ABERTIS INFRAESTRUCTURAS, SA[1]

1. INTRODUCTION

Abertis is one of the most important groups worldwide in the industry of managing toll roads. It was set up in 2003 after the merger of two Spanish companies: Acesa and Áurea. Nowadays, 8,500 kilometers of high capacity roads are managed by this public limited corporation. Thanks to its internationalization strategy, Abertis operates in 14 countries, being leader in some of them. This has resulted into geographic risk diversification leading to a stable company capable of getting over different business cycles.

Sanef (France) and Arteris (Brazil) are some of the many subsidiaries that compose the Abertis group of companies. In addition, it does not only manage toll roads but it also has entered in the communication satellites industry (TDT) by being one of the main shareholders of Hispasat (57.05%) and Cellnex Telecom (34%). Both, Abertis and Cellnex, are listed in the Spanish Stock Exchange and are part of the IBEX 35 index.

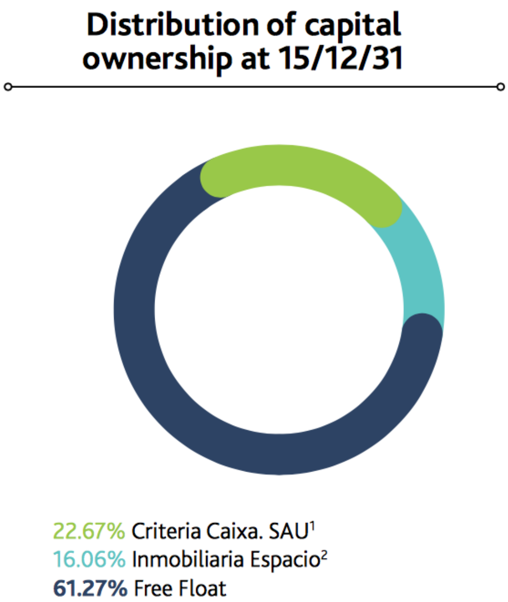
Acesa, one of the companies that took part in the merger, was established in 1967 and inaugurated the first Spanish toll motorway in 1969 between Montgat and Mataró. From here on, they began the expansion around Spain by building additional stretches between different regions such as El Vendrell - Zaragoza or La Jonquera - Salou, among others.

On March 2002, Acesa made a take over bid in order to break the merger process between Iberpistas and Áurea (Dragados' subsidiary). This strategy aimed to be able to compete at at European level. However, Áurea made a counteroffer starting an offer war which finally lead to the merger of both, Acesa and Áurea. In 2003, Abertis was set up and became the leading company in Spain and the third in Europe. As it was of Acesa, CaixaBank Group is the main shareholder of Abertis (23%).

---

[1] Case written by Alejandro Alzahrawi, Pol Borrellas, Joan Cavallé, Joel Fàbregues, Rosa Ferrando and Ana Suárez. UPF International Business Economics, 2016.

Salvador Alemany has been the President of this company since 2009 after being its CEO since its creation in 2003. His scope of influence is wide as he holds the posts of Trustee of "La Caixa" Banking Foundation, is president of Saba Infraestructuras and is a well considered economist in Catalonia.



***Source**: Abertis 2015 Annual report*

Abertis' actual CEO, Francisco Reynés, is extremely experienced as he was the Managing Director of Criteria Caixa Corp. Nowadays, a part from being CEO and vice president of Abertis, he also takes part of the board of directors of Sanef, Arteris and Hispasat. Moreover, after leading the initial public offer of Cellnex in 2015, he became its President.

Abertis is not only the leading firm of its industry in Spain but also it is well positioned worldwide. This success is, in part, due to the adoption of a growth and profitability based strategy. Their decisions since the merger have shown that they are betting for internationalization as their way of growth. It is worth highlighting the acquisition of the French company Sanef in 2006, their increasing control over different Chilean concessionaires and the concession award of PR-22 and PR-5 toll roads placed in Puerto Rico (2011). One of the latest movements (2016), is the acquisition of 51,4% of A4 Holding, an Italian concessionaire that manages 235 kilometers of toll roads in northern Italy.

Figure 2. Organizational structure**.**

Source: Abertis

2. OVERVIEW OF THE INDUSTRY AND COMPETITORS

About the toll roads sector:

Toll roads is a very concrete sector with some specifications that must be taken into account.

In general, this industry arises from the general need of public infrastructures, mainly high capacity roads, which cannot be build nor maintained by a public authority or government due to the large cost of construction and maintenance. In order to solve this issue, some companies were set up so as to occupy this market niche. Due to the high initial investment required, most of them were supported by banks and credit institutions, which is the case of Abertis and CaixaBank Group (Criteria), who possesses 23% of the company's shares.

In exchange for bearing the construction cost, these companies obtain exploitation rights for these infrastructures, which can last for several years and represent most of their revenues. As a result, most of the highways licensed have visible or invisible tolls.

It is clear that, in providing this service, private and public sectors work elbow to elbow. Which company is chosen is generally determined by a tendering process in which all interested companies present their offer, engineering plan and compensation scheme. After this, the public authority decides which is the best option regarding the public general interest. As a result, winning as much as possible tendering processes is a key success factor in the industry.

Another key success element is the ability to keep growing and take advantage of internationalization in order to minimize risks. Actually, getting stuck in one country may be a bad strategy as, in general, the marginal propensity to build infrastructures decreases the more are built. Consequently, long term strategy plays an important role when managing this kind of companies.

