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STRATEGY AND VALUE CREATION

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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.

The 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.



407 ETR Toll Road, Toronto, Canada. © José Manuel Ballester



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

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



Respect



Innovation



Excellence



Integrity

MARKETS



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



LBJ Express Toll Road, Texas, United States. © José Manuel Ballester

TOLL ROADS

READY FOR THE RECOVERY

Cintra helps reduce the investment shortfall in infrastructures mainly in increasingly congested urban settings with sustainable concession models that minimize the need for public funds.

Cintra carries out its activity in markets with predictable institutions, good economic perspectives (North America, Australia and Europe), developed financial markets and with high demand for transport infrastructures. Its projects focus on reducing congestion problems in urban areas (complex greenfield concessions).

Amassed over more 50 years of experience, the in-depth knowledge of new technologies applied to pricing (advanced analytics), in addition to synergies with Ferrovial Construction make Cintra a company with a high potential for creating value and strong competitive advantages.

Over the course of 2020, the COVID-19 pandemic has resulted in restrictions being placed on the movement of people in all regions in which Ferrovial operates, considerably affecting volumes of traffic on toll roads; this has varied with the increase and decrease of the spread of the virus and the consequent restrictions placed on movement by local authorities. However, the impact on results has been limited thanks to the improved performance of commercial traffic and heavy-goods vehicles over the year, in addition to the rate flexibility of its assets.

MAIN ASSETS

Cintra possesses 43.23% of the 407 ETR Toll Road in Toronto, Canada, and 62.97%, 54.6% and 53.67% of the NTE, LBJ and NTE 35W Managed Lanes in the US state of Texas, respectively; and 65.1% of the I-77 in the US state of North Carolina. The Managed Lanes I-66 (50%) in Virginia and the 3C extension to the North of the NTE 35W, in Texas, are in the construction stage.

In Managed Lanes, toll rates are dynamic and can be changed every few minutes according to the level of congestion, while guaranteeing drivers a minimum speed at all times. Equipped with free-flow toll systems (no barriers), they stand out for their long term of the concession and broad rate flexibility and an optimized long-term financing structure, making Cintra a leader in the private development of high-complexity transport infrastructures.

VALUE CREATION

High-complexity greenfield projects

Cintra is focused on complex greenfield projects owing to their high value-creation potential. Its capacity to assess and assume greater levels of risk associated with the project in the tender phase (construction,

financing, operation and traffic management) produces higher initial rates of return (IRR).

The creation of value lies in the reduction in the discount rate of future cash flows in the elimination (construction) or reduction (traffic/financing) of the project's risks as the concession progresses.

An example of this elimination of construction risk can be seen in the opening of different sections of toll roads in Colombia, Slovakia and Australia in 2020, achieved against a difficult backdrop. On the Ruta del Cacao Toll Road (Colombia), four of the total nine sections of toll road in the project have been opened. In D4R7 (Slovakia), 33.5 of the total 59 km of toll road have been opened. Finally, in OSARs (Australia), six of the eight projects for which a concession has been awarded have been opened.

Financial risks were also eliminated during 2020. In the 407 ETR (Canada), for example, 1.45 billion CAD were released in bonds via three issues of 700 million CAD at a rate of 2.84%, 350 million CAD at a rate of 1.80% and 400 million CAD at a rate of 2.59%, all maturing after 2025; this brought forward the refinancing of all maturities in 2021 in addition to providing the concessionaire with liquidity. In Toowoomba (Australia), 400 million AUD were refinanced with a very competitive margin of 0.90% (total cost of 4.66%). This concession will have no further debt maturities until 2025.

Turnover of mature assets

By reducing risks, the value created is materialized in the sale of mature projects, with use of the revenue for investment in new assets with greater value-creation potential. One example can be seen in the transfer of the holding in two Portuguese toll roads to the DIF infrastructure fund, (49% of the Norte Litoral Toll Road and 48% of Via do Infante)

NORTH AMERICA

96%

Based on analysts' consensus

CONCESSIONS

23

including Ausol as a toll road

KILOMETERS

1,475

DIVIDENDS (M€)

340

40% of total flow (ex-infra)

INVESTMENT MANAGED (M€)

20,801

93% international



Entrevista con Alejandro de la Joya CEO de Cintra

MOBILITY AFTER THE PANDEMIC

Mobility restrictions adopted by governments around the world to cope with the pandemic have changed behavioral patterns, negatively affecting road traffic. The rise of telework and e-commerce represent two sides of the same coin, with different impacts on congestion. What is the balance of these two effects, are they here to stay? are the big questions to be answered.

