

## CONSTRUCTION

# Green foundations

Ferrovial Construction is the business unit that carries out civil engineering construction, building, water treatment plants and industrial projects. It is key to achieving the business strategy set out in the Horizon 24 Plan.

As part of its commitment to the energy transition, the company has recently created the Energy Solutions division, focused on the execution of power transmission lines, energy efficiency and renewable energy projects, having already been awarded some significant projects, such as a 50MW photovoltaic park in Gerena (Spain). The integration of SIEMSA in Construction reinforces this commitment and aims to strengthen its presence in the market for engineering, construction, installation and maintenance services for equipment in the energy sector.

## BACKGROUND

In 2021, Construction maintained the positive revenue and profitability trend, with insignificant impact from COVID-19, although inflationary pressures have been observed in the prices of materials and labor, as well as supply problems, which despite the mitigating factors and management measures implemented, have increased production costs. This health and social crisis has prompted a response from the public sector with the approval of, among others, the European Next Generation funds, which are expected to reactivate the Spanish economy, and the new Infrastructure Investment and Jobs Act plan in the USA, which will double federal funds for investment in transport infrastructure. It is worth mentioning the divestments made in non-core businesses, such as Budimex's real estate business, Budimex Nieruchomości, Webber's aggregates recycling activity, Southern Crushed Concrete, the stakes in the Prisiones Figueras and URBICSA concessions, and in Nalanda, a digital platform for document management.

The outlook in **Poland** remains positive in the medium term, supported both by the national investment plans for roads and railways up to 2025-26, where the company expects to maintain its leadership, and by the tenders for waste treatment, renewable energy and water projects.

In **Spain**, in addition to the positive trend in public initiatives in transport infrastructure, a medium-term boost in bidding is expected due to the Next Generation funds, Ferrovial Construction has created a department to maximize opportunities for refurbishment and energy efficiency in building projects as well as logistics and industrial parks.

In the **USA**, it is noteworthy the approval of the new federal infrastructure plan, which will support the growing investment initiative of the states, providing new funds not only for transport infrastructure but also for water, electricity transmission projects or climate change mitigation actions. It should also be noted the integration of the infrastructure maintenance activity into Webber, which previously belonged to Services. In Texas, pipeline growth in both highway and water treatment projects is expected through 2022.

## VALUE CREATION

Construction is a key activity in Ferrovial's strategy and continues with its firm commitment to implement initiatives in innovation and technology

to minimize its environmental footprint, generate a positive impact on society and minimize risks for users and workers. In addition to its intrinsic profitability and cash generation capacity, it adds value by coordinating the design and construction of infrastructure concessions in which other Ferrovial investment divisions participate.