In Spain, Abertis largest market, the toll roads sector is quite monopolized. Actually, Abertis has the 61% of the market share in licensed high capacity roads, which gives to the company the exploitation rights of all the major infrastructures of the country.

One of its main competitors is Cintra (Ferrovial's subsidiary), a Spanish company with strong international presence. It operates in ten countries: Canada, United States, Spain, United Kingdom, Portugal, Ireland, Greece, Colombia, Slovakia and Australia. Note that Cintra normally invests in OECD countries with independent judicial systems. Moreover, geographic diversification improves the economic stability of the firm, allowing them to avoid highs and lows of the economic cycle.

Another Spanish firm in the sector is Itínere, which exploits some short highways in the north and north-west of Spain.

However, there are more international competitors. In Italy, Atlantia SpA is the main threaten. In France, Autorutes Paris-Rhin-Rhone SA and VINCI SA are the main ones. VINCI is a huge company, but we have to take into account that it manages other kinds of business apart from the toll roads sector, such as parking lots. VINCI SA had 5.6bn 2015 EBITDA and it has 185,452 employees, while Abertis had 2.7bn 2015 EBITDA and it has 17,000 employees approximately. As it can be seen, there's a big difference in terms of size between VINCI SA and Abertis. The projects in which this company invests have low risk profiles. As Abertis, they invest in public services provided within a limited competition structure, with stable income and expenses and long concession terms.

In order to sum up the information about the industry, we can build a SWOT table:

Strengths	**Weaknesses**
- High margin. - High barrier costs. - High and sustained cash flow due to long lasting exploitations.	- Predetermined end of the right of exploitation. - Marginal decreasing propensity to build infrastructures in already developed countries. - High debt level when starting new projects.
Opportunities	**Threats**
- Developing countries with a lack of infrastructures and budget constraints.	- High quality and affordable public transport network. - Regulatory and political changes (unstable countries). - Exchange rates fluctuations.

Figure 3. Industry SWOT.

3. PRESENT SITUATION OF THE COMPANY

Abertis group is the largest toll road operator globally, managing over 7,500 km of toll roads in Europe and Latin America.

The company is present in a lot of countries with important differences among them. Spain is their main market, where they manage more than 1,500 km, but there are also other countries that play an important role in their activities. Abertis also controls the third-largest French toll road operator, Sanef. In Latin America, they operate in Brazil, Puerto Rico, Chile, Argentina, and Colombia.

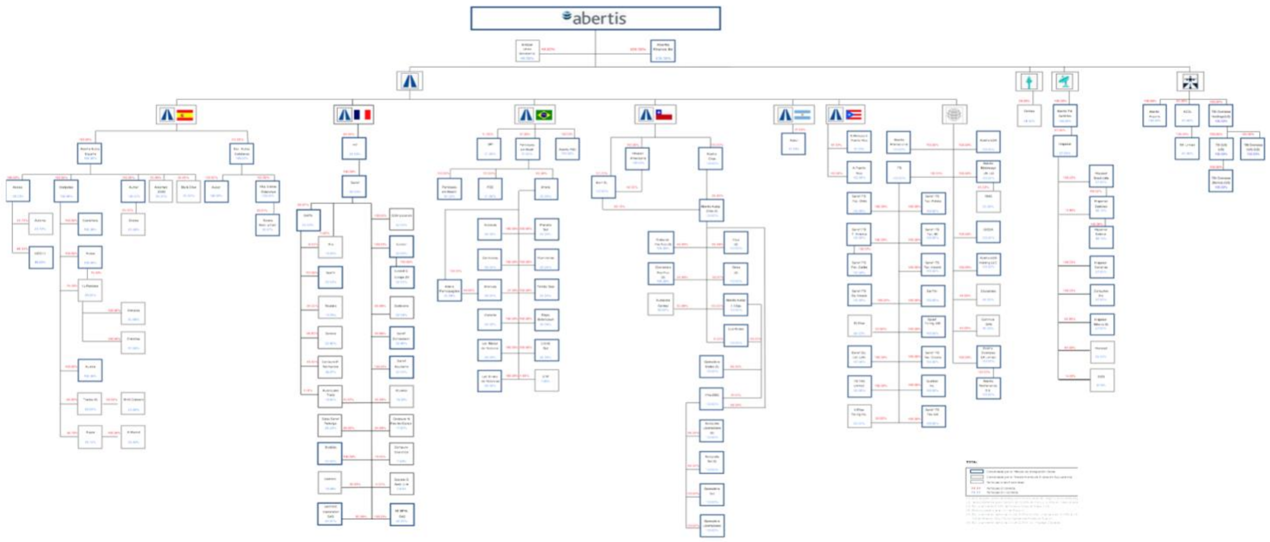


Figure 4. Group structure.

Toll roads represented about a 90% of Abertis' consolidated EBITDA in 2015. The remaining 10% was generated by their satellite operator Hispasat.

Abertis has currently an important portfolio of mature toll roads in Spain and France, and a potentially growing portfolio of toll roads in Brazil and Chile. One of the main strengths of the company is that they have medium to long-term agreements with tariffs linked to inflation. However, some of the concessions that generate more cash (AP7 and AP2 in Spain) have a short remaining life. In consequence, the company has been able to diversify its concessions, but some of them are exposed to fluctuating soft currencies in Latin America.

