ROADIS

Annual Report 2016

ROADIS

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ROADIS

ROADIS, a leader in the toll road sector

EXCELLENCE DRIVING VALUE CREATION

Merely a year after our constitution, we have laid out a solid foundation as an independent company. After just twelve months, we are already a leading player amongst investment and infrastructure companies, with more than 1,610 kilometers of toll roads managed, more than 3 billion euros in accumulated investment, a presence in five countries on three continents, and a strong investment appetite to continue growing.

1. Letters from the CEO and Chairman

1.1. Patrick Samson, Presidente of the Board of Directors

2016 was a remarkable year for ROADIS as it became an independent company. During this period, ROADIS worked closely with its sole shareholder, PSP Investments, to outline a multi-year business strategy and established the foundation for the company through a **series of long-term value enhancing initiatives.**

Currently in the midst of its long term strategic planning, ROADIS seeks to become an industry leader and the gold standard in the infrastructure management field. This is the correct path: Public Works Financing's latest annual report, positions ROADIS among the main infrastructure concession groups in the world. Despite being in its infancy stage, this early recognition is a testament to the company's strong operational expertise and reputation in the infrastructure investment space.

2017 Goals: Company Growth and Consolidation

For the current year, ROADIS intends to consolidate its position in markets in which it currently operates. ROADIS will also seek to enter into new markets and rebalance its portfolio both in terms of currency exposure and risk profile.

Despite the growing demand for core infrastructure assets leading to return compression, ROADIS will leverage its internal operational and technical expertise to further capture value in its portfolio assets and target specific new opportunities where ROADIS will have a competitive advantage.

To further support the value creation and growth strategy, a series of corporate initiatives were implemented in 2016, that will result in improvements in 2017:

1. **Strengthening the company's human capital** by expanding key corporate functions
2. Creation of the **Center of Excellence** and the **Transactions Management Department**

3. Implementation of **new policies and procedures** aimed to ensure robust management, while strengthening all corporate governance, auditing, control and decision-making areas

ROADIS' Contribution to Community Development

In 2016, ROADIS participated in its first social action initiative, through the collaboration with the **Real Madrid Foundation** and the **Indian Institute for Mother and Child (IIMC)** to promote the values inherent in sports. The project will focus in Kolkata, India, and the initiative will seek to make a major contribution in meeting the basic nutritional and health needs of more than 130 children.

ROADIS: at the forefont of infrastructure management

ROADIS strives for excellence in asset management. The company is committed to innovations within its workforce. Furthermore, ROADIS places strong **emphasis on social values in the countries in which it operates** through the development of sustainable and intelligent solutions that will have a positive impact on local communities. In conclusion, ROADIS remains committed to deliver attractive shareholder returns through the continued improvement of its operational excellence and competitiveness.

Patrick Samson,

Chairman

1.2. José A. Labarra, Chief Executive Officer

ROADIS is moving towards an exciting future. In 2016 we managed to lay down **solid foundations** as a company, and have a bright future in the field of infrastructures ahead of us, with a **cumulative investment of €3.25 BN. With a team of 2,665 professionals**, between subsidiaries and affiliates, ROADIS manages **1,610 km of roads** in four countries: India, Brazil, Mexico and Spain.

Our general assessment of the 2016 financial year is positive

Since the creation of ROADIS in May of 2016, we have structured the company into four strategic business units or SBUs (Asia, North America, South America and EMEA & New Markets), through which we work to consolidate and extract the maximum value from our current projects and search for new business opportunities, both in the countries where we are present and in new markets that we have identified in the framework of our strategic plan.

In **India** we manage four concessions under the direction of our SBU for Asia. The company's positioning in this country is important, ROADIS being the largest European manager of toll

road concessions. The results for 2016 were very positive, with traffic growth at double digit rates, and we have great expectations for this market in light of the significant reforms being undertaken, which we hope will lead to strengthened and more sustainable GDP growth.

SBU **South America** controls sections of two of the most important highways in **Brazil**, crossing the state of Bahia: the BR-324 and BR-116. The results there have been satisfactory, which is especially important given the current situation in the country, characterized by economic stagnation and political instability. Efforts are now focused on the five-year review process of the project, which we believe will be positive and yield benefits for all.