During COVID-19 (North America)

COVID-19

- Light vehicle traffic has reduced because of lockdowns and restrictions; increase in teleworking and reduced leisure time
- Heavy traffic is sustained at levels similar to the pre-COVID situation because of the rise in e-commerce



IMPACT OF TELEWORK

5%-10%

of pre-COVID-19 employment

35%-40%

of employment during COVID-19

COMMERCIAL



TRADITIONAL
-10%
in 2020

ELECTRONIC
+20%
in 2020



After the pandemic

TELEWORK

- Impact on peak hour travel in urban areas
- Increase in off-peak nonwork trips
- Peripheral residential model with longer trips



E-COMMERCE

- Consolidation as a popular, convenient and cost-effective channel after the COVID-19 experience
- Overall increase in travel during working hours: shipment and return traffic outweighs the reduction in individual journeys
- Disruption to traffic due to large vehicles continually stopping in limited parking environments



for a total value of 171 million euros. Furthermore, Cintra will have a contract to manage both assets until the end of both concessions. The deal will be completed when approval is received from the Portuguese authorities and financial institutions.

Socially responsible infrastructures

The Managed Lanes projects, the backbone of Ferrovial's strategy, have proven to be a more efficient and less polluting way of responding to growing demand for urban mobility in a quick, easy and efficient manner. CO₂ emissions are higher in the traditional stop and go traffic model than in a continuous free flow model, as part of which Managed Lanes are offered to users. In addition, it is a socially responsible model from an investment perspective, as the users using the toll road "subsidize" the reconstruction and operation of the free-of-charge lanes used by everybody.

Users: top priority

Cintra maintains its focus on customer satisfaction and its value proposition encompassing reliability, time savings and security. This is reflected in the response of customers, with growing levels of acceptance and satisfaction across all its projects.

In 2020, the 407 ETR Toll Road sustained its high levels of customer satisfaction of 88% in toll road service and in its call center, which handled more than 2.3 million requests and again won awards as a World Class Call Center for its excellence in the quality of service for the seventh consecutive year. Furthermore, in 2020 the app was also launched for the 407 ETR Toll Road in response to growing demand among users, who appreciate the opportunity to have a fully digital experience.

On the morning of February 11th, 2021, there was a multiple vehicle collision in the NTE3 project. Prior to the accident the company pre-treated the road in accordance with applicable standards and best practices and based on the existing weather forecast. At the time of the accident electronic variable signage was advising drivers of the adverse weather conditions and asking drivers to proceed with caution. NTE3 is cooperating with the authorities' investigations.

Employees: support for merit

Cintra offers opportunities for the professional development of all its employees by promoting internal mobility and ensuring that merit is the decisive factor in their career. In 2020, despite the context created by the pandemic, 28% of employees changed their job or location, and one out of every four people are working in an international assignment.

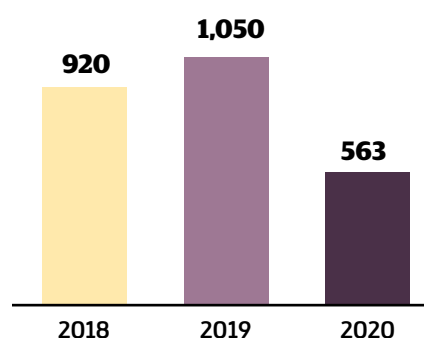
AIVIA AND THE FUTURE OF HIGHWAYS

Ferrovial is leading the development of smart corridors through its Connected Corridor Orchestration Initiative (AIVIA), together with Microsoft, 3M and Kapsch, among others. The initiative develops the next generation of toll roads by hybridizing digital and network technologies such as 5G, V2X connectivity, sensors, advanced analytics or simulation with the physical infrastructure to reduce congestion and improve the traveler experience, safety, predictability of journey times and access to infotainment content from the vehicle. Connected corridors will be an essential element of connected mobility systems as vehicles continue to evolve towards full autonomy and in the intermediate stage of high-speed "mixed" mobility, where autonomous and conventional vehicles coexist in the same road space.

