Audit services	2.7	5.1
Audit-related services	0.3	0.1
Other auditors	**3.2**	**1.4**
Audit services	3.1	1.4
Audit-related services	0.0	0.0
Other audit services	**0.5**	**0.2**
Lead auditor (**)	0.5	0.2

(*) Includes final fees on the 2019 accounts
(**) Almost all corresponds to invoices received in 2020 for services rendered in 2019 for migratory services.

6.11. EVENTS AFTER THE REPORTING DATE

On 22 February Budimex, Ferrovial's construction subsidiary in Poland, reached an agreement on the conditional sale of its real estate business through its subsidiary Budimex Nieruchomości. The agreed price is 331 million euro (1,531 million zloties) and if it materialises, it would imply the recognition of a capital gain before taxes and minority interests of 152 million euro. The agreement is conditional as it provides for the right of the parties to withdraw in certain cases. In particular: (i) Budimex shall have the right to terminate the Agreement if the Purchaser fails to document and evidence that it has obtained the necessary financing for the purchase of the Shares by 7 May 2021; (ii) The Purchaser shall have the right to withdraw from the Agreement in the event of material breach of certain provisions of the Agreement by Budimex, as specified therein. In addition, the transaction is subject to clearance by the competition authorities, which must be obtained within six months of the signing of this agreement.

6.12. APPENDICES

Appendix I. Information on the tax scheme provided by Articles 107 and 108 of Law 27/2014

In 2014, Ferrovial S.A. availed itself of the scheme currently provided by Articles 107 and 108 of Spanish Corporate Income Tax Act 27/2014 of 27 November 2014 (CIT Act), applicable as from 1 January 2014 and therefore throughout 2020. Under this tax scheme:

1. Dividends and capital gains obtained by Ferrovial arising from equity investments in non-resident operating companies (representing at least 5% of the share capital of these companies or an acquisition value of over EUR 20 million) are exempt from corporate income tax if the conditions laid down in Article 21 of the CIT Act ("subject but exempt income") are fulfilled.

2. Dividends paid by Ferrovial out of the above-mentioned "subject but exempt reserves" or out of income from permanent establishments abroad that qualify for the exemption provided by Article 22 of the CIT Act are treated as follows:

    i. Where the recipient is a non-resident shareholder in Spain (and does not operate through tax havens or a permanent establishment in Spain), the dividends are not subject to withholdings or tax in Spain.

    ii. Where the recipient is an entity subject to Spanish corporate income tax, the dividends received will qualify for the double taxation exemption for resident entities provided by Article 21 of the CIT Act ("subject but exempt income"), assuming that the relevant requirements are met.

    iii. Where the recipient is a natural person resident in Spain and subject to personal income tax, the dividends received will be treated as savings income qualifying for the international double taxation deduction under PIT legislation, with respect to the taxes paid abroad by Ferrovial.

In 2020, all dividends were paid by Ferrovial out of "subject but exempt income".

1. Capital gains obtained by Ferrovial's shareholders by transferring their shares are treated as follows:

    i. Where the shareholder is a non-resident in Spain (and does not operate through tax havens or a permanent establishment in Spain), the portion of the capital gain that relates to reserves charged by Ferrovial to the above-mentioned "subject but exempt income", or to value differences attributable to Ferrovial's equity interests in non-resident entities that meet the requirements to apply the foreign-source income exemption provided by Articles 21 and 22 of the Spanish Corporate Income Tax Act (CIT Act), will not be subject to tax in Spain.

    ii. Where the shareholder is an entity subject to Spanish corporate income tax and has a qualifying equity interest in Ferrovial (5% of share capital or acquisition cost of over EUR 20 million, held for one year), the exemption provided by Article 21 of the CIT Act may be applied.

    iii. Where the shareholder is a natural person resident in Spain and subject to personal income tax, it will be taxed for capital gains obtained under the general scheme.

The amount of subject but exempt income pursuant to Article 21 and 22 of the CIT Act obtained by Ferrovial in 2020 and the corresponding taxes paid abroad are as follows:

A) Exemption for foreign-source dividends and income

A.1 Exemption for foreign-source dividends:

In 2020, no foreign-source dividends were obtained.

A.2 Exemption for income from permanent establishments abroad:

No income was obtained from permanent establishments abroad during the year.

B) Exemption for foreign-source capital gains

In 2020, as was the case in 2019, no tax-exempt foreign-source capital gains were obtained.

The sale of the Greek toll roads in 2018 resulted in a capital gain qualifying for the exemption provided by Article 21 of the CIT Act in the amount of EUR 84,825,069.03, the tax-exempt amounting to EUR 11,307,039.92.

In financial years prior to 2018, no capital gains were obtained to which the exemption provided by Article 21 of the CIT Act could be applied, either because (i) the sales were made between Group companies and eliminated for tax consolidation purposes or (ii) they formed part of corporate restructurings completed under the tax neutrality scheme provided by Article 76 et seq of the Spanish CIT Act. Nonetheless, capital gains that would have had tax effects, had these schemes not been applicable (tax consolidation or tax neutrality), are as follows:

B.1 Elimination of capital gains on intragroup sales of foreign companies:

None took place during the year.

B.2 Capital gains deferred in corporate restructuring processes:

(Amounts in euros)

Ferrovial, SA	2,355,071,717.55
Cintra Infraestructuras Irlanda, SLU	6,143,952.38
TOTAL	2,361,215,669.93

In order to facilitate the application of the above-mentioned tax scheme by Ferrovial's shareholders, the Company performed a market assessment of its year-end equity interests (held directly and indirectly through shareholdings in other entities applying this special tax scheme) in non-resident entities and permanent establishments abroad that qualify for the foreign-source income exemption provided by Articles 21 and 22 of the CIT Act.

This assessment found that such assets account for 92% of Ferrovial's total market value at 31 December 2020. At 31 December 2019, this percentage amounted to 90.8%.

Tax treatment of Ferrovial's scrip dividend

In 2020, Ferrovial S.A. implemented two shareholder remuneration schemes named "Ferrovial Scrip Dividend", allowing shareholders to choose (i) to receive new bonus shares; (ii) transfer in the market the free allotment rights received for the shares held; or (iii) collect a cash amount by transferring the free allotment rights to Ferrovial.

Set out below are the main tax implications of these schemes, based on tax legislation in force in Spain (excluding Navarre and the Basque Country) and on the interpretation made by the Spanish Directorate General for Taxation in responses to several binding ruling requests.

General considerations

In general, although the tax scheme applicable to shareholders residing in the historical territories, Ceuta or Melilla is similar to the national tax system, there may be some differences in the treatment afforded.

It should be noted that the tax treatment of the various options explained in relation to the capital increase set out above does not cover all possible tax consequences regarding the options in connection with the "Ferrovial Scrip Dividend" remuneration scheme. Therefore, the shareholders should consult their tax advisers on the specific tax effect of the proposed scheme and pay attention to any changes that may arise under legislation in force at the date of this transaction, related interpretations and the personal circumstances of each shareholder or holder of free allotment rights.

In particular, shareholders not resident in Spain must consult their tax advisors regarding the effects of the different capital increase alternatives, including the analysis of exemptions provided by non-resident income tax legislation, the right to apply the provisions of double taxation treaties entered into by Spain and the way the income must be declared.

Specific considerations

a) Delivery of new shares.

If the shareholders opt for the delivery of new shares, they will come under the tax scheme indicated below:

1. Shareholders subject to personal income tax and non-resident income tax without a permanent establishment in Spain.

For tax purposes, the delivery of new shares will be considered a delivery of bonus shares and therefore does not constitute income for the purposes of personal income tax (PIT), or non-resident income tax (NRIT), on the assumption that the latter (non-resident taxpayer) does not act in Spain through a permanent establishment. As indicated, the delivery of new shares is not subject to withholdings or prepayments.

The acquisition cost per share for tax purposes, of both the bonus shares and the shares from which they arise will be the result of dividing the portfolio's total acquisition cost by the number of shares, including both the original shares and the corresponding bonus shares. The age of the bonus shares will be that of the original shares.

Consequently, in the event of a subsequent transfer, the income obtained will be calculated by reference to this new value.

2. Shareholders subject to corporate income tax and non-resident income tax with a permanent establishement in Spain.

For corporate income tax ("CIT") purposes, and for non-resident income tax ("NRIT) purposes in the case of non-resident taxpayers with a permanent establishment in Spain (where a full business cycle is completed), the delivery of new shares under this alternative will be afforded the treatment stipulated in accounting legislation, taking into account the applicable specific provisions brought in by the Resolution of the Spanish Institute of Accounting and Auditing (ICAC) of 5 March 2019 ("ICAC Resolution") for financial years beginning on or after 1 January 2020, which develops the approach to the presentation of financial instruments and other aspects governed by accounting legislation, and pursuant to the responses to ruling requests issued by the Directorate General for Taxation on the tax impacts of the ICAC Resolution, reference numbers V1358-2020, V1357-2020, V1809/2020, V2468-2020 and V2469-2020 ("Ruling Request Responses"). All the above is notwithstanding any rules for calculating the tax base which may be applicable, particularly the possibility of applying the exemption in the terms and limits stipulated in the current wording of Article 21 of the CIT Law.

According to the Ruling Request Responses, the delivery of fully-paid shares is not classed as income subject to withholdings or payments on account of CIT or NRIT for taxpayers with a permanent establishment in Spain.

b) Sale of free allotment rights in the market.

If the shareholders sell their free allotment rights in the market, the amount obtained will come under the tax scheme indicated below:

1. Shareholders who pay personal income tax (individuals with tax residence in Spain).

The amount obtained on the sale of the free allotment rights in the market will subject to the same scheme provided by tax legislation for pre-emptive subscription rights. As a result, the transferring shareholder will have been deemed to have made a capital gain in the tax period that the sale occurs. The amount obtained will be subject to personal income tax withholdings, at the applicable rate at that time (currently 19%).

This withholding tax will be applied by the relevant custodian (and, failing this, by the financial intermediary or public notary involved in the transfer), Ferrovial not being required to make the withholdings or supply related tax information to its shareholders. Shareholders are therefore advised to contact the relevant custodians in this regard.

2. Shareholders who pay personal income tax, without a permanent establishment in Spain.

In the case of non-resident shareholders, the amount obtained on the sale to the market of the bonus issue rights is also subject to the same rules established in tax legislation for pre-emption rights, therefore the transferring shareholder will be considered to have made a capital gain in the tax period that the sale occurs, subject to non-resident income tax at a general rate of 19%. At present, this payment is not subject to non-resident income tax withholdings and the shareholders must self-assess this income in their tax returns.

However, this income will be exempt from non-resident income tax in certain cases, such as non-resident shareholders that transfer their rights in official secondary securities markets in Spain, are residents of a State that has a double taxation treaty (DTT) with

Spain containing an information exchange clause and do not operate or reside in a tax haven for Spanish purposes, notwithstanding the exemptions provided by NRIT legislation.

3. Shareholders who pay Spanish corporate income tax, or personal income tax with a permanent establishment in Spain.

Provided that a full business cycle is completed, tax will be paid in accordance with applicable accounting legislation, including the provisions of the ICAC Resolution, the Ruling Request Responses and, if appropriate, the adjustments applicable under CIT legislation and any applicable special CIT schemes.

c) Sale to Ferrovial of the free allotment rights.

Lastly, if the holders of bonus issue rights decide to avail themselves of the Ferrovial Purchase Commitment, the tax regime applicable to the amount obtained on the sale to Ferrovial of the bonus issue rights received in their capacity as shareholders will be equivalent to the regime applied to the distribution of a cash dividend, and will therefore be subject to the corresponding withholding tax and taxation.

Where shareholders provide evidence of non-resident income taxpayer status, no permanent establishment in Spain and non-residence in Spain or in a territory classed as a tax haven, the dividends paid by Ferrovial and therefore the amounts received from the sale of free allotment rights to Ferrovial will not be subject to tax or tax withholdings in Spain, since for tax purposes they are paid out of the exempt income from non-resident entities envisaged in Articles 21 and 22 of CIT Law 27/2014 of 27 November.