Toll roads (direct management)	Km	ADT	% vs 2014
Spain	1,559	19,231	6.1%
France	1,761	24,021	1.8%
Brazil	3,250	18,187	-2.3%
Chile	711	19,257	8.5%
Other	264	77,919	0.7%
TOTAL	**7,545**	**21,976**	**1.4%**

Figure 5. Total km licensed and Average Daily Traffic by country in 2015.

Source: Abertis 2015 Annual report

Revenues (millions of euros)	2015		2014 (*)	
Spain	1,330	30%	1,447	32%
France	1,612	37%	1,567	35%
Brazil	782	18%	915	21%
Chile	237	5%	208	5%
Other	417	10%	316	7%
TOTAL	**4,378**	**100%**	**4,453**	**100%**

(*) 2014 re-expressed considering the impact of the classification of the terrestrial telecommunications business as a discontinued operation in application of IFRS 5.

Figure 6. Toll roads total revenues by country in 2015.

Source: Abertis 2015 Annual report

Abertis has developed a wide range of contacts in governments and institutions all over around the world, which enable them to understand the characteristics of each country. This specific know-how is really important in the toll roads sector because of the regulatory and political changes that can take place in some countries, specially in those that have much more political or macroeconomic instability.

Moreover, in the last years, Abertis has decided to focus again on its main activity (the toll road sector), and the company has decided to discontinue some of the businesses they had acquired or started in the past, such as airports and parkings. For example, in 2013, the Bolivian Government nationalized the three main Bolivian airports (El Alto, Cochabamba and Santa Cruz), which were under the control of Sabsa. Sabsa was a TBI subsidiary, which in turn was participated 90% by Abertis and 10% by Aena.

Due to episodes like this, the interest in focusing on the toll road sector and the unimportant benefits that the airport sector represented for Abertis, they have progressively left the sector. In 2015, they sold the last participations that they had in the two airports under their partial control: the Santiago de Chile airport (they had a participation of a 14.5%), and the airport of Montego Bay, in Jamaica (they had a participation of a 74.5%). Through this sale, the company earned 177 MEUR, which represented a surplus of 40 MEUR. In fact, this activity discontinuation process started in 2013, when Abertis sold TBI (Abertis' and Aena's subsidiary) for 284 MEUR, which had participations in airports such as Belfast (UK) and Stockholm (Sweden). In 2014, they sold the participation they had of the Lutton airport (UK). Also, in 2014, Abertis sold the 33.3% participation they had in Aeropuertos Mexicanos del Pacífico (AMP) for 179 MEUR.

Finally, Abertis has been increasing the quantity of concessions progressively, and they have managed to face the capital expenditure (Capex) requirements in the different toll roads without hugely affecting the level of debt.

May and November 2016 bonds issuance

On May and November 17th 2016, Abertis closed two ten years bonds emissions for a total amount of 1,650 million euros at an interest rate of 1.375% and 1% respectively.

Taking advantage of the low interests rates, Abertis has obtained funding at its historical lowest cost. Moreover, the 1% interest rate is one of the lowest of this maturity among the Spanish listed companies.

As a result, the group is going to be able to cancel some current short-term debt (with maturities between 1 and 3 years), at a far cheaper cost, as these previous bonds emissions were issued with an average interest rate of 9.6%. In consequence, financial expenses are expected to be lowered despite the slight debt increase from December 2015 till September 2016, motivated by the high increase in investments.

Stock price evolution

Abertis has been listed in the stock exchange since its set up, as it was a merger of two listed companies. As a result, shareholders and the price of the shares play an important role in the firm and in the decision making process of the CEO and Board of Directors.

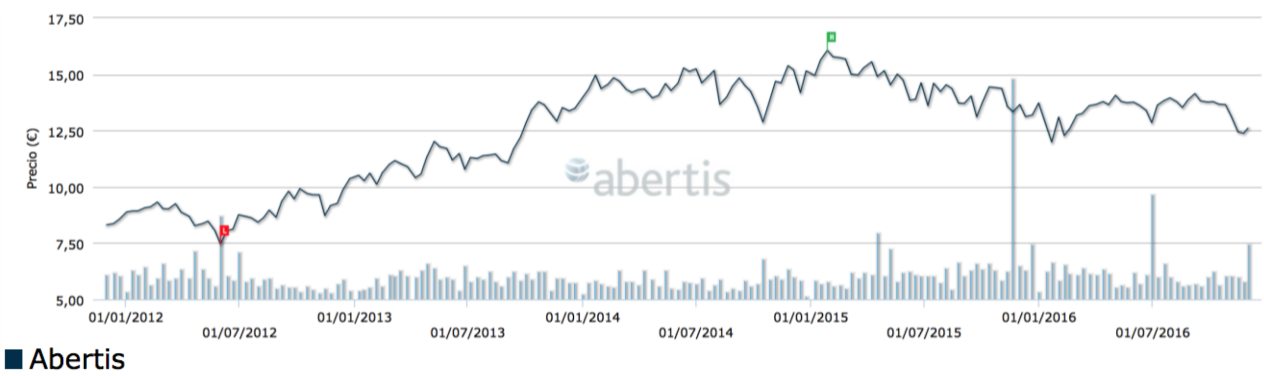


Figure 7. Abertis Infraestructuras SA stock price evolution (2012 - 2016).
Source: Abertis

Since 2012, the stock valuation has increased by 52%, reaching the current price of 12.81€ per share in Bolsa de Madrid. The maximum price was reached in 2015, before the distribution of the

2014 exercise dividends, which amounted a gross revenue of 0.66€ per share. Actually, Abertis' share ended 2015 in line with the Ibex 35, with a fall of 7.9% and a price of 14.41 euros per share, following the rise in the previous year of 6.8%. Over the course of the year, the highest closing price was set on 26 January (17.11 euros) and the lowest closing price on 14 December (13.43 euros). Moreover, the company closed 2015 with a capitalization of 13,600 million euros, putting it in fourteenth position in the Ibex 35 ranking by market capitalization.