SBU **North America** does its work in two major strategic markets for us: Mexico and the United States. In **Mexico** ROADIS remains one of the main international players in the sector. Our assets there, in particular the Saltillo-Monterrey Highway, continues to offer magnificent results, with double digit growth in traffic. Despite initial uncertainty generated immediately after the electoral process in the US, the Mexican economy has performed better than some analysts had predicted, and still offers a promising pipeline of new opportunities there. The **United States** is a strategic market for ROADIS, where the company has offices throughout the country working on the search for new business opportunities. Our strategy there is to generate our own pipeline of projects, taking advantage of our knowledge of certain metropolitan areas.

Finally, the SBU **EMEA & New Markets** has focused on the analysis of opportunities in several target markets for ROADIS, such as Portugal, France and Chile. High liquidity in the global economy, after several years of low interest rates and "quantitative easing" policies by the Federal Reserve and the European Central Bank, fuels fierce competition for assets that come to the market. The challenge, therefore, is to be able to identify and prioritize those opportunities where ROADIS can best deploy its competitive advantages.

We have been able to get where we are today thanks to the work of all the people who form ROADIS and to the support of our shareholder PSP Investments. Now we must continue working to make 2017 a year in which our efforts are reflected in the company's consolidation and growth.

José A. Labarra,

Chief Executive Officer, ROADIS

2. Corporate Governance

Next, the ROADIS Board of Directors and the ROADIS Executive Management Committee.

2.1. Board of Directors

Patrick Samson

CHAIRMAN

Patrick Samson has acted as Chairman of the ROADIS Board of Directors since May 2016. He began his professional career in 1994 at PwC where he held several positions related to the Infrastructure advisory sector. Patrick joined PSP Investments in 2006, where he is currently Managing Director, Infrastructure Investments, successfully completing several transactions and currently overseeing a number of portfolio companies. Patrick completed his studies in 1994 at Laval University in Quebec City, Canada.

Janis Carol Kong

Independent Counselor

Janis Carol Kong joined ROADIS Board as Independent Counselor in May 2017. Janis currently holds similar non-executive positions in companies like Copenhagen Airports, Portmeirion Group, TUI Group and Bristol Airport, where she acts as Chairman of the Board. In her extensive professional career, Janis has hold different management positions at BAA Plc (now Heathrow Airport Holdings Ltd.), including Managing Director at Gatwick Airport and Chairman of Heathrow Airport Ltd. for five years and also at Heathrow Express. Janis holds a Degree in Mathematics and Psychology from the University of Edinburgh and additionally, she completed and Advance Management Program at Harvard Business School.

Gabriel Damiani

Consejero

Gabriel has been a member of the ROADIS Board of Directors since inception of the company in May 2016. He started out his professional career at the National Bank of Canada as a Securities and Markets Analyst and later entered the transportation industry working in the Mergers & Acquisition and Corporate Strategy team at Bombardier. He joined PSP Investments in 2011 and has been a Director in the PSP Infrastructure team since 2015, participating in several transactions across infrastructure sectors. Gabriel is an expert in Economics, Administration and Finance with degrees from McGill University and HEC Montreal, Canada.

José Antonio Labarra

Chief Executive Officer

Bachelor's Degree in Civil Engineering by the Universidad Politécnica de Madrid. Labarra began his professional career in Cintra, where he held different management positions in Portugal, Canada, Spain and USA for 13 years (from 2007 to 2010 Labarra was CEO of SH130 Concessions Company, LLC, in Texas).

Afterwards he joined Grupo Isolux, in which, as General Director of Motorway Concessions, he led the achievement of the portfolio of projects that constitutes the starting point for ROADIS today.

2.2. Executive Committee

Javier Álvarez

Chief Audit and Risk Officer

Javier has a Bachelor's Degree in Law and Economic and Business Sciences by the Universidad Pontificia Comillas (ICADE), and has undertaken an International Executive Program in the INSEAD Business School (Fontainebleau campus).

He has extensive experience in the construction and infrastructure sectors, especially in Ferrovial where, among other positions, he was the leading manager of the Group as a whole in the areas of Control, Internal Audit and Risk Management. In the telecommunications sector he was Audit Director in his previous company, ONO.

Afterwards he joined Isolux Infrastructure, where he has managed the departments of Audit, Systems and Communications.

Paulo Andre

Head of Brasil SBU

Paulo has a solid and extensive international experience in different companies and sectors, such as infrastructures and energy, with particular emphasis in PPP projects.