Appendix II. Subsidiaries (fully-consolidated companies) (millions of euros)

ENTITY	TYPE	PARENT	% OWNERSHIP	NET COST OWNERSHIP	AUDIT.
CONTINUED OPERATIONS					
CORPORATION					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Inversiones, S.A.U. (a)		Ferrovial, S.A. (a)	100.0%	67	
Can-Am, S.A. (a)		Ferrovial, S.A. (a)	100,0%	2	
Ferrovial Emisiones, S.A. (a)		Ferrovial, S.A. (a)	99,0%	0	1
Ferrovial Corporación, S.A. (a)		Ferrovial, S.A. (a)	100,0%	0	1
Ferrofin, S.L. (a)		Ferrovial Construcción, S.A. (a)	52,0%	163	
Ferrofin, S.L. (a)		Ferrovial, S.A. (a)	48.0%	150	
Temauri, S.L. (a)		Ferrovial, S.A. (a)	100,0%	2	
Ferrovial 001, S.A.U. (a)		Ferrovial, S.A. (a)	100,0%	0	
Ferrovial 002, S.A.U. (a)		Ferrovial, S.A. (a)	100,0%	0	
Ferrovial 003, S.L.U. (a)		Ferrovial, S.A. (a)	100,0%	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Ferrocorp UK Ltd.		Ferrovial, S.A. (a)	100,0%	1	1
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Ferrovial Ventures, Ltd.		Ferrovial Internacional, S.E.	100,0%	7	1
IRELAND (Registered Office: Dublin, Ireland)					
Landmille Ireland DAC		Ferrovial, S.A. (a)	100,0%	172	3
LUXEMBOURG (Registered Office: Luxembourg)					
Krypton RE, S.A.		Ferrovial, S.A. (a)	100,0%	8	1
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Ferrovial Internacional, S.E.		Ferrovial, S.A. (a)	100,0%	6.157	1
Ferrovial Netherlands B.V.		Ferrovial Internacional, S.E.	100,0%	2	1
Feroval Ventures NL B.V.		Ferrovial Internacional, S.E.	100.0%	9	
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Holding US Corp		Cintra Infraestructures, S.E.	100,0%	1.367	
Landmille US LLC		Ferrovial Holding US Corp	100,0%	0	
MOBILITY					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Mobility, S.L.U (a)		Ferrovial, S.A. (a)	100.0%	10	
Wondo Mobility, S.L.U. (a)		Ferrovial Mobility, S.L.U (a)	100,0%	6	
CONSTRUCTION					
GERMANY (Registered Office: Cologne)					
Budimex Bau GmbH		Budimex SA	100,0%	0	
ARABIA (Registered Office: Riyadh)					
Ferrovial Agroman Company		Ferrovial Construcción, S.A. (a)	97.5%	5	3
AUSTRALIA (Registered Office: Sidney)					
Ferrovial Construction (Australia) PTY LTD		Ferrovial Construction Holdings Ltd	100,0%	0	1
BRAzIL (Registered Office: Bela Vista, Sao Paulo)					
Constructora Ferrovial Ltd. (Brasil)		Ferrovial Construction International S.E.	99.0%	4	
CANADA (Registered Office: Markham - Ontario)					
Ferrovial Construction Canadá Inc.		Ferrovial Construction International S.E.	100,0%	3	1
CHILE (Registered Office: Santiago de Chile)					
Constructora Ferrovial Ltda.		Ferrovial Empresa Constructora Ltda.	97.2%	0	1
Ferrovial Construcción Chile S.A.		Ferrovial Empresa Constructora Ltda.	100.0%	29	1
Ferrovial Empresa Constructora Ltda.		Ferrovial Construction International S.E.	100,0%	24	1
SLOVAKIA (Registered Office: Bratislava)					
D4R7 Construction S.R.O.		Ferrovial Construction Slovakia S.R.O.	65.0%	10	3
Ferrovial Construction Slovakia S.R.O.		Ferrovial Construction Holdings Ltd	99.0%	10	3
SPAIN (Registered Office: Barcelona)					
Conc. Prisiones Lledoners,S.A. (a)	P	Ferrovial Construcción, S.A. (a)	100,0%	16	1
Concesionaria de Prisiones Figueras S.A.U.	P	Ferrovial Construccion, S.A. (a)	100,0%	11	1
SPAIN (Registered Office: Bilbao					
Cadagua, S.A. (a)		Ferrovial Construcción, S.A. (a)	100,0%	64	1
SPAIN (Registered Office: Madrid)					
Cocsa, S.A. (a)		Ferrovial Construcción, S.A. (a)	100.0%	8	1
Ditecpesa, S.A. (a)		Ferrovial Construcción, S.A. (a)	100,0%	1	1
Editesa, S.A (a)		Ferrovial Construcción, S.A. (a)	99.1%	2	
Ferroconservación, S.A. (a)		Ferrovial Construcción, S.A. (a)	99.0%	20	1
Ferrovial Construcción, S.A. (a)		Ferrovial, S.A. (a)	100,0%	711	1
Ferrovial Medio Ambiente y Energía, S.A. (a)		Ferrovial Construcción, S.A. (a)	99,0%	1	

ENTITY	TYPE	PARENT	% OWNERSHIP	NET COST OWNERSHIP	AUDIT.
Ferrovial Railway S.A. (a)		Ferrovial Construcción, S.A. (a)	98.8%	0	
Siemsa Control y Sistemas S.A.U. (a)		Siemsa Industria S.A. (a)	99.0%	1	
Siemsa Industria S.A. (a)		Ferrovial Construcción, S.A. (a)	99.0%	16	
Arena Recursos Naturales, S.A.U. (a)		Ferrovial Construcción, S.A. (a)	100,0%	0	
Urbaoeste, S.A. (a)		Ferrovial Construcción, S.A. (a)	99.0%	0	
SPAIN (Registered Office: Zaragoza)					
Depusa Aragón S.A. (a)		Ferrovial Construcción, S.A. (a)	42.3%	2	1
Depusa Aragón S.A. (a)		Cadagua, S.A. (a)	51.7%	2	1
UNITED STATES (Registered Office: Atlanta)					
Ferrovial Construction East, LLC		Ferrovial Construction US Corp.	100,0%	163	
UNITED STATES (Registered Office: Austin)					
Cadagua US LLC		Ferrovial Construction US Holding Corp.	100,0%	13	
Cintra ITR LLC		Ferrovial Construction US Corp.	44.0%	17	1
Ferrovial Agroman 56, LLC		Ferrovial Construction Texas, LLC	100,0%	0	
Ferrovial Agroman Indiana, LLC		Ferrovial Construction US Corp.	100,0%	0	
Ferrovial Construction Texas, LLC		Ferrovial Construction US Corp.	100.0%	112	
Ferrovial Construction US Corp.		Ferrovial Construction US Holding Corp.	100,0%	558	1
Ferrovial Construction US Holding Corp.		Ferrovial Holding US Corp.	100,0%	402	1
Grand Parkway Infrastructure LLC		DBW Construction LLC	30.0%	0	1
Grand Parkway Infrastructure LLC		Ferrovial Construction Texas, LLC	40,0%	0	1
UNITED STATES (Registered Office: Charlotte)					
Sugar Creek Construction LLC		Ferrovial Construction East, LLC	70,0%	58	1
UNITED STATES (Registered Office: Dallas)					
Trinity Infrastructure LLC		DBW Construction LLC	40.0%	0	
Trinity Infrastructure LLC		Ferrovial Construction Texas, LLC	60,0%	0	
UNITED STATES (Registered Office: Fort Worth)					
North Tarrant Infrastructures		DBW Construction LLC	25.0%	0	1
North Tarrant Infrastructures		Ferrovial Construction Texas, LLC	75,0%	0	1
UNITED STATES (Registered Office: Georgia)					
North Perimeter Constractors LLC		Ferrovial Construction East, LLC	100,0%	121	1
UNITED STATES (Registered Office: Katy)					
52 Block Builders		Webber Commercial Construction, LLC	100,0%	0	1
UNITED STATES (Registered Office: Los Angeles)					
California Rail Builders		Ferrovial Construction West, LLC	80,0%	0	1
Ferrovial Construction West, LLC		Ferrovial Construction US Corp.	100,0%	0	
Great Hall Builders LLC		Ferrovial Construction West, LLC	70,0%	0	
UNITED STATES (Registered Office: North Richland Hills)					
Bluebonnet Constractor, LLC		DBW Construction LLC	40.0%	0	
Bluebonnet Constractor, LLC		Ferrovial Construction Texas, LLC	60,0%	0	
UNITED STATES (Registered Office: Suffolk)					
US 460 Mobility Partners LLC		Ferrovial Construction East, LLC	70,0%	0	
UNITED STATES (Registered Office: The Woodlands)					
DBW Construction LLC.		Webber, LLC	100,0%	38	1
PLW Waterworks LLC		Cadagua US, LLC	50.0%	5	1
PLW Waterworks LLC		Webber, LLC	50.0%	5	1
Southern Crushed Concrete LLC		Webber Equipment & Materials LLC - Sucursal en España (a)	100,0%	88	1
W.W. Webber, LLC		Ferrovial Construction US Holding Corp.	100,0%	534	1
Webber Barrier Services		Webber, LLC	100,0%	5	1
Webber Commercial Construction LLC		Webber, LLC	99.0%	1	
Webber Equipment & Materials LLC (a)		Webber, LLC	100.0%	188	1
Webber Holdings, LLC		Ferrovial Construction US Holding Corp.	100,0%	0	
Webber Management Group LLC		Webber Equipment & Materials LLC - Sucursal en España (a)	100.0%	41	1
UNITED STATES (Registered Office: Virginia)					
FAM Construction LLC (I-66)		Ferrovial Construction US Corp.	70,0%	0	1
NETHERLANDS (Registered Office: Amsterdam)					
Ferrovial Construction International S.E.		Ferrovial Internacional, S.E.	100,0%	237	1
INDIA (Registered Office: Nueva Delhi)					
Cadagua Ferrovial India Pr Ltd		Cadagua, S.A. (a)	95,0%	0	
IRELAND (Registered Office: Dublin)					
Ferrovial Construction Ireland Ltd		Ferrovial Construction Holdings Ltd	100,0%	8	2
MEXICO (Registered Office: Mexico DF)					

Auditores: (1) EY; (2) Deloitte; (3) BDO; (4) PWC; (5) KPMG; (6) Vir Audit
(a) Forman parte del Perímetro Fiscal de Ferrovial, S.A. y sociedades dependientes.