In December 2016, the PER ratio was of 13, which is below the market average. On the other hand, the dividend yield was of 5% and the relation between the market price and the book value was of 1.54.

If we compare Abertis shares' price evolution with its competitors, taking into account that VINCI is more diversified and that CINTRA is listed as part of its parent company Ferrovial, we obtain the following information:

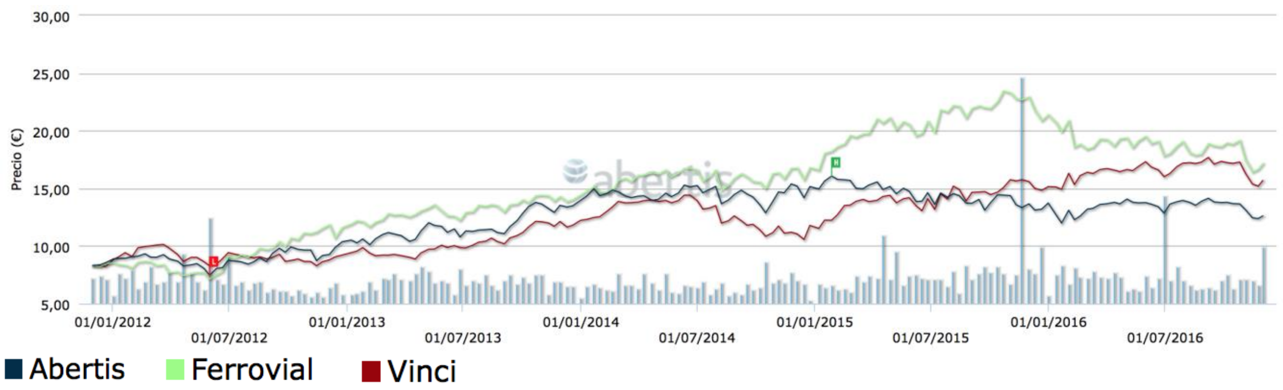


Figure 8. Abertis, Vinci and Ferrovial stock price evolution (2012 -2016)
***Source**: Abertis*

Looking at the data, we can see that VINCI and Abertis follow a similar trend, while Ferrovial increased its valuation during 2015. In addition, evolution of the three companies seem to be pretty stable, which may be seen as a strength for long term investors.

On the other hand, the cumulative return on Abertis stock in the last ten years has come to 54%, including the rise in price on the stock exchange, bonus issues and dividend payments, for a shareholder who bought on 31 December 2005 and did not sell their shares until 31 December 2015.

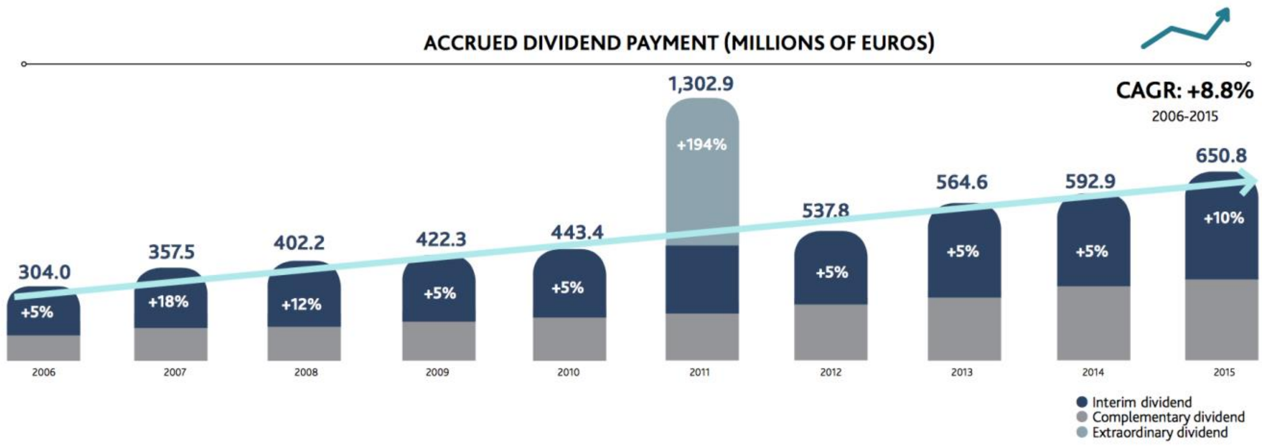


Figure 9. Accrued dividend payment.

***Source**: Abertis 2015 Annual report*

4. MAIN CHALLENGES ABERTIS IS FACING NOW

Abertis has obtained positive net profits since its set up. However, it is clear that a company focused on the toll roads sector needs to be prepared for constant changes in future income, as exploitation rights do have a deadline. A sharp example of this is the end of the concession of the Spanish AP7 and AP2 highways, scheduled (depending on the section) for the period 2019-2021. Actually, in 2015, they represented a total revenue of approximately 664 MEUR. In other words, these licenses represent the 16% of the total consolidated revenue of the group.