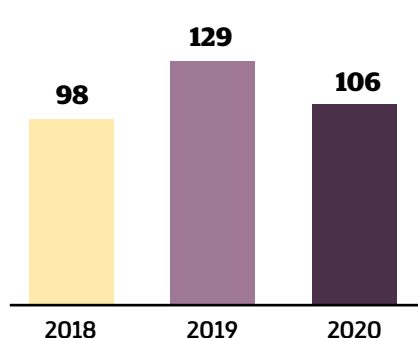
REFINANCING LBJ DEBT

In 2020, Cintra completed the refinancing of part of its debt in LBJ. In total, 615 million dollar were raised on the Private Activity Bonds (PABs) market over 20 years, with an all-in-cost of 2.92%, against the coupon of between 7 and 7.5% on the refinanced PABs; this issue was highly successful among investors. Furthermore, the Moody's rating increased to Baa2, with the Fitch rating of BBB- maintained.

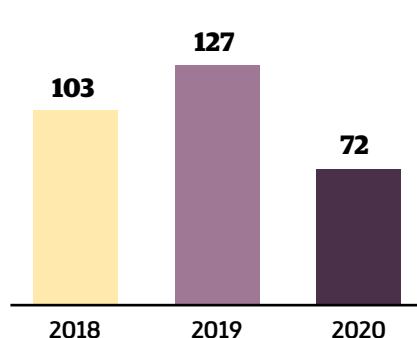
407 ETR (CANADA)
DIVIDENDS DISTRIBUTED
MCAD



NTE (USA)
EBITDA M\$



LBJ (USA)
EBITDA M\$





AIRPORTS

WARMING UP

Ferrovial Airports is one of the world's main private airport investors and operators. It currently has four assets in the United Kingdom: Heathrow (25%) and the three members of the AGS Group (50%) – Aberdeen, Glasgow and Southampton.



In addition, it is developing its electricity lines business in Chile, where it has the Transchile asset in operation and the Centella and Tap Mauro projects, which are currently under construction.

ASSETS

The effects of the COVID-19 pandemic and, most notably, the mobility restriction measures have had a significant impact on the airport sector in 2020. Both Heathrow and AGS have recorded decreases in traffic compared to 2019: in the case of the London hub, 72.7%, and 75.9% for the group made up of Aberdeen, Glasgow and Southampton airports. While the easing of these restrictions in the summer allowed an upturn in air traffic, their reintroduction in the last months of the year, particularly in the United Kingdom, led to a significant drop in air traffic again.

In December, the UK Supreme Court ruled unanimously in favor of Heathrow's appeal in relation to the suspension of the Airports National Policy Statement that will allow the airport to apply for planning permission for its third runway: a victory that once again makes its expansion a strategic objective for Ferrovial Airports, in parallel to the short term efforts to recover traffic after the pandemic, demonstrating the commitment to environmental and climate change objectives.

The end of the Brexit transition period on December 31 did not have a significant impact on the operations of these four assets, as they had contingency plans in place to ensure continuity of operation and service to their passengers following the United Kingdom's final exit from the European Union.

In the development and management of electricity transmission network business, progress has been made in 2020 in the construction and operation of the 250-kilometer line and the Centella substation north of Santiago de Chile. Ferrovial Airports has been awarded a concession for the construction, operation and maintenance of a new section that will connect this substation with the Los Piuquenes – Tap Mauro line.

The combination of these projects under construction and the Transchile business – a 204-kilometer line in the south of the country – means that Ferrovial now has 2,160 MW of capacity in Chile, making it a major player in the sector in the country.

HEALTH AND SAFETY IN AIRPORTS

Ferrovial's airports have been at the forefront of measures to protect the health of their passengers and workers in the context of the COVID-19 pandemic:

- Mandatory use of face masks, installation of protective screens and deployment of signage to maintain safe distances.
- Implementation of robots assisted by ultraviolet technology for continuous cleaning and disinfection.
- Placement of antiviral wraps on high contact surfaces.
- Installation of dedicated COVID-19 rapid diagnostic testing centers at Heathrow Terminals 2 and 5.
- Conducting rapid tests before traveling to destinations requiring a negative test at origin.
- Requirement to submit a negative test no more than three days before a flight from any UK airport.
- Implementing touchless technologies to minimize contact with people or objects at boarding gates, when booking and collecting purchases or in catering establishments.

Thanks to these and other measures, Ferrovial's airports have received several awards. Heathrow was recognized in November as the safest airport in Europe according to the Safe Travel Barometer and certified as a 3-star COVID-19 airport by Skytrax. And Glasgow Airport received the International Safety 2020 award from the British Safety Council.

