

CONSTRUCTION

Operational excellence and innovation

Ferrovial Construction is the business unit that carries out the construction of civil works, building, water treatment plants, industrial works and energy transition projects. It continues its commitment to developing sustainable, innovative and efficient solutions.

The Construction division is critical in the achievement of the business strategy set out in the Horizon 24 Plan, with a firm commitment to sustainable infrastructures that have a positive impact on the environment and communities. As evidence of this, in 2022 initiatives have been carried out for the decarbonization of the energy mix, such as the development of wind and photovoltaic farms, or the award of five new water treatment and purification plants.

BACKGROUND

Despite the current difficult situation marked by inflationary and supply chain tensions, and influenced by the war in Ukraine, during 2022 Ferrovial Construction has increased its turnover and maintained its profitability at positive levels thanks to the mitigation and management measures adopted to control the effects of inflation, supported by price review formulas implemented by public administrations in countries such as Spain, Poland and Portugal.

Looking to the future, the selective criteria in the bidding process for geographies and projects will be maintained, which include specific contingencies for inflation, focusing on new, more collaborative contracting models such as the award of the Project Management Office of the New Terminal One of JFK Airport in New York, in which the division will supervise its construction.

The outlook remains favorable, with the portfolio at record highs, following major awards such as the Design-Build-Finance of the Ontario Line of the Toronto Subway, and with a solid pipeline of projects in the main markets (USA, Poland and Spain), where strong investments are planned not only in transport infrastructure but also in water, electricity transmission or energy efficiency projects derived from plans such as the NextGen funds in Europe or the Infrastructure Investment & Jobs Act in the US.

In particular, it is worth mentioning Poland, the new allocation of European funds 2021-27 and its national road and rail investment plans until 2025-26, which guarantee the future stability of investment in the country, and Texas (USA), where the new Unified Transportation Program 2023 road plan, sets a new investment record for the Department of Transportation over the next ten years. These are geographies and markets where Budimex and Webber are leaders, respectively.

VALUE CREATION

Construction is a fundamental activity in Ferrovial's strategy. The division continues with its firm commitment to introduce initiatives in innovation and technology that minimize its environmental footprint, generate a positive impact on society and guarantee the safety of users

and workers. In addition to its own profitability and cash generation capacity, it adds value by coordinating the design and construction of infrastructure concessions in which other Ferrovial investment business units participate.

Renewable energy development in Poland

In line with Ferrovial's 2030 Sustainability Strategy, Budimex, the Polish Construction subsidiary, has signed up as a clean energy developer in Poland in 2022 through the acquisition of two companies that own the rights to develop, build and operate a wind power complex in Gniezno and a photovoltaic plant in Mszczonow.

The facilities, which have Ready-to-Build status, have a combined capacity of 21 MW, with an estimated annual production of 25,500 MWh/year for the wind plant thanks to two wind turbines with a total capacity of 7 MW, and 15,700 MWh/year for the photovoltaic farm with the installation of 25,500 modules.

Portfolio diversification and selective internationalization

Sector diversification allows the maintenance of technical qualifications, and enables Construction to have continuously prepared material and human resources teams. This is demonstrated by a number of 2022 awards, such as a new subway section of the Paris Metro, including seven kilometers of tunnels, a new Data Processing Center for Microsoft in Spain, and the new container terminal at the Port of Gdansk in Poland.

The international focus remains on the US and Poland, which account for approximately 70% of total revenues. Other countries with a stable presence include United Kingdom, Chile, Australia and Canada, in addition to Spain as the market of origin. The Coffs Harbour Bypass toll road in New South Wales (Australia) and the three new contracts awarded in North Carolina and Virginia, through the subsidiary Webber, stand out, consolidating the company's presence on the east coast of the US.