### Portfolio diversification and selective internationalization

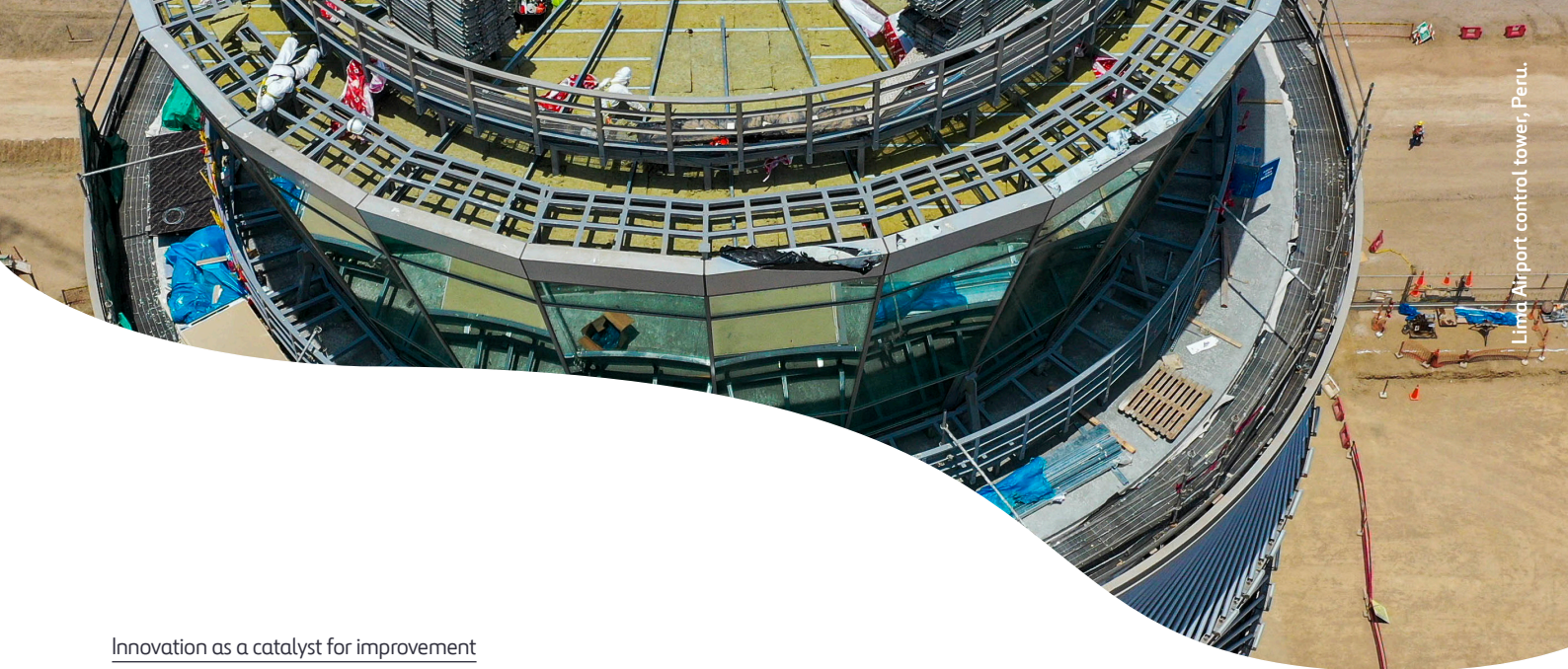
Sector diversification allows Ferrovial to maintain the technical qualifications and ensure that the material and human resources at Ferrovial Construction are constantly prepared. With this diversification and complexity in mind, it is worth mentioning the award of a new section of the Sydney Metro in 2021, including two 11 kilometer tunnels and 5 stations, 1,000 new jobs will be created, as well as 500 training positions for the local community.

Internationally, the focus remains on the USA and Polish markets, which represent approximately 70% of total sales. Other countries with a stable presence include the United Kingdom, Chile, Australia and Canada, in addition to Spain as a market of origin. It should be noted the award in consortium between Ferrovial Construction US and Webber of the project for the design and construction of the I-35 in San Antonio, Texas (USA), a new success of the business model in this country, which has enabled the execution of five design and construction projects in Texas for a total value of 6,000 million dollars in recent years.

### Commitment to society: environment, quality and safety

The Construction division undertakes its operations under strict criteria that minimize its environmental impact. Its approach to projects includes the identification of environmental risks through individual management plans, the efficient use of energy by promoting self-consumption and electric solutions in its fleet of machinery and vehicles, and the promotion of the circular economy through the recycling of construction waste, such as the reuse of earth. The aim is to control the carbon footprint and achieving emission neutrality by 2050. Good examples are the I-66 in Virginia (USA), whose route design reduces impacts on wetlands and streams by 80% compared to the alternative proposed by the Administration, or the environmental measures of the D4R7 highway (Slovakia), which have made it possible to recover the biodiversity and habitats of the Danube while improving traffic in the Slovakian capital. Construction commitment in this area is evidenced by its recognition with the Gold CSR Accreditation Award in the United Kingdom and Ireland for its excellence in social commitment and performance.

In terms of safety, Construction has reduced its frequency rates in 2021 by -12% compared to 2020 and by -57% in the last ten years thanks to the active commitment of all its employees, the identification and preventive observation of high potential situations, and the continuous training of employees with critical roles.



Lima Airport control tower, Peru.