VALUE CREATION

Operational efficiency and quality of service

In a year of unprecedented complexity for the airport sector as a whole, Ferrovial Airports optimized processes under the premise of protecting its operations, the health of its passengers and workers and maintaining service quality. Some of the measures taken have included renegotiating contracts, restructuring the organizational structure, consolidating operations – through temporary closures, for example, of Heathrow Terminals 3 and 4 and closing a runway – and reassessing and deferring noncore investments.



Ferrovial Airports
“we make good
airports great”



Heathrow Airport, London, United Kingdom.

It is also worth noting that in 2020, Heathrow was recognized by the Skytrax World Airport Awards as ‘Best Airport for Shopping’ for the tenth year in a row, and that Terminals 3 and 5 of the London hub were ranked among the top five in the world.

As for Transchile, in 2020 the availability of its electricity line – the main metric of quality of service in electricity distribution – reached 99.98%.

Sustainability

While the health and economic cost of COVID-19 has dominated the debate around the aviation sector in 2020, the challenges of ensuring its sustainable growth in the medium and long term have not only remained the same, but aspects such as its contribution to the fight against climate change have become even more central for governments, investors and society as a whole.

Aware of these challenges, Ferrovia's airports have maintained an uninterrupted commitment to sustainability in 2020 in their three-fold approach on environmental, social and corporate governance aspects:

- Carbon neutrality in all its operations.
- Independent assessment of initiatives to reduce their carbon footprint in accordance with the Airport Carbon Accreditation by Airports Council International (ACI).
- Publication of the Heathrow Net-Zero Target strategy, with the ambition that 2019 will be the year in which it made its most CO₂ emissions.

- AGS, at the top of the world ranking in the Global Real Estate Sustainability Benchmark (GRESB), with Glasgow Airport recognized as the world and European leader in the 5-star category and Aberdeen and Southampton second and third in Europe and the United Kingdom.
- AGS airports became the first in the United Kingdom to trial the 100 ml Oxo-Biodegradable security bags, designed to carry liquids and gels.
- Heathrow continued to make progress on its Heathrow 2.0 strategic plan, under which its terminals now operate on 100% renewable energy and it has the largest fleet of electric vehicles in Europe.
- In the electricity transmission network business, Ferrovia's assets contribute to integrating renewable energies into the Chilean distribution grid and, therefore, to the government's efforts to decarbonize the country.

Innovation

The main innovation projects undertaken by Ferrovia Airports in its assets in 2020 include:

- Introducing the autonomous vehicle in Southampton Airport's bus network, to reduce operating costs and reallocate resources to personalized passenger service without sacrificing the highest standards of service quality and safety.
- Transchile's development of a solution, supported by geolocation technology and big data, to calculate access routes to assets in remote locations, to improve staff safety and reduce response times.

CONSTRUCTION

A TRANSFORMATIVE PROJECT

The Construction Division is key to Ferrovial's strategy, focusing on the development of complex and sustainable infrastructure assets.

Ferrovial Construction is the business unit responsible for performing civil engineering, construction, water treatment plants and industrial works. It is recognized internationally for its capacity to design and execute unique and sustainable construction works, in particular major transport infrastructures.

The current situation caused by the COVID-19 pandemic has had a limited impact on Ferrovial Construction, as many of its ongoing projects have been classed as essential activities. In spite of these difficult circumstances, the Construction division has increased its gross revenues in 2020 and recorded EBIT of 2.2%. These figures reflect the commitment of the division to hit its EBIT target of 3.5% in 2024, in line with the Horizon 24 Strategic Plan.

In 2020, Ferrovial Construction launched Project Abacus, which includes health and safety, technology and innovation, the OPIP program to improve operating processes that optimize risk management and thus consolidate the future profitability of the division. This program includes a digital transformation plan aimed at controlling processes in all phases of the project, enhancing design capacities and training teams to improve collaboration between tender and operations departments.

Ferrovial Construction focuses its activities on the international market in complex projects in countries with stable economies that are committed to modernizing their infrastructures.