Moreover, in Catalonia, C-32 and C-33 highways, which depend on the Catalan government, also finish their concession by 2021. In this case, the revenue that they originated in 2015 as part of Invicat (Abertis' subsidiary), is of 112 MEUR, which represents an additional 2.6% of the total income.

As a result, Abertis is facing important challenges in the near future. In order to avoid possible financial and solvency problems, the company is getting prepared for the high possibility of losing these exploitation rights. In consequence, Abertis needs to obtain new licenses in order to maintain future earnings. At the moment, they have just agreed with an Australian capital fund to create a joint venture in order to obtain the exploitation rights of the longest and most important British toll road (M6), which is located in Birmingham. It has more than 43 kilometers and more than 52,000 commuters use it daily. The local government is throwing a tendering process in December, with which the chosen company is going to obtain the exploitation rights of M6 until 2054.

Furthermore, the company is currently analyzing additional investments, like the acquisition of the Mexican Red de Carreteras de Occidente (RCO), the greatest toll roads sector company in the Central-American country, which currently has the exploitation rights of a total of 756 kilometers highways.

Besides this, in 2016, Abertis has already obtained a ten year extension of their exploitation rights in Puerto Rico, which in 2015 represented 107 MEUR revenues. What's more, in May, the company closed the purchase of the 51% of the shares of A4Holding, which has the exploitation rights until 2026 of the A-4 and A-31 toll highways (which represent 235 kilometers and 91,000 daily commuters in the Veneto region), for 594 MEUR. The operation is thought to have an impact in the consolidated Profit and Loss account of 600 MEUR revenues and a EBITDA of 200 MEUR, which in 2015 would have represented about 13% of total revenues.

However, Abertis has also lost some tendering processes in the last few years, specially in the United States and Australia.

In conclusion, Abertis needs to continue to internationalize and acquire new licenses, at the same time that it tries to extend its current exploitation rights. Moreover, the company has to take advantage of developing countries need for infrastructures, being always aware of legal certainty in order to avoid possible expropriations. On the other hand, Abertis should increase the weight of the other profitable sectors in which it participates, like the telecommunications one, which, at the moment, only represents a 5% of the consolidated total revenue. By improving its diversification strategy, the company would provide more stability and certainty for all the agents.

5. Questions

1. Identify the main qualitative strengths and weaknesses of Abertis.

2. Identify the main financial strengths and weaknesses of Abertis.

In addition, explain the impact of discontinued operations in the 2015 result and comment on the restatement of the 2014 P&L (Figure 15). Is it an example of creative accounting? Which is the objective of the restatement? Does it represent a more true and fair view of the group?

3. Draw a cause and effect diagram for 2015.

4. Write some general recommendations. In addition, comment on the objectives of 2016 1,650 MEUR bonds emission. In order to do so, look at Figure 16.

5. Demonstration of the recommendations.

Appendix

BALANCE	VINCI	CINTR A	2015	%	2014	%	2013	%	2012	%	2011	%
Non-current assets	**39,267**	**11,209**	**22,114**	**86%**	**24,093**	**86.8 %**	**23,917**	**85 %**	**25,282**	**86.9 %**	**21,403**	**94.1 %**
Goodwill	7,296	na	3,816	14.8 %	4,563	16.4 %	4,669	16.6 %	5,145	17.7 %	4,263	18.7 %
Other intangible assets	24,302	59	12,392	48%	13,022	46.9 %	13,064	46.4 %	14,147	48.6 %	11,217	49.3 %
Fixed assets	4,241	25	1,375	5.3%	1,976	7.1 %	1,892	6.7 %	1,798	6.2 %	1,742	7.7 %
Long-term financial investments	1,745	-	113	0.4%	35	0.1 %	19	0.07 %	163	0.6 %	235	1%
Investment in associated companies	1,404	-	1,907	7.4%	933	3.4 %	456	1.6 %	586	2%	1,899	8.3 %
Other fixed assets	279	11,125	2,511	9.8%	3,564	12.8 %	3,817	13.6 %	3,443	11.8 %	2,047	9%
Current Assets	**22,880**	**2,137**	**3,625**	**14%**	**3,676**	**14 %**	**4,217**	**15 %**	**3,805**	**13.1 %**	**1,346**	**5.9 %**
Inventory	964	59	13	0.05 %	19	0.07 %	17	0.06 %	21	0.1 %	21	0.1 %
Accounts receivable	15,331	1,102	1,370	5.5%	1,415	5.1 %	1,120	4%	1,374	4.7 %	933	4.1 %
Short-term financial investments	952	-	20	0.07 %	-	-	2	0.00 07%	28	0.1 %	0.5	0.00 02%
Cash and cash equivalents	5,632	976	2,222	8.6%	2,242	8.1 %	3,078	10.9 %	2,382	8.2 %	391	1.7 %
Total Assets	**62,147**	**13,346**	**25,739**	**100%**	**27,769**	**100 %**	**28,134**	**100 %**	**29,087**	**100 %**	**22,749**	**100 %**
Net Equity	**15,119**	**1,414**	**5,349**	**20.8 %**	**6,010**	**21.6 %**	**6,590**	**23.4 %**	**6,961**	**23.9 %**	**4,416**	**19.4 %**
Share capital	10,065	1,414	2,830	11%	2,695	9.7 %	2,567	9.1 %	2,444	0.01 %	2,328	10.2 %
Reserves	4,917	-	431	1.7%	462	1.7 %	960	3.4 %	1,396	0.00 5%	737	3.2 %
Non-controlling interests	137	-	2,088	8.1%	2,853	10.3 %	3,063	10.9 %	3,121	0.01 %	1,351	5.9 %
Non-current Liabilities	**19,474**	**9,375**	**17,253**	**67.0 %**	**18,552**	**66.8 %**	**18,473**	**65.7 %**	**19,201**	**66 %**	**16,328**	**71.8 %**
Long term loans and bonds	15,001	7,883	13,324	51.8 %	14,726	53 %	14,810	52.6 %	15,491	53.3 %	13,462	59.2 %
Deferred tax liabilities	1,656	-	1,438	5.6%	1,622	5.8 %	1,687	6%	2,062	7.1 %	1,654	7.3 %

Long term provisions	949	709	2,070	8%	1,800	6.5%	1,591	5.7%	1,290	4.4%	832	3.7%
Other long term liabilities	1,868	783	421	1.6%	404	1.5%	385	1.4%	358	1.2%	380	1.7%
Current Liabilities	**27,417**	**2,557**	**3,137**	**12.2%**	**3,206**	**11.5%**	**3,071**	**10.9%**	**2,925**	**10.1%**	**2,005**	**8.8%**
Short term loans and bonds	4,346	213	1,784	6.9%	1,668	6%	1,725	6.1%	1,372	4.7%	1,083	4.8%
Account payable and other short term operating debts	18,825	425	935	3.6%	916	3.3%	883	3.1%	996	3.4%	917	4%
Other short term liabilities	4,246	2,131	418	1.6%	622	2.2%	463	1.6%	557	1.9%	5	0.02%
Total Equity and Liabilities	**62,147**	**13,346**	**25,739**	**100**	**27,769**	**100**	**28,134**	**100**	**29,087**	**100**	**22,749**	**100**

Figure 10. Consolidated balance sheets from 2011 to 2015 (data in million euros).

P&L	VINCI	CINTRA	2015	%	2014	%	2013	%	2012	%	2011	%
Revenues	**39,321**	**1,513**	**4,378**	**100**	**4,889**	**100**	**4,654**	**100**	**4,039**	**100**	**3,915**	**100**
Operating expenses	(13,098)	(944)	na	-	na	-	na	-	na	-	na	-
Gross margin*	**26,223**	**na**	**na**	**-**	**na**	**-**	**na**	**-**	**na**	**-**	**na**	**-**
Staff costs	(10,534)	(175)	(681)	(15.6%)	(574)	(11.7%)	(665)	(14.3%)	(609)	(15.1%)	(615)	(15.7%)
Other operating income	-	-	479	10.9%	689	14.1%	546	11.7%	266	6.6%	265	6.8%
Provisions	-	-	(865)	(19.8%)	(16)	(0.3%)	(11)	(0.2%)	(8)	(0.2%)	(12)	(0.3%)
Other Expenses	(9,933)	-	(619)	(14.1%)	(1,866)	(38.2%)	(1,601)	(34.4%)	(1,229)	(30.4%)	(1,099)	(28.1%)
EBITDA	**5,756**	**394**	**2,692**	**61.5%**	**3,122**	**63.9%**	**2,923**	**62.8%**	**2,459**	**60.9%**	**2,454**	**62.7%**
Depreciation and impairment losses	(2,041)	(71)	(2,756)	(63%)	(1,254)	(25.6%)	(1,203)	(25.8%)	(1,169)	(28.9%)	(936)	(23.9%)
OPERATING RESULT (EBIT)	**3,715**	**323**	**(64)**	**(1.5%)**	**1,868**	**38.2%**	**1,721**	**37%**	**1,290**	**31.9%**	**1,517**	**38.7%**
Financial income	43	35	339	7.7%	348	7.1%	356	7.6%	832	20.6%	226	5.8%
Financial expenses	(600)	(403)	(1,455)	(33.2%)	(1,083)	(22.2%)	(1,085)	(23.3%)	(1,009)	(25%)	(843)	(21.5%)
FINANCIAL RESULT	**(557)**	**(368)**	**(1,116)**	**(25.5%)**	**(735)**	**(15%)**	**(729)**	**(15.7%)**	**(177)**	**(4.4%)**	**(617)**	**(15.8%)**

Equity method results	-	-	(41)	(0.9%)	22	0.4%	37	0.8%	63	1.6%	125	3.2%
EARNINGS BEFORE TAXES (EBT)	**3,158**	**(45)**	**(1,221)**	**(27.9%)**	**1,155**	**23.6%**	**1,029**	**22.1%**	**1,176**	**29.1%**	**1,025**	**26.2%**
Income Tax	(1,079)	(43)	2	0.05%	(369)	(7.5%)	(330)	(7.1%)	(93)	(2.3%)	(250)	(6.4%)
Results from discontinued operations	-	-	2,721 **	62.2%	19	0.4%	49	1.1%	-	-	18	0.5%
NET INCOME	**2,079**	**(88)**	**1,502**	**34.3%**	**805**	**16.5%**	**748**	**16.1%**	**1,083**	**26.8%**	**793**	**20.3%**
Minority interest	33	-	378	8.6%	(150)	(3.1%)	(130)	(2.8%)	(59)	(1.5%)	(74)	(1.9%)
NET INCOME attributable to the parent company	**2,046**	**(88)**	**1,880**	**42.9%**	**655**	**13.4%**	**617**	**13.3%**	**1,024**	**25.4%**	**720**	**18.4%**

Figure 11. Consolidated Income statement from 2011 to 2015 (data in million euros).