He has held various positions in the areas of financing and project management, business development, engineering, toll systems and operation and maintenance. Previous to his incorporation to ROADIS, his last company was Apple. He is currently the CEO in Viabahía Concesionaria de Rodovías.

Nithyanand Appakudal

Head of Asia SBU

Nithyanand has an MBA by the Carnegie Mellon University, a Master's Degree in Finance and a Bachelor's Degree in Economics by the University of Delhi.

He has been Sales Manager and Head of Business Development (Airports) in the GMR Group, where he took over income and growth in the GMR vertical airport.

During his activity in GMR, he led the acquisition of Male International Airport and Cebu International Airport in the Maldives and Philippines respectively. He has 22 years of experience in the infrastructure, real estate, health care and automobile sectors.

Esther Ayuso

Head of EMEA & New Markets SBU

Civil Engineer by the Madrid Polytechnic University and Master's degree in Infrastructure Management and Public Services, she has wide experience in PPP projects.

Before being appointed Director of EMEA & New Markets in Spain, she held the position of CEO at Indus Concessions in India since 2009. Prior to working for ROADIS she held different positions at OHL Concesiones.

José Ramón Ballesteros

Center of Excellence

José Ramón has a PhD in Civil Engineering at the Madrid Polytechnic University and a Bachelor degree in Business and Management.

His professional career was built on the concession field (Public-Private Partnership), assuming different responsibilities both in the technical and operating area and in the area of financing and assets management. He was CEO at Sociedad Concesionaria Autovía A-4 Madrid S.A., member of the Board of Directors of several projects, as well as Director of ROADIS USA.

Shawn Denton

Managing Director, Investments

Shawn is Managing Director, Investments and a member of the Executive Committee and the Investment Committee at Roadis. He is responsible for overseeing the investment activities of the group.

Prior to joining Roadis, Shawn was a Senior Director at PSP Investments, one of Canada's largest pension investment managers, where he focused on global private investments, in particular infrastructure investments. Shawn holds an MBA from McGill University and a law degree from the University of Montreal.

Antonio J. Hernández

Human Resources Director

With a degree in Law, a Master's degree in Human Resources Management and a Master's degree in Occupational Risk Prevention he has almost developed his professional career at this company.

He joined Corsan Corviam as a Lawyer and since then he has been promoted to positions of greater responsibility in Industrial Relations and HR Management at Grupo Isolux, holding the position of HR Director at Isolux Infrastructure.

Ana Lorente

General counsel

Ana Lorente started out her career as a lawyer at Estudio Jurídico Serrano, a law firm of Spanish shareholders with an international presence and with head offices in Madrid. She then joined Ferrovial, where she worked as a lawyer for more than ten years and held the position of Director of Corporate Legal Affairs.

For the last six years she has been working as Director of the Legal Area and Secretary of the Board of Obras Subterráneas, S.A. (OSSA), a company specializing in mining, energy, services and underground construction. Ana graduated in Law from the Universidad Complutense of Madrid and has completed her training with a number of specialist courses and seminars.

José María Ojeda

Head of North America SBU

He is Civil Engineer with an MBA. He joined Isolux Parkings as Project Manager and for eight years he was Director in Isolux Infrastructure in Mexico and then ROADIS. During this period, he acquired a very significant experience in all aspects related to the pursuit of business opportunities, financing and management of toll motorway concessions. Since the end of 2016 he is responsible of the North American SBU.

Eduard Soler

Chief Financial Officer

Eduard has a graduate degree in Business and Management in ESADE, he also completed his education with a MBA program at Harvard Business School in the United States.

He started his professional career in the consulting company named McKinsey&Company and later he joined Abengoa, in which he held different positions related to the infrastructure development, management and financing. Recently he held the position of Executive Vice President, CFO and COO at Atlantica Yield, a company that is listed on the Nasdaq Market and is devoted to the management of a global portfolio of power generation, electric transmission and water assets.

3. ROADIS, by the numbers

In its first year as an independent company, these were the big ROADIS magnitudes:.

304 M €

REVENUES

at the close of 2016

3,250 M €

INVESTMENT

accumulated

ROADIS

Figures that affect the lives of thousands of people.

2,665

EMPLOYEES

who make it possible for ROADIS to be a leader in the sector

Travel connecting cultures and economies.