The outlook in **Poland** remains positive in the medium term, thanks to plans to invest in roads and railways through to 2025-26, despite

RAILWAY STATION IN WARSAW

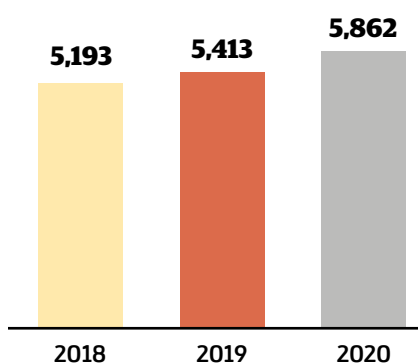
Budimex, the Polish construction subsidiary was awarded the 400 million euros project to reconstruct the Warszawa-Zachodnia railway station, the second largest in the country, which receives more than 1,300 trains and 60,000 passengers per day, with these figures expected to double by 2030. This work included the comprehensive reconstruction of 30 kilometers of railway line, several connection branches and an underground tram tunnel at level -2. This award reflects the positive performance of Budimex, which in 2020, in addition to its positive financial performance, has been awarded 800 million euros across seven roadway contracts, in addition to other significant industrial and construction contracts.

the moderate impact of COVID-19 on the 2020 tender process and the emergence of new foreign competitors.

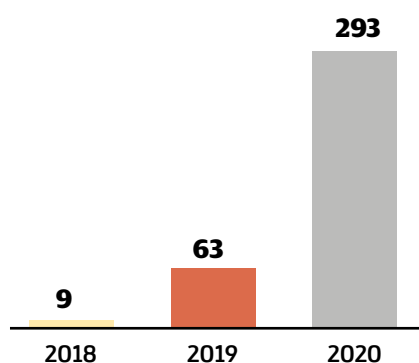
In **Spain**, following the delay in the 2020 tender process on account of the pandemic, an uptake in public construction initiatives is expected in relation to road infrastructures (DGC), railways (ADIF) and airports (AENA), backed by the approval of the General State Budgets and the EU Recovery Plan.

In the **USA** and **Canada** investments in states and provinces remains on the up, with the publicly financed P3 or DBF projects worth particular mention, where Ferrovial boasts ample experience. Following the 2020 US presidential elections, political will at a federal level to pass a

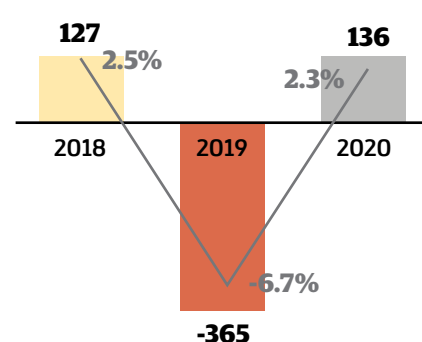
REVENUES (M€)



CASH FLOW (M€)



EBIT (M€)





Discover the progress of the Abacus Project



Q6 Project, Heathrow Airport, London, United Kingdom.

new multi-year infrastructure plan has been confirmed. In Texas, 2021 is expected to see a new record set in terms of road tenders, accompanied by an ample pipeline of water projects, where PLW, the company's local subsidiary specialized, is one of the leaders in the sector.

VALUE CREATION

Construction is a key factor in Ferrovial's strategy, thanks to its capacity to undertake complex projects at an international level. In addition to its intrinsic profitability and ability to generate cash flow, it adds value coordinating the design and construction of infrastructure concessions in which other investment divisions at the Group have an interest. This collaboration has been reflected once again in 2020 in the preselection in the USA of the *Miami North Corridor* light rail line. Other notable milestones include the start of work on Segment 3C of the NTE Toll Road (Texas), or the connection of four bridges that together measure three kilometers over the River Danube as part of the D4R7 highway (Slovakia).

Portfolio diversification

The company is a specialist in highly complex projects thanks to the international experience and presence of near 400 employees at its Technical Office, focusing on the search for top-tier engineering solutions. In this regard, sectoral diversification and tendering for less strategic projects, allowing technical skills to be honed, ensure that the material and human resources at Ferrovial Construction are constantly ready to tender for complex infrastructure concessions. With this diversification and complexity in mind, worth particular mention in 2020 are the completion of the Agua Vista treatment plant in San Antonio (Texas) and different awarded contracts, including lots C2-C3 of the HS2 high speed rail line, the Goleniów-Ciecierzycze gas pipeline in Poland, phase 2 of the data center in Alcalá de Henares and the construction and assembly of a floating concrete wind power platform in the Basque Country.

Selective internationalization

Internationally, focus remains on the USA and Polish markets, which account for 70% of all sales. In other countries with a stable presence, the UK, Canada, Chile or Australia are all worth particular mention, in addition to Spain as the company's home market.