ENTITY	TYPE	PARENT	% OWNERSHIP	NET COST OWNERSHIP	AUDIT.
Cadagua Ferr. Industrial México		Cadagua, S.A. (a)	75,1%	0	
Cadagua Ferr. Industrial México		Ferrovial Medio Ambiente y Energía, S.A. (a)	25.0%	0	
Ferrovial Agroman México, S.A. de C.V.		Ferrovial Construction International S.E.	100,0%	1	
NEW ZEALAND (Registered Office: Wellington)					
Ferrovial Construction (New Zeeland) Limited		Ferrovial Construcción Australia PTY LTD	100,0%	1	
POLAND (Registered Office: Cracow)					
Mostostal Kraków Energetyka sp. z o.o.		Mostostal Kraków SA	100.0%	0	
Mostostal Kraków S.A.		Budimex SA	100,0%	0	1
POLAND (Registered Office: Kamieńsk)					
FBSerwis Kamieńsk Sp. z o.o.		FBSerwis SA	80.0%	0	1
POLAND (Registered Office: Kąty Wrocławskie)					
FBSerwis Wrocław Sp. z o.o.		FBSerwis SA	100.0%	0	1
POLAND (Registered Office: Ścinawka Dolna)					
FBSerwis Dolny Śląsk Sp. z o.o.		FBSerwis SA	100.0%	0	1
POLAND (Registered Office: Tarnów)					
FBSerwis Karpatia Sp. z o.o.		FBSerwis SA	100,0%	0	1
POLAND (Registered Office: Warsaw)					
Autostrada, S.A.		Ferrovial Construcción, S.A. (a)	1.3%	0	2
POLONIA (Registered Office: Warsaw)					
Bx Budownictwo Sp. z o.o.		Budimex SA	100,0%	0	1
Bx Kolejnictwo SA		Budimex SA	100,0%	0	1
Bx Nieruchomości Sp. z o.o.		Budimex SA	100,0%	0	1
Bx Parking Wrocław Sp. z o.o.		Budimex SA	51.0%	0	1
FBSerwis A Sp. z o.o.		FBSerwis SA	100,0%	0	
FBSerwis B Sp. z o.o.		FBSerwis SA	100,0%	0	
FBSerwis Odbiór Sp. z o.o.		FBSerwis SA	100,0%	0	
FBSerwis SA		Budimex SA	100,0%	0	1
Grupo Budimex		Ferrovial Construction International S.E.	50,1%	83	1
PUERTO RICO (Registered Office: San Juan de Puerto Rico)					
Ferrovial Construcción PR, LLC		Ferrovial Construction International S.E.	100,0%	6	3
UNITED KINGDOM (Registered Office: London)					
Ferrovial Construction (UK) Limited		Ferrovial Construction Holdings Ltd	100,0%	23	1
Ferrovial Construction Holdings Limited		Ferrovial Construction International S.E.	100,0%	72	1
AIRPORTS					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Transco España , S.A.U. (a)	P	Ferrovial Transco International B.V.	100,0%	18	
Ferrovial Aeropuertos España, S.A. (a)		Ferrovial, S.A. (a)	99,0%	0	
CHILE (Registered Office: Santiago, Chile)					
Ferrovial Power Infrastructure Chile, SpA	P	Ferrovial Transco España, S.A.U. (a)	34.1%	33	1
Ferrovial Power Infrastructure Chile, SpA	P	Ferrovial Transco International B.V.	65,9%	65	1
Ferrovial Transco Chile II SpA	P	Ferrovial Power Infraestructure Chile, SpA	100,0%	0	
Transchile Charrúa Transmisión, S.A.	P	Ferrovial Power Infraestructure Chile, SpA	100,0%	50	1
Ferrovial Transco Chile III SPA	P	Ferrovial Transco International, B.V.	100,0%	0	
Centella Transmisión, S.A.	P	Ferrovial Transco Chile III SPA	49.9%	0	1
Centella Transmisión, S.A.	P	Ferrovial Power Infrastructure Chile, SpA	50.1%	0	1
UNITED STATES (Registered Office: Austin, United States)					
Ferrovial Airports Holding US Corp		Ferrovial Holding US Corp	100,0%	0	
UNITED STATES (Registered Office: Denver, United States)					
Ferrovial Airports Denver Corp	P	Ferrovial Airports Denver UK Ltd.	100,0%	0	
Ferrovial Airports Great Hall Partners LLC	P	Ferrovial Airports Denver Corp	100,0%	0	
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Hubco Netherlands B.V.		Ferrovial International, S.E.	100,0%	783	
Ferrovial Transco International B.V.		Ferrovial International, S.E.	100,0%	83	
FERROVIAL AIRPORTS FMM BV		Ferrovial Airports International, S.E.	100.0%	0	
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Faero UK Holding Limited		Hubco Netherlands B.V.	100,0%	288	1
Ferrovial Airports International, S.E.		Ferrovial International, S.E.	100,0%	1.219	1
Ferrovial Airports Denver UK Ltd.		Ferrovial Airports International, S.E.	100,0%	1	1
TOLL ROADS					

ENTITY	TYPE	PARENT	% OWNERSHIP	NET COST OWNERSHIP	AUDIT.
SPAIN (Registered Office: Madrid, Spain)					
Cintra Infraestructuras España, S.L. (a)		Ferrovial, S.A.	99.0%	654	1
Cintra Infraestructuras Irlanda, S.L.U. (a)		Cintra Global SE	100,0%	3	1
Cintra Inversora Autopistas de Cataluña, S.L. (a)	P	Cintra Infraestructuras España, S.L. (a)	100,0%	0	1
Inversora Autopistas de Cataluña, S.L. (a)	P	Cintra Inversora Autopistas de Cataluña, S.L. (a)	100,0%	0	1
Cintra Inversiones, S.L.U. (a)		Cintra Infraestructuras España, S.L. (a)	100,0%	318	
Cintra Servicios de Infraestructuras, S.A. (a)		Cintra Infraestructuras España, S.L. (a)	100,0%	7	1
Cintra Autopistas Integradas, S.A.U. (a)		Cintra Infraestructuras España, S.L. (a)	100,0%	0	
Autopista Alcalá-O'Donnell, S.A. (a)		Cintra Autopistas Integradas, S.A.U. (a)	100,0%	59	
SPAIN (Registered Office: Barcelona, Spain)					
Autopista Terrasa-Manresa, S.A. (a)	P	Inversora Autopistas de Cataluña, S.L. (a)	76.3%	445	1
AUSTRALIA (Registered Office: Melbourne, Australia)					
Cintra OSARS (Western) Holdings Unit Trust		Cintra OSARS Western Ltd	100,0%	30	
Cintra OSARS Western Unit Trust		Cintra OSARS (Western) Holdings Unit Trust	100,0%	0	4
AUSTRALIA (Registered Office: Sydney, Australia)					
Cintra Developments Australia PTY, Ltd		Cintra Infrastructures UK Ltd	100,0%	0	1
Cintra OSARS (Western) Holdings PTY Ltd		Cintra OSARS Western Ltd	100,0%	0	1
Cintra OSARS Western PTY Ltd		Cintra OSARS (Western) Holdings PTY Ltd	100,0%	0	1
CANADA (Registered Office: Toronto, Canada)					
Cintra 407 East Development Group Inc		407 Toronto Highway B.V.	100,0%	2	
Cintra OM&R 407 East Development Group Inc		407 Toronto Highway B.V.	100,0%	0	
4352238 Cintra Canada Inc		407 Toronto Highway B.V.	100,0%	0	
11200232 Canadá Inc.		4352238 Cintra Canada Inc	100,0%	215	
Blackbird Maintenance 407 Cintra GP Inc		407 Toronto Highway B.V.	100,0%	0	
Blackbird Infrastructure 407 Cintra GP Inc		407 Toronto Highway B.V.	100,0%	0	3
COLOMBIA (Registered Office: Bogotá, Colombia)					
Cintra Infraestructuras Colombia, S.A.S.		Cintra Global SE	100,0%	8	
UNITED STATES (Registered Office: Austin, United States)					
Cintra Holding US Corp		Ferrovial Holding US Corp	96.8%	586	
Cintra Texas Corp		Cintra Holding US Corp	100,0%	0	
Cintra US Services LLC		Cintra Texas Corp	100,0%	0	
Cintra ITR LLC		Cintra Holding US Corp	49,0%	40	
Cintra LBJ LLC		Cintra Holding US Corp	100,0%	314	
Cintra NTE LLC		Cintra Holding US Corp	100,0%	251	
Cintra NTE Mobility Partners Segments 3 LLC		Cintra Holding US Corp	100,0%	190	
Cintra Toll Services LLC		Cintra Holding US Corp	100,0%	0	
Cintra I-77 Mobility Partners LLC		Cintra Holding US Corp	100,0%	195	
Cintra 2 I-77 Mobility Partners LLC (2)		Cintra Holding US Corp	100.0%	64	
Cintra 2 I-66 Express Mobility Partners		Cintra Holding US Corp	100,0%	57	
Cintra I-66 Express Corp		Cintra I-66 Express UK Ltd	100,0%	0	
Cintra I-66 Express Mobility Partners LLC		Cintra I-66 Express Corp	100,0%	0	
UNITED STATES (Registered Office: Charlotte, United States)					
I-77 Mobility Partners Holding LLC	P	Cintra I-77 Mobility Partners LLC	50,1%	102	
I-77 Mobility Partners Holding LLC	P	Cintra 2-I77 Mobility Partners Holding LLC	15.0%	87	
I-77 Mobility Partners LLC	P	I-77 Mobility Partners Holding LLC	100,0%	203	1
UNITED STATES (Registered Office: Dallas, United States)					
LBJ Infrastructure Group Holding LLC	P	Cintra LBJ LLC	54,6%	314	
LBJ Infrastructure Group LLC	P	LBJ Infrastructure Group Holding LLC	100,0%	550	1
UNITED STATES (Registered Office: North Richland Hills, United States)					
NTE Mobility Partners Holding LLC	P	Cintra NTE LLC	63,0%	251	
NTE Mobility Partners LLC	P	NTE Mobility Partners Holding LLC	100,0%	349	1
NTE Mobility Partners Segments 3 Holding LLC	P	Cintra NTE Mobility Partners Segments 3 LLC	53,7%	190	

Auditores: (1) EY; (2) Deloitte; (3) BDO; (4) PWC; (5) KPMG; (6) Vir Audit
(a) Forman parte del Perímetro Fiscal de Ferrovial, S.A. y sociedades dependientes.

ENTITY	TYPE	PARENT	% OWNERSHIP	NET COST OWNERSHIP	AUDIT.
NTE Mobility Partners Segments 3 LLC	P	NTE Mobility Partners Segments 3 Holding LLC	100,0%	352	1
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Cintra Infrastructures SE		Ferrovial International SE	100.0%	1.177	1
Cintra Global SE		Ferrovial International SE	100.0%	2.873	
407 Toronto Highway B.V.		Cintra Global SE	100,0%	2.664	
IRELAND (Registered Office: Dublin, Ireland)					
Financinfrastructures, Ltd		Cintra Global SE	100,0%	32	
Cinsac, Ltd		Cintra Infraestructuras Irlanda, S.L.U.	100,0%	0	1
POLAND (Registered Office: Warsaw, Poland)					
Autostrada Poludnie, S.A.		Cintra Infrastructures SE	93,6%	13	2
PORTUGAL (Registered Office: Lisbon, Portugal)					
Vialivre, S.A.	P	Cintra Infrastructures SE	84,0%	0	2
PORTUGAL (Registered Office: Ribeira Grande, Portugal)					
Euroscut Açores, S.A.	P	Cintra Infrastructures SE	89,2%	0	2
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Cintra Silvertown Ltd		Cintra Infrastructures UK Ltd	100,0%	0	1
UNITED KINGDOM (Registered Office: Oxford, United Kingdom)					
Cintra Infrastructures UK Ltd		Cintra Global SE	100,0%	37	1
Cintra Toowoomba Ltd		Cintra Infrastructures UK Ltd	100,0%	6	1
Cintra UK I-77 Ltd		Cintra Infrastructures SE	100,0%	2	1
Cintra Slovakia Ltd		Cintra Global SE	100,0%	0	1
Cintra I-66 Express UK Ltd		Cintra Infrastructures UK Ltd	100,0%	0	1
Cintra OSARS Western Ltd		Cintra Infrastructures UK Ltd	100,0%	28	1
DISCONTINUED OPERATIONS					
CORPORATION					
SPAIN (Registered Office: Madrid, Spain)					
Autovía de Aragón, Sociedad Concesionaria, S.A. (a)	P	Ferrovial, S.A. (a)	15.0%	3	2
Pilum, S.A. (a)	P	Ferrovial, S.A. (a)	15.0%	0	2
Ferrovial Aravía, S.A. (a)	P	Ferrovial, S.A. (a)	15.0%	0	2
CONSTRUCTION					
SPAIN (Registered Office: Madrid, Spain)					
Autovía de Aragón, Sociedad Concesionaria, S.A. (a)	P	Ferrovial Construcción, S.A. (a)	25.0%	5	2
Pilum, S.A. (a)	P	Ferrovial Construcción, S.A. (a)	25.0%	1	2
Ferrovial Aravía, S.A. (a)	P	Ferrovial Construcción, S.A. (a)	25.0%	0	2
SERVICES					
SPAIN (Registered Office: Madrid, Spain)					
Ferrovial Servicios, S.A.U. (a)		Ferrovial International, S.E.	100,0%	265	2
Cespa, S.A (a)		Ferrovial Servicios, S.A. (a)	100,0%	553	2
Sitkol, S.A. (a)		Cespa, S.A (a)	99,0%	3	
Cespa Jardinería, S.L. (a)		Cespa, S.A (a)	99,0%	7	2
Cespa Gestión de Residuos, S.A. (a)		Cespa, S.A (a)	99,0%	42	2
Ecoenergia de Can Mata A.I.E.		Cespa Gestión de Residuos, S.A. (a)	70,0%	0	
Contenedores de Reus, S.A. (a)		Cespa Gestión de Residuos, S.A. (a)	99,0%	0	
Cespa G.T.R, S.A. (a)		Cespa Gestión de Residuos, S.A. (a)	100,0%	21	2
Ferrovial Servicios Logistica, S.A. (a)		Ferrovial Servicios, S.A. (a)	99,0%	0	
Ferrovial Servicios Participadas, S.L.U. (a)		Ferrovial Servicios, S.A. (a)	100.0%	2	
Ferroser Servicios Auxiliares, S.A. (a)		Ferrovial Servicios, S.A. (a)	99,5%	9	2
Ferroser Infraestructuras, S.A. (a)		Ferrovial Servicios, S.A. (a)	100,0%	18	2
Ferrovial Servicios Transporte Asistencial, S.A. (a)		Ferrovial Servicios, S.A. (a)	99,0%	0	
Autovía de Aragón, Sociedad Concesionaria, S.A. (a)	P	Ferroser Infraestructuras, S.A. (a)	60,0%	11	2
Pilum, S.A. (a)	P	Ferroser Infraestructuras, S.A. (a)	60,0%	3	2
Ferrovial Aravia, S.A. (a)	P	Ferroser Infraestructuras, S.A. (a)	60,0%	0	
SPAIN (Registered Office: Albacete, Spain)					
Ayora Gestión Biogás, S.L. (a)		Cespa, S.A (a)	80,0%	0	2
SPAIN (Registered Office: Alicante, Spain)					
Reciclados y Compostaje Piedra Negra, S.A.U. (a)		Cespa Gestión de Residuos, S.A. (a)	100,0%	5	2
SPAIN (Registered Office: Barcelona, Spain)					
Residus del Maresme, S.L.		Cespa, S.A (a)	51,0%	0	6
Ecoparc de Can Mata, S.L. (a)	P	Cespa, S.A (a)	99,0%	11	2
Ecoparc del Mediterrani, S.A.		Cespa Gestión de Residuos, S.A. (a)	48,0%	3	2
SPAIN (Registered Office: Cáceres, Spain)					
Biogas Extremadura, S.L.		Biotran Gestión de Residuos, S.L.U. (a)	51,0%	0	
SPAIN (Registered Office: Ciudad Real, Spain)					
Reciclum, Reciclaje y valorización de Residuos, S.L. (a)		Biotran Gestión de Residuos, S.L.U. (a)	99,0%	0	
SPAIN (Registered Office: Granada, Spain)					
Inagra, S.A. (a)		Cespa, S.A (a)	80,0%	3	2
SPAIN (Registered Office: Málaga, Spain)					
Andaluza de Señalizaciones, S.A. (a)		Ferroser Infraestructuras, S.A. (a)	99,0%	1	
SPAIN (Registered Office: Murcia, Spain)					
Cespa Servicios Urbanos de Murcia, S.A.U. (a)	P	Cespa, S.A (a)	100,0%	10	2
SPAIN (Registered Office: Santander, Spain)					
Smart Hospital Cantabria, S.A. (a)	P	Ferrovial Servicios, S.A. (a)	85,0%	8	2
SPAIN (Registered Office: Toledo, Spain)					
Gestión Medioambiental de Toledo, S.A.	P	Cespa, S.A (a)	60,0%	7	2
SPAIN (Registered Office: Valladolid, Spain)					
Biotran Gestión de Residuos, S.L.U. (a)		Cespa Gestión de Residuos, S.A. (a)	99,0%	11	2
Maviva Valladolid, S.L. (a)		Ferrovial Servicios Logistica, S.A. (a)	99,7%	0	
SPAIN (Registered Office: Vigo, Spain)					
Maviva, S.A. (a)		Ferrovial Servicios Logistica, S.A. (a)	100,0%	8	2
Maviva Servicios Globales, S.L. (a)		Ferrovial Servicios Logistica, S.A. (a)	99,4%	0	
Almacenes Servicios y Recuperaciones, S.L. (a)		Ferrovial Servicios Logistica, S.A. (a)	99,7%	0	2
NETHERLANDS (Registered Office: Amsterdam, Netherlands)					
Ferrovial Services Netherlands B.V.		Ferrovial, S.A. (a)	100,0%	1	2
Ferrovial Services International, S.E.		Ferrovial International, S.E.	100,0%	173	2
AUSTRALIA (Registered Office: Melbourne, Australia)					
Amey Consulting Australia Pty Ltd		Amey OW Ltd	100,0%	0	
CANADA (Registered Office: Toronto, Canada)					
Ferrovial Services Canada (Holdings) Limited		Ferrovial Services International, S.E.	100,0%	0	
Ferrovial Services Ontario Limited		Ferrovial Services Canada (Holdings) Limited	100,0%	0	
Ferrovial Services Canada Limited		Ferrovial Services Canada (Holdings) Limited	100,0%	0	
Ferrovial Services Alberta Limited		Ferrovial Services Canada (Holdings) Limited	100,0%	0	
CHILE (Registered Office: Antofagasta, Chile)					
Berliam S.p.A.		Ferrovial Servicios Chile, SpA	65,1%	19	2
Berliam S.p.A.		Inversiones Chile Ltda	34.9%	10	2
CHILE (Registered Office: Los Andes, Chile)					
Steel Ingenieria, S.A.		Ferrovial Servicios Chile SPA	99,9%	6	2
Ferrovial Servicios Chile SPA		Ferrovial Services International S.E.	100.0%	49	
CHILE (Registered Office: Santiago, Chile)					
Ferrovial Servicios Ambientales		Berliam S.p.A.	99,7%	3	2
Inversiones (Chile) Holdings Limitada		Ferrovial Servicios Chile SpA	100,0%	3	2
Inversiones (Chile) Limitada		Inversiones (Chile) Holding Limitada	100,0%	1	
Ferrovial Servicios Salud, SpA		Ferrovial Servicios Chile SPA	100.0%	0	
UNITED STATES (Registered Office: Austin, United States)					
Servicios (Delaware) Inc.		Ferrovial Services International, S.E.	100,0%	0	
Ferrovial Services U.S., Inc.		Servicios (Delaware) Inc.	100,0%	0	5
Ferrovial Services Infrastructure, Inc.		Ferrovial Services U.S., Inc.	100,0%	0	5
Ferrovial Services Oil & Gas Inc.		Ferrovial Services U.S., Inc.	100,0%	0	5
Timec Services Company, Inc.		Ferrovial Services Oil & Gas Inc.	100,0%	0	5
Timec Speciality Services, Inc.		Ferrovial Services Oil & Gas Inc.	100,0%	0	5
Timec Upstream Holdings, LLC		Ferrovial Services Oil & Gas Inc.	100,0%	0	5
Timec Oilfields, LLC		Timec Upstream Holdings, LLC	100,0%	0	5
Ferrovial Services Holding US Corp		Ferrovial Holding US Corp	100.0%	0	
Ferrovial Services US, LLC		Ferrovial Services Holding US Corp	100,0%	0	
UNITED STATES (Registered Office: Buffalo, United States)					
HRI, Inc.		Ferrovial Services Oil & Gas Inc.	100,0%	0	5
UNITED STATES (Registered Office: Houston, United States)					
Amey Consulting USA, Inc.		Amey OW Ltd	100,0%	0	
UNITED STATES (Registered Office: Vallejo, United States)					
T.R.S.C., Inc.		Ferrovial Services Oil & Gas Inc.	100,0%	0	5
MOROCCO (Registered Office: Tánger, Morocco)					
Cespa Nadafa, S.A.R.L.		Cespa, S.A (a)	98,8%	0	
PORTUGAL (Registered Office: Lisbon, Portugal)					
Ferrovial Serviços, S.A.		Ferrovial Services International SE	100,0%	29	2
Sopovico, S.A.		Ferrovial Serviços, SA	100,0%	1	2
PORTUGAL (Registered Office: Porto, Portugal)					
Maviva Portugalia S.R.L.		Ferrovial Servicios Logistica, S.A. (a)	100,0%	1	
Citrup, Lda		Ferrovial Serviços, SA	70,0%	0	2

Auditores: (1) EY; (2) Deloitte; (3) BDO; (4) PWC; (5) KPMG; (6) Vir Audit
(a) Forman parte del Perímetro Fiscal de Ferrovial, S.A. y sociedades dependientes.

ENTITY	TYPE	PARENT	% OWNERSHIP	NET COST OWNERSHIP	AUDIT.
Ferrovial Serviços - Ecoambiente, ACE		Ferrovial Serviços, SA	60,0%	0	
QATAR (Registered Office: Doha, Qatar)					
Amey Consulting LLC		Amey OW Ltd	49,0%	0	
UNITED KINGDOM (Registered Office: Glasgow, United Kingdom)					
Byzak Contractors (Scotland) Ltd		Byzak Ltd	100,0%	0	
C.F.M Building Services Ltd		Enterprise Managed Services Ltd	100,0%	4	2
UNITED KINGDOM (Registered Office: London, United Kingdom)					
Ferrovial Services UK, Ltd		Ferrovial Services International, S.E.	100,0%	9	2
Amey UK plc (a)		Ferrovial Services Netherlands, B.V.	100,0%	166	2
Cespa UK Ltd		Cespa, S.A. (a)	100,0%	37	2
Cespa Ventures Ltd		Cespa UK Ltd	100,0%	0	2
Amey Holdings Ltd		Amey UK plc	100,0%	566	2
Amey plc		Amey Holdings Ltd	100,0%	566	2
Amey Environmental Services Ltd		Amey plc	100,0%	0	2
Amey Building Ltd		Amey plc	100,0%	1	
Amey Community Ltd		Amey plc	100,0%	61	2
Amey Construction Ltd		Amey plc	100,0%	7	2
Amey Datel Ltd		Amey OW Ltd	100,0%	0	
Amey Facilities Partners Ltd		Comax Holdings Ltd	100,0%	2	
Amey Fleet Services Ltd		Amey plc	100,0%	49	2
Amey Group Information Services Ltd		Amey plc	100,0%	15	2
Amey Group Services Ltd		Amey plc	100,0%	45	2
Amey Highways Ltd		Amey plc	100,0%	0	2
Amey Investments Ltd		Amey plc	100,0%	0	2
Amey IT Services Ltd		Amey plc	100,0%	0	
Amey 1321 Limited		Amey plc	100,0%	0	
Amey LG Ltd		Amey plc	100,0%	250	2
Amey LUL 2 Ltd		Amey Tube Ltd	100,0%	7	2
Amey Mechanical & Electrical Services Ltd		Amey Community Ltd	100,0%	1	2
Amey OW Group Ltd		Amey plc	100,0%	34	
Amey OW Ltd		Amey OW Group Ltd	100,0%	1	2
Amey OWR Ltd		Amey OW Group Ltd	100,0%	0	2
Amey Programme Management Ltd		Amey plc	100,0%	0	2
Amey Rail Ltd		Amey plc	100,0%	38	2
Amey Railways Holding Ltd		Amey plc	100,0%	0	
Amey Roads (North Lanarkshire) Ltd		Amey LG Ltd	66,7%	0	2
Amey Services Ltd		Amey plc	100,0%	176	2
Amey Technology Services Ltd		Amey plc	100,0%	0	
Amey Tramlink Ltd		Amey Technololgy Services Ltd	100,0%	0	
Amey Tube Ltd		JNP Ventures Ltd	100,0%	8	
Amey Ventures Asset Holdings Ltd		Amey Investments Ltd	100,0%	0	2
Amey Ventures Ltd		Amey plc	100,0%	6	2
Amey Ventures Management Services Ltd		Amey Investments Ltd	100,0%	0	2
Amey Wye Valley Ltd		Amey LG Ltd	80,0%	0	2
Comax Holdings Ltd		Amey plc	100,0%	0	
JNP Ventures 2 Ltd		Amey Tube Ltd	100,0%	8	
JNP Ventures Ltd		Amey Ventures Ltd	100,0%	0	
Sherard Secretariat Services Ltd		Amey plc	100,0%	0	2
TPI Holdings Ltd		Amey OW Ltd	100,0%	0	
Transportation Planning International Ltd		TPI Holdings Ltd	100,0%	0	
Wimco Ltd		Amey Railways Holding Ltd	100,0%	0	
Amey Public Services LLP		Amey LG Ltd	66,7%	0	2
Nationwide Distribution Services Ltd		Amey LG Ltd	100,0%	5	2
AmeyCespa (MK) ODC Ltd		AmeyCespa Ltd	100,0%	0	2
A.R.M. Services Group Ltd		Enterprise Holding Company No 1 Ltd	100,0%	95	2
Access Hire Services Ltd		Enterprise Managed Services Ltd	100,0%	4	
Accord Asset Management Ltd		Accord Ltd	100,0%	11	
Accord Consulting Services Ltd		Accord Ltd	100,0%	0	
Accord Environmental Services Ltd		Accord Ltd	100,0%	0	
Accord Ltd		Enterprise plc	100,0%	171	2
Accord Network Management Ltd		Accord Asset Management Ltd	100,0%	1	
Brophy Grounds Maintenance Ltd		Enterprise Public Services Ltd	100,0%	5	2
Byzak Ltd		Globemile Ltd	100,0%	9	2
Countrywide Property Inspections Ltd		Durley Group Holdings Ltd	100,0%	0	

ENTITY	TYPE	PARENT	% OWNERSHIP	NET COST OWNERSHIP	AUDIT.
CRW Maintenance Ltd		Enterprise Holding Company No 1 Ltd	100,0%	0	
Durley Group Holdings Ltd		Enterprise Holding Company No 1 Ltd	100,0%	0	
Enterprise (AOL) Ltd		Accord Ltd	100,0%	90	2
Enterprise (ERS) Ltd		Trinity Group Holdings Ltd	100,0%	0	
Enterprise (Venture Partner) Ltd		Enterprise Holding Company No 1 Ltd	100,0%	0	2
Enterprise Building Services Ltd		Enterprise Holding Company No 1 Ltd	100,0%	0	
Enterprise Foundation (ETR) Ltd		Enterprise Holding Company No 1 Ltd	100,0%	0	
Enterprise Holding Company No.1 Ltd		Enterprise plc	100,0%	579	2
Enterprise Lighting Services Ltd		Enterprise Holding Company No 1 Ltd	100,0%	0	
Enterprise Managed Services (BPS) Ltd		Enterprise Managed Services Ltd	100,0%	21	
Amey Metering Ltd		Enterprise Managed Services Ltd	100,0%	10	2
Enterprise Managed Services Ltd		Amey Utility Services Ltd	100,0%	3	2
Enterprise plc		Amey plc	100,0%	0	2
Amey Power Services Ltd		Enterprise Managed Services Ltd	100,0%	11	2
Enterprise Public Services Ltd		Enterprise Holding Company No 1 Ltd	100,0%	4	2
Amey Utility Services Ltd		ARM Services Group Ltd	100,0%	47	2
Globemile Ltd		Enterprise Managed Services Ltd	100,0%	20	2
Haringey Enterprise Ltd		Accord Ltd	100,0%	0	
Heating and Building Maintenance Company Ltd		Enterprise Holding Company No 1 Ltd	100,0%	1	2
Hillcrest Developments (Yorkshire) Ltd		Durley Group Holdings Ltd	100,0%	0	
ICE Developments Ltd		Enterprise Holding Company No 1 Ltd	100,0%	0	
J J McGinley Ltd		Enterprise Holding Company No 1 Ltd	100,0%	4	
JDM Accord Ltd		Accord Ltd	100,0%	1	
MRS Environmental Services Ltd		Enterprise Holding Company No 1 Ltd	100,0%	16	2
MRS St Albans Ltd		MRS Environmental Services Ltd	100,0%	0	
Trinity Group Holdings Ltd		Enterprise Holding Company No 1 Ltd	100,0%	0	
Enterprise Business Solutions 2000 Ltd		Enterprise Holding Company No 1 Ltd	90,0%	0	
Enterprise Islington Ltd		Accord Ltd	99,0%	0	
EnterpriseManchester Partnership Ltd		Enterprise Managed Services Ltd	80,0%	0	2
Slough Enterprise Ltd		Accord Environmental Services Ltd	100,0%	0	2
Enterprise Fleet Ltd		Enterprise Managed Services Ltd	54,5%	0	
AmeyCespa Ltd		Amey LG Ltd	50,0%	0	2
AmeyCespa Ltd		Cespa UK Ltd	50,0%	0	2
AmeyCespa (East) Holdings Ltd		AmeyCespa Ltd	100,0%	54	2
AmeyCespa Services (East) Ltd	P	AmeyCespa (East) Ltd	100,0%	8	2
Allerton Waste Recovery Park Interim SPV Ltd		AmeyCespa Ltd	100,0%	0	
AmeyCespa (AWRP) ODC Ltd		AmeyCespa Ltd	100,0%	0	2
AmeyCespa (East) Ltd		AmeyCespa (East) Holdings Ltd	100,0%	0	2
AmeyCespa WM (East) Ltd	P	AmeyCespa Services (East) Ltd	100,0%	0	2
Novo Community Ltd		Amey Community Ltd	100,0%	0	2
Amey (IOW) SPV Ltd		Amey Ventures Asset Holdings Ltd	100,0%	0	2
Amey TPT Limited		Amey OWR Ltd	100,0%	6	2
Amey Finance Services Ltd		Amey plc	100,0%	0	2
AmeyCespa (MK) Holding Co Ltd	P	Amey Ventures Asset Holdings Ltd	50,0%	0	2
AmeyCespa (MK) Holding Co Ltd	P	Cespa Ventures Limited	50,0%	0	2
AmeyCespa (MK) SPV Ltd	P	AmeyCespa (MK) Holding Co Ltd	100,0%	0	2
Amey MAP Services Limited		Amey Investments Ltd	100,0%	0	
Amey Equitix Smart Meters 1 Holdings Limited		Amey Ventures Asset Holdings Ltd	100,0%	0	
Amey Equitix Smart Meters 1 SPV Limited		Amey Equitix Smart Meters 1 Holdings Limited	100,0%	0	
Amey Keolis Infrastructure/Seilwaith Amey Keolis Limited		Amey Rail Limited	90,0%	0	2
Amey Defence Services Limited		Enterprise Managed Services Limited	100,0%	10	2
Amey Defence Services (Housing) Limited		Enterprise Managed Services Limited	100,0%	11	2
UNITED KINGDOM (Registered Office: Liverpool, United Kingdom)					
Fleet and Plant Hire Ltd		Enterprise Managed Services Ltd	100.0%	0	2
UNITED KINGDOM (Registered Office: Manchester, United Kingdom)					
Enterprise Utility Services (DCE) Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	
Enterprise Utility Services (TBC) Ltd		Enterprise Holding Company No 1 Ltd	100.0%	0	

Auditores: (1) EY; (2) Deloitte; (3) BDO; (4) PWC; (5) KPMG; (6) Vir Audit
(a) Forman parte del Perímetro Fiscal de Ferrovial, S.A. y sociedades dependientes.

Anexo II. Associates (companies accounted for using the equity method) (millions of euros)

ENTITY	TYPE	PARENT	% OWNERSHIP	VALUE EQUITY METHOD	ASSETS	LIABILITIES	REVENUES	RESULTS	AUDIT.
MOBILITY									
SPAIN									
Car Sharing Mobility Services, S.L.	P	Ferrovial Mobility, S.L.U.	50,0%	7	16	7	6	-6	2
FRANCE									
Car Sharing & Mobility Services France, S.A.S	P	Car Sharing Mobility Services, S.L.	50,0%	2	5	2	1	-4	5
CONSTRUCTION									
SPAIN									
Urbs Iduex Et Causidicus	P	Ferrovial Construccion, S.A.	22,0%	0	385	417	37	7	2
Via Olmedo Pedralba, S.A.	P	Ferrovial Construccion, S.A.	25,2%	1	5	2	4	0	3
Boremer, S.A.		Cadagua, S.A.	50,0%	1	9	7	6	2	2
ESTADOS UNIDOS									
Pepper Lawson Horizon Intl. Group		Webber Commercial Construction LLC	70,0%	0	2	2	0	0	
OMAN									
International Water Treatment LLC		Cadagua, S.A.	37,5%	0	1	5	0	0	4
POLAND									
PPHU Promos Sp. z o.o.		Budimex SA	26,3%	0	4	2	3	0	
AIRPORTS									
UNITED KINGDOM									
FGP Topco Limited	P	Hubco Netherlands B.V.	25,0%	205	26.503	25.681	1.323	-1.585	2
AGS Airports Holdings Limited	P	Faero UK Holding Limited	50,0%	0	1.265	36	80	-121	2
QATAR									
FMM Company LLC	P	Ferrovial Servicios S.A.U.	49,0%	17	63	29	12	2	1
TOLL ROADS									
SPAIN									
Serranopark, S.A.	P	Cintra Infraestructuras España, S.L.	50,0%	2	61	64	4	-6	2
Sociedad Concesionaria Autovía de la Plata, S.A.	P	Cintra Infrastructures SE	25,0%	16	231	168	25	12	2
Bip & Drive, S.A.	P	Cintra Infraestructuras España, S.L.	20,0%	2	21	10	182	2	4
Autopista del Sol, C.E.S.A.	P	Cintra Infraestructuras España, S.L.	15,0%	111	93	93	6	0	1
AUSTRALIA									
Nexus Infrastructure Holdings Unit Trust	P	Cintra Toowoomba Ltd	40,0%	3	1	0	0	0	2
Nexus Infrastructure Unit Trust	P	Nexus Infrastructure Holdings Unit Trust	40,0%	9	48	17	25	3	2
Nexus Infrastructure Holdings PTY Ltd	P	Cintra Toowoomba Ltd	40,0%	0	0	0	0	0	
Nexus Infrastructure PTY Ltd	P	Nexus Infrastructure Holdings PTY Ltd	40,0%	0	0	0	0	0	
Netflow Osars (Western) GP	P	Cintra Osars (Western) Unit Trust	50,0%	29	125	64	35	5	4
CANADA									
407 International Inc	P	11200232 Canadá Inc.	43,2%	1.205	3.621	6.634	591	96	2
407 East Development Group General Partnership	P	Cintra 407 East Development Group Inc	50,0%	12	131	107	6	2	2
OM&R 407 East Development Group General Partnership	P	Cintra OM&R 407 East Development Group Inc	50,0%	1	5	2	5	1	
Blackbird Maintenance 407 GP	P	Blackbird Maintenance 407 Cintra GP Inc	50,0%	0	5	1	3	0	3
Blackbird Infrastructures 407 GP	P	Blackbird Infrastructures 407 Cintra GP Inc	50,0%	13	97	70	4	1	3
COLOMBIA									
Concesionaria Ruta del Cacao S.A.S.	P	Cintra Infraestructuras Colombia S.A.S.	30,0%	13	560	516	68	16	2
SLOVAKIA									
Zero Bypass Limited, Organizacna Zloska	P	Zero Bypass Ltd	35,0%	0	0	0	0	0	7
UNTIED STATES									
I-66 Express Mobility Partners Holdings LLC	P	Cintra 2 I-66 Express Mobility Partners	40,0%	0	163	48	0	0	
I-66 Express Mobility Partners Holdings LLC	P	Cintra I-66 Express Mobility Partners LLC	10,0%	0	163	48	0	0	
I-66 Express Mobility Partners LLC	P	I-66 Express Mobility Partners Holdings LLC	50,0%	45	1.905	1.767	0	0	1
NETHERLANDS									
Algarve International B.V. (1)	P	Cintra Infrastructures SE	20,0%	0	124	123	0	0	1
IRELAND									
Eurolink Motorway Operation (M4-M6) Ltd	P	Cintra Infraestructuras Irlanda, S.L.U.	20,0%	7	244	136	22	4	2
Eurolink Motorway Operations (M3) Ltd	P	Cinsac Ltd	20,0%	6	166	137	20	5	2
PORTUGAL									
Autoestrada do Algarve, S.A. (1)	P	Cintra Infrastructures SE	20,0%	0	202	127	32	13	2
Auto-Estradas Norte Litoral, S.A. (1)	P	Cintra Infrastructures SE	20,0%	0	344	169	38	19	2
UNTIED KINGDOM									
Scot Roads Partnership Holdings Ltd	P	Cintra Infrastructures UK Ltd	20,0%	0	0	0	0	0	4
Scot Roads Partnership Finance Ltd	P	Scot Roads Partnership Holdings Ltd	20,0%	0	417	417	0	0	4
Scot Roads Partnership Project Ltd	P	Scot Roads Partnership Holdings Ltd	20,0%	0	430	430	34	0	4
Zero Bypass Holdings Ltd	P	Cintra Slovakia Ltd	35,0%	0	0	0	0	0	7
Zero Bypass Ltd	P	Zero Bypass Holdings Ltd	35,0%	0	932	996	31	4	7
RiverLinx Holdings Ltd	P	Cintra Silvertown Ltd	22,5%	0	0	0	0	0	1
RiverLinx Ltd	P	RiverLinx Holdings Ltd	22,5%	0	396	493	11	-5	1
TOTAL VALUE BY EQUITY METHOD CONTINUED OPERATIONS				1,710					
SERVICES									
SPAIN									
Vialnet Vic, S.L.		Cespa, S.A.	49,0%	0	1	1	3	0	6
Recollida Residus Osona, S.L.		Cespa, S.A.	45,0%	1	4	2	8	0	6
Inusa Ing. Urbana, S.A.		Cespa, S.A.	35,0%	4	12	0	1	0	2
Valdemingomez 2000, S.A.		Cespa, S.A.	20,0%	1	13	5	7	9	2
Novalis Medio Ambiente . S.A.		Cespa Gestión de Residuos, S.A.	50,0%	0	3	4	0	0	
Valvení Soluciones Para El Desarrollo Sostenible, S.L.		Biotran Gestión de Residuos, S.L.U.	50,0%	4	0	0	0	0	
Valoraciones Farmaceúticas, S.L.		Biotran Gestión de Residuos, S.L.U.	50,0%	0	0	0	0	0	
Empresa Mant. y Explotación M30, S.A.		Ferrovial Servicios, S.A.	50,0%	-34	221	221	29	10	5
Madrid Calle 30, S.A.	P	Empresa Mant. y Explotación M30, S.A.	20,0%	51	698	195	122	63	8
Necrópolis de Valladolid, S.A.		Sitkol, S.A.	49,0%	4	23	5	6	1	11
Aetec, S.A.		Ferroser Infraestructuras S.A.	9,2%	0	1	0	1	0	
FerroNats Air Traffic Services, S.A.		Ferrovial Servicios, S.A.	50,0%	3	11	6	17	2	2
UNITED STATES									
AmeyWebber LLC		Amey Consulting USA, Inc	50,0%	0	0	0	0	0	
PORTUGAL									
Valor Rib, Lda		Ferrovial Serviços, SA	45,0%	1	8	5	5	1	
Ecobeirão, SA		Ferrovial Serviços, SA	20,0%	0	19	18	9	0	9
Ferrovial Serviços, Egeo, ECAC, Gabriel Couto, ACE		Ferrovial Serviços, SA	35,0%	0	1	1	0	0	
UNITED KINGDOM									
GEO Amey PECS Ltd		Amey Community Ltd	50,0%	9	24	6	121	10	10
Amey Infrastructure Management (1) Ltd		Amey Ventures Asset Holdings Ltd	10,0%	0	2	0	0	0	
AHL Holdings (Manchester) Ltd		Amey Ventures Investments Ltd	2,5%	0	25	22	8	1	2
Amey Highways Lighting (Manchester) Ltd	P	AHL Holdings (Manchester) Ltd	2,5%	0	0	0	0	0	2
AHL Holdings (Wakefield) Ltd		Amey Ventures Investments Ltd	2,5%	0	13	12	4	1	2
Amey Highways Lighting (Wakefield) Ltd	P	AHL Holdings (Wakefield) Ltd	2,5%	0	0	0	0	0	2
ALC (Superholdco) Ltd		Amey Ventures Investments Ltd	2,5%	2	45	6	55	23	5
ALC (FMC) Ltd		ALC (Superholdco) Ltd	50,0%	0	0	0	0	0	5
ALC (Holdco) Ltd		ALC (Superholdco) Ltd	2,5%	0	0	0	0	0	5
ALC (SPC) Ltd		ALC (Holdco) Ltd	2,5%	0	0	0	0	0	5
Amey Belfast Schools Partnership Hold Co Ltd		Amey Ventures Investments Ltd	5,0%	0	110	110	8	1	3
Amey Belfast Schools Partnership PFI Co Ltd	P	Amey Belfast Schools Partnership Hold Co Ltd	5,0%	0	0	0	0	0	3
Amey FMP Belfast Strategic Partnership Hold Co Ltd		Amey Ventures Management Services Ltd	70,0%	0	0	0	0	0	3
Amey FMP Belfast Strategic Partnership SP Co Ltd		Amey FMP Belfast Schools Partnership Hold Co Ltd	70,0%	0	0	0	0	0	3
Amey Roads NI Holdings Ltd		Amey Ventures Investments Ltd	2,5%	0	289	300	22	1	3
Amey Roads NI Financial plc		Amey Roads NI Ltd	2,5%	0	0	0	0	0	3
Amey Roads NI Ltd	P	Amey Roads NI Holdings Ltd	2,5%	0	0	0	0	0	3
Amey Lighting (Norfolk) Holdings Ltd		Amey Ventures Investments Ltd	5,0%	0	37	35	6	1	3
Amey Lighting (Norfolk) Ltd	P	Amey Lighting (Norfolk) Holdings Ltd	5,0%	0	0	0	0	0	3

(1) EY; (2) Deloitte; (3) BDO; (4) PWC; (5) KPMG; (6) Vir Audit; (7) Mazars; (8) PKF; (9) Martins Pereira, Joao Careca & Associados, Sroc.; (10) Grant Thornton UK LLP; (11) 3 Auditores SLP

ENTITY	TYPE	PARENT	% OWNERSHIP	VALUE EQUITY METHOD	ASSETS	LIABILITIES	REVENUES	RESULTS	AUDIT.
E4D&G Holdco Ltd		Amey Ventures Investments Ltd	4,3%	0	117	115	7	0	3
E4D&G Project Co Ltd	P	E4D&G Holdco Ltd	4,3%	0	0	0	0	0	3
Eduaction (Waltham Forest) Ltd (IP)		Amey plc	50,0%	0	0	0	0	0	
Integrated Bradford Hold Co One Ltd		Amey Ventures Investments Ltd	1,3%	0	79	78	8	0	5
Integrated Bradford Hold Co One Ltd		Integrated Bradford LEP Ltd	2,0%	0	0	0	0	0	5
Integrated Bradford PSP Ltd (IP)		Amey Infrastructure Management (1) Ltd	25,0%	0	2	2	1	0	5
Integrated Bradford Hold Co Two Ltd		Amey Infrastructure Management (1) Ltd	1,0%	0	163	156	16	2	5
Integrated Bradford Hold Co Two Ltd		Integrated Bradford LEP Ltd	2,0%	0	0	0	0	0	5
Integrated Bradford LEP Ltd		Integrated Bradford PSP Ltd	20,0%	0	0	0	0	0	5
Integrated Bradford LEP Fin Co One Ltd		Integrated Bradford LEP Ltd	20,0%	0	0	0	0	0	5
Integrated Bradford SPV One Ltd	P	Integrated Bradford Hold Co One Ltd	3,3%	0	0	0	0	0	5
Integrated Bradford SPV Two Ltd	P	Integrated Bradford Hold Co Two Ltd	3,0%	0	0	0	0	0	5
RSP (Holdings) Ltd		Amey Ventures Investments Ltd	1,8%	0	117	114	12	1	3
The Renfrewshire Schools Partnership Ltd	P	RSP (Holdings) Ltd	1,8%	0	0	0	0	0	3
Services Support (Avon & Somerset) Holdings Ltd		Amey Ventures Investments Ltd	1,0%	0	58	54	4	1	3
Services Support (Avon & Somerset) Ltd	P	Services Support (Avon & Somerset) Holdings Ltd	1,0%	0	0	0	0	0	3
Keolis Amey Docklands Ltd		Amey Rail Ltd	30,0%	4	19	5	103	1	2
Keolis Amey Metrolink Ltd		Amey Rail Ltd	40,0%	3	10	1	77	0	
AmeyVTOL Ltd		Amey OWR Ltd	60,0%	0	0	0	0	0	
Scot Roads Partnership Holdings Ltd		Amey Ventures Asset Holdings Ltd	20,0%	0	439	439	15	0	4
Scot Roads Partnership Project Ltd	P	Scot Roads Partnership Holdings Ltd	20,0%	0	0	0	0	0	4
Scot Roads Partnership Finance Ltd		Scot Roads Partnership Holdings Ltd	20,0%	0	0	0	0	0	4
Amey Infrastructure Management (2) Ltd		Amey Ventures Asset Holdings Ltd	10,0%	0	0	0	0	0	
AmeyCespa (AWRP) Holdco Ltd	P	Amey Infrastructure Management (2) Ltd	3,3%	0	330	329	19	-3	2
AmeyCespa (AWRP) SPV Ltd	P	AmeyCespa (AWRP) Holdco Ltd	3,3%	0	0	0	0	0	2
Amey Infrastructure Management (3) Ltd		Amey Ventures Asset Holdings Ltd	10,0%	0	0	0	0	0	
Amey Hallam Highways Holdings Ltd	P	Amey Infrastructure Management (3) Ltd	3,3%	0	277	309	57	5	3
Amey Hallam Highways Ltd	P	Amey Hallam Highways Holdings Ltd	3,3%	0	0	0	0	0	3
Amey Ventures Investments Ltd		Amey Investments Ltd	5,0%	0	32	32	0	0	3
Keolis Amey Wales Cymru Ltd		Amey Rail Ltd	40,0%	0	0	0	0	0	
Keolis Amey Operations/Gweithrediadau Keolis Amey Ltd		Amey Rail Ltd	36,0%	0	0	0	0	0	
Amey Breathe Limited		Amey Community Limited	50,0%	0	0	1	0	0	
TOTAL VALUE BY EQUITY METHOD DISCONTINUED OPERATIONS					53				

(1) EY; (2) Deloitte; (3) BDO; (4) PWC; (5) KPMG; (6) Vir Audit; (7) Mazars; (8) PKF; (9) Martins Pereira, Joao Careca & Associados, Sroc.; (10) Grant Thornton UK LLP; (11) 3 Auditores SLP

Appendix III. Information by segment

The Board of Directors analyses the performance of the Group mainly from a business perspective. From this perspective, the Board assesses the performance of the Construction, Toll roads, Airports and Services segments. Set forth below are the consolidated balance sheet and consolidated income statement for 2020 and 2019, broken down by business segment. The "Other" column includes the assets and/or liabilities and income and/or expenses of the companies not assigned to any of the business segments, including most notably the parent company, Ferrovial, S.A., and its other smaller subsidiaries. The "Adjustments" column reflects inter-segment consolidation eliminations.

BALANCE SHEET BY BUSINESS SEGMENT: 2020 (MILLIONS OF EUROS).

ASSETS (Millions of euros)	NOTE	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER AREAS	ADJUSTMENTS	2020
Non-current assets		**940**	**9,160**	**460**	**0**	**328**	**-426**	**10,462**
Goodwill on consolidation	3.1	169	0	39	0	0	0	208
Intangible assets	3.2	40	1	18	0	1	0	60
Fixed assets in infrastructure projects	3.3	93	6,145	24	0	-1	-61	6,200
Investment property		2	0	0	0	0	0	2
Property, plant and equipment	3.4	187	19	50	0	12	4	272
Right of use	3.7	80	3	0	0	14	0	97
Investments in associates	3.5	2	1,476	222	0	10	0	1,710
Non-current financial assets	3.6	22	907	100	0	192	-369	852
Loans granted to associates		3	61	100	0	0	0	164
Restricted cash in infrastructure projects and other financial assets	5.2	3	650	0	0	1	0	654
Other receivables		16	196	0	0	191	-369	34
Deferred taxes	2.8	345	134	7	0	100	0	586
Long-term financial derivatives at fair value	5.5	0	475	0	0	0	0	475
Current assets		**4,913**	**2,891**	**104**	**3,884**	**2,909**	**-2,035**	**12,666**
Assets classified as held for sale	1.1.3	118	69	0	3,884	0	0	4,071
Inventories	4.1	671	11	0	0	3	6	691
Current income tax assets		47	18	8	0	31	4	108
Short-term trade and other receivables	4.2	1,108	180	11	0	137	-144	1,292
Trade receivables for sales and services		943	81	4	0	44	-116	956
Other short-term receivables		165	99	7	0	93	-28	336
Cash and cash equivalents	5.2	2,968	2,549	84	0	2,732	-1,901	6,432
Loans with Group companies		959	535	68	0	342	-1,904	0
Other		2,009	2,015	16	0	2,388	4	6,432
Short term financial derivatives at fair value	5.5	1	64	1	0	6	0	72
TOTAL ASSETS		**5,853**	**12,051**	**564**	**3,884**	**3,237**	**-2,461**	**23,128**

LIABILITIES AND EQUITY (Millions of euros)	NOTE	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER AREAS	ADJUSTMENTS	2020
Equity	**5.1**	**1,221**	**4,661**	**455**	**1,012**	**-3,601**	**79**	**3,827**
Equity attributable to shareholders		1,089	4,158	455	1,001	-3,600	84	3,187
Equity attributable to non-controlling interests		132	503	0	11	-1	-5	640
Deferred income	**6.1**	**0**	**1,245**	**0**	**0**	**0**	**0**	**1,245**
Non-current liabilities		**436**	**5,736**	**87**	**0**	**3,384**	**-323**	**9,320**
Pension plan deficit	6.2	4	0	0	0	0	0	4
Long-term provisions	6.3	143	109	0	0	169	0	421
Long-term lease liabilities	3.7	48	2	0	0	11	0	61
Borrowings	5.2	130	5,053	77	0	3,034	-324	7,970
Payables to group companies		0	114	25	0	185	-324	0
Other		129	4,939	52	0	2,850	0	7,970
Debt securities and payables of infrastructure project companies		87	4,948	77	0	0	-34	5,078
Debt securities and payables of ex-infrastructure project companies		42	-9	-25	0	2,850	34	2,892
Other payables	6.4	4	12	0	0	0	1	17
Deferred taxes	2.8	102	225	4	0	97	0	428
Financial derivatives at fair value	5.5	5	335	6	0	73	0	419
Current liabilities		**4,196**	**409**	**22**	**2,872**	**3,454**	**-2,217**	**8,736**
Liabilities classified as held for sale	1.1.3	85	0	0	2,872	1	0	2,958
Short-term lease liabilities	3.7	54	1	0	0	4	0	59
Borrowings	5.2	217	204	10	0	3,270	-2,044	1,657
Payables to group companies		199	181	8	0	1,656	-2,044	0
Other		19	23	2	0	1,613	0	1,657
Financial derivatives at fair value	5.5	5	38	4	0	2	0	49
Current income tax liabilities		54	-74	-4	0	108	7	91
Short-term trade and other payables	4.3	3,016	122	11	0	69	-189	3,029
Trade provisions	6.3	763	118	0	0	2	9	892
TOTAL LIABILITIES AND EQUITY		**5,853**	**12,051**	**564**	**3,884**	**3,237**	**-2,461**	**23,128**

BALANCE SHEET BY BUSINESS SEGMENT: 2019 (MILLIONS OF EUROS)

ASSETS (Millions of euros)	NOTE	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER AREAS	ADJUSTMENTS	2019
Non-current assets		**1,149**	**10,539**	**980**	**0**	**748**	**-1,058**	**12,358**
Goodwill on consolidation	3.1	205	0	43	0	0	0	248
Intangible assets	3.2	42	0	19	0	2	0	63
Fixed assets in infrastructure projects	3.3	196	6,716	7	0	-1	-38	6,880
Investment property		2	0	0	0	0	0	2
Property, plant and equipment	3.4	202	22	56	0	15	4	299
Right of use	3.7	98	4	1	0	23	0	126
Investments in associates	3.5	3	1,808	747	0	-1	0	2,557
Non-current financial assets	3.6	59	1,443	106	0	664	-1,025	1,247
Loans granted to associates		3	62	106	0	0	0	171
Restricted cash in infrastructure projects and other financial assets	5.2	7	963	0	0	0	0	970
Other receivables		49	418	0	0	664	-1,025	106
Deferred taxes	2.8	341	131	2	0	27	1	502
Long-term financial derivatives at fair value	5.5	1	415	-1	0	19	0	434
Current assets		**4,836**	**2,622**	**63**	**4,936**	**1,605**	**-2,311**	**11,751**
Assets classified as held for sale	1.1.3	0	0	0	4,936	0	0	4,936
Inventories	4.1	681	13	-2	0	2	6	700
Current income tax assets		31	14	8	0	75	-31	97
Short-term trade and other receivables	4.2	1,106	165	8	0	130	-153	1,256
Trade receivables for sales and services		892	88	0	0	34	-123	891
Other short-term receivables		214	77	8	0	96	-30	365
Cash and cash equivalents	5.2	3,018	2,404	48	0	1,394	-2,129	4,735
Loans with Group companies		1,136	409	31	0	557	-2,133	0
Other		1,881	1,995	17	0	838	4	4,735
Short term financial derivatives at fair value	5.5	0	26	1	0	4	-4	27
TOTAL ASSETS		**5,985**	**13,161**	**1,043**	**4,936**	**2,353**	**-3,369**	**24,109**

LIABILITIES AND EQUITY (millions of euros)	NOTE	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER AREAS	ADJUSTMENTS	2019
Equity	5.1	**1,214**	**5,262**	**955**	**1,445**	**-3,099**	**-690**	**5,087**
Equity attributable to shareholders		1,127	4,572	955	1,433	-3,098	-685	4,304
Equity attributable to non-controlling interests		87	690	0	12	-1	-5	783
Deferred income	6.1	**2**	**1,345**	**0**	**0**	**0**	**0**	**1,347**
Non-current liabilities		**564**	**6,101**	**73**	**0**	**2,734**	**-418**	**9,054**
Pension plan deficit	6.2	4	0	0	0	0	0	4
Long-term provisions	6.3	165	188	0	0	165	0	518
Long-term lease liabilities	3.7	61	3	1	0	17	0	82
Borrowings	5.2	200	5,311	67	0	2,405	-418	7,565
Payables to group companies		0	47	9	0	362	-418	0
Other		199	5,264	58	0	2,044	0	7,565
Debt securities and payables of infrastructure project companies		148	5,264	67	0	1	-9	5,471
Debt securities and payables of ex-infrastructure project companies		51	0	-9	0	2,043	9	2,094
Other payables	6.4	12	13	0	0	0	0	25
Deferred taxes	2.8	101	263	5	0	106	0	475
Financial derivatives at fair value	5.5	21	323	0	0	41	0	385
Current liabilities		**4,205**	**453**	**15**	**3,491**	**2,718**	**-2,261**	**8,621**
Liabilities classified as held for sale	1.1.3	0	0	0	3,491	0	0	3,491
Short-term lease liabilities	3.7	63	1	0	0	7	0	71
Borrowings	5.2	283	294	14	0	2,497	-2,055	1,033
Payables to group companies		261	277	12	0	1,505	-2,055	0
Other		22	17	2	0	992	0	1,033
Financial derivatives at fair value	5.5	7	65	1	0	26	-2	97
Current income tax liabilities		79	-51	-8	0	118	-31	107
Short-term trade and other payables	4.3	**3,040**	**137**	7	0	71	-183	3,072
Trade provisions	6.3	**733**	**6**	1	0	1	9	750
TOTAL LIABILITIES AND EQUITY		**5,985**	**13,161**	**1,043**	**4,936**	**2,353**	**-3,369**	**24,109**

The detail of total assets by geographical area is as follows:

	2020	2019	CHANGE
Spain	6,636	5,200	1,436
UK	1,987	2,553	-566
USA	7,897	8,571	-674
Canada	3,191	3,416	-225
Australia	91	1,008	-917
Poland	1,721	1,625	96
Other	1,604	1,735	-131
TOTAL	23,128	24,109	-981

INCOME STATEMENT BY BUSINESS SEGMENT: 2020 (MILLIONS OF EUROS).

	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER SEGMENTS	DISCONTINUED OPERATIONS	ADJUSTMENTS	TOTAL
Revenue	5,862	405	8	5,935	128	-5,871	-126	6,341
Other operating income	2	0	0	9	1	-8	-1	3
Total operating income	**5,864**	**405**	**8**	**5,944**	**129**	**-5,879**	**-127**	**6,344**
Materials consumed	993	1	0	380	0	-370	1	1,005
Other operating expenses	3,700	97	18	2,771	109	-2,754	-126	3,815
Staff costs	944	55	7	2,573	73	-2,537	0	1,115
Total operating expenses	**5,637**	**153**	**25**	**5,724**	**182**	**-5,661**	**-125**	**5,935**
EBITDA	**227**	**252**	**-17**	**220**	**-53**	**-218**	**-2**	**409**
Fixed asset depreciation	93	92	2	229	9	-227	0	198
Operating profit/(loss) before impairment and disposal of fixed assets	134	160	-19	-9	-62	9	-2	211
Impairment and disposal of fixed assets	0	8	0	-21	7	21	0	15
Operating profit/(loss)	**134**	**168**	**-19**	**-30**	**-55**	**30**	**-2**	**226**
Net financial income/(expense) from financing	-9	-223	-2	-17	0	17	0	-234
Profit/(loss) on derivatives and other net financial income/(expense)	2	36	0	-2	0	2	-1	37
Net financial income/(expense) from infrastructure projects	-7	-187	-2	-19	0	19	-1	-197
Net financial income/(expense) from financing	14	22	0	-17	-46	17	2	-8
Profit/(loss) on derivatives and other net financial income/(expense)	-16	9	-3	-25	-16	24	0	-27
Net financial income/(expense) from other companies	-2	31	-3	-42	-62	41	2	-35
Net financial income/(expense)	**-9**	**-156**	**-5**	**-61**	**-62**	**60**	**1**	**-232**
Share of profits of equity-accounted companies	1	62	-447	22	-2	-15	1	-378
Consolidated profit/(loss) before tax	**126**	**74**	**-471**	**-69**	**-119**	**75**	**0**	**-384**
Corporate income tax	-37	-6	6	-33	65	33	0	28
Consolidated profit/(loss) from continuing operations	89	68	-465	-102	-54	108	0	-356
Net profit/(loss) from discontinued operations	0	0	0	0	0	-1	-2	-3
Consolidated profit/(loss) for the year	**89**	**68**	**-465**	**-102**	**-54**	**107**	**-2**	**-359**
Profit/(loss) for the year attributed to non-controlling interests	-42	-7	0	-2	1	2	-3	-51
Profit/(loss) for the year attributed to the parent company	**47**	**61**	**-465**	**-104**	**-53**	**109**	**-5**	**-410**

INCOME STATEMENT BY BUSINESS SEGMENT: 2019 (MILLIONS OF EUROS).