181,670

TRAFFIC

Average number of vehicles using ROADIS highways daily

Distances paving the way for progress

1,610

KILOMETERS

managed by ROADIS in a sustainable way, driving the economy of their regions

4. Summary of activities

ROADIS, with a presence in 5 countries on 3 continents, is a highly diversified company. Some of the key countries for the company are India, Brazil and Mexico, where ROADIS manages infrastructure concessions of great importance to each of these countries. The US is also a strategic target market for ROADIS, where the company is present in several areas of the country, with teams dedicated to looking for new business opportunities. In Spain, where ROADIS has its headquarters, the multinational manages and operates a section of one of the most important highways in the country, the A4, between Madrid and Ocaña. To ensure adequate project management and sufficient capillarity to grow, ROADIS is structured into four Strategic Business Units, or SBUs:

4.1. SBU North America

In North America we are present in two major markets: Mexico, where, in addition to looking for new opportunities, we successfully operate two very important toll roads, since they are part of two of the main commercial corridors of the country; and the United States, a strategic market for ROADIS, where the company is present in several areas of the country looking for new business opportunities.

"2016 has been a really productive year for ROADIS in Mexico: **traffic, revenues and liquidity on the** two toll roads that we manage in the country **have seen strong double-digit growth**. This is very good news, and even better when we consider that **this trend is sustained**, continuing during the first half of 2017. The country faced **various challenges** in 2016. Among them **was the economic uncertainty** generated by the US elections. As a result, the entire Mexican economy demonstrated abnormal behavior, beginning in November of 2016 and continuing until January of 2017. At this time we can say that the situation has stabilized.

In the United States our focus has been on **the search for new investment opportunities**. We have strengthened our local team, distributed throughout several areas of the country that are particularly attractive to our business. In these priority markets within the United States, **our strategy is based on being proactive** with the government authorities that manage transport assets, presenting investment proposals that may be of interest to them. In a market as competitive as the US, where any asset that is formally placed up for sale receives the interest of many potential buyers, it is essential to be able to build a portfolio of opportunities on which leverage ROADIS's competitive advantages".

José María Ojeda,

Head of SBU

155

KILOMETERS

highways managed by SBU North America

13,768

VEHICLES PER DAY

in 2016

"In 2017 we are facing interesting challenges. It is the year prior to the Presidential Elections in Mexico, which typically entails a significant slowdown in public tenders and investment. The Government's decisions will be made thinking of their possible repercussions in 2018 electoral results.

As part of ROADIS's overall growth strategy, Mexico is a market we want to remain committed to, so we have studied different investment opportunities there. The Mexican government has as one of its priorities the development of the country's road network, either through the development and construction of new highways, with an announced investment of over 10 billion dollars, or through the privatization of one or more of its major tollroads now in public hands. All these plans can be a great opportunity for us. Thus, at ROADIS we are prepared and alert to seize some of these opportunities by taking advantage of our thorough knowledge of the country".

Carlos Redondo,

Country Manager

MÉXICO: National Situation

Despite the period of instability immediately after the end of the elections in the United States, Mexico boasts better economic prospects than many economic analysts had predicted. As the OECD pointed out in its annual report released in January of 2017, ambitious structural reforms and sound macroeconomic policies have ensured the resilience of the economy, highly open, in the face of challenging global conditions. **Mexico's growth in productivity recently rebounded** in sectors that benefited from structural reforms: energy (electricity, oil and gas), finance, and telecommunications.

In addition, it should be noted that, according to **the Secretaría de Comunicaciones y Transporte (SCT), the average daily traffic on toll roads has continued to grow**. Traffic comprised of cars, buses and trucks in the year 2000 was 690,067, in 2016 rising to 1,321,308.

Under this framework ROADIS reaffirms its commitment to a presence in the country, with a sustainable, transparent and solid operating scheme. Working in its favor is its knowledge of the market, its exhaustive economic and risk analyses of the area, and the country's stability.