Commitment to society: environment, quality and safety

The Construction division undertakes its operations under strict criteria that maximize quality and safety, while minimizing their environmental impact. A good example of this can be seen in the three million hours with no fatal accidents recorded on the I-66 Toll Road (USA), the self-consumption cogeneration plant at Heineken's WWTP in Valencia (Spain), preventing the emission of 170 tons of CO₂ each year, or the ENR Global Best Project 2020 Award for the ring road in Toowoomba (Australia) on account of its culturally inclusive work environment.

Innovation as a catalyst for improvement

Ferrovial Construction remains committed to R&D&I and the digital transformation, as demonstrated by the reinforcement of BIM (Building Information Modeling) in railway infrastructures or the renovation of residential buildings, or the application of big data and blockchain technology to improve construction processes.

Employees: Talent management

The Construction division is committed to the continuous development of its employees. In this regard, as part of Project Abacus, new mentoring and skills-based training initiatives have been rolled out. Also, in 2020 the division received various acknowledgements, including best young engineer at the Premios Caminos de Madrid and the awards extended to three engineers at the European Women in Construction and Engineering awards.

ABACUS PROJECT: STRAIGHT INTO THE FUTURE

Ferrovial Construction has designed the Abacus Project, a strategic plan designed to lay the foundations for the future of the industry. Abacus Project represents a decision by the company to position itself as a global benchmark, including health and safety, profitability, risk management, technology and innovation. Target: 3.5% EBIT margin by 2024.

PROFITABILITY

- Geographical focus
- Become a local player
- Geographical collaboration with Cintra and Ferrovial Airports
- Optimum size

HEALTH AND SAFETY

- Leadership
- Competition
- Resistance
- Commitment

TECHNOLOGY AND INNOVATION

- Data-driven decision
- Information management
- Project management tools
- Emerging technologies

RISK MANAGEMENT

- Improving operational processes
- Strengthening the design process
- Project selection

OBJECTIVES

1.

Competitive size
≈€6,000 M

2.

Sustainable profits

3.

Cycle resistance

4.

Leadership and transformation

5.

Focused on people

EBIT MARGIN

2.3%

2020

3.5%

2024



SERVICES

CITIES AND INFRASTRUCTURES

Ferrovial Services is an international leader both in terms of the implementation of the circular economy and the maintenance and management of public and private infrastructures, mainly in the transport, power, health and industrial activity sectors.

CASH FLOW
(BEFORE TAXES)

358

million euros

ESSENTIAL
SERVICES

27,000

employees

FREQUENCY RATE

-14%

compared to 2019

WASTE MANAGED

9.7

million tonnes



Valdemingómez
biogas treatment
plant

I

n February 2019, Ferrovial announced its strategic decision to class Ferrovial Services as a discontinued activity available for sale, with a view to steering its activities towards the development of transport infrastructure investments. Following the agreement reached with Ventia Services Group for the sale of Broadspectrum in December 2019, the sale of all Services operations was completed in Australia and New Zealand on 30 June 2020 for 288 million euros. Subsequently, it sold its 50% share in TW Power Services to another shareholder in the company, Worley, for 12 million euros.

The remainder of disinvestments in all regions in which Ferrovial Services operates (Spain and Portugal, the UK, North America, Chile and Qatar) remain ongoing, although all these processes are being affected, to differing extents, by the macroeconomic uncertainty caused by COVID-19.

BACKGROUND

In **Spain**, the pandemic has had an adverse impact on the services associated with economic activity, such as transport, leisure and industrial production, while the demand for health-associated products has increased substantially. Furthermore, in 2020 there has been greater demand for cost optimization amongst customers in addition to a slowdown in public and private tendering processes; for the large part, Ferrovial Services has offset this by obtaining extensions on major contracts, such as SERMAS, A Coruña and Almería city councils and the Andalusian Health Service. The company has demonstrated great resilience and adaptation capacity.

In the **United Kingdom**, Amey has satisfactorily overcome the operational challenges brought on by the health crisis, preserving the continuity of essential services and enhancing its liquidity thanks to the measures approved by the British government, including the deferred payment of VAT. Furthermore, the company has simplified the structure of support functions to optimize its operational efficiency and it has restructured its activities with a view to strengthening its position in the maintenance of transport infrastructures (roads and railways) and facility management activities with major customers, such as the Ministry of Defence. At the same time, Amey has confirmed divestment plans in both the waste treatment business and utilities services (suppliers of water, gas and electricity).

In the case of Ferrovial Services Internacional, the biggest impact that COVID-19 has had on services has affected the industrial repair and maintenance of crude-oil infrastructures in North America, due to the fall in demand for refined oil products. This has been offset, to a large extent, by the organic growth in the road maintenance business in the USA and Canada and the mining services in Chile.