(*) Abertis and CINTRA do not have available the gross margin because of the industry they operate in. VINCI is more diversified and has more information available.

(**) The 2015 surplus of discontinued operations includes, principally, the capital gain obtained from the Cellnex IPO (1,741 million euro for the sale of 66% of its share capital and 925 million euro of revaluation of the 34% stake retained in Cellnex), and the capital gain of 40 million euro obtained from the sale of DCA.

RATIOS	**VINCI**	**CINTRA**	**2015**	**2014**	**2013**	**2012**	**2011**
DEBT AND CAPITALIZATION							
Debt = Liabilities / Assets	76%	89%	79%	78%	77%	76%	81%
Debt Quality = Current Liabilities / Total Liabilities	58%	21%	15%	15%	14%	13%	11%
Repayment Capacity = Cash flow OP / Loans	23%	-	10%	12%	11%	9%	7%
Cost of debt = Financial Expenses / Loans	3%	5%	9.6%	7%	6%	6%	6%
Financial Expenses = Financial Expenses / Sales	0.02	0.27	0.33	0.24	0.26	0.31	0.20
LIQUIDITY							
Liquidity = Current Assets / Current Liabilities	0.83	0.84	1.15	1.24	1.55	1.3	0.67
Treasury = Debtors + Cash / Current Liabilities	0.60	0.81	1.14	1.14	1.37	1.28	0.66
Acid Test = Cash / Current Liabilities	0.21	0.38	0.71	0.70	1	0.81	0.19

Z (UPF) = -3,9 + 1,28 CA/CL+ 6,1 E/A+ 6,5 NI/A+ 4,8 NI/E	-0.46	-1.73	1.55	1.06	1.57	1.53	0.18
Real Working Capital (euros) = Current assets – Current liabilities	-4,537	-420	487	785	1,269	880	-659
Operating Working Capital (euros) = Operating current assets – Operating current liabilities	212	-1,673	762	827	549	692	428
Operating CA = Inventory + Clients + Other operating CA + Minimum cash required (10% CL)	19,037	2,099	1,697	1,743	1,432	1,688	1,155
Operating CL = Suppliers + Other operating CL + Accruals	18,825	425	935	916	883	996	727
Real - Operating (needed) working capital = Surplus/Deficit WC	-4,749	-2,093	-275	-42	720	188	-1,087
ASSETS MANAGEMENT							
Non-current assets turnover = Sales / Non-current assets	0.99	0.13	0.19	0.2	0.19	0.16	0.18
Current assets turnover = Sales / Current assets	1.71	0.7	1.16	1.18	0.95	1.04	0.97
DEADLINES							
Days receivable (days) = Clients / Daily Sales	142	266	114	106	88	124	87
Days payables (days)* = Suppliers / Daily cost of sales	na	na	na	na	na	na	na
SALES							
Revenues growth = Last year's sales / Previous year sales	1	1.14	0.9	1.05	1.14	1.04	0.96
PROFITABILITY, SELF-FINANCING AND GROWTH							
Return on assets (ROA) = EBIT / Assets	6%	2%	-0.2%	7%	6%	4%	7%
Return on equity (ROE) = Net Income / Equity	14%	-6%	35%	11%	9%	15%	16%
Gross Margin = EBIT / Revenue	0.1	0.21	-0.01	0.38	0.37	0.32	0.39
Cash flow / Sales	0.13	-0.011	0.63	0.44	0.43	0.52	0.45
Cash flow / Assets	0.08	-0.013	0.1	0.074	0.069	0.071	0.076
Dividends / Net profit	0.5	-	0.39	0.72	0.74	0.51	1.09
Dividends / Net equity	0.068	-	0.11	0.1	0.08	0.01	0.2

Figure 12. Ratios from 2011 to 2015 (working capital in million euros).

(*) Cost of sales are not available. However, Abertis officially reports that the average payment period to suppliers for the year 2015 was 24 days at the individual level and 39 days at the consolidated level of Group companies with tax residence in Spain.

	ROE	EBIT/Sales	Sales /Assets	(Assets/Equity) x (EBT/EBIT)	Net Profit/EBT
VINCI	0.14	0.1	0.29	4.08 x 0.83 = 3.4	0.66
CINTRA	-0.06	0.21	0.11	9.44 x -0.14 = -1.3	-7.11
2015	0.35	-0,02	0,164	4.81 x 19.06 = 91.7*	-1.23
2014	0.11	0,38	0,169	4.62 x 0.62 = 2.9	0.7
2013	0.09	0,37	0,16	4.27 x 0.6 = 2.6	0.73
2012	0.15	0,33	0,136	4.18 x 0.91 = 3.8	0.92
2011	0.16	0,4	0,168	5.15 x 0.68 = 3.5	0.76

Figure 13. Breakdown of profitability.

(*) This result is misleading because both the EBT and EBIT are negative and, therefore, the multiplication of these two negatives numbers leads to a positive result.

