PHOTO: NTE toll road, Texas (United States)

GENERAL OVERVIEW

The company's results in 2016 were marked by the generation of ex-infrastructure operating cash flow totalling EUR995mn (before tax), the result of balanced contributions with higher dividends from 407ETR, HAH and AGS, and improved operating cash flow from Services (mainly over the final quarter). This good performance enabled the company to increase shareholder remuneration (EUR544mn vs EUR532mn in 2015).

One of the highlights in 2016 was the strong performance of infrastructure assets with solid traffic growth and being awarded the I-66 toll road (Virginia, USA). There were also important contract awards in Construction and financial events such as the issuance of a EUR500mn bond at 0.375% or the refinancing of Ausol.

The year also saw the closure of the acquisition of Broadspectrum (Australia), the sale of the Chicago Skyway and of stakes in the Irish toll roads, as well as an agreement to sell stakes in two Portuguese toll roads.

In comparable terms, revenues grew slightly vs 2015 (+1.2%) and EBITDA decreased -4.0% (vs. -8.1% in reported figures).

MAIN CORPORATE TRANSACTIONS IN 2016:

- The sales of toll roads agreed in 2015 were completed in February: sale of Cintra's stake in the **Chicago Skyway** to a consortium of Canadian pension funds, which equated to EUR230mn in cash for Ferrovial (net capital gain of EUR103mn) and the sale of stakes in **M4 and M3** (Ireland) to Dutch infrastructure fund, DIF, for EUR59mn (net capital gain of EUR21mn). Ferrovial retains a 20% stake in each one of the Irish toll roads.
- In May, Ferrovial Servicios acquired the Australian company **Broadspectrum** for an enterprise value of EUR934mn (EUR499mn for 100% of the equity and EUR435mn of net debt).
- In June, Ferrovial reached an agreement with DIF for the sale of 51% of the **Norte Litoral** toll road and 49% of the **Algarve** toll road, both in Portugal. Ferrovial will retain stakes of 49% and 48%, respectively. Completion of this operation remains pending administrative approval.
- In September, Ferrovial announced its entry into the electricity transmission market through the acquisition of **Transchile**, a Chilean company, which owns a transmission line in the south of the country. This transaction was closed in October 2016.

MAIN FINANCIAL EVENTS:

- April saw the closure of the financing for the construction project of the toll road I-285/SR400 (Atlanta, USA), the first PPP project of its class with tax-exempt bank debt in the USA.
- In June, the financings of the D4-R7 toll roads (Slovakia) were closed.
- In September, Ferrovial issued **EUR500mn of 6 year, senior bonds with a coupon of 0.375%**.

MAIN INFRASTRUCTURE ASSETS:

Robust operational growth from **equity consolidated assets:** EBITDA: +17.3% at 407ETR, +4.7% at HAH and +10.8% at AGS.

Significant increase in dividends from 407ETR (+5.3%), Heathrow Airport (+8.3%) and AGS (+6.7%) compared with 2015. 407ETR paid out CAD790mn and Heathrow airport GBP325mn, while AGS distributed GBP64mn. In February 2017, 407ETR announced an increase of +10.7% in its dividend for 1Q2017 (vs. 1Q2016).

FINANCIAL POSITION:

The net cash position, ex-infrastructure projects, stood at EUR697mn at year-end 2016 (EUR1,514mn in 2015), mainly reflecting the acquisition of Broadspectrum (EUR934mn). **Net project debt stood at EUR4,963mn** (vs EUR6,057mn in December 2015). **Net consolidated debt reached EUR4,266mn** (vs. EUR4,542mn in December 2015).

SHAREHOLDER REMUNERATION:

In 2016, **Ferrovial remunerated its shareholders in the amount of EUR544mn** (EUR317mn from the purchase of treasury stock and EUR226mn in scrip dividends), an increase on the 2015 figure (EUR532mn).

SUSTAINABILITY INDICES:

In 2016, Ferrovial confirmed its place in the Dow Jones Sustainability Index (DJSI) for the fifteenth year running, in the FTSE4Good for the eleventh consecutive year, in the Climate Disclosure Leadership Index (CDP) and in the MSCI, among others.

BUSINESS PERFORMANCE

Toll Roads: Significant improvements in traffic on the main toll roads, helped by economic recovery and low oil price. 407ETR, the Group's most important asset, maintained its operating strength, with traffic growth of +4.9% (+7.1% in 3Q16 and +6.3% in 4Q16), reporting four daily traffic records during the year, in spite of the tariff increases in February and supported by the opening of the 407Ext I, which was toll-free up to 1 February 2017.

Services: The reported results were adversely affected by the weakness of the pound sterling and budgetary cuts in UK, while they benefited positively from the integration of Broadspectrum. In comparable terms, revenues grew by +2.8%, while EBITDA fell -12.9%, mainly due to fewer higher-margin project works in the UK and legal expenses for Birmingham, partially offset by new Utilities contracts.

Birmingham contract: in September 2016 the judge in the Technology & Construction Court made a ruling in favour of Amey in the company's litigation with Birmingham City Council on the scope of the works in the capex phase of the contract. Based on this ruling, Amey is negotiating with the Council regarding the implementation of the ruling and the normalisation of relations between the two parties.

Construction: The finalisation of projects in the USA and the slowdown in the domestic market had an adverse impact (LfL revenues -2.7%), partially offset by the strength of Budimex (LfL revenues +8.1%). Profitability remained high (EBITDA margin of 8.1% vs. 9.2% in 2015). The order book showed notable growth (+2.6% in LfL terms) to EUR9,088mn (83% international) excluding important contract awards won in 2016, such as the I-66 managed lane (Virginia, USA). At year-end 2016, the order book includes new contracts in reference markets (USA, Poland and UK), the highlights of which were a section of the High Speed Rail in California (USA), the Olstyn beltway (Poland), a section of the US-175 toll road in Dallas (USA) and the award of the D4-R7 Bratislava (Slovakia).

Airports: traffic at Heathrow Airport broke passenger records (75.7mn passengers) +1.0% vs. 2015, with more seats sold in larger aircraft, and increases in traffic to Europe, Asia-Pacific, the Middle East and Latin America. Traffic at AGS rose +2.8% (Glasgow +7.4%, Southampton +9.8%, Aberdeen -12.2%).

In July, Ferrovial Aeropuertos was selected to start negotiations on the Great Hall project in the main terminal at Denver International Airport, where Ferrovial Agroman would be leading the construction works.

Key figures for the period:

	Dec-16	Dec-15	Var.	Like-for-Like
Revenues	10,759	9,701	10.9%	1.2%
EBITDA	944	1,027	-8.1%	-4.0%
EBIT*	602	770	-21.9%	-9.7%
Net result	376	720	-47.7%	
Cash flow ex-projects				
Operating cash flow (before taxes)	995	889		
Investment	-985	-374		
Divestment	340	74		
Net debt	Dec-16	Dec-15		
Net Debt Ex-Infra Projects	697	1,514		
Total net debt	-4,266	-4,542		

*EBIT before impairments and disposals of fixed assets.

	Dec-16	Dec-15	Var.
Construction order book	9,088	8,731	4.1%
Services order book (incl JVs)	24,431	22,800	7.2%

Traffic	Dec-16	Dec-15	Var.
ETR 407 (VKT´ 000)	2,640,770	2,517,214	4.9%
NTE (ADT)	30,485	25,553	19.3%
LBJ (ADT)	31,582	12,861	145.6%
Ausol I (ADT)	14,637	13,165	11.2%
Ausol II (ADT)	16,837	15,402	9.3%
Heathrow (million pax.)	75.7	75.0	1.0%
AGS (million pax.)	14.4	14.0	2.8%

TOLL ROADS

	Dec-16	Dec-15	Var.	Like-for-Like
Revenues	486	513	-5.3%	24.8%
EBITDA	297	333	-10.8%	24.9%
EBITDA Margin	61.1%	64.9%		
EBIT	214	250	-14.4%	16.8%
EBIT Margin	44.0%	48.7%		

Revenues at the Toll Roads division expanded +24.8% in comparable terms vs. year-end 2015, impacted by the strong growth on the managed lanes toll roads in the USA and by traffic growth for the majority of assets. Of particular note is the growth of the LBJ toll road (managed lanes), which opened in its final configuration in September 2015, and which only contributed partial sections in the first nine months of 2015. In comparable terms, the division also posted strong EBITDA growth (+24.9%).

The comparable figures strip out the FX effect and the impact of the changes in the consolidation perimeter during the 2016. Notably the changes for the disposals of:

- **Chicago Skyway**: Sale to a consortium of Canadian pension funds of Cintra's 55% stake in this asset, for EUR230mn. The deal was closed in February 2016, such that it contributed for just two months in 2016 vs. the whole of 2015.
- **Irish toll roads**: sale of a 46% stake in M4 and 75% of M3 to the Dutch fund DIF for EUR59mn. Ferrovial retains a 20% stake in each asset. The deal was closed in February 2016, such that they contributed to EBITDA for just two months in 2016 vs. the whole of 2015.

In June 2016, Ferrovial reached an agreement to sell a stake in the **Norte Litoral** and **Algarve** toll roads. Both toll roads have been reclassified as assets held for sale, and their debt has thus been reclassified as liabilities held for sale (EUR323mn as of December 2016), although they continue to contribute to Ferrovial's P&L (global consolidation) until the deal is completed.

ASSETS IN OPERATION

Traffic performance

Traffic performance during 2016 was very positive on the majority of the Group's motorways, with good performance from both light and heavy traffic. The main supporting factors of this trend have been the economic recovery observed since the second half of 2014 (in the USA, Canada, Spain, Portugal and Ireland), the calendar effect (2016 was a leap year), and to a lesser extent the low price of oil.

By country:

In **Canada** traffic on the 407ETR increased by +4.9% in the year, both in terms of light (+5.0%), as well as heavy traffic (+4.2%), bolstered by the stronger economic growth in the Ontario region, the low oil price and the positive impact of the opening of 407 East Extension Phase I toll road.

In the **USA**, traffic growth was driven by the positive performance of the managed lanes toll roads (in their ramp-up phase) and the strong US economic performance.

In **Spain**, significant traffic growth at Autema and Ausol I and II, which ended the year with growth of approximately +10%. Economic growth, the upturn in employment and the strength of tourism in Spain have helped to drive a recovery in traffic on all of the Spanish concessions.

The **Portuguese concessions** performed positively this year, helped by the recovery in the economy. The road works on the alternative route since the end of 2015 favoured the traffic on the Algarve, and traffic rose +16.5% (since December 2015 this toll road has been classified as a financial asset, with retroactive effect since January of that year). On the Azores toll road, in spite of the impact of a storm at the beginning of the year, traffic performance has been very positive and the asset closed the year with traffic growth of +7.2%, supported by the increase of tourism on the back of the airline market liberalisation.

In **Ireland**, traffic performance continues to perform well for the fourth year running, reflecting the continuing improvement in the Irish economy and, in particular, the levels of employment in the country.

From 1 March 2016, following the completion of the sale of stakes in both the M4 and the M3 toll roads in Ireland, these two assets have been consolidated by the equity method.