10,444
MILLIONS OF DOLLARS
of investments

1,321,308
ESTIMATED AVERAGE DAILY TRAFFIC
on tollroads in 2016

ROADIS Projects in Mexico

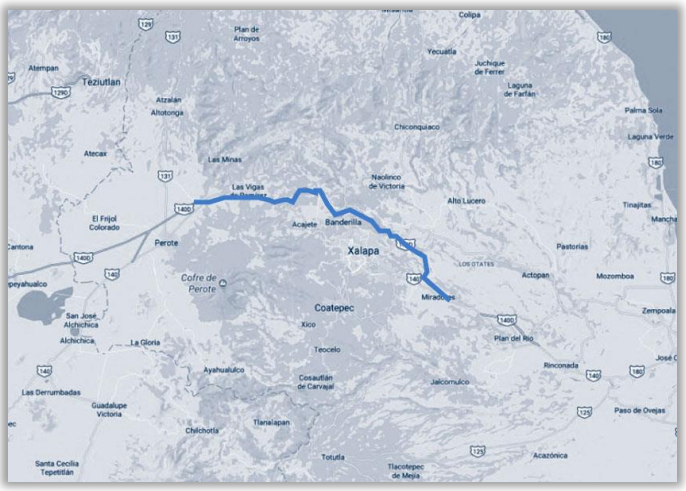
In Mexico ROADIS manages two major tollroads in the country, fully operational since opening to traffic in 2012.

The 45-year concession of the Saltillo-Monterrey and Perote-Banderilla-Xalapa toll roads, which span 155 kilometers, offers the company the chance to participate in two strategic transport routes in the country.

4.1.1. COPEXA Perote – Banderilla – Xalapa

Concession for the construction, operation and maintenance of two toll road sections in Mexico (Perote-Banderilla and Libramiento de Xalapa). The concession started to operate partially in July, 2012, and the whole concession was operating as of December 31, 2012.

It is the most modern and safest road in the state of Veracruz. With four lanes, it is designed to speed the traffic up and reduce the time spent and costs to go from Mexico City to Veracruz.



60

KILOMETERS

Length

45

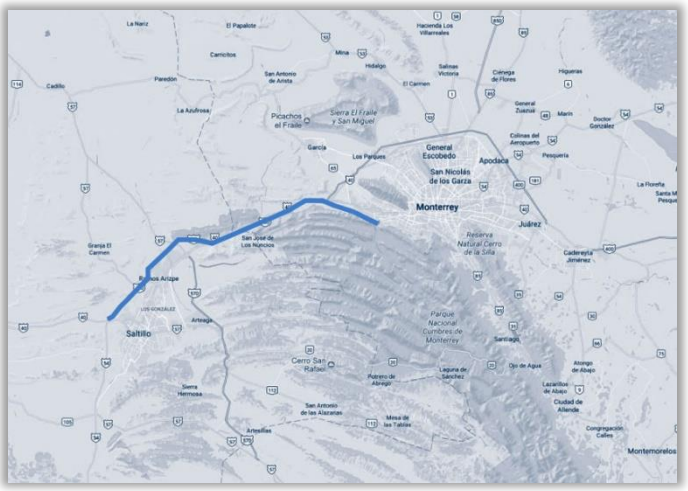
YEARS

Concession period

4.1.2. CAMS Saltillo – Monterrey

Concession covering the construction, operation and maintenance of a toll road in Mexico (Monterrey Saltillo). The concession was fully in operation at December 31, 2011.

It is a high capacity road which improves the connectivity of these two cities in the north of the country: Saltillo, capital of the state of Coahuila de Zaragoza, and Monterrey, the most populated city and capital of the state of Nuevo León. Thus, this highway represents a competitive axis for the over five million inhabitants who live in the metropolitan areas of these cities, which include some of the most relevant industrial areas of the country.



95
KILOMETERS
Length

45
YEARS
Concession period

4.2. SBU South America

"Given the delicate situation facing Brazil and the importance of the resumption of investments to its economic recovery, **the current proposal to adapt existing infrastructure concessions contracts** to the impacts of the economic crisis seems to be the best approach. At VIABAHÍA, responsible for the concession of **two of the most important highways crossing the state of Bahia**, the BR-324 and BR-116, we are convinced about it, and that it will result in an improved infrastructures and better service.

Our mission is, and will be, to work hard for the thousands of daily users who make use of the roads we manage. Through the effort and dedication of everybody, we are sure that the country will overcome the current situation and progress will return, building upon its remarkable recent past. At that time, we will be ready to operate, in line with the very highest standards".

Paulo André,
Head of South America SBU

681

KILOMETERES

roads managed by SBU South America

12.391

VEHICLES PER DAY

in 2016

BRAZIL: National situation.