### Innovation as a catalyst for improvement

Ferrovial Construction remains strongly committed to R&D and innovation and the digital transformation, as demonstrated by the achievement of SGS Certification at global level for BIM (Building Information Modeling) methodology, being the first construction company to achieve it. The Construction division continues with the implementation of the Abacus Project, highlighting the technological transformation plan, aimed at improving productivity and process control, and includes the digitization of processes, the implementation of advanced data analytics and technologies such as 5G or IoT, which allow, among others, to respond to the challenges of environmental management, health and safety.

### Employees: talent management

Ferrovial Construction is committed to the wellbeing and continuous development of its employees. In 2021, its employees received various awards, such as the prizes for two female engineers at the European Women in Construction and Engineering Awards, or the 40 Under 40: Champions of Construction award, for the professional under 40 who has made a difference in the sector.

### **INNOVATION FOR INFRASTRUCTURE TRANSFORMATION**

Some of the most important innovation projects developed in 2021 include:

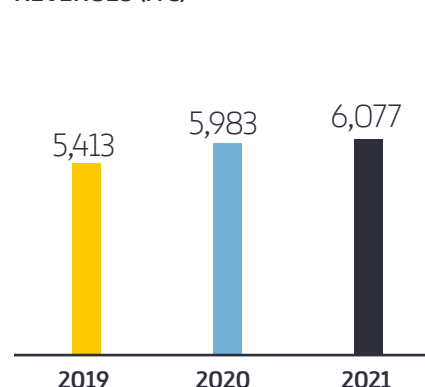
- CENTELLA, a dynamic testing procedure using virtual models for the structural validation of high-voltage towers, which reduces the cost and environmental impact in their execution.

- APOLODORO and SMARTFORMWORK, intelligent multisensor systems to determine the stress and pressure effects of concrete in bridges and tunnels, with the aim of optimizing the construction process and increasing the safety of construction sites.
- INNOVATION INTELLIGENCE, observatory of the external innovation ecosystem for the management of partnerships with academic institutions such as the MIT (Massachusetts Institute of Technology) and engagement with startups and their research into new construction techniques and solutions.

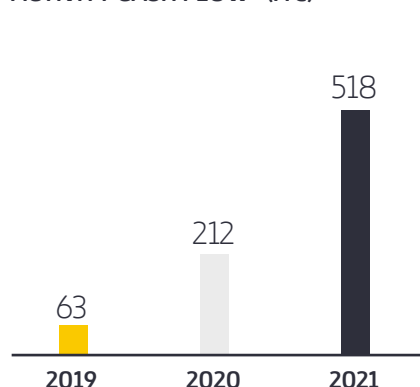
### CIVIS Tool for measuring environmental impact

CIVIS is an innovative tool developed internally, which has been used in several projects in the United States, Colombia and Peru. Based on the main measurements of the project, it allows the quantitative assessment of different impact indicators throughout its life cycle, and thus evaluate in environmental terms the most sustainable design and construction alternatives. The indicators analyzed correspond to emissions (CO<sub>2</sub>, SO<sub>2</sub>, NOX, particulates and Hg) and consumption (coal, fuel oil, diesel and natural gas). In addition, the impact in terms of climate change is measured, which makes it possible to estimate the carbon footprint generated in the design, construction, maintenance, use and operation of the project.

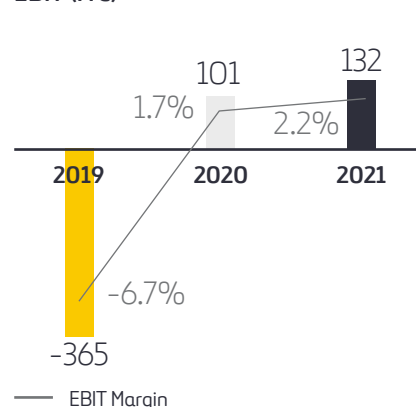
### **REVENUES (M€)**



### **ACTIVITY CASH FLOW\* (M€)**



### **EBIT (M€)**



\*excluding company Tax