€ million	Traffic (ADT)			Revenues			EBITDA			EBITDA Margin		Net Debt 100%	
Global consolidation	Dec-16	Dec-15	Var.	Dec-16	Dec-15	Var.	Dec-16	Dec-15	Var.	Dec-16	Dec-15	Dec-16	Share
Intangible assets													
NTE	30,485	25,553	19.3%	67	47	41.2%	51	34	49.5%	77.2%	72.9%	-979	57%
LBJ*	31,582	12,861	145.6%	69	20	245.5%	53	10	n.s.	77.0%	50.7%	-1,374	51%
Ausol I	14,637	13,165	11.2%	56	51	10.0%	47	41	15.2%	82.8%	79.1%	-490	80%
Ausol II	16,837	15,402	9.3%										
Azores	9,215	8,596	7.2%	32	23	39.1%	28	18	50.1%	87.0%	80.6%	-319	89%
Financial Assets													
Autema				98	88	10.9%	89	79	12.1%	90.9%	89.9%	-627	76%
Norte Litoral				44	45	-1.3%	38	39	-1.4%	86.3%	86.4%	-180	100%
Algarve				38	35	5.8%	33	30	8.7%	87.6%	85.3%	-143	97%
Via Livre				14	14	-4.0%	2	1	24.3%	13.6%	10.5%	3	84%
Equity accounted													
Intangible assets													
407 ETR (VKT'000)	2,640,770	2,517,214	4.9%	778	704	10.5%	675	590	14.4%	86.8%	83.8%	-4,688	43%
M4	30,377	28,512	6.5%	27	25	7.3%	18	17	2.6%	65.7%	68.8%	-102	20%
Central Greece	12,151	13,521	-10.1%	50	11	n.s.	43	4	n.s.	86.1%	35.7%	-341	21%
Ionian Roads	24,979	24,236	3.1%	77	75	2.4%	15	47	-68.7%	19.2%	62.9%	-18	21%
Serrano Park				5	5	0.4%	3	3	13.1%	59.7%	53.0%	-42	50%
Financial Assets													
M3				22	23	-5.2%	17	18	-5.6%	75.4%	75.7%	-166	20%
A-66 Benavente Zamora				24	49	-51.7%	22	20	7.5%	91.4%	41.0%	-163	25%

***LBJ:** *In September 2015, the LBJ toll road opened to traffic in its final configuration; up until then only two short sections had been open.*

FINANCIAL ASSETS

Under the terms of IFRIC 12, concession contracts may be classified in one of two ways: intangible assets or financial assets.

Intangible assets (where the operator assumes the traffic risk) are those for which remuneration is earned from the right to charge the corresponding rates depending on level of use.

Financial assets are concession agreements in which payment consists of an unconditional contractual right to receive cash or other financial assets, either because the body awarding the concession guarantees the payment of specific sums, or because it guarantees the recovery of any shortfall between the sums received from users of the public service and the aforementioned specific sums. In this type of concession agreement, the demand risk is therefore assumed by the body awarding the concession.

The assets in operation classified as financial assets, which bear no traffic risk due to some kind of guarantee mechanism are Norte Litoral, Autema, Via Livre, A66, Algarve and Eurolink M3 (the latter is equity-accounted). Algarve was classified as a financial asset in December 2015 after an agreement with the Portuguese government under which the concession changed to being a contract for availability (with no traffic risk).

ASSETS UNDER DEVELOPMENT

Assets under construction

€ million	Invested Capital	Pending committed capital	Net Debt 100%	Share
Global Consolidation				
Intangible Assets	**-128**	**187**	**-641**	
NTE 35W	-127	70	-507	54%
I-77	-1	117	-134	50%
Equity Consolidated				
Financial Assets	**-46**	**87**	**-619**	
407-East Extension II		11	-215	50%
M8	-3	6	-387	20%
Ruta del Cacao	-32	30	49	40%
Toowoomba	-11		63	40%
Bratislava		40	-128	45%

NTE 35W: The project reached financial close in September 2013 and work is proceeding on schedule (72% completed at December 2016), with opening scheduled for mid 2018.

I-77: Construction work began in November 2015. In December 2016 the design and construction works were 24% complete, and the toll road is expected to open at the end of 2018.

407 East Extension Phase II: At end-December 2016, the design and construction works were 43% complete.

PROJECT REFINANCING

Ausol

In March 2016, Cintra closed the refinancing of the two sections of its Autopista del Sol toll road (Ausol I and Ausol II) in Andalusia (Spain). The new financial structure totals EUR558mn (with no recourse to the shareholders) and has allowed financial expenses to be reduced and maturities to be extended to 2045.

The structure comprises two tranches:

- Issuance of bonds and obligations (EUR507mn, fixed coupon of 3.75%, 30-year maturity), rated "BBB", with Stable outlook by S&P.
- Subordinated bank debt (EUR51mn, at a fixed cost of 7% and a 10-year maturity extendable to 30 years).

TENDERS PENDING

Promotional activity is continuously monitored in Ferrovial's international target markets (North America, Europe and Australia).

The consortium including Cintra and Ferrovial Agroman has been prequalified for the **Melbourne Metro Rail project (Australia)**. This relates to a contract for the design, construction, financing and maintenance of 9 km of double tunnel and five underground stations.

In Canada, Cintra submitted its pre-qualification application for the **"Hurontario"** project, which consists of the construction and operation of 20 km of light railway in Toronto (Ontario) under a system of availability payment.

TENDER AWARDS

I-66 Toll Road

In October 2016, Cintra was awarded the "**Transform I-66 Project**" (Virginia, USA), the commercial close took place on 8 December 2016.

This is a managed lanes type concession project with dynamic tolling, located to the west of the American capital, Washington D.C. The consortium comprises Cintra together with the Meridiam infrastructure fund, which will be responsible for the design, construction, financing, operation and maintenance of the Transform I-66 Project, for a value of more than EUR3,000mn.

The project includes the construction of 35 km along the I-66 corridor between Route 29, close to Gainesville, and the Washington DC ring road, the I-495, in Fairfax County.

The term allocated for construction of the project runs until 2022, while the concession is granted for 50 years.

With the financing still pending completion (which is forecast for the second half of 2017), the committed capital for this project is estimated at EUR723mn (for Cintra's stake).

COMPLETED FINANCING

On 20 June the financing of the **D4-R7 Bratislava beltway** (Slovakia) project was closed. The project includes the design, construction, financing, operation and maintenance of the Bratislava beltway, for a total of EUR975mn. The consortium also includes the Australian group Macquarie and the Austrian construction company Porr. Cintra will be responsible for the development of this project (availability payment), whose design and construction will be carried out by the JV led by Ferrovial Agroman.

PROJECT DIVESTMENTS

M3 and M4 Toll roads

In September 2015, Ferrovial, through its Toll Motorway division Cintra, reached an agreement with the Dutch infrastructure fund DIF to sell 46% of the M4 toll road and 75% of the M3 toll road for EUR59mn (implying a net capital gain of EUR21mn).

The deal was closed in February 2016, since when the assets have no longer been classified as "Assets Held for Sale". As a result of this deal, Ferrovial became the 20% owner of both concessions, remaining as a core industrial shareholder.

Chicago Skyway Toll Road

In November 2015, Ferrovial, through Cintra, reached an agreement with the Calumet Concession Partners LLC consortium (formed by the Canadian pension funds OMERS, Canada Pension Plan Investment Board and Ontario Teachers' Pension Plan) for the transfer of 100% of the Chicago Skyway toll road (55% belonging to Ferrovial and 45% to Macquarie Atlas Roads and Macquarie Infrastructure Partners).

The deal was closed on 25 February 2016, since when the asset has no longer been classified as "Assets Held for Sale".

The price agreed was USD2,836mn (approximately EUR2,623mn), or EUR230mn in cash for Ferrovial and a net capital gain of EUR103mn.

Norte Litoral & Algarve Toll Roads

In June 2016, Ferrovial, through its toll roads subsidiary Cintra, reached an agreement with the Dutch infrastructure fund DIF to sell 51% of the Norte Litoral and 49% of the Algarve toll roads for a total of EUR159mn. After this transaction, which is pending administrative approval, Ferrovial will continue to hold 49% of the Norte Litoral and 48% of the Algarve, as well as its position as the principal industrial partner in both assets. Completion of this operation remains pending administrative approval.

OTHER EVENTS

Autema

On 16 July 2015, the official journal of the regional government of Catalonia (*Boletín Oficial de la Generalitat de Cataluña*) published Decree 161/2015, which unilaterally approved the modification of the administrative concession of the Tarrasa-Manresa toll road.

On 9 October 2015, the Company filed an appeal against this new Decree with the High Court of Justice in Catalonia (TSJC), which was admitted for process on 13 October 2015. The new tariffs (discounts) applicable under the new decree have been applied since 4 January 2016.

On 2 January 2017, a new Decree came into force, extending the existing discounts and delaying the removal of the discount applied in working days (45%), to those users that do not use VIA-T from 2017 to 2019.

ASSETS IN INSOLVENCY PROCEEDINGS

SH-130

On 31 December 2016, the SH-130 concession company was deconsolidated, as control over the business was considered to have been lost. Deconsolidation has had a positive effect on Ferrovial's net result after tax in the amount of EUR30mn (reversal of accumulated losses) and meant the removal of net debt from the balance sheet of EUR1,421mn.

On 2 March 2016, the concession company that manages the SH-130 toll road requested court protection against its creditors (Chapter 11). In the end a plan was agreed with the banks and TIFIA to transfer its assets and exit from the Chapter 11 process.

407ETR

Profit and loss account

CAD million	Dec-16	Dec-15	Var.
Revenues	1,135	1,002	13.2%
EBITDA	985	840	17.3%
EBITDA Margin	86.8%	83.8%	
EBIT	880	754	16.7%
EBIT Margin	77.6%	75.2%	
Financial results	-373	-327	-14.0%
EBT	507	427	18.8%
Corporate income tax	-134	-116	-16.0%
Net Income	**373**	**311**	19.9%
Contribution to Ferrovial equity accounted result (EUR mn)	**98**	**82**	19.6%

Note: following Ferrovial's disposal of 10% in 2010, the toll road switched to being accounted for by the equity method, in line with the percentage stake controlled by Ferrovial (43.23%).

Revenues at 407ETR increased by +13.2% in local currency in 2016 vs. 2015.

- **Toll revenues** (93% of the total): grew by +15.3% to CAD1,056mn, mainly due to the tariff increases applied since February 2016 and the improvement in traffic.
- **Fee revenues** (6% of the total): up by +2.9% to CAD68mn, mainly as a reflection of more transponders and higher tariffs.
- Average revenues per journey rose +11.4%.
- **Contract Revenues** (1% of total), for works carried out for the East Extension Phase I: fell from CAD20mn in 2015 to CAD11mn in 2016 as more work was executed in 2015 than in 2016, due to the construction phase being completed on 20 June 2016.

The toll road also recorded an **increase in EBITDA of +17.3%** in 2016, improving its EBITDA margin from 83.8% to **86.8%**.

Financial result: -CAD373mn, 46mn of more expenses vs 2015 (-14%). Main components:

- **Interest expenses: -CAD350mn**. CAD14mn higher than in 2015 due to the increase in debt, after the recent issuance of CAD500mn senior bonds in May 2016, the issuance of CAD350mn in November 2016 and CAD150mn in March 2015 and higher drawdowns on the lines of credit.
- **Non-cash inflation-linked financial expenses: -CAD34mn.** An increase of CAD33mn vs. 2015, due to a negative impact of the fair value of bonds and higher inflation.
- **Financial income: +CAD11mn** (vs. +CAD9mn in 2015) due to greater returns on investment and higher average cash balance.

407ETR contributed EUR98mn to Ferrovial's equity-accounted results (+19.6% vs. 2015), after the annual amortization of the goodwill following the sale of 10% in 2010, which is being written down over the life of the asset on the basis of the traffic forecast.

Dividends 407ETR

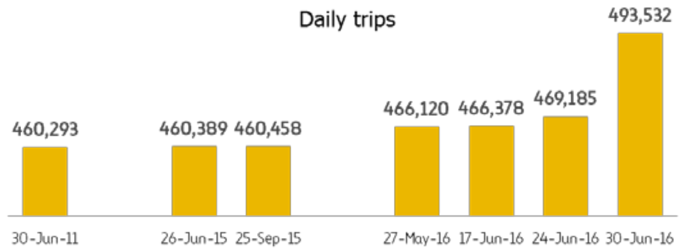
In 2016, 407ETR distributed dividends of CAD790mn, **+5.3% vs. 2015**. Of these, EUR244mn were distributed to Ferrovial (EUR242mn in 2015). The 1Q17 dividend payment was approved in February 2017 in the amount of CAD207.5mn (**+10.7% vs. 1Q16**).