VALUE CREATION

The development of a culture of zero tolerance of occupational risks has resulted in a further reduction in frequency rate of 14% in 2020, following the roll out of new projects adapted to different activities. A solid example of integrated safety is +VIAL, a cross-cutting program designed to minimize the number of accidents suffered by road maintenance workers, in addition to the users of these infrastructures.

In addition to strengthening training and prevention, Ferrovial Services uses innovation to protect its employees and users. Within other technologies, the company has developed a system for the automated deployment of signals and beacons on roads, without the need for drivers to depart their truck and expose themselves to traffic risks. Another line being developed is the use of virtual and augmented reality as a tool for enhancing knowledge of and improving self-protection.

Occupational safety

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Operational efficiency and digitalization

The company has simplified the support structure in all geographical areas through cost reduction programmes with positive results. At the same time, in 2020, its commitment to the technification of services has been stepped up, including smart waste collection management, with volumetric sensors to optimize collection routes depending on how full containers are and using new tools to digitally manage processes as part of operations.

The application of new technologies has also provided an opportunity for strengthening collaboration with customers and enhancing interaction with residents. Some examples of this can be seen in REMAD, an online system for exchanging second-hand items rather than dumping them, rolled out at all recycling centres in Madrid, or DUGUD, a mobile app that promotes recycling at the origin, allowing users to accumulate points when they hold their card up to the reader placed on the container and that can be exchanged for discounted services.

DIGITAL STREET LIGHTING USING NB-IOT TECHNOLOGY

In Spain, of the 9 million street lights currently in use, around 25 to 30% have already been replaced with LED lights, entailing savings of between 65 and 85%; now, thanks to a new solution developed by Ferrovial Services, Telefónica and Tellink, a further 10% stands to be saved through the individual remote management of street lights. This technology makes it possible to control all lights from a single control point, making it possible to turn them on and off, adjust light levels and the consumption of each light. This system has already been rolled out in Alcantarilla (Murcia) and Gozón (Asturias), and it is due to be implemented in other towns and cities in the coming months.

DECARBONIZATION AND WASTE AS A SOURCE OF GREEN ENERGY

The circular economy is a fundamental pillar of Ferrovial Services' value proposition, with waste considered a source of energy, in addition to a raw material or resource that can be given a new use. In line with European directives, the percentage of waste recovered must reach 65% by 2035, while the percentage sent to dumps must account for no more than 10%. One example of the recovery of biogas from waste can be seen at the Valdemingómez biomethanization plant in Madrid, the only industrial plant in Spain to transform biogas into a renewable natural gas (biomethane) and inject it as clean energy into the gas network. This plant injects around 100,000 MWh into the network per year, enough energy for 20,000 homes or 500 city buses in Madrid.

Sustainable growth

Notable progress has been made steering the recovery of waste towards treatment plants as a new industry 4.0. Ferrovial Services is involved in pilot projects at a very advanced stage in Spain and Portugal, with dual advanced robotic systems that are offering substantial improvements both in recovery rates and the quality of the recovered material. At the same time, the installation of sensors and data analytics in integrated digitalization projects at plants makes it possible to create dashboards to manage operations and maintain facilities in a more efficient and safe manner.

Sustainable growth has also been seen in energy efficiency, with a portfolio of more than 260 million euros; this has been reflected in average energy savings of more than 60% in public lighting and approximately 30% in buildings, making it possible to reduce emissions by more than 135,000 tCO₂ since 2009 in Spain alone. Ferrovial Services offers this solution as a form of supporting competitiveness, helping customers to use resources more efficiently.

In relation to the renovation of the project portfolio, the company has been awarded significant infrastructure projects, including the main highway and road network (more than 600 kilometres) in South West Scotland for 465 million euros, in addition to new contracts with the Departments for Transport in Florida, Texas, Georgia, Alaska and Washington D.C.

NEW BUSINESSES

MOBILITY, WATER AND ELECTRIFICATION

Ferrovial explores new business opportunities related to sustainable infrastructure in the mobility, water and electrification sectors. By doing so, it has reinforced its commitment to the 2030 Agenda.

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he Horizon 24 Plan, presented in January 2020 by Ferrovial marks the entry of the company into new sectors. Initially, it plans to embark on projects in mobility, through Zity; water, through Cadagua; and electrification, with transmission, are the chosen sectors.