CONSOLIDATED CASH FLOW STATEMENT	2015	2014	2013	2012
A) CASH FLOWS FROM OPERATING ACTIVITIES				
1) Profits from continuing activities	(1,219)	785	698	1,083
2) Adjustments	**4,144**	**2,284**	**2,222**	**1,385**
(+/-) taxes	(2)	369	330	93
(+/-) Depreciation	1,135	1,254	1,203	970
(-) Financial income	(344)	(577)	(581)	(1079)
(+) Financial expenses	3,355	1,238	1270	1,401
3) Change in current capital	**(10)**	**18**	**(1)**	**90**
(+/-) Inventory	5	3	0.5	5
(+/-) Debtors and other accounts receivable	(19)	(9)	129	1
(+/-) Creditors and other accounts payable	78	44	8	(37)
(+/-) Other current liabilities	(74)	(19)	(139)	121
4) Other cash flows from operating activities	**(1,386)**	**(1,171)**	**(1,148)**	**(1,027)**
(-) Interest Payment	(1,019)	(994)	(1,006)	(839)
(+) Interest revenue	117	188	227	135
(-) Income tax payment / (+)Income tax revenue	(484)	(365)	(369)	(323)

5) Cash flows from operating activities (1+2+3+4)	**1,529**	**1,916**	**1,770**	**1,531**
B) CASH FLOW FROM INVESTING ACTIVITIES				
6) Payment for investments (-)	(1,194)	(1,452)	(1,097)	(816)
7) Divestments costs (+)	2,338	554	1,052	2,007
8) Cash flows from investing activities (6+7)	**1,144**	**(899)**	**(45)**	**1,190**
C) CASH FLOW FROM FINANCING ACTIVITIES				
9) Financial debt obtained (+)	1,991	1,786	1,599	1,484
10) Devolution of financial debt (-)	(2,788)	(2,731)	(1,743)	(1,359)
11) Capital increase (+)	119	-	-	-
12) Dividends paid to dominant shareholders (-)	(579)	(579)	(551)	(548)
13) Own shares (-)	(1,062)	(137)	(32)	(188)
14) Dividends paid to non dominant shareholders (-)	(117)	(162)	(176)	(115)
12) Cash flows from financing activities (9+10+11+12+13+14)	**(2,436)**	**(1,823)**	**(903)**	**(726)**
D) Effect of exchange rate changes	(167)	5	(71)	(4)
E) INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS (5+8+12+D)	**41**	**(801)**	**751**	**1,991**
Cash and cash equivalents at the beginning of the year	2,242	3,078	2,382	391
Cash and cash equivalents transferred to "Non-current assets held for sale and discontinued operations"	(91)	-	(56)	-
Cash and cash equivalents at the end of the year	**2,222**	**2,242**	**3,078**	**2,382**

Figure 14. Consolidated cash flow statement from 2012 to 2015 (data in million euros).

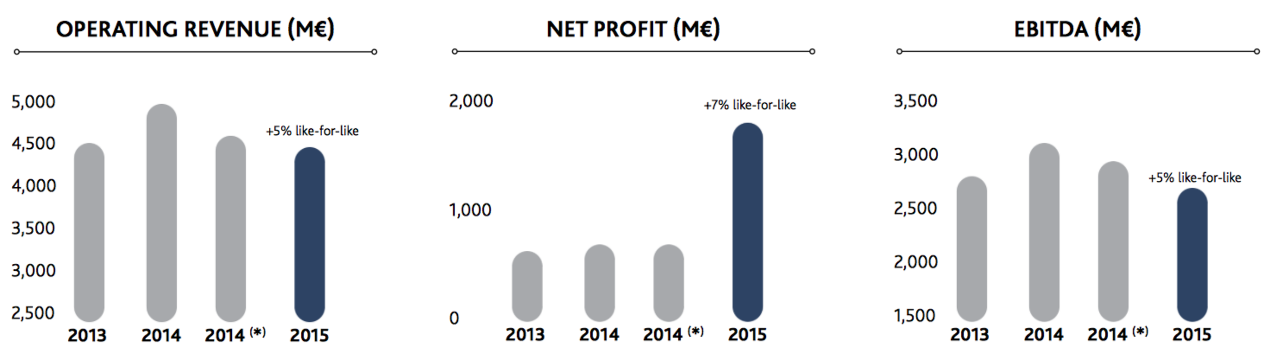


Figure 15. Variations 2013 - 2015 (data in million euros).

(*) 2014 considering the impact of the classification in 2015 of the terrestrial telecommunications operating segment as discontinued operations in application of IFRS 5.

Figure 16. Debt maturity in 2015

Source: 2015 Abertis annual report.

Auditor's opinion

Deloitte.

Opinió

Segons la nostra opinió, els comptes anuals consolidats adjunts expressen, en tots els aspectes significatius, la imatge fidel del patrimoni consolidat i de la situació financera consolidada d'Abertis Infraestructuras, S.A. i Societats Dependents a 31 de desembre de 2015, així com dels seus resultats consolidats i fluxos d'efectiu consolidats corresponents a l'exercici anual finalitzat en aquesta data, de conformitat amb les Normes Internacionals d'Informació Financera, adoptades per la Unió Europea, i altres disposicions del marc normatiu d'informació financera que resulten d'aplicació a Espanya.

Translation: "In our opinion, Abertis Infraestructuras SA consolidated accounts are prepared in accordance with the law and give a true and fair view of the financial position of the company at December 31th 2015."

In consequence, the annual financial statements are unqualified.