CAD million	2017	2016	2015	2014	2013	2012
Q1	207,5	187,5	188	175	100	87,5
Q2		187,5	188	175	130	87,5
Q3		207,5	188	175	200	87,5
Q4		207,5	188	205	250	337,5
Total		**790**	**750**	**730**	**680**	**600**

407ETR Traffic

Traffic (kilometres travelled) rose +4.9% (+7.1% in 3Q16 alone and +6.3% in 4Q16), with an increase in the number of journeys (+2.7%) and an increase in the average distance travelled (+2.2%). Traffic was affected by the economic growth, the low price of oil and the opening of the 407 East Extension Phase I toll road, which opened to the public on 20 June, and which was toll-free in 2016 (began to charge in February 2017).

The toll road recorded four record days of daily journeys in 2016, three of which were in June.



407ETR net debt

The net debt figure for 407ETR at 31 December 2016 was CAD6,650mn, at an average cost of 4.51%. There were two bond issues in 2016: on 4 November, in the amount of CAD350mn, maturing in May 2027 with a coupon of 2.43% (series 16-A2), and on 16 May, in the amount of CAD500mn (series 16-A1), a 31-year bond maturing in May 2047 offering an interest rate of 3.6%.

38% of the debt matures in more than 20 years' time. The next maturity dates will occur during 2017 (CAD313mn), 2018 (CAD14mn) and 2019 (CAD15mn).

407ETR credit rating

- **S&P:** In S&P ratings issued on 17 March 2016, the company remained at "A" (Senior Debt), "A-" (Junior Debt) and "BBB" (Subordinated Debt), with a stable outlook.
- **DBRS:** On 4 November 2016, the company remained at "A" (Senior Debt), "A low" (Junior Debt) and "BBB" (Subordinated Debt), with a stable outlook.

407ETR Tariffs

The table below shows a comparison between rates in 2015 and 2016 (valid from 1 February 2016) for light vehicles:

CAD	2016	2015
Regular Zone		
AM Peak Period: *Mon-Fri: 6am-7am, 9am-10am*	33.00¢ /km	30.56¢ /km
AM Peak Hours: *Mon-Fri: 7am-9am*	37.54¢ /km	34.13¢ /km
PM Peak Period: *Mon-Fri: 3pm-4pm, 6pm-7pm*	34.24¢ /km	31.13¢ /km
PM Peak Hours: *Mon-Fri: 4pm-6pm*	38.90¢ /km	34.73¢ /km
Light Zone		
AM Peak Period: *Mon-Fri: 6am-7am, 9am-10am*	31.37¢ /km	29.05¢ /km
AM Peak Hours: *Mon-Fri: 7am-9am*	35.67¢ /km	32.43¢ /km
PM Peak Period: *Mon-Fri: 3pm-4pm, 6pm-7pm*	32.55¢ /km	29.59¢ /km
PM Peak Hours: *Mon-Fri: 4pm-6pm*	36.97¢ /km	33.01¢ /km
Midday Rate	28.33¢/km	25.75¢/km
Weekdays 10am-3pm, Weekend & public holidays 11am-7pm	25.95¢/km	23.59¢/km
Off Peak Rate		
Weekdays 7pm-6am, Weekend & public holidays 7pm-11am	21.62¢/km	19.74¢/km

407-EAST EXTENSION I

- The toll road opened to traffic on 20 June 2016.
- 22km to the east of Brock Road in Pickering to Harmony Road in Oshawa (Ontario), and a connection, the 412 toll road, which joins the 407 and the 401, of approximately 10km.
- The **407 Extension I** and **Connection 412** are toll roads on which **charges become effective from February 2017**, following an initial free period. Tariffs are established by the province of Ontario, which will collect revenues according to an explicit tariff system.
- **407ETR, through its subsidiary Cantoll, assumed the management of the tolls in a services contract, with no traffic risk,** such that the new sections will be integrated continuously and without interruptions with the 407ETR. Drivers will use a single transponder, will receive a single bill, and will have access to the same consumer assistance centre the whole length of the toll road.
- 407 Extension I will be responsible for maintenance, refurbishment and incident management.
- Ferrovial, through Cintra, owns a **50% stake** in this concession (which is equity-accounted).

NTE

NTE Profit & loss account:

USD million	Dec-16	Dec-15	Var.
Revenues	73	52	41.3%
EBITDA	57	38	49.5%
EBITDA Margin	77.2%	72.9%	
EBIT	40	23	71.3%
EBIT Margin	54.1%	44.6%	
Financial results	-61	-59	-3.2%
EBT	-21	-36	40.6%
Corporate income tax			
Net Income	**-21**	**-36**	40.6%

Across the whole of 2016, revenues were +41.3% higher than in 2015, reaching USD73mn, due to traffic growth (+19%) and higher tariffs (+18%).

EBITDA reached USD57mn (+49.5% vs. 2015). The EBITDA margin rose +4.3% over the course of 2016, rising to close to 80% in the second full year of operation as the result of the robust growth in revenues and the management of operational costs.

NTE Quarterly Traffic and EBITDA

In terms of traffic: **in 4Q2016, NTE recorded 6 million transactions, +5.1% more than in 4Q2015** (5.7 million transactions). Traffic continued to increase its market share of traffic on the corridor and maintaining a high percentage of new customers every month. In this fourth quarter, increased construction activity on projects located alongside the NTE have had a negative impact on traffic growth in comparison with the levels recorded in previous quarters.

NTE EBITDA was very positive, with growth of +39.4% in 4Q2016 vs. 4Q2015, reaching **the highest quarterly figure for EBITDA since the toll road was opened, at USD15mn**.

Quarterly results	4Q'16	4Q'15	% var.
Transactions (millions)	6.0	5.7	5.1%
EBITDA (USD mn)	15.2	10.9	39.4%

Since the dynamic tolling system came into operation in April 2015, the tariffs can be adjusted every five minutes, depending on the levels of congestion observed. As a result, at times of heavy congestion, the toll rates applied have reached the maximum permitted under the contract (USD0.84/mile). This maximum tariff can be surpassed when traffic volume in the managed lanes exceeds a certain amount or when the average speed in the managed lanes is lower than 50miles/hr.

The **average toll rate per transaction in 2016 at NTE** reached USD3.05 vs. USD2.58 in December 2015 (an increase of +18.2%).

NTE net debt
As of 31 December 2016, net debt for the toll road amounted to USD1,032mn (USD1,012mn in December 2015), at an average cost of 5.38%.

NTE credit rating
The agencies have assigned the following ratings to NTE's debt:

	PAB	TIFIA
Moody's	Baa3	
FITCH	BBB-	BBB-

LBJ

LBJ profit and loss account

USD million	Dec-16	Dec-15	Var.
Revenues	76	22	247.3%
EBITDA	59	11	424.8%
EBITDA Margin	77.0%	51.0%	
EBIT	39	5	678.5%
EBIT Margin	51.0%	22.8%	
Financial results	-85	-50	-70.3%
EBT	-46	-45	-3.0%
Corporate income tax			
Net Income	**-46**	**-45**	-3.0%

*In September 2015 the LBJ toll road was opened to traffic in its final configuration; up until then only two short sections were open.
** 2015 Financial Result includes capitalised interest.

The toll road, which has now been open slightly more than a year in its final configuration, reported revenues of USD76mn in 2016.

EBITDA reached USD59mn, mainly driven by the strong traffic growth since the project has been fully open. The EBITDA margin reached 77%, aided by the growth in revenues and the management of operational costs.

LBJ Quarterly Traffic and EBITDA
In terms of traffic: in 4Q 2016, traffic reached **10 million transactions,** +45% vs. the fourth quarter of last year. This is the quarter year since the project was fully opened (September 2015) that we have comparable year-on-year data. Traffic along the corridor continues to show robust growth and is now reaching levels that are well above those recorded prior to the project's construction; drivers are also becoming increasingly familiar with the project's layout.

EBITDA in 4Q 2016 increased significantly vs. 4Q 2015, +129%:

Quarterly results	4Q'16	4Q'15	% var.
Transactions (millions)	10.0	7.0	45.4%
EBITDA (USD mn)	16.2	7.1	129.4%

Since the dynamic tolling system came into operation, the tariffs have been able to be adjusted every five minutes, depending on the levels of congestion observed. As a result, at times of heavy congestion, the toll rates applied have reached the maximum permitted under the contract (USD 0.84/mile during 2016). This maximum tariff can be surpassed when traffic volume in the managed lanes exceeds a certain amount or when the average speed in the managed lanes is lower than 50miles/hr.

The **average toll rate per transaction at LBJ** reached USD2.11 in 4Q16 vs. USD1.66 in 4Q15 (an increase of +27.1%).

LBJ Net debt
As of 31 December 2016, net debt for the toll road amounted to USD1,449 (USD1,409mn in December 2015), at an average debt cost of 5.48%.

LBJ credit rating
The agencies have given the following credit ratings to LBJ's debt:

	PAB	TIFIA
Moody's	Baa3	
FITCH	BBB-	BBB-

SERVICES

In 2016, Services revenues reached EUR6,078mn, +24.1% vs. 2015.

This growth was due to the contribution from **Broadspectrum, an Australian company acquired in May 2016**, with an enterprise value of EUR934mn (EUR499mn corresponding to 100% of the equity and EUR435mn of net debt). The financial statements of Broadspectrum have been consolidated since 31 May 2016. Thus, the P&L in December includes a seven-month contribution from the company.

With this incorporation, Ferrovial Servicios acquires a leadership position in the services and infrastructure maintenance sector in Australia and New Zealand, and also Ferrovial Servicios's entry into the USA and Canada. Additionally, it allows Ferrovial Servicios access to the telecommunications and oil & gas activities, and to take advantage of the likely recovery of these activities in the medium term.

The following table shows the Profit & Loss Account of the Services division compared with December 2015, taking out the Broadspectrum contribution and the costs associated with the acquisition (EUR7mn):

Excluding Broadspectrum, Services revenues stood at EUR4,631mn, and EBITDA at EUR242mn (5.2% margin). In comparable terms, excluding the exchange rate impact, sales rose by +2.8% compared to 2015. In Spain, the increase was +5.1%, in the UK +0.7% and International +19.8%.

The EBITDA margin stood at 5.2%, (excluding Broadspectrum) below the 6.4% reported in December 2015, mainly as a consequence of the negative performance in the UK. The EBITDA figure includes EUR21mn of restructuring costs in the UK, the bulk of which are related to personnel layoffs. Excluding these costs, the Services division's EBITDA margin at December 2016 would have been 5.7%.

In December, the order book reached EUR24,431mn, +7.2% up on December 2015. Excluding Broadspectrum and the FX impact, the order book would be 11% below the December level. In general terms, this reduction in the order book has been driven by the lack of public offers and shorter average terms for the contract that come to tender, both in Spain and in the UK. Furthermore, the public tendering process, for the majority of utilities contracts in the UK is set by the regulatory period, therefore up until 2019, when the current period expires, there will be less public tendering processes activity.