MOBILITY

Ferrovial is constantly searching and investigating ways to offer accessible, clean and sustainable mobility solutions with the aim of reducing congestion and contamination in cities as part of its firm commitment to SDG 9 (industry, innovation and infrastructure) and SDG 11 (sustainable cities and communities).

The recent creation of the Ferrovial Mobility business unit seeks to respond to new habits amongst citizens, the technological disruption, care for the environment and traffic congestion in cities.

Thanks to its experience in the development and operation of transport infrastructure and its knowledge of users, it offers innovative mobility services that adapt to new market demands, as part of its commitment to infrastructures adapted to connected, autonomous, shared and electric mobility.

Zity is an electric carsharing service that facilitates rentals by the minute. Ferrovial, in collaboration with Renault, has a fleet of more than 750 fully-electric Renault ZOE vehicles, with an autonomy of 300 kilometers, in Madrid and 500 in Paris.

Furthermore, as part of its commitment to progressively increasing the purchase of renewable electricity (with the goal of reaching 100% in 2025), an agreement has been signed with Iberdrola to recharge car batteries using certified renewable energy.

The startup Wondo offers all mobility options available in Madrid, in addition to the payment of services, on a single platform, spanning taxis, public transport and *carsharing and motorbike sharing services*.

WATER

Through its subsidiary Cadagua, which boasts almost 50 years' experience, it builds and manages water treatment and purification plants, developing the highest quality purification and desalination technologies with maximum respect for the environment.

It has drinking water treatment plants (DWTP), wastewater treatment plants (WWTP), industrial wastewater treatment plants (IWWTP), thermal drying plants for urban sewage sludge and seawater desalination plants (SWDP). The latter are equipped with inverse osmosis technology for which the company is renowned worldwide.

The company has designed and built more than 235 water treatment plants to supply more than 21 million people. It has more than 140 treatment plants (DWTP) that treat the discharge from around 29 million residents. The most notable DWTP include those in Utebo and Bens.

Ferrovial, with 85 drinking water treatment plants and 32 desalination plants, supplies 15.5 million residents, offering innovative designs in the construction of treatment plants and selecting the right technology thanks to the training of its engineers and technicians. The company has built 32 desalination plants worldwide with a combined capacity of more than 1,200,000 m³ per day; worth particular mention are the Al Ghubrah plant in Oman, the Al-Zawrah plant in Ajman and those in Rambla de Valdelentisco, Águilas-Guadalentín, Alicante and Ceuta.

Cadagua boasts extensive experience in the design, construction, operation and maintenance of thermal sludge drying, the treatment of dewatered sludge from treatment plants. The goal is to evaporate as much water as possible in the sludge in the most energetically efficient manner. It operates the largest thermal drying plant in Europe (South, Madrid), treating 300,000 tons per year.

FERROVIAL - HYPERLOOP TRANSPORTATION TECHNOLOGIES ALLIANCE

Ferrovial, as a global leader in the infrastructure sector, and Hyperloop Transportation Technologies (HTT), as a pioneer in Hyperloop technologies, have signed a framework agreement to jointly study different project development opportunities for this revolutionary mode of ground transportation in the US. Both companies thus open the door to cooperation in developing a wide range of tasks, including the analysis and development of routes, the operation and maintenance of Hyperloop technology itself or engineering and construction work, for both potential passenger and freight transport projects in the American region.

WATER
TREATMENT
PLANTS

235

DESALINATED WATER

1.2

million m³ per day

ELECTRICAL
TRANSMISSION LINES

408

kilometers in operation

ZITY

1,250

100% electric vehicles



ELECTRIFICATION

The company provides integrated solutions for the development and management of electrical transmission lines. It is staunchly committed to electrification, decarbonization and energy efficiency.

Currently, it operates three transmission lines, positioning the company amongst the biggest players in Chile:

- Charrúa-Cautín in southern Chile: operation and maintenance of a 220 kV double-circuit line measuring 204 kilometers in length with a transmission capacity of 500 MVA per circuit. The infrastructure serves more than 300,000 homes.
- Nueva Pan de Azúcar, to the north of Santiago de Chile: construction and operation of a line measuring approximately 250 kilometers (2 x 220 kV) with a nominal capacity of 580 MVA per circuit. The project includes the construction of the new Centella substation in the city of Salamanca.
- Tap Mauro, to the north of Santiago: construction, operation and maintenance of a four-circuit transmission line spanning 3 kilometers each connecting the Los Piuquenes – Tap Mauro line to the new Centella substation.