The SBU of South America focuses fundamentally on the current management of our assets in Brazil and the growth opportunities in that country. Brazil is weathering a tough phase. This is reflected in the World Bank's ranking of its logistics chain, on which the country ranks 55th among the 160 analyzed, dropping ten positions from its place in the same study from 2012. The data reveals that the different programs implemented in recent years to improve concessions in the infrastructure sector, such as Growth Acceleration (PAC), Investment in Logistics (PIL) and, most recently, Investment Associations (PPI), have not yielded solutions sufficient to turn the situation around.

Despite announcing an ambitious plan calling for the **construction of 2,607 kilometers of highway, with an investment of 21 billion dollars in the coming years**, with the economic crisis, and in a full-blown recession phase, **the tendency of the federal government is to continue to turn to private investment in infrastructures** to reconcile the resumption of growth with fiscal adjustments. Given this situation, the revision or rebalancing of the existing contracts (Five Year Review) mentioned above, its essential to attract investment for the new projects.

Another challenge facing Brazil, with 1.8 million kilometers of roads built, representing more than half of all public transport infrastructure, **is to improve their safety**; according to the studies analyzed, 63% of cities with more than 300,000 inhabitants use illegal, unsafe and unreliable means of transport. Enhancing the quality of these roads is key to addressing this problem.

These many challenges with regards to the current infrastructure system are synonymous with major opportunities for growth and investment.

Its experience in the country, the number of kilometers managed on one of the main highways of the country (Viabahia), with a 25 year operating contract, place ROADIS in an excellent position to operate, invest and be present in Brazil in a sustainable way.

ROADIS

1.8
MILLIONS OF KILOMETERS
of roads built

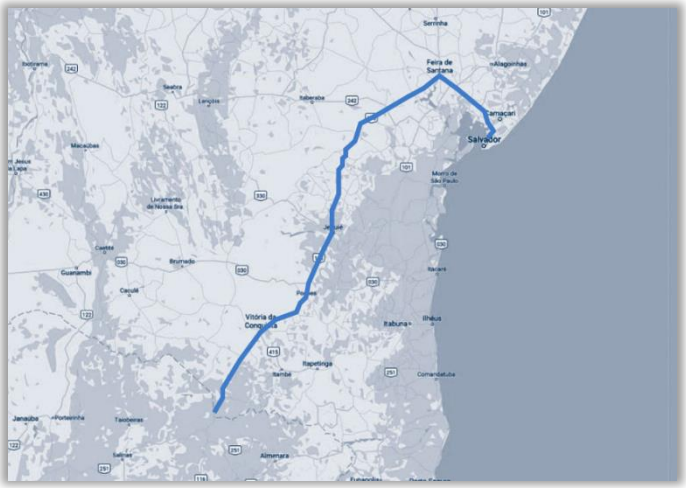
21
BILLIONS OF DOLLARS
planned investments

ROADIS Projects in Brazil

ROADIS manages the BR116 highway, which crosses the country from north to south through the geographical area of Bahia. In 2013 the financing of this highway was closed with the National Bank for Economic and Social Development of Brazil (BNDES). ROADIS also operates on the BR 324 highway, which connects the cities of Salvador de Bahia and Feira de Santana.

4.2.1. VIABAHÍA BR 116 – 324

ROADIS manages the BR116 highway, which crosses the country from north to south through the geographical area of Bahia. In 2013 the financing of this highway was closed with the National Bank for Economic and Social Development of Brazil. ROADIS also operates on the BR 324 highway, which connects the cities of Salvador de Bahia and Feira de Santana.



681
KILOMETERS
Length

25
YEARS
Concession period

4.3. SBU EMEA & New Markets

ROADIS EMEA & New Markets is responsible for asset management and growth in Europe, the Middle East and Africa from the headquarters of the multinational in Madrid. From Spain the company manages a major tollroad in the center of the country, and is also looking for business opportunities to open up new markets, mainly in Europe, although this unit also supports business development in new markets on other continents, mainly South America.

"For ROADIS EMEA & New Markets 2016 has meant **the beginning of new challenges and objectives.** From an operational point of view, the A4 tollroad, between Madrid and Ocaña (Spain), followed the path of growth and consolidation taken by the Spanish economy, with a 3.2% increase in traffic compared to the previous year. Growth forecasts for ROADIS in Spain in 2017 are around 3.3%, very much in line with projections for the country's Gross Domestic Product, which should increase by the same percentage.