	Services ex Broadspectrum Dec-16	Broadspectrum	Acquisition Costs	Intangible Amortization	Broadspectrum post acquisition costs & intangible amort	Services + Broadspectrum Dec-16	Dec-15	Var.	Like-for-Like
Revenues	4,631	1,446			**1,446**	**6,078**	4,897	24.1%	2.8%
EBITDA	242	91	-7		**84**	**325**	312	4.2%	-12.9%
EBITDA margin	5.2%	6.3%			**5.8%**	**5.4%**	6.4%		
EBIT	104	62	-7	-60	**-5**	**99**	173	-42.5%	-25.5%
EBIT margin	2.3%	4.3%			**-0.4%**	**1.6%**	3.5%		
Order Book	16,617	5,589			**5,589**	**22,205**	20,732	7.1%	-11.3%
JVs order book	1,698	528			**528**	**2,226**	2,068	7.6%	-7.2%
Global order book + JVs	18,314	6,117			**6,117**	**24,431**	22,800	7.2%	-11.0%

SPAIN

	Dec-16	Dec-15	Var.	Like-for-Like
Revenues	1,762	1,677	5.1%	5.1%
EBITDA	188	179	5.3%	5.2%
EBITDA Margin	10.7%	10.7%		
EBIT	100	93	7.3%	7.2%
EBIT Margin	5.7%	5.6%		
Order book	5,450	5,815	-6.3%	-6.3%
JVs order book	291	325	-10.5%	-10.5%
Global order book+JVs	5,741	6,140	-6.5%	-6.5%

Revenues in Spain grew by +5.1% compared with 2015 against a background of fewer public tendering processes, due to the successive elections, and uncertainty throughout much of the year regarding the formation of a government. The growth in revenues comes from the greater revenues from infrastructure maintenance, mainly in relation to industrial facilities, and from waste treatment. EBITDA and EBIT margins remained in line with those of 2015.

The order book volume stood at EUR5,741mn (-6.5% compared with December). The decline in the order book is directly related to the reduction in public sector projects out to tender. A notable event this year was the renewal of the contract for the collection and transportation of waste in Madrid (EUR87mn over 4 years) and the extension for 9 years of the contract for overall management of the waste landfill at La Vega in Seville (EUR46mn).

UK

	Dec-16	Dec-15	Var.	Like-for-Like
Revenues	2,732	3,103	-12.0%	0.7%
EBITDA	41	122	-66.7%	-45.0%
EBITDA Margin	1.5%	3.9%		
EBIT	0.1	75	-99.9%	-70.2%
EBIT Margin	0.0%	2.4%		
Order book	10,636	14,585	-27.1%	-15.5%
JVs order book	1,262	1,738	-27.4%	-15.9%
Global order book+JVs	11,898	16,323	-27.1%	-15.6%

In the United Kingdom, the profit and loss account showed very significant reductions in both margins and results, due to the current budgetary restrictions affecting public authorities, mainly with regard to local government.

In this regard, the Company drew up a restructuring plan in 2016, with the aim of adapting to this new environment, marked by budgetary restrictions. As a consequence of this plan, the workforce has been reduced by more than 900 people. The cost associated with the restructuring totalled EUR21mn. The annual savings from the restructuring process are estimated in EUR42mn, from which, EUR18mn have been already registered in 2016. In 2017, margins and EBITDA are expected to improve with respect to 2016, as a result of the restructuring plan carried out in 2016, although revenues will be lower. Nevertheless, this evolution will also depend on the impact that government fiscal measures could have regarding public authority budgets in 2017.

EBITDA in 2016 rose to EUR41mn, which included EUR21mn in restructuring costs. Excluding these costs, the EBITDA would be EUR62mn (2.2% of revenues). In comparable terms (excluding the impact of exchange rates and restructuring costs), EBITDA fell by -45% compared with 2015, which in absolute terms represents a fall of EUR50mn in the overall result.

The main impacts causing this negative performance are:

- **Highway maintenance:** As a result of the aforementioned budget restrictions, highway maintenance contract volumes fell by an average of -23%, although in some contracts the reduction reached up to -40%. This fall in volumes has had a very significant impact on results, given that it affects additional works that offer greater profitability, since they allow for optimisation of fixed contact costs. As of December 2016, revenues from traditional road maintenance contracts amounted to EUR365mn. As regards the coming years, a prudent position will be maintained in this market while the current budgetary restrictions remain in place, so no growth is therefore anticipated in this area.
- There have also been negative impacts on contracts that have already ended, due to the final accounts of such contracts, among which we would highlight Herefordshire (-EUR12mn) and Cumbria (-EUR6mn).
- **Remainder of Amey's activities**: the result fell vs 2015, due in large part to the extraordinary income earned in 2015 in railway consulting contracts.
- **The losses for 2016 from the Birmingham contract** amounted to
-EUR13mn. In relation to the provision registered in 2015, in 2016 EUR10mn were freed up (GBP8mn) leaving the outstanding balance on the provision at EUR55mn (GBP47mn). The contract result continued to be negative, due to extra Opex and structural costs, as it has not been possible to reduce costs in the way that was expected following completion of the capex phase, due to the lawsuit with the City Council. In 2016, the judge ruled in favour of Amey in this lawsuit. During the final quarter of the year, progress was made in talks with the client with regard to the award of the legal judgement in Amey's favour and the resolution of the commercial disputes, with a view to achieving normalisation of the contract.

INTERNATIONAL

	Dec-16	Dec-15	Var.	Like-for-Like
Revenues	137	116	17.4%	19.8%
EBITDA	13	11	14.7%	17.8%
EBITDA Margin	9.3%	9.5%		
EBIT	4	4	-7.8%	-4.3%
EBIT Margin	3.0%	3.9%		
Order book	530	332	59.9%	55.9%
JVs order book	145	5	n.s.	n.s.
Global order book+JVs	675	336	100.7%	95.6%

The International business includes the activities of Ferrovial Servicios in Portugal, Poland, Chile and Qatar.

In comparison with 2015, and ex-FX impact, revenues from this activity rose by +19.8% and EBITDA by +17.8%. The EBIT is marginally lower than in 2015, due to the depreciations of two treatment plants in Poland incorporated over the course of 2016. Revenue performance is positive in all countries: Chile EUR67mn (+15.4% vs. 2015); Poland EUR41mn (+43.2% vs. 2015) and Portugal EUR29mn (+9.6% vs. 2015).

As regards the order book, this stood at EUR675mn vs. EUR336mn in December 2015. The most significant contract award of the year has been the three-year renewal of the Doha Airport maintenance contracts (EUR160mn).

BROADSPECTRUM

	Broadspectrum Dec-16	Acquisition Costs	Intangible Amortization	Broadspectrum post acq. costs & intangible amort
Revenues	1,446			**1,446**
EBITDA	91	-7		**84**
EBITDA margin	6.3%			**5.8%**
EBIT	62	-7	-60	**-5**
EBIT margin	4.3%			**-0.4%**
Order Book	5,589			**5,589**
JVs order book	528			**528**
Global order book + JVs	6,117			**6,117**

As mentioned previously, Broadspectrum's financial statements have been consolidated since 31 May. Thus, the P&L to December includes a 7 month contribution from the company.

Broadspectrum's results include EUR7mn of acquisition costs and EUR60mn of intangible amortisation assigned to the contracts. Excluding these impacts, EBITDA would have reached EUR91mn (6.3% margin) and EBIT at EUR62mn (4.3% margin).

The integration of Broadspectrum was carried out in line with the expected plan. The company's pipeline is solid, which together with its investment capacity and service offering complementary to other Group activities, should be reflected in future growth. To take advantage of these opportunities, the company has reorganised itself around four sectors in Australia and New Zealand, and has made America into an independent management unit.

In **Australia and New Zealand**, the sectors of the new organisation and the revenues of each in June-December are as follows:

- **Government (EUR669mn)**: Includes all the current contracts with regional and central governments.
- **Urban Infrastructures (EUR326mn):** Includes activities in the water, electricity, energy and telecommunications sectors.
- **Natural Resources (EUR195mn):** Focused on the maintenance and operation of wells and oil, gas, mining and agricultural installations, as well on solutions for industrial clients.
- **Transport (EUR100mn):** Includes activities related to the highway, railway and public transport networks.

In the **America** unit, (USA, Canada and Chile) revenues in the period between June-December 2016 **reached EUR161mn**. In the USA it carries out highway and natural resource maintenance activities, in Canada highway maintenance, and in Chile, mining services.

In the financial results to June 2016, the company stated that the Australian Department of Immigration had informed Broadspectrum of its right to unilaterally extend its immigration centre contracts for two four-month periods.

Ferrovial stated that it does not consider these contracts strategic for the Company. Broadspectrum will fulfil its contractual obligations until end-October 2017. Until then, its first priority will be caring for the refugees in the centres.

CONSTRUCTION

	Dec-16	Dec-15	Var.	Like-for-Like
Revenues	4,194	4,287	-2.2%	-2.7%
EBITDA	342	393	-13.1%	-12.8%
EBITDA Margin	8.1%	9.2%		
EBIT	313	364	-14.1%	-13.7%
EBIT Margin	7.5%	8.5%		
Order book	9,088	8,731	4.1%	2.6%

Decline in revenues in comparable terms (-2.7%), mainly due to the finalisation of projects in the USA, as well as to the slowdown in the domestic market. Neither the growth at Budimex (+8.1% LfL), nor in the other international markets (particularly Australia and the UK) were sufficient to offset this decrease. International revenues was responsible for 83% of the division's revenues, with the regional mix very much focussed on the company's traditional strategic markets (Poland, North America, UK, Chile and Australia).

Profitability also declined, although it remained at high levels, due to the conclusion of very important projects in the USA.

BUDIMEX

	Dec-16	Dec-15	Var.	Like-for-Like
Revenues	1,270	1,226	3.6%	8.1%
EBITDA	111	68	62.9%	70.8%
EBITDA Margin	8.7%	5.6%		
EBIT	105	63	67.1%	75.3%
EBIT Margin	8.3%	5.1%		
Order book	2,027	1,974	2.7%	6.0%

2016 continued to follow the same positive trend as previous years. In comparable terms, there was a notable increase in the profitability of the business (EBITDA +70.8%), mainly due to the on-going management of cost of materials and subcontractors, as well as the revenue growth (+8.1%) derived from the accelerated execution of Civil Works and Residential Building projects.

The order book reached close to maximum levels, EUR2,027mn, (+6% LfL vs. December 2015). In 2016, contracts reached more than EUR1,350mn, of which approximately 45% relate to the signing of Civil Works contracts awarded under the 2014-2020 New Highway Plan. Also notable was the award of the combined-cycle incinerator plant in Vilnius, Lithuania (EUR87mn), which marked Budimex's entry into the Lithuanian market and strengthened its position in the market for the construction of energy facilities.

WEBBER

The revenues included the company Pepper Lawson's contribution, which was acquired in March. In comparable terms, excluding the impact from this acquisition, these fell by -9.3%, due to the conclusion of the NTE and LBJ projects. The drop in EBITDA was also due the finalisation of the above-mentioned toll roads. The order book grew by +14.1% thanks to the incorporation of Pepper Lawson and the contracting of around EUR400mn of organic business.

	Dec-16	Dec-15	Var.	Like-for-Like
Revenues	708	643	10.1%	-9.3%
EBITDA	44	89	-50.3%	-47.6%
EBITDA Margin	6.2%	13.8%		
EBIT	36	81	-56.0%	-52.9%
EBIT Margin	5.0%	12.6%		
Order book	1,084	950	14.1%	-9.9%

FERROVIAL AGROMAN

	Dec-16	Dec-15	Var.	Like-for-Like
Revenues	2,217	2,419	-8.4%	-6.2%
EBITDA	187	236	-21.1%	-22.5%
EBITDA Margin	8.4%	9.8%		
EBIT	172	220	-21.9%	-23.4%
EBIT Margin	7.7%	9.1%		
Order book	5,977	5,807	2.9%	3.6%

Ferrovial Agroman's revenues fell by -6.2% in comparable terms, mainly as a reflection of the finalisation of US toll roads and the slowdown in the domestic market, which the growth in the rest of the international market (particularly Australia, UK and Chile) was not sufficient to offset. Profitability also declined, although it remained at high levels, due to the aforementioned conclusion of projects in the USA.