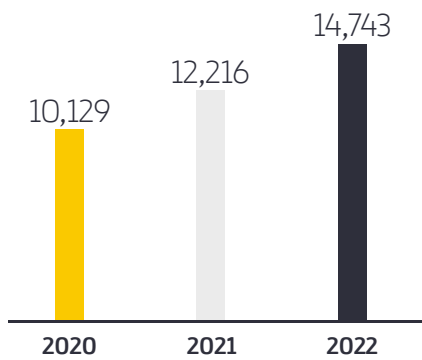
Commitment to the community: environment, quality and safety

Construction operates under strict guidelines that minimize its environmental impact. Its approach to projects includes the identification of environmental risks through individual management plans to promote the conservation of biodiversity, the efficient use of energy by increasing self-consumption, decarbonization and renewable energies, and the promotion of the circular economy through the

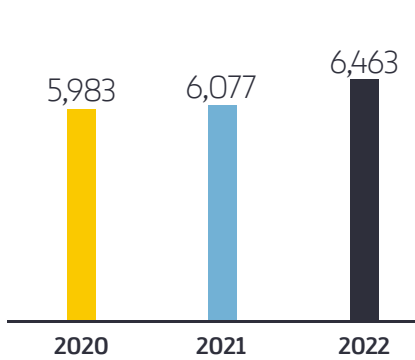


Sydney metro, Tunnel Boring Machine, Australia.

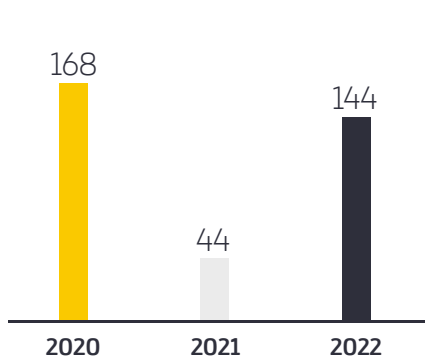
ORDER BOOK



REVENUES (M€)



OPERATING CASH FLOW*



*before tax

recovery of construction waste and the incorporation of recycled materials in construction processes. The aim is to control the carbon footprint and achieve carbon neutrality by 2050. A good example is the recently inaugurated I-66 toll road in Virginia (USA), which will significantly reduce CO₂ emissions by limiting traffic jams, and in which more than 430,000 tons of crushed concrete have been used, thus reusing construction waste, and which has also provided employment for more than 400 local companies, investing more than 13 million working hours.

Construction's commitment to the quality of its projects is evidenced by the award for best highway/bridge project granted by the specialized magazine ENR for its work on the Grand Parkway project, and the highest award in the bridges and tunnels category of the Going Digital Awards in Infrastructure for the I-35 Northeast Expansion Central project, both in Texas.

The safety of people is an essential pillar of Ferrovial Construction and putting technology at their service is key to guaranteeing it. New tools such as Guardhat and Peer Review, which equip construction helmets with cameras, microphones and fall detection systems, enable real-time monitoring of the work site and allow automatic alerts to be made to emergency teams and colleagues in the event of an accident.

Innovation as competitive positioning

Ferrovial Construction, within the framework of the Abacus Strategic Plan, continues to be committed to innovation and digital transformation. Some examples of this include the participation in the European research projects COGITO, which aims to produce a digital twin of construction operations and will be used to increase the

performance and efficiency in safety, quality and cost of the work, and BIMERR, which seeks to combine innovative tools such as the generation of digital models, augmented reality and monitoring through IoT and home automation to improve the energy renovation process in residential buildings.

Talent management

The commitment to the well-being and continuous development of its employees is fundamental for Ferrovial Construction. In 2022, they have won several awards, such as prizes for five female engineers and health and safety specialists at the European Women in Construction and Engineering Awards.

Award of the largest project in Ferrovial Construction's track record

Ferrovial Construction has been awarded and financially closed the Design-Build-Finance project for the southern section of the Ontario Line of the Toronto Subway, Canada. This is the largest project contracted by the Construction business unit in its history, valued at 4,450 million euro and financed by a banking syndicate of 11 international institutions through a revolving credit facility. The initiative will link the Exhibition Ontario Place station in the city center with the Ontario Science Centre through 6 kilometers of tunnels, and includes the construction of 7 stations, 6 of them underground. It is scheduled for completion in 2030, and will allow up to 338,000 daily travels, generating more than 1,500 jobs.