With regard to business development, in 2016 the division of **ROADIS EMEA & New Markets delved into new strategic points for the company.** The detailed study of various offers and their presentation in **Portugal, Spain, the United Kingdom, France, Chile and Peru** lay the foundations for the company to bolster its presence in the market in 2017".

Esther Ayuso,

Head of EMEA & New Markets SBU

64
KILOMETERS
of roads managed by SBU EMEA & New Markets

77,000
VEHICLES PER DAY
in 2016

SPAIN: National situation

In Spain **ROADIS is responsible for the maintenance and operation of a section of the A-4**, one of the most important highways in the country, connecting the center and the south of the Peninsula.

The current government has just presented the implementation of a macroplan calling for extraordinary investments in high-capacity roads, mainly tollroads, which is slated to be undertaken for the first time in Spain drawing on private capital and European funding.

According to official sources, the public-private investment plan (which would represent an investment of 5 billion euros) will serve to complete different sections of tollroads, ease bottlenecks suffered on some highways, and improve and adapt highways to comply with regulations governing emissions, safety, noise and maintenance. The main objective is **to rebuild roads through public-private collaboration.**

This investment reinforces the **government's commitment to a first-rate road network**, vital for the development of the country, upon which there has been steady progress almost continuously ever since 1984. This new commitment may be complemented by other possible initiatives, such as the re-engagement of the nine toll highways in the process of liquidation and managed from January 2018 onwards by the public entity Seittsa, that include the Radiales (highways) in the metropolitan area of Madrid.

Given that **94.3% of freight is transported by road**, according to Ministry of Public Works data, the challenge is to maintain them and to seek effective solutions for their management and financing.

In this new economic environment in Spain, with new plans and opportunities in the field of road infrastructure, ROADIS will take advantage of its local presence and operational knowledge to relaunch its commitment to Spain and channel part of its target investment into this market.

In this new economic environment in Spain, with new plans and opportunities in the field of road infrastructure, ROADIS will take advantage of its local presence and operational knowledge to relaunch its commitment to Spain and channel part of its target investment into this market.

In addition to Spain, ROADIS will be keeping a close eye on the opportunities that appear in other markets, mainly European, but not exclusively.

94.3 %
OF FREIGHT TRAFFIC
is by road

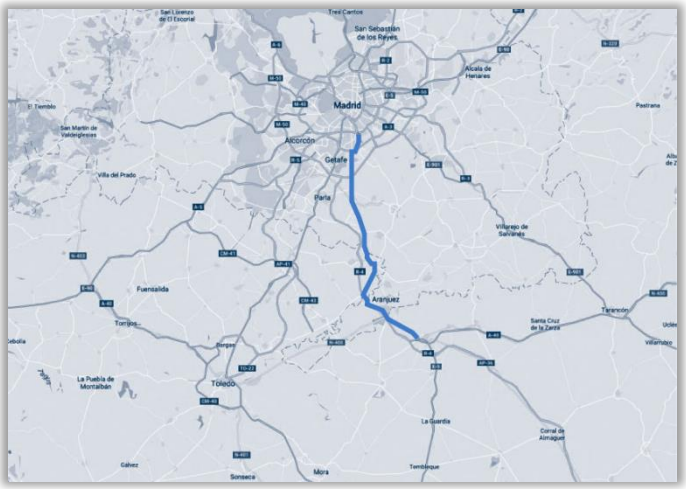
166,000
HIGHWAYS
built

ROADIS Projects in Spain

The concession of a 64-kilometer road between Madrid and Ocaña, with an average traffic intensity of 77,000 vehicles per day, is ROADIS's most important asset in Spain.

4.3.1. A4 Madrid-Ocaña

The company is responsible for the maintenance and operation of a section of the A4, one of the main highways in Spain and the main transport artery between the center and south of the Peninsula. The concession started to operate partially in 2010, and the whole concession was operating as of December 31, 2011.