ORDER BOOK

	Dec-16	Dec-15	Var.
Civil work	7,088	7,079	0.1%
Residential work	442	336	31.7%
Non-residential work	775	707	9.7%
Industrial	783	610	28.3%
Total	**9,088**	**8,731**	**4.1%**

The order book was up by +4.1% on December 2015 (+2.6% LfL). The Civil Works segment remains the largest segment (at around 80% of the total), very selective criteria are maintained when participating in tenders. The international order book amounted to EUR7,528mn, far more than the domestic order book (EUR1,561mn), and represented 83% of the total.

In 2016 Ferrovial has won some important contracts in its traditional markets, such as High Speed Rail California (EUR296mn), Olsztyn S51 Beltway in Poland (EUR175mn), a section of the US-175 toll road in Dallas (EUR91mn), another section of the SH-249 toll road (EUR88mn) and a combined cycle incinerator plant in Vilnius (Lithuania) (EUR87mn). Another highlight was the entry into the Slovakian market with the award of the D4-R7 Bratislava (EUR858mn).

The December order book does not include the Bucaramanga contracts in Colombia and the I-66 managed lane in Virginia (USA).

AIRPORTS

The Airports division contributed -EUR46mn to Ferrovial's equity-accounted results (vs. +EUR199mn in 2015).

- **HAH:** -EUR57mn in 2016, versus +EUR186mn in 2015. This drop in the result vs. 2015 was mainly due to:

i. **The negative impact from mark to market hedges vs. 2015,** non-cash item, (-EUR160mn net profit impact) reflecting the recovery in inflation expectations and the fall in interest rates. Although the uptick in inflation has a negative accounting impact, from a business point of view it means an increase in aeronautical revenues due to the increase in tariffs and the higher value of the Regulated Asset Base. If the higher inflation expectations materialise, these would imply a much higher positive valuation impact than the negative accounting impact.

ii. **Heathrow's December 2015 result included a positive non-recurrent non-cash item of +GBP237mn** (EUR67mn given the 25% stake held by Ferrovial), due to changes in the pension plan conditions. In addition, a positive EUR39mn result was included on the back of the positive evolution of the derivative hedges' mark to market.

- **AGS:** Contributed EUR12mn to Ferrovial's 2016 equity-accounted results (vs. EUR14mn in 2015).

As regards the dividends that have been distributed:

- Heathrow paid out GBP325mn, +8.3% vs. 2015 (EUR96mn for Ferrovial in 2016).
- AGS paid out GBP64mn to shareholders, +6.7% vs. 2015 (EUR38mn for Ferrovial in 2016).

HEATHROW

Heathrow Traffic

In 2016, Heathrow Airport handled 75.7 million passengers, up +1.0% vs. 2015. Traffic levels were particularly high in July with 7.4 million passengers using the airport, the highest monthly number on record.

Traffic numbers were positively affected by the additional day in February (leap year), which was responsible for +0.2% of growth over the year. In addition to these impacts, there was an increase in the number of seats due to larger aircraft (with an average number of seats per aircraft of 211.5 vs. 208.7 in 2015). Occupancy levels were slightly lower than 2015 (76% vs. 76.5%).

Traffic performance by destination

Million passengers	Dec-16	Dec-15	Var.
UK	4.6	5.1	-9.6%
Europe	31.7	31.2	1.8%
Long Haul	39.3	38.7	1.7%
Total	**75.7**	**75.0**	**1.0%**

Intercontinental traffic grew by +1.7%, mainly due to the Middle East routes (+8.8%) on larger aircraft and more flights, to the Asia Pacific region (+2.8%) as a result of substantial growth in existing routes to Thailand, China, Vietnam and the Philippines, along with new services to Indonesia with the incorporation of Garuda Airlines, which is the latest airline to transfer its services from Gatwick to Heathrow. This growth was slowed by the poor performance of the African market, mainly due to the planning changes made by Virgin Atlantic and to the performance of the North America routes (-0.5%), as a result of slightly lower seat occupancy levels.

European traffic increased by +1.8%, driven by the increase in the number of seats on British Airways flights.

Greater international traffic offset the drop in **domestic traffic** (-9.6%) due to Virgin Little Red ceasing operations since 2015.

HEATHROW SP Revenue

Revenue growth (+1.5%) thanks to the strong performance of retail revenue (+7.7%), which offset the flat performance in the aeronautical revenues and the slight decrease in Other revenues (-0.4%).

Revenue breakdown

GBP million	Dec-16	Dec-15	Var.	Like-for-Like
Aeronautic	1,699	1,699	0.0%	0.0%
Retail	612	568	7.7%	7.7%
Others	496	498	-0.4%	-0.4%
TOTAL	**2,807**	**2,765**	**1.5%**	**1.5%**

Average **aeronautical revenue** per passenger decreased (-1.0%) to GBP22.45 (compared with GBP22.67 in 2015), but was compensated for by the increase in traffic (+1.0%).

Retail revenue grew by +7.7%, thanks to the major redesign of the Terminal 5 retail area and was particularly driven in the second half of the year by sterling depreciation after the referendum to leave the EU at the end of June. We would highlight the growth of the World Duty Free (WDF) stores (+7.8%) after the refurbishments of Terminals 4 and 5, specialist shops (+15.0%) due to the addition of new brands, car parks (+6.5%) and catering (+8.9%).

Net retail revenues per passenger reached GBP8.09, +6.7%.

Other Revenues fell slightly by -0.4%, due to a combination of the drop in income from airline re-billing, as a result of the effort to reduce costs (-2.9%) and the +1.5% growth in income generated by the Heathrow Express thanks to pricing strategy improvements, and the rise in rental income (+2.4%), thanks to the new passenger rooms that have been opened in terminals T3 and T4.

HEATHROW SP EBITDA

Heathrow's EBITDA increased by +4.8% in the year vs. sales growth of +1.5%. EBITDA margin reached 59.9% (58.0% in 2015). Amortization fell by -1.9% versus 2015.

The cost controls implemented in 2015 were maintained (operating costs -3% vs. 2015):

- Consumption expenses were -19.6% lower.
- Personnel cost savings (-2.9%), driven by measures such as changes to the pension system in 2015, the adoption of a voluntary redundancy programme and other efficiency measures.
- Reduction of penalties thanks to the improved quality of service.
- Renegotiation of the NATS contract (air traffic control services).

Main HAH figures (like-for-like)

GBP million	Traffic (million passengers)			Revenues			EBITDA			EBITDA Margin		
	Dec-16	Dec-15	Var.	Dec-16	Dec-15	Var.	Dec-16	Dec-15	Var.	Dec-16	Dec-15	Var. (pbs)
Heathrow SP	**75.7**	**75.0**	**1.0%**	**2,807**	**2,765**	**1.5%**	**1,682**	**1,605**	**4.8%**	**59.9%**	**58.0%**	**187**
Exceptionals & adjs				2	2	n.a.	1	3	n.a.	n.a	n.a.	n.a.
Total HAH	**75.7**	**75.0**	**1.0%**	**2,809**	**2,767**	**1.5%**	**1,683**	**1,608**	**4.7%**	**59.9%**	**58.1%**	**180**

User satisfaction

User satisfaction reached new record levels in 2016, with 84% of passengers rating their experience as "excellent" or "very good" (81% in 2015) and scoring above 4 points out of 5 in the Airport Service Quality (ASQ) survey for twelve consecutive quarters, rounding out the year with the top scoring of 4.19 in 4Q 2016.

In 2016, Heathrow was nominated "Best Airport in Western Europe" for the second time running by Skytrax World Airport Awards. The award, voted by passengers all around the world, also recognised Terminal 5 as the "Best Airport Terminal" for the fifth year running and for the seventh year running, Heathrow won the "Best Shopping Airport award".

For the first time, Heathrow won the prestigious "Best European Airport Award", in the category of more than 40 million passengers, in the 2016 Airports Council International (ASQ) awards. Additionally, ACI named Heathrow Best Airport in Europe for the third time in the category of more than 25 million passengers.

Finally, Heathrow's success was recognised in the Frontier Awards in the categories "Operator of the Year" and "Airport Marketing Campaign of the Year".

Regulatory aspects

Regulatory period: The regulatory period (Q6) started on 1 April 2014 and will initially be extended until 31 December 2018, with an annual maximum tariff increase per passenger of RPI-1.5%.

On 21 December 2016, the CAA confirmed the extension of the current regulatory period (Q6) until 31 December 2019, continuing with the annual maximum tariff increase per passenger of RPI -1.5%.

Regulatory asset Base **(RAB)**: At 31 December 2016, the RAB reached GBP15,237mn (vs. GBP14,921mn in December 2015).

Expansion: On 25 October 2016, the British Government announced its decision to select the building of a third runway at Heathrow Airport to increase airport capacity in the Southeast of England. The Davies Commission, selected to study the airport expansion, already and unanimously recommended it as the best possible solution in July 2016.

The Heathrow extension will imply the construction of a third runway, a new terminal and other associated infrastructures such as platforms, a baggage terminal and parking spaces.

This decision requires parliamentary approval of the National Policy Statement and subsequently approval by the Secretary of State of the Development Consent Order, which are expected between the end of 2017 and end of 2020.

On 2 February 2017, the expansion project passed the first hurdle after the British Government published the first draft of the National Policy Statement.

HAH

The table below shows HAH's Profit & Loss Account.

GBP million	Dec-16	Dec-15	Var.	Like-for-Like
Revenues	**2,809**	**2,767**	**1.5%**	**1.5%**
EBITDA	**1,683**	**1,845**	**-8.8%**	**4.7%**
EBITDA margin %	59.9%	66.7%		
Depreciation	708	719	1.5%	1.5%
EBIT	**975**	**1,126**	**-13.4%**	**9.7%**
EBIT margin %	34.7%	40.7%		
Impairments & disposals	-7	5	-240.3%	n.a.
Financial results	-1,231	-571	-115.7%	-6.2%
EBT	-263	560	-146.9%	23.3%
Corporate income tax	74	-22	n.s.	-31.7%
Result from discontinued operations				n.s.
Net income	**-189**	**538**	**-135.1%**	**20.5%**
Contribution to Ferrovial equity accounted result (EUR mn)	**-57**	**186**	**-130.9%**	**20.5%**

Financial Result

The HAH financial result reached -GBP1,231mn vs. -GBP571mn in 2015, mainly explained by fair value adjustments to the derivatives portfolio due to the lower interest-rate and higher inflation expectations (-GBP479mn vs. +GBP138mn in 2015).

HAH net debt

At 31 December 2016, the average cost of Heathrow's external debt was 5.26%, including all the interest-rate, exchange-rate and inflation hedges in place (vs. 4.97% in December 2015).

GBP million	Dec-16	Dec-15	Var.
Loan Facility (ADI Finance 2)	306	498	-38.5%
Subordinated	1,098	916	19.9%
Securitized Group	12,923	12,036	7.4%
Other & adjustments	-20	-14	46.1%
Total	**14,307**	**13,437**	**6.5%**

The net debt figure relates to FGP Topco, HAH's parent company.

UK REGIONAL AIRPORTS (AGS)

AGS Traffic

Million Passengers	Traffic		
	Dec-16	Dec-15	Var.
Glasgow	9.4	8.7	7.4%
Aberdeen	3.1	3.5	-12.2%
Southampton	2.0	1.8	9.8%
Total AGS	**14.4**	**14.0**	**2.8%**

In 2016, the number of passengers at the regional airports grew by +2.8% to 14.4 million, primarily thanks to the increase at Glasgow.

Traffic at **Glasgow** reached 9.4 million passengers (+7.4%). Domestic traffic improved (+5.5%), mainly thanks to the good performance of the routes to London due to higher occupancy levels at Ryanair and more flights at EasyJet, partially offset by lower performance of BA's routes to London. In the rest of the domestic market there was a notable improvement in capacity at EasyJet (Bristol and Belfast), and a good performance at Flybe, with its new routes to Cardiff and Exeter.

International traffic increased (+9.1%) due to the growth in European traffic thanks to the good performance of Ryanair's routes to Berlin, Dublin, Riga and Sofia, the growth of Wizz Air on its routes to Bucharest, Budapest, Lublin and Vilna, Jet2, Easyjet, Blue Air, Stobart Air, and to the use of larger aircraft by KLM. This was offset by the decline in charter passengers, primarily from Thomas Cook.

Passenger numbers at **Aberdeen** reached 3.1 million (-12.2%). Domestic traffic declined (-13.8%), mainly due to the poor performance of the routes to London, due to the negative impact of the loss of Virgin Little Red (BA and Flybe have only absorbed some of their passengers) and the drop in charter passengers on the routes related to the oil business.

International traffic dropped (-6.0%), mainly due to the loss of passengers on the Scandinavian routes (oil destinations), with reduced schedules and occupancy levels at BMI, and reduced schedules at SAS and Wideroe, to the reduced schedules at Air France and Lufthansa, and to the reduced capacity at KLM due to the use of smaller aircraft. This was partially offset by Wizz Air's new route to Gdansk and Warsaw, and Icelandair's new route to Reykjavik.

Helicopter traffic also dropped (-18.3%) as a result of the reduced demand from the oil business.

Passenger numbers at **Southampton** totalled 2.0 million (+9.8%). Domestic traffic improved (+2.6%), mainly thanks to the growth on the routes to Manchester, Glasgow, Newcastle and Belfast, offset by reduced numbers of passengers on the route to Aberdeen/Leeds.

International traffic increased (+23%) due to the new routes to Charles de Gaulle, Cork, Toulon and Biarritz and the good performance of the routes to Amsterdam, Dusseldorf and Palma, offset by the decline in passengers on the routes to Malaga, Alicante and Faro.

AGS Revenue and EBITDA

The airports posted EBITDA growth of +10.8% in 2016, on traffic growth of +2.8% and sales growth of +1.2%, coupled with a -4.8% drop in expenses driven by greater cost control.

AGS net bank debt

At 31 December 2016, the regional airports' net bank debt stood at GBP533mn.

AGS results (like-for-like terms)

GBP million	Revenues			EBITDA			EBITDA Margin		
	Dec-16	Dec-15	Var.	Dec-16	Dec-15	Var.	Dec-16	Dec-15	Var. (pbs)
Glasgow	112.5	103.8	8.3%	52.5	42.1	24.9%	46.7%	40.5%	620.1
Aberdeen	55.9	63.4	-11.9%	21.2	25.2	-15.6%	38.0%	39.7%	-170.8
Southampton	28.7	27.6	4.2%	9.1	7.6	20.3%	31.8%	27.5%	427.0
Total AGS	**197.1**	**194.8**	**1.2%**	**82.9**	**74.8**	**10.8%**	**42.1%**	**38.4%**	**365.8**

BALANCE SHEET

	Dec-16	Dec-15
FIXED AND OTHER NON-CURRENT ASSETS	15,647	16,821
Consolidation goodwill	2,170	1,885
Intangible assets	503	234
Investments in infrastructure projects	7,145	8,545
Property	6	15
Plant and Equipment	731	491
Equity-consolidated companies	2,874	3,237
Non-current financial assets	735	755
Long term investments with associated companies	374	411
Restricted Cash and other non-current assets	249	261
Other receivables	112	83
Deferred taxes	1,051	1,254
Derivative financial instruments at fair value	432	406
CURRENT ASSETS	7,750	8,563
Assets classified as held for sale	624	2,418
Inventories	516	387
Trade & other receivables	2,828	2,320
Trade receivable for sales and services	2,199	1,821
Other receivables	629	499
Taxes assets on current profits	186	135
Cash and other temporary financial investments	3,578	3,279
Infrastructure project companies	277	306
Restricted Cash	62	36
Other cash and equivalents	215	270
Other companies	3,301	2,973
Derivative financial instruments at fair value	18	23
TOTAL ASSETS	23,397	25,384

	Dec-16	Dec-15
EQUITY	6,314	6,541
Capital & reserves attrib to the Company´s equity holders	5,597	6,058
Minority interest	717	483
DEFERRED INCOME	1,118	1,088
NON-CURRENT LIABILITIES	10,409	9,327
Pension provisions	174	46
Other non current provisions	757	851
Financial borrowings	7,874	6,697
Financial borrowings on infrastructure projects	5,310	5,320
Financial borrowings other companies	2,564	1,376
Other borrowings	200	171
Deferred taxes	967	1,124
Derivative financial instruments at fair value	436	438
CURRENT LIABILITIES	5,556	8,428
Liabilities classified as held for sale	440	2,690
Financial borrowings	302	1,385
Financial borrowings on infrastructure projects	200	1,297
Financial borrowings other companies	102	88
Derivative financial instruments at fair value	69	259
Trade and other payables	3,893	3,258
Trades and payables	2,299	1,982
Other non comercial liabilities	1,595	1,276
Liabilities from corporate tax	150	138
Trade provisions	702	697
TOTAL LIABILITIES & EQUITY	23,397	25,384

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Before Fair value Adjust-ments	Fair value Adjustments	Dec-16	Before Fair value Adjust-ments	Fair value Adjustments	Dec-15
Revenues	10,759		**10,759**	9,701		**9,701**
Other income	7		7	9		9
Total income	10,765		10,765	9,709		9,709
COGS	9,821		9,821	8,683		8,683
EBITDA	944		**944**	1,027		**1,027**
EBITDA margin	8.8%		8.8%	10.6%		10.6%
Period depreciation	342		342	256		256
EBIT (ex disposals & impairments)	602		**602**	770		**770**
EBIT (ex disposals & impairments) margin	5.6%		5.6%	7.9%		7.9%
Disposals & impairments	330	-6	324	185	-54	131
EBIT	932	-6	**926**	955	-54	**901**
EBIT margin	8.7%		8.6%	9.8%		9.3%
FINANCIAL RESULTS	-365	-26	**-391**	-498	-138	**-637**
Financial result from financings of infrastructures projects	-305		-305	-463		-463
Derivatives, other fair value adjustments & other financial result from infrastructure projects	-7	-12	-20	-12	-188	-200
Financial result from ex infra projects	-49		-49	-35		-35
Derivatives, other fair value adjustments & other ex infra projects	-4	-13	-18	12	49	61
Equity-accounted affiliates	214	-132	82	275	37	312
EBT	780	-164	**617**	732	-155	**577**
Corporate income tax	-245	11	-233	25	30	54
Net Income from continued operations	536	-153	**383**	757	-126	**631**
Net income from discontinued operations						
Consolidated Net Income	536	-153	**383**	757	-126	**631**
Minorities	-11	4	-7	33	56	89
NET INCOME ATTRIBUTED	525	-149	**376**	790	-70	**720**

REVENUES

	Dec-16	Dec-15	Var.	Like-for-Like
Construction	4,194	4,287	-2.2%	-2.7%
Airports	4	8	-49.9%	-68.6%
Toll Roads	486	513	-5.3%	24.8%
Services	6,078	4,897	24.1%	2.8%
Others	-4	-6	n.a.	n.a.
Total	**10,759**	**9,701**	**10.9%**	**1.2%**

EBITDA

	Dec-16	Dec-15	Var.	Like-for-Like
Construction	342	393	-13.1%	-12.8%
Airports	-18	-13	-45.7%	-54.7%
Toll Roads	297	333	-10.8%	24.9%
Services	325	312	4.2%	-12.9%
Others	-2	1	n.a.	n.a.
Total	**944**	**1,027**	**-8.1%**	**-4.0%**

DEPRECIATION

Depreciation increased by +33.5% (+14.0% LFL) to EUR342mn.

EBIT

(before impairments and disposals of fixed assets)

	Dec-16	Dec-15	Var.	Like-for-Like
Construction	313	364	-14.1%	-13.7%
Airports	-19	-13	-50.4%	-54.2%
Toll Roads	214	250	-14.4%	16.8%
Services	99	173	-42.5%	-25.5%
Others	-5	-4	n.a.	n.a.
Total	**602**	**770**	**-21.9%**	**-9.7%**

For the purposes of analysis, all comments regarding EBIT are before impairments and fixed asset disposals.

DISPOSALS & IMPAIRMENTS

The impairments and disposals of fixed assets amounted to EUR324mn at year-end 2016 (EUR131mn in 2015), mainly due to the following impacts:

- The capital gain on the sale of the Chicago Skyway toll road, which amounted to +EUR259mn (before tax).
- The capital gain on the sale of the Irish toll roads, which amounted to +EUR21mn.
- Further impairments at Autema amounting to -EUR21mn.
- The positive impact (+EUR52mn) of the deconsolidation of the SH-130 toll road (reversal of accumulated losses).

FINANCIAL RESULT

	Dec-16	Dec-15	Var.
Infrastructure projects	-305	-463	34.0%
Ex infra projects	-49	-35	-37.1%
Net financial result (financing)	**-354**	**-498**	**28.9%**
Infrastructure projects	-20	-200	90.2%
Ex infra projects	-18	61	-128.9%
Derivatives, other fair value adj & other financial result	**-37**	**-139**	**73.1%**
Financial Result	**-391**	**-637**	**38.6%**

Financial expenses in 2016 were less than the corresponding figure in 2015, as a combination of the following impacts:

- **Financing result:** EUR144mn drop in expenses to EUR354mn. The change compared with 2015 was primarily due to infrastructure projects:
    - Deconsolidation of the Chicago Skyway (contributed for just two months in 2016 vs. the whole of 2015).
    - Deconsolidation of the Ireland toll road debt (since February 2016 consolidated by the equity method).
    - Deconsolidation of the OLR and R4 toll roads (February and December 2015, respectively).
    - Lower financial costs at SH-130 (Chapter 11).
    - These impacts have been partially offset by the increase in expenses after the opening of the LBJ managed lanes.
- **Result from derivatives and other:** EUR101mn less financial expenses (to EUR37mn), primarily due to:
    - The extraordinary negative impact brought in 2015 by the costs resulting from Ausol and SH-130, and which did not take place in 2016.
    - This impact is partially offset by greater financial expenditure for ex-projects and specifically for the equity swaps hedging linked to the remuneration packages (financial income in 2015), although this was a non-cash item. These hedges implied expenses of -EUR18mn at year-end 2016, due to the fall in the share price in 2016, compared to the positive performance in 2015, as shown in the following table:

Date	Closing price (€)
31-Dec-14	16.43
31-Dec-15	20.86
31-Dec-16	**17.00**

At year-end 2016, the number of shares hedged reached 3,429,600.

EQUITY-ACCOUNTED RESULTS

	Dec-16	Dec-15	Var.
Construction	0	-3	107.2%
Services	19	31	-38.7%
Toll Roads	108	84	28.1%
Airports	-46	199	-122.8%
Total	**82**	**312**	**-73.8%**

At the net profit level, the equity-accounted consolidated assets contributed EUR82mn after tax (against EUR312mn in 2015).

The improvement in the Toll Roads contribution (407ETR's EBITDA increased +17.3%) did not make up for the drop at Airports (-EUR46mn in 2016 vs. +EUR199mn in 2015), due to a double impact:

i. Heathrow's December 2015 results included a positive non-recurrent non-cash item of +GBP237mn (EUR67mn given the 25% stake held by Ferrovial), due to changes in the pension plan conditions.

ii. Negative fair value adjustments to the portfolio of interest-rate and inflation derivatives (equity-accounted contribution impacted by –EUR160mn at year-end 2016). These derivatives relate to economic hedging, not accounting, as aeronautical revenues and the value of regulated assets are positively impacted by an increase in inflation.

The contribution made by AGS remained in line with 2015, reaching EUR12mn in 2016 vs. EUR14mn the year before.

TAXES

Corporate tax amounted to -EUR233mn vs +EUR54mn at year-end 2015, which included the recognition of tax credits from prior years.

The tax rate stood at 37.9% (or 43.6% excluding equity-accounted), there are certain extraordinary effects that distort the calculation of the effective tax rate, among which we would highlight:

- **Equity-accounted results (EUR82mn):** companies accounted using equity method which, pursuant to accounting legislation, are presented net of the related tax effect.
- **Results with no tax impact (EUR186mn):**
    - **Losses of fully consolidated concession companies in US**, in which other companies have ownership interest and are fully consolidated. The tax credit is exclusively recognised at the percentage of Ferrovial's ownership when paying tax under a fiscal transparency regime. Therefore, the adjustment (EUR42mn) corresponds to the tax credit attributable to the other shareholders of the company.
    - **Chicago Skyway divestment result**: goodwill allocated to the toll road (EUR 132mn) has been discharged as a result of the sale of the highway (thereby reducing capital gains), with no fiscal impact.

Excluding these extraordinary items, the effective tax rate would be of 32%.

NET PROFIT

Net profit stood at EUR376mn (EUR720mn in 2015). The difference is primarily due to a series of extraordinary impacts in 2016 and 2015:

- **Main extraordinary impacts in 2016:**
    - Positive impact of the capital gain on the sale of the Chicago Skyway: +EUR103mn; and the Irish toll roads: +EUR21mn.
    - Non-recurrent items at HAH: -EUR107mn (vs. +EUR139mn in 2015).
    - The positive impact (+EUR30mn) of the deconsolidation of the SH-130 toll road (reversal of accumulated losses).
    - Impact of fair value adjustments to derivative instruments: -EUR31mn (vs. -EUR53mn in 2015).
    - Impact of the impairment at the Autema toll road: -EUR21mn (vs. –EUR54mn in 2015).
- **Additionally, in 2015:** There was an extraordinary positive impact due to the removal from the perimeter of Ocaña-La Roda and R4 (EUR+122mn).

NET DEBT AND CORPORATE CREDIT RATING

NET DEBT

The net treasury position, excluding infrastructure projects, stood at EUR697mn at 31 December 2016 vs. EUR1,514mn in December 2015.

The main drivers of this decline in the net cash position ex-infrastructure projects included the following:

- **Investment stream of -EUR985mn** (vs. -EUR374mn in 2015), which breaks down as follows:
  - Investment via company acquisitions (-EUR629mn in 2016 vs. -EUR12mn in 2015): highlighting the acquisition of Broadspectrum in Services for -EUR499mn and Transchile in the Airports division for -EUR69mn.
  - Investments related to the organic growth of the company, which reached -EUR356mn in 2016 (-EUR362mn in 2015), and which include fixed asset investments, as well as the Toll Road share capital increases.
- **Shareholder remuneration (-EUR544mn)**, comprising the cash payment of the scrip dividend of -EUR226mn and the share buy-back for -EUR317mn. Dividends to minorities in subsidiaries also reached -EUR23mn.
- **Tax payments in the amount of -EUR125mn.**
- **Interest payments in the amount of -EUR48mn.**
- **Consolidation of Broadspectrum's net debt (-EUR435mn).**

The above-mentioned impacts were partially offset by the following positive factors:

- **Dividends received from projects amounting to EUR477mn**, of which EUR290mn to Toll Roads, EUR134mn to Airports, EUR49mn to Services and EUR4mn to Construction.
- **Disposals amounting to EUR340mn** (vs. EUR74mn in 2015) after the completion of the sales of the Chicago Skyway (EUR230mn) and the Irish toll roads (EUR59mn).

Project net debt stood at EUR4,963mn (EUR6,057mn in December 2015). This net debt includes EUR641mn that relates to toll roads under construction (NTE 35W and I-77).
The main drivers of the net treasury position of the infrastructure projects vs. December 2015, were due to changes to the perimeter during 2016:

- Deconsolidation of SH-130 (EUR1,421mn), following the loss of control of the asset.
- Deconsolidation of the debt of the Portuguese toll roads (+EUR323mn), which are expected to be sold in the coming months has been reclassified as liabilities held for sale.

The Group's **consolidated net Group debt** at 31 December 2016 stood at EUR4,266mn (compared with EUR4,542mn in December 2015).

	Dec-16	Dec-15
NCP ex-infrastructures projects	**697**	**1,514**
Toll roads	-4,426	-5,518
Others	-537	-539
NCP infrastructures projects	**-4,963**	**-6,057**
Total Net Cash Position	**-4,266**	**-4,542**

	Dec-16	Dec-15
Gross financial debt	**-8,093**	**-8,083**
Gross debt ex-infrastructure	-2,584	-1,465
Gross debt infrastructure	-5,510	-6,618
Gross Cash	**3,827**	**3,540**
Gross cash ex-infrastructure	3,301	2,973
Gross cash infrastructure	526	567
Total net financial position	**-4,266**	**-4,542**

CORPORATE CREDIT RATING

Agency	Rating	Outlook
S&P	BBB	Stable
Fitch Ratings	BBB	Stable

EX-PROJECT DEBT MATURITIES

Year	Corporate debt maturities
2017	15
2018	526
2019	352
2020	256
2021 - 2030	1,329
2031 - 2040	7
2041 - 2050	7

CONSOLIDATED CASH FLOW

Dec-16	Ex-infrastructure projects Cash Flow	Infrastructure projects Cash Flow	Adjustments	Total Cash Flow
EBITDA	502	442		944
Dividends received	477		-50	427
Working capital variation (account receivables, account payables and others)	16	-68		-52
Operating flow (before taxes)	**995**	**373**	**-50**	**1,319**
Tax payment	-125	-23		-147
Tax return from previous exercises				
Operating Cash Flow	**870**	**351**	**-50**	**1,172**
Investments	-985	-388	72	-1,301
Divestments	340			340
Investment cash flow	**-645**	**-388**	**72**	**-961**
Activity cash flow	**226**	**-38**	**22**	**210**
Interest flow	-48	-303		-351
Capital flow from Minorities	2	122	-72	53
Scrip dividend	-226			-226
Treasury share buy-back	-317			-317
Ferrovial shareholder remuneration	-544			-544
Other shareholder remuneration for subsidiary minorities	-23	-50	50	-24
Forex impact	-9	-111		-119
Variation of Bridge Loans (project financing)				
Changes in the consolidated perimeter	-440	1,702		1,262
Other debt movements (non cash)	18	-230		-212
Financing cash Flow	**-1,043**	**1,131**	**-22**	**66**
Net debt variation	**-817**	**1,093**		**276**
Net debt initial position	**1,514**	**-6,057**		**-4,542**
Net debt final position	**697**	**-4,963**		**-4,266**

Dec-15	Ex-infrastructure projects Cash Flow	Infrastructure projects Cash Flow	Adjustments	Total Cash Flow
EBITDA	580	447		1,027
Dividends received	477		-78	399
Working capital variation (account receivables, account payables and others)	-168	-67	0	-234
Operating flow (before taxes)	**889**	**380**	**-78**	**1,191**
Tax payment	-29	-31		-61
Tax return from previous exercises				
Operating Cash Flow	**860**	**349**	**-78**	**1,130**
Investments	-374	-556	92	-839
Divestments	74			74
Investment cash flow	**-300**	**-556**	**92**	**-765**
Activity cash flow	**560**	**-208**	**13**	**366**
Interest flow	-35	-309		-344
Capital flow from Minorities	-1	213	-92	121
Scrip dividend	-267			-267
Treasury share buy-back	-265			-265
Ferrovial shareholder remuneration	-532			-532
Other shareholder remuneration for subsidiary minorities	-40	-83	78	-44
Forex impact	-23	-498		-521
Other equity movements		-5		-5
Variation of Bridge Loans (project financing)				
Other debt movements (non cash)	-47	2,695		2,648
Financing cash Flow	**-678**	**2,014**	**-13**	**1,322**
Net debt variation	**-118**	**1,806**	**0**	**1,688**
Net debt initial position	**1,632**	**-7,862**		**-6,230**
Net debt final position	**1,514**	**-6,057**	**0**	**-4,542**

EX-INFRASTRUCTURE PROJECT CASH FLOW

Cash flow from ex-project operations

At year-end 2016, cash flow from ex-infrastructure project operations reached EUR995mn (pre-tax), improving on the 2015 of EUR889mn. This improvement was primarily the result of **balanced contributions with higher dividends from infrastructures (+6.2%) and improved operating cash flow from Services** (which improved significantly in the final quarter). This good performance has enabled the company to increase shareholder payments (EUR544mn against EUR532mn in 2015), as well as carry out the investments required for the organic growth of the company (EUR356mn).

Uses of Operating cash flow (pre-tax)	dic-16
Operating cash flow (pre-tax)	**995**
Organic Investments	**-356**
Activity cash flow (pre-tax)	**639**
Ferrovial shareholder remuneration	**-544**
Inorganic Investments	**-289**
Acquisition of companies	-629
Divestments	340
Others (mainly BRS debt)	**-428**
Taxes	**-125**
Interest flow	**-48**
Other shareholder remmuneration for subsidiary minorities (Budimex)	**-23**

Changes in cash flow from ex-Infrastructure project operations by segment in 2016 as compared with 2015 are shown in the following table:

Operating cash flow	Dec-16	Dec-15
Construction	245	272
Services	395	289
Dividends from Toll roads	290	267
Dividends from Airports	134	132
Other	-69	-70
Operating flow (before taxes)	**995**	**889**
Tax payment	-125	-29
Total	**870**	**860**

The entry "Other" includes the revenues from operations corresponding to Corporate Business, Airports, Toll Roads and Real Estate, as well as remuneration systems linked to the share price of the Airports, Toll Roads and Corporate divisions.

The higher tax payments, is mainly due to the integration of Broadspectrum, which paid its tax during the seven months when it was consolidated.

The following table shows a breakdown of the cash flow from **Construction and Services:**

Construction	Dec-16	Dec-15
EBITDA	342	393
EBITDA from projects	13	13
EBITDA Ex projects	329	380
Dividends received	4	0
Settlement from completed works (provisions & others)	-124	-111
Changes in factoring	12	-118
Ex Budimex Working Capital	38	-9
Budimex Working Capital	-13	130
Working capital variation (account receivables, account payables and others)	-87	-109
Operating Cash Flow before Taxes	**245**	**272**

Services	Dec-16	Dec-15
EBITDA	325	312
EBITDA from projects	85	74
EBITDA Ex projects	241	237
Dividends received	49	78
Changes in factoring	47	0
Pensions payments UK	-15	-19
Ex UK Working Capital	86	58
UK Working Capital	-13	-66
Working capital variation (account receivables, account payables and others)	106	-27
Operating Cash Flow before Taxes	**395**	**289**

The following table shows the **Services** business detail:

	Spain	UK	Broads-pectrum	Interna-tional	Services
EBITDA Ex-infrastructure	124	20	84	13	241
Dividends received	15	20	8	6	49
Changes in factoring	47	0	0	0	47
Pension scheme payments	0	-15	0	0	-15
Working capital	43	-13	44	-1	73
Op. cash flow ex-Taxes	**230**	**12**	**135**	**17**	**395**

Cash flow from **Toll Roads** at December 2016 includes EUR290mn from dividends and repaid shareholder equity from companies owning toll road infrastructure projects. The detail is shown in the following table.

Dividends and Capital reimbursements	Dec-16	Dec-15
ETR 407	244	242
Irish toll roads	2	7
Portuguese toll roads	37	17
Greek toll roads	0	0
Spanish toll roads	3	0
Other	5	0
Total	**290**	**267**

Dividends from **Airports** (EUR134mn) correspond to dividends received from HAH (EUR96mn) and the regional airports (EUR38mn).

Airports	Dec-16	Dec-15
HAH	96	95
AGS	38	38
Total	**134**	**132**

Ex-project investment cash flow

The following table shows the breakdown by business segment of investment streams, excluding Infrastructure projects, with a separate entry in each case for the amounts paid for investments undertaken and the amounts received from divestments made:

Dec-16	Investment	Divestment	Investment Cash Flow
Construction	-76	2	-74
Services	-706	48	-658
Toll roads	-113	289	176
Airports	-73	0	-73
Others	-17	1	-16
Total	**-985**	**340**	**-645**

Dec-15	Investment	Divestment	Investment Cash Flow
Construction	-46	16	-30
Services	-207	0	-207
Toll roads	-120	58	-62
Airports	0	0	0
Others	-1	0	-1
Total	**-374**	**74**	**-300**

The gross investment stream of EUR985mn, is broken down as follows:

- **Inorganic growth investments** amounted to -**EUR629mn** by year-end, highlighting the acquisition of Broadspectrum in the Services division (-EUR499mn) and Transchile in the Airports division for -EUR69mn.
- The Company's **organic growth investments** totalled -**EUR356mn** in 2016, including the fixed asset investments and the share capital increases in the Toll Roads division (-EUR113mn), particularly noting the US toll road under construction NTE 35W, the 407EDG toll road in Canada and the *Ruta del Cacao* in Colombia. It also includes the acquisition of minority stakes in the Algarve and Norte Litoral (Portugal).

The following table shows Cintra's capital investment in infrastructure projects:

Equity investment in toll roads	Dec-16	Dec-15
LBJ	0	-41
NTE	0	-3
NTE 35W	-53	-44
SH-130	0	0
Spanish toll roads	-5	-3
Portuguese toll roads	-26	-3
Greek toll roads	0	0
Others	-29	-26
Total	**-113**	**-120**

In terms of disposals in 2016, we would highlight Cintra, for the sale of the Chicago Skyway for +EUR230mn; and the Irish toll roads (+EUR59mn), as well as UK services, sale of a fleet of lorries for +EUR30mn.

As regards divestment in 2015, particular mention should be made of Cintra and its sale of ITR for a total of +EUR45mn.

Ex-project financing cash flow

Financing streams include:

- **Shareholder remuneration:** -EUR544mn for Ferrovial shareholders, which includes the cash payment of the scrip dividend of -EUR226mn and the share buy-back for -EUR317mn. Dividends to minorities in subsidiaries reached -EUR23mn.
- **Net interest payments for the year** (-EUR48mn).
- **Exchange rate impact** (-EUR9mn), which originates from the operating cash for the businesses outside the Eurozone and the positions held in currencies, mainly in Polish Zloty and Australian dollars (-EUR30mn), offset by exchange rate derivatives (+EUR21mn).
- **Other non-cash flow debt movements** (-EUR422mn), where particular mentions should be made of the **consolidation of book net debt movements brought by Broadspectrum** (-EUR435mn). This section also includes book debt movements that do not affect cash flow, such as interest that has been accrued and remains unpaid, mainly resulting from interest accrued from corporate bonds.

INFRASTRUCTURE PROJECT CASH FLOW

Cash flow from project operations

As regards cash flows for companies that own Infrastructure project concessions, these basically include revenues from those companies that are currently in operation, though they also include VAT refunds and payments corresponding to projects currently in the construction phase.

The following table shows a breakdown of cash flow operations for Infrastructure projects.

	Dec-16	Dec-15
Toll roads	250	295
Other	101	53
Operating flow	**351**	**349**

Project investment cash flow

The following table shows a breakdown of the investment cash flow for infrastructure projects, basically payments made in respect of capex investments over the course of the year.

Investment cash flow	Dec-16	Dec-15
LBJ	-10	-183
North Tarrant Express	-14	-31
North Tarrant Express 35W	-267	-255
SH-130	-10	-2
Portuguese toll roads	-2	-3
Spanish toll roads	-3	-15
Chicago	0	-4
Other	-54	-42
Total toll roads	**-361**	**-535**
Other	-43	-152
Projects total	**-404**	**-687**
Equity Subsidy	16	131
Total investment cash flow (projects)	**-388**	**-556**

As regards investment cash flow, particular mention should be made of the investment in concessions under construction in the Toll Roads business in 2016, notably in the USA (NTE Extension and I-77).

Project financing cash flow

Financing cash flow includes the payment of dividends and the repayment of equity by concessionary companies to their shareholders, along with the payments for share capital increases received by these companies. In the case of concession holders, which are fully integrated within the consolidated Group, these amounts represent 100% of the amounts paid out and received by the concession-holding companies, regardless of the percentage share that the Group holds in such concessions. No dividend or Equity repayment is included for companies accounted for by the equity method.

The interest cash flow refers to the interest paid by the concession-holding companies, together with other fees and costs closely related to the acquisition of financing. The cash flow for these items relates to interest costs for the period, along with any other item that represents a direct change in the net debt amount for the period.

Interest Cash Flow	Dec-16	Dec-15
Spanish toll roads	-132	-65
US toll roads	-88	-152
Portuguese toll roads	-38	-42
Other toll roads	-3	-15
Total toll roads	**-260**	**-274**
Other	-43	-35
Total	**-303**	**-309**

The financing cash flow also includes the impact that changes in the interest rate have had on the debt held in foreign currency, which in 2016 was a negative impact in the amount of -USD111mn, mainly as the result of the appreciation of the US dollar against the euro, a circumstance that had a significant effect on the net debt figure for the American toll roads.

Finally, the entry “Other debt movements (non-cash)” (+EUR1,472mn), includes those items that represent a variation in the book debt amount but do not involve any actual cash movement; particular mention should be made of the debt reduction for the deconsolidation of the SH-130 Concession company (EUR1,421mn) and the classification of assets being held for sale of the Portuguese toll roads, which are expected to be sold in the coming months (EUR323mn), as well as the reclassification as debt of the fair value balance amount for the SH-130 derivative (-EUR143mn).

SHAREHOLDERS REMUNERATION

In 2016, Ferrovial paid a total of EUR544mn to its shareholders (EUR317mn via share buy-back and EUR226mn via scrip dividends), which is more than the amount paid in 2015 (EUR532mn).

	Ferrovial shareholder remuneration	Share buy-back	Ferrovial Flexible Dividend
2016	**544**	317	226
2015	**532**	265	267
2014	**510**	235	275

DIVIDEND

The Company held its AGM on 4 May 2016. The AGM approved, for the third consecutive year, two share capital increases by means of the issuance of new ordinary shares, with no issue premium, of the same class and series as those currently in circulation, charged to reserves.

These increases form part of the shareholder remuneration system, known as the "**Ferrovial Flexible Dividend**", which the company introduced in 2014, and that replace what would have been the traditional complementary dividend payment for 2015 and the 2016 interim dividend.

This programme offers all the company's shareholders the option, at their choice, of receiving free new shares in the company, or alternatively receive a cash payment by means of selling the free rights that they receive against the shares they already own to the Company (or selling them in the market).

Scrip Dividend Details	Jun-16	Nov-16
Guaranteed set price to purchase rights	0.311	0.408
Rights per share	58	45
% shareholders chose shares as dividend	58.896%	56.04%
% shareholders chose cash as dividend	41.104%	43.96%
Number of new shares issued	7,435,172	9,210,953
Number of rights purchased	300,971,002	325,153,323

SHARE BUY-BACK AND CANCELLATION

The buy-back programme ended, as agreed at the AGM, on 18 November 2016, after the company had acquired 15,547,735 of its own shares (which therefore did not exceed the planned maximum limit of EUR275mn or 19 million shares).

The share capital was subsequently reduced by EUR3,261,745 by means of the cancellation of 16,308,725 treasury shares held in the Company's own portfolio, including 760,990 treasury shares held prior to the Board of Directors' proposal, approved at the General Shareholders Meeting, to reduce the company's capital.

The share capital comprises 732,548,474 ordinary shares of one single class, each with a par value of twenty euro cents (EUR0.20), (the share capital as of 31 December 2016 was EUR146,509,694.80).

SHAREHOLDER STRUCTURE

In August 2015, Portman Baela, S.L. and Karlovy, S.L., transferred all the capital that they held in Ferrovial to their associates. After the aforementioned transaction, the effects of the earlier shareholder agreement for Ferrovial, S.A. between these shareholders no longer applies.

Recent changes in the interest of Siemprelara S.L.U. (company controlled by Leopoldo del Pino y Calvo-Sotelo):

- On 13 January 2016, UBS Limited proceeded with the placement of a package of 30,387,965 shares in the company Ferrovial, S.A., representing approximately 4.15% of the company's share capital, by order of Siemprelara S.L.U., at a price of EUR19.07 per share. These were placed with qualified investors. Additionally, on 21 January 2016, Leopoldo del Pino y Calvo-Sotelo announced his resignation from the Board of Directors.
- On 14 July 2016, Siemprelara S.L.U. informed the CNMV (Spanish securities market regulator) that it had increased its stake in Ferrovial S.A. to 5.003%.

Following the aforementioned transactions, and as published at the CNMV, **the significant shareholdings in Ferrovial S.A.** are now as follows:

- **Rijn Capital BV,** (a company controlled by Rafael del Pino y Calvo-Sotelo): 20.3%
- **Menosmares, S.L.U.,** (a company controlled by María del Pino y Calvo-Sotelo): 8.2%
- **Siemprelara S.L.U.,** (a company controlled by Leopoldo del Pino y Calvo-Sotelo): 5. 0%
- **Soziancor, S.L.U.**, (company controlled by Joaquin del Pino y Calvo-Sotelo): 2.5%.

Following the close of the financial year, on 9 February 2017, Blackrock notified the CNMV that it had increased its stake in Ferrovial S.A to 3.2%.

In addition to this, on 19 January 2017, Fidelity International Limited informed the CNMV that it held a stake of 1.007% in Ferrovial.

APPENDIX I: EXCHANGE-RATE MOVEMENTS

Exchange rates expressed in units of currency per Euro, with negative variations representing euro depreciation and positive variations euro appreciation.

	Exchange-rate Last (Balance sheet)	Change 16/15	Exchange-rate Mean (P&L)	Change 16/15
GBP	0.8545	15.86%	0.8230	13.72%
US Dollar	1.0547	-2.94%	1.1034	0.01%
Canadian Dollar	1.4185	-5.60%	1.4590	2.51%
Polish Zloty	4.4046	3.25%	4.3606	4.32%
Australian Dollar	1.4615	-1.95%	1.4853	0.34%

APPENDIX II: ADDITIONAL INFORMATION

TREASURY SHARES TRANSACTIONS:

I. Transaction performed/objective	Number of shares	% of capital	Nominal (thousand euros)	Amount paid (thousand euros)	Number of shares applied to the objective	Total number of shares
II. Closing balance at 31 December 2015						**954,805**
Capital reduction	15,547,735	2.1%	3,110	-275,000	-16,308,725	-760,990
Discretionary and other	2,407,250	0.3%	481	-42,255	0	2,407,250
Compensation systems	2,670,561	0.4%	534	-50,586	-2,871,399	-200,838
Shares received as payment for the flexible dividend	374,947	0.1%	75	0	0	374,947
III. Closing balance at 31 December 2016						**2,775,174**

AVERAGE PAYMENT PERIOD

In compliance with the obligation to disclose the average period of payment to suppliers provided for in Article 539 and Additional Provision Eight of the Spanish Limited Liability Companies Law (in accordance with the new wording of Final Provision Two of Law 31/2014 reforming the Spanish Limited Liability Companies Law), the Company hereby states that the average period of payment to the suppliers of all the Group companies domiciled in Spain in 2016 was 55 days.

Set forth below is the detail required by Article 6 of the Spanish Accounting and Audit Institute Resolution of 29 January 2016 in relation to the disclosures to be provided on the average period of payment to suppliers in the 2016 and 2015:

	2016 Days	2015 Days
Average period of payment to suppliers	**55**	**48**
Ratio of transactions settled	55	48
Ratio of transactions not yet settled	53	53

	Amount (euros)	Amount (euros)
Total payments made	1,108,783,232	1,007,118,250
Total payments outstanding	52,916,260	54,792,695

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.