	CONSTRUCTION	TOLL ROADS	AIRPORTS	SERVICES	OTHER SEGMENTS	DISCONTINUED OPERATIONS	ADJUSTMENTS	TOTAL
Revenue	5,413	617	19	6,995	151	-6,995	-146	6,054
Other operating income	1	0	0	4	0	-4	1	2
Total operating income	**5,414**	**617**	**19**	**6,999**	**151**	**-6,999**	**-145**	**6,056**
Materials consumed	947	2	0	511	0	-511	0	949
Other operating expenses	3,855	118	26	2,987	106	-2,987	-146	3,959
Staff costs	898	62	10	3,118	58	-3,118	-1	1,027
Total operating expenses	**5,700**	**182**	**36**	**6,616**	**164**	**-6,616**	**-147**	**5,935**
EBITDA	**-286**	**435**	**-17**	**383**	**-13**	**-383**	**2**	**121**
Fixed asset depreciation	79	89	2	288	9	-288	1	180
Operating profit/(loss) before impairment and disposal of fixed assets	-365	346	-19	95	-22	-95	1	-59
Impairment and disposal of fixed assets	0	426	33	-5	0	5	1	460
Operating profit/(loss)	**-365**	**772**	**14**	**90**	**-22**	**-90**	**2**	**401**
Net financial income/(expense) from financing	-9	-253	-2	-19	0	19	0	-264
Profit/(loss) on derivatives and other net financial income/(expense)	3	-2	-1	0	0	0	1	1
Net financial income/(expense) from infrastructure projects	-6	-255	-3	-19	0	19	1	-263
Net financial income/(expense) from financing	30	44	0	-31	-15	31	-31	28
Profit/(loss) on derivatives and other net financial income/(expense)	-27	26	13	-23	31	23	-1	42
Net financial income/(expense) from other	3	70	13	-54	16	54	-32	70
Net financial income/(expense)	**-3**	**-185**	**10**	**-73**	**16**	**73**	**-31**	**-193**
Share of profits of equity-accounted companies	-1	182	115	29	0	-29	0	296
Consolidated profit/(loss) before tax	**-369**	**769**	**139**	**46**	**-6**	**-46**	**-29**	**504**
Corporate income tax	3	89	-3	-16	-142	16	6	-47
Consolidated profit/(loss) from continuing operations	-366	858	136	30	-148	-30	-23	457
Net profit/(loss) from discontinued operations	0	0	0	0	-11	-187	0	-198
Consolidated profit/(loss) for the year	**-366**	**858**	**136**	**30**	**-159**	**-217**	**-23**	**259**
Profit/(loss) for the year attributed to non-controlling interests	56	-37	-7	-3	0	3	-3	9
Profit/(loss) for the year attributed to the parent company	**-310**	**821**	**129**	**27**	**-159**	**-214**	**-26**	**268**

SECTION 7: EXPLANATION ADDED FOR TRANSLATION TO ENGLISH

These consolidated financial statements are presented on the basis of the regulatory financial reporting framework applicable to the Group in Spain (see Note 1.1.1). Certain accounting practices applied by the Group that conform with that regulatory framework may not conform with other generally accepted accounting principles and rules.

Translation of consolidated financial statements originally. In the event of a discrepancy, the Spanish-language version prevails.

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AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

Translation of a report and financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

To the shareholders of FERROVIAL, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of FERROVIAL, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated statement of financial position at December 31, 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated of cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2020 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Recognition of revenue from long-term contracts

Description	A considerable amount of the Ferrovial Group's revenue relates to long-term construction contracts, in which revenue is recognized over time in accordance with the stage of completion method. Revenue recognition for these contracts requires that management make significant estimates of the costs to be incurred and, where applicable, the amount of any modifications, claims or disputes arising in connection with the initial contract that will ultimately be accepted by the customer. The disclosures pertaining to this revenue can be found in Notes 1.3.3.4, 2.1 and 4.4 to the accompanying consolidated financial statements. Due to the complexity of making the aforementioned estimates, which requires that Ferrovial Group management make judgments when determining the assumptions considered and the fact that changes in these assumptions could give rise to material differences in the revenue recognized, we determined this to be a key audit matter.
Our response	In relation to this matter, our Audit procedures included: ▶ Understanding the policies and procedures the Group applies to revenue recognition, including an evaluation of the design and implementation of key controls related to revenue recognition using the stage-of-completion method and to budget planning, assessing methodology and monitoring the assumptions used in the preparation of contract budgets. ▶ Selecting a sample of contracts to assess the most significant estimates affecting revenue recognition, obtaining supporting documentation for these estimates as well as evidence of the judgments made; identifying relevant contractual clauses such as penalties or discounts, and assessing whether such clauses have been adequately reflected in the amounts recognized in the consolidated financial statements. ▶ Conducting a comparative analysis of budgeted vs actual revenue from contracts completed during the year, and analyzing Ferrovial Group management's monitoring of contract risks. ▶ Evaluating the reasonableness of the estimate of completed construction pending certification recognized as revenue at year-end, checking the status of negotiations with customers for the main contracts and reviewing the reasonableness of the documentation substantiating the probability of recovery, taking into account our own expectations based on our knowledge of the client and our experience in the sector as well as in the countries where the Ferrovial Group operates. ▶ Determining whether the provisions recognized at year-end reasonably reflect the main obligations and the level of risk of the contracts in question. ▶ Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Recognition and recoverability of investments in infrastructure projects operated under concession arrangements

Description

As explained in Note 1.3.3.2 to the accompanying consolidated financial statements, concession arrangements for which the resulting consideration consists of an unconditional contractual right to receive cash or other financial assets from the grantor (or on the grantor's behalf) as compensation for construction and operating services and for which the grantor has little or no discretion to avoid payment, are classified as a financial asset. In addition, concession agreements in which the consideration received consists of the right to charge the corresponding tariffs based on the degree of use of the public service are classified as intangible assets. Both models are recorded in accordance with IFRIC12 "Service Concession Arrangements." "Fixed assets in infrastructure projects" in the consolidated statement of financial position at December 31, 2020 includes 6.200 million euros for this item, of which 90 million euros correspond to concessions considered as financial assets and 6.110 million euros to concessions considered as intangible assets. The disclosures pertaining to these assets can be found in Note 3.3 to the accompanying consolidated financial statements.

Ferrovial Group management makes estimates regarding concession models which include forecasts of operating expenses, investments, and the internal rate of return. In addition, Ferrovial Group management tests its most significant operating concession assets annually when there are indications of impairment.

Given the complexity associated with making the aforementioned estimates and determining the related assumptions considered, as well as the material impact that changes in these assumptions could have on the accompanying consolidated financial statements, and given the significance of the amounts of investments in infrastructure projects carried out under concession, we determined the recognition and recoverability of these assets to be a key audit matter.

Our response

In this regard, our audit procedures included:

- Understanding the policies and procedures applied to concession assets, including evaluation of the design and implementation of key controls related to the process.
- Reviewing the terms and conditions of concession arrangements to determine whether they have been correctly recorded.
- Reviewing and assessing, for a sample of concession assets, the reasonableness of the methodologies used by the Group to estimate payments and collections and their effect on the internal rate of return.
- Performing substantive tests based on financial economic models of infrastructure projects, verifying the arithmetical accuracy of the calculations made, and assessing the reasonableness of the main projected operating assumptions (mainly related to traffic, tariffs, operating costs, and investment disbursements) and their consistency with the terms and conditions of the concession.
- Reviewing, in collaboration with valuation specialists, the reasonableness of the methodology used by the Group, and the construction of discounted cash flows, focusing on the discount rate and long-term growth rate applied, as well as the related sensitivity analyses carried out.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Classification and determination of the recoverable amount of assets classified as held for sale and transactions classified as "Assets and liabilities classified as held for sale and from discontinued operations"

Description

As explained in Notes 1.1.3, 1.3.3.5, 1.3.3.6 and 2.9 to the accompanying consolidated financial statements, the Group records the main revenues and expenses and assets and liabilities related to the services business line as discontinued operations and as non-current assets and liabilities held for sale, respectively, since the conditions set forth in IFRS 5 "Non-current assets held for sale and discontinued operations" are met. Accordingly, net assets corresponding to discontinued operations are measured at the lower of carrying amount and fair value less costs to sell and are not subject to amortization/depreciation.

The amount of "Assets and liabilities classified as held for sale and discontinued operations" at December 31, 2020 amounts to 4.071 and 2.958 million euros, respectively, and the amount of "Profit/(Loss) from discontinued operations" in the consolidated income statement as at December 31, 2020 amounts to -3 million euros (losses), corresponding to profit or loss from this business line.

Determining the probability of disposing of the services business line in the different geographical areas in the short term, as well as estimating the recoverable amount, less costs to sell of the net assets concerned, require using valuation techniques that include making assumptions and that the Group make judgments to determine them. Therefore, we determined this issue to be a key audit matter.

Our response

In this regard, our audit procedures included:

- Understanding the policies and procedures applied to concession assets, including evaluation of the design and implementation of key controls related to the process.
- Reviewing the documentation supporting the Group's decision to continue classifying the assets and liabilities of the services line as discontinued operations.
- Evaluating the methodology and valuation assumptions used by Ferrovial Group management, for which we involved our valuation specialists.
- Reviewing the results of the comparison made by Ferrovial Group management of the carrying amounts and fair values of discontinued operations, ensuring that they were correctly recorded.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Recoverability of goodwill and investments held in 407 International Inc., FGP Topco Limited and AGS Airports Holdings Limited

Description

As explained in Note 3.5 to the accompanying consolidated financial statements, at December 31, 2020, the Group had investments in the associates 407International Inc., FGP Topco Limited and AGS Airports Holdings Limited" amounting to 1.205, 205 and 0 million euros, respectively.

Moreover, as explained in Note 3.1, the Group has goodwill on consolidation amounting to 208 million euros at December 31, 2020 related to certain investments, associated primarily with cash generating units of the Construction Division.
Where required, the Group tests these assets for impairment at least annually. The disclosures pertaining to these assets can be found in Notes 3.5 and 3.1.2 to the accompanying consolidated financial statements.

The assessment of possible impairment is a key audit matter as it requires estimates that involve the application of judgments both when determining the valuation method used and when evaluating key assumptions related to the future results of the cash generating units to which the goodwill belongs, as well as determining the recoverable amount of equity method investments in which discount rates, business plans, and tariffs are also involved.

Our response

In this regard, our audit procedures included:

- Understanding the policies and procedures the Group applies to assessing goodwill and investments in associates for impairment to determine the recoverable amount of its non-current assets, including evaluation of the design and implementation of related key controls.
- Analyzing internal and external factors taken into account by Ferrovial Group management to conclude on the existence or non-existence of objective indicators of impairment.
- Assessing the reasonableness of the methodology used by Group management to determine the recoverable amount of the assets, involving our valuation specialists in the review of the valuation method used and the uniformity with which it is applied, verifying arithmetical calculations and evaluating the discount rates and long-term growth rates used.
- Reviewing projected financial information, analyzing the congruency among the various assumptions and their reasonableness.
- Verifying that the financial projections used to calculate value in use agree with the latest financial information available to management.
- Analyzing the sensitivity of profit and loss to certain key assumptions.
- Checking that the disclosures made in the notes to the consolidated financial statement comply with the applicable financial reporting framework.

Other questions

On February 27, 2020, other auditors issued their audit report on the 2019 consolidated financial statements, in which they expressed an unmodified opinion.

Other information: consolidated management report

Other information refers exclusively to the 2020 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

a) Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.

b) Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2020 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company´s directors and the audit and control committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit and control committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit and control committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit and control committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit and control committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

European single electronic format

We have examined the digital files of the European single electronic format (ESEF) of FERROVIAL, S.A. and subsidiaries for the 2020 financial year, which include the XHTML file containing the consolidated financial statements for the year, and the XBRL files as labeled by the entity, which will form part of the annual financial report.

The directors of FERROVIAL S.A. are responsible for submitting the annual financial report for the 2020 financial year, in accordance with the formatting and mark-up requirements set out in Delegated Regulation EU 2019/815 of 17 December 2018 of the European Commission (hereinafter referred to as the ESEF Regulation).

Our responsibility consists of examining the digital files prepared by the directors of the parent company, in accordance with prevailing audit regulations in Spain. These standards require that we plan and perform our audit procedures to obtain reasonable assurance about whether the contents of the consolidated financial statements included in the aforementioned digital files correspond in their entirety to those of the consolidated financial statements that we have audited, and whether the consolidated financial statements and the aforementioned files have been formatted and marked up, in all material respects, in accordance with the ESEF Regulation.

In our opinion, the digital files examined correspond in their entirety to the audited consolidated financial statements, which are presented and have been marked up, in all material respects, in accordance with the ESEF Regulation.

Additional report to the audit and control committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit and control committee on February 25, 2021.

Term of engagement

The ordinary general shareholders' meeting held on April 17, 2020 appointed us as auditors for 3 years, commencing on December 31, 2020.

ERNST & YOUNG, S.L.
(Registered in the Official Register of Auditors under No. S0530)

(signed on the original version In Spanish)

Francisco Rahola Carral
(Registered in the Official Register of Auditors under No. 20597)

February 25, 2021

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