64
KILOMETERS
Length

19
YEARS
Concession period

4.4. SBU Asia

ROADIS Asia is responsible for managing highway assets in India and at the same time expanding the company's footprint in other geographies in the Asia-Pacific region. In India, ROADIS enjoys a strong reputation thanks to the network of partners it has created over the past nine years. The company operates four assets in the country with 710 km of roads under management. While ROADIS remains committed to India, knowledge gathered in the country

provides an excellent opportunity to expand in other countries in the region as well, where investments in infrastructure are vital to the development of the region.

"The year gone by has been exceptional for ROADIS in India. Despite the demonetization which severely affected the economic growth in the country and hence the traffic, the company managed to grow its topline by 10%. At the same time, the company was also able to reduce its operating and financing costs through a series of initiatives while maintaining high levels of quality and safety on its roads. Several other initiatives were undertaken to maximize shareholder's value. These include the imposition of additional fees on overloaded vehicles, implementation of ETC lanes and considerable progress on the pending construction in the assets.

Due to bright long-term prospects of the country, ROADIS remains committed to India. While demonetization is over, we expect the economy to start recovery only in the second half of the year, mainly due to impact of GST on industrial production. Despite these headwinds, we hope that growth this year will exceed 10%. Pickup in consumer spending and private investments may further boost our topline. We are also in the process of implementing various strategic initiatives in the organization based on our success last year. Through these initiatives we expect to not only increase our shareholder's return but also provide avenues of growth to our employees and safety to our users."

Nithyanand Appakudal,

Head of Asia SBU

710

KILOMETERS

of roads managed by SBU Asia

58,015

VEHICLES PER DAY

in 2016

India: National situation

With a total of 710 kilometers, ROADIS is the largest European highway concession manager in India. Given the economic potential of the Asian country and the need to strengthen its road transport, vital for the development of the region, ROADIS intends to continue investing in the management and maintenance of this infrastructure, with roads that underpin the economy of the country and currently represent its main means of transport.

To understand the logistics sector in the region, it is important to note that India, with 4.9 million kilometers built, has the world's second largest road network. In addition, 80% of

domestic passenger traffic is by land, and 65% of freight traffic is by road, according to data from the India Brand Equity Foundation (IBEF), a body attached to the Ministry of Commerce.

The significant economic growth that the Asian country is expected to enjoy in the world economy will be one of the keys to the development of its infrastructures.

These economic forecasts and the government's clear commitment to a series of policies to create new roads and modernize the many kilometers of existing ones are two important aspects of the public works sector in India.

In addition to these excellent forecasts for the coming years, creating new infrastructures and improving existing ones is one of the Indian Government's priorities . Conscious of the need to have an adequate road network to accommodate the increase in traffic and the circulation of goods, the government has significantly increased the budgets allocated to road improvements in the last five years, and is expected to continue doing so in the next years.

Policies that encourage investment

According to the IBEF, to encourage foreign investment in the sector the Ministry of Transport and Highways plans to offer foreign operators risk coverage. The Government is also working to improve the action frameworks between the government and private operators.

Under this framework and context, ROADIS reaffirms its commitment to a significant presence in the country, with a sustainable, transparent and solid operating scheme.

4.9
MILLONES OF KILOMETERS
of roads built

80%
OF PASSENGER
traffic is by road

65%
OF FREIGHT
traffic is by road

Proyectos de ROADIS en India

ROADIS manages four operational toll roads in India:

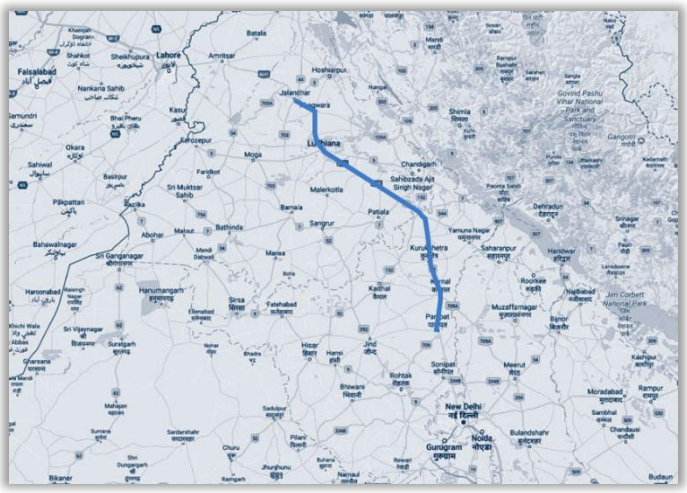
- Panipat – Jