

GLOBAL VISION

THE STRATEGY REMAINS IN FORCE

In 2020, the company launched its Horizon24 Plan. This strategy continues, with a focus on preserving liquidity and fostering efficiencies while evaluating growth opportunities.

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he year 2020 has been a year marked by the economic and health effects of the COVID-19 pandemic. Since March, many countries have restricted mobility, severely impacting the demand for services, and to a large extent those related to transportation. The company

has experienced a significant drop in traffic figures on its roads and airports, but at the same time, it has responded firmly to this challenge by focusing on health and safety, strengthening its financial position and contributing to society.

The development of vaccines and treatments, the stimulus announced by Governments (COVID-19 stimulus bill in the US, European Recovery Fund) and the actions taken by the private sector are paving the path for recovery that will differ by geographies and businesses and will contribute to the transformation of the infrastructure sector towards a more green, digital and inclusive industry.

In this context, investment in infrastructure continues to be a key factor for economic recovery and growth. Sustainable infrastructure development, preserving resources for future needs, and the acceleration of trends, such as mobility or digitalization, present attractive opportunities for Ferrovial:

- Congestion in cities and access routes will demand new transport infrastructure and mobility alternatives that are more innovative and that contribute to reduce carbon emissions. Trends such as “Work from home” (WFH) or e-commerce have accelerated during the pandemic, impacting behavior patterns and traffic evolution, for example, increasing heavy vehicles in toll roads next to industrial and logistic corridors and decreasing business travel.
- Digitalization of transport infrastructure and the increasing need for connectivity among infrastructure, vehicles and users, will require new investments in technology. Autonomous vehicles and the upgraded infrastructure required will play a key role in improving road safety and performance.
- Climate change concerns and decarbonization commitments will also demand new infrastructure development in the fields of electrification, water treatment and sanitation, energy efficiency and circular economy.

In addition to the impact that the pandemic will have on the economy, the company faces several challenges:

- Competition from infrastructure companies, with growing interest in greenfield projects in developed countries, and from financial investors, providing liquidity to the market and investing at more aggressive returns.

- Decarbonization in transportation, a clear objective for the sector, as it is responsible for a significant portion of global emissions.
- Regulation and rule of law, key factors when investing in long duration assets and selecting geographies.
- Commercial, political and social tensions in the countries where the company operates, that could affect economic recovery.

STRATEGY

Strategic priorities

- **People:** is the first priority of the company’s strategy. The company’s people management model is a key source of competitive advantage and is based on three main pillars, people safety, talent management and engagement. Ferrovial has defined the organizational and management structures to ensure alignment with strategy, ensuring equal opportunities and diversity. Ferrovial will promote the highest standards for health and safety in its operations based on prevention and target zero accidents. In addition the company will focus on identifying, developing and retaining talent, and will continue to reinforce engagement creating working environments to maximize the contribution from its employees.
- **Sustainable growth:** develop and operate sustainable, innovative and efficient infrastructure projects with high concessional value. The company will focus on its core markets (USA, Canada, Spain, UK and Poland), while evaluating opportunities in other regions such as Australia and other selected countries in Europe and Latam.
 - In Toll Roads, Ferrovial will continue developing greenfield, traffic-risk projects with a focus on Managed Lanes, mainly in the US and Canada, proactively generating pipeline and bidding for strategic projects. The company will also maintain its competitive advantages in availability projects in markets with potential pay-per-use growth.
 - In Airports, the company will focus on preserving liquidity while it continues to implement efficiencies and explore opportunities and partnerships globally.
 - In Construction, the objectives are to maintain sustainable profitability over time and to increase business with other group companies. In addition, it will support infrastructure business focusing on greenfield transport projects and it will develop additional local capabilities in key countries.
 - Ferrovial will also continue building capabilities for other sustainable infrastructure related opportunities in adjacent sectors such as electrification, water and mobility.



Horizon 24
Strategy Plan

Financial discipline will continue to be a priority for Ferrovial, strengthening its capital structure and rotating non-core assets and businesses to realize value and fund future growth.

- **Operational excellence:** focus on achieving ambitious sustainability targets (environmental, social and governance), fostering efficiency and optimizing core processes.

Sustainability is a key aspect in the company's operations with a focus on reducing the environmental impact, prioritizing safety and contributing to the development of society. The company has updated its sustainability strategy which is aligned with the UN Sustainable Development Goals as well as with Horizon 24. Its action plan commits to targets in decarbonization, water footprint, gender equality and integrity among others, while shaping the company business portfolio to deliver solutions for a sustainable economy. In this context, Ferrovial will continue to proactively engage in maintaining its presence in sustainability indexes such as Dow Jones Sustainability, Carbon Disclosure Project and FTSE4Good.

In infrastructure, Ferrovial will continue leveraging its distinctive skills, such as traffic management and revenue optimization, and its expertise in assets such as the 407ETR, the Texas Managed Lanes and Heathrow. In construction, the company will increase its references and capabilities in the design and construction of complex projects.

- **Innovation:** enhance core business by supporting the company's digital transformation and developing new capabilities and services to reinforce its competitiveness. The company will develop new digital and disruptive innovation at the corporate level and will sponsor projects with the business units focusing on value creation and promoting its entrepreneurial culture.

HORIZON 24 PLAN: YEAR ONE

The Horizon 24 Strategic Plan covers the 2020-2024 period, and is focused on the promotion, construction and management of sustainable infrastructure. The plan pursues a more agile, innovative and efficient company. Despite the impact of COVID-19, Horizon 24 is making progress in crucial issues.

TRENDS



Mobility



Technology



Demographics



Sustainability

MARKETS



VISION

Develop and operate innovative, efficient and sustainable infrastructure while creating value for our stakeholders

PURPOSE

Sustainable infrastructures for a world on the move

VALUES



Collaboration



Innovation



Respect



Excellence



Integrity

PRIORITIES



People

- New Health and Safety Plan implemented. More than 18% reduction in the Serious Injury and Fatal accident frequency rate in 2020 compared to 2019
- Launch of a new People Plan focused on engagement and talent
- Commitment to employees and society during the COVID-19 crisis (i.e., employee health and safety, essential services to society, "Ferrovial Together COVID-19" fund)



Sustainable growth

- Ongoing development and bidding in core sectors and geographic areas
- Reinforced commitment to divest non-core activities: 500 M€ from divestments in 2020
- Action plans implemented to compensate the impact of COVID-19 on transport infrastructures



Operational excellence

- Ongoing turnaround in the Construction division (from a negative EBIT margin to +2.8%)
- New operating model implemented with committed savings of ~50 M€
- Committed to sustainability: environmental footprint reduction in 2020 (i.e., carbon footprint -6% vs 2019, water compensation >30x Basin Water Index)



Innovation

- Collaboration with innovative transport solutions (i.e., Hyperloop) and funds (i.e., Atomic)
- Launch of the fourth edition of Ferrovial's innovation program (Zuritanken) with more than 300 ideas received.
- Launch of Foresight, a new open innovation platform created to explore and build the future of transport infrastructure and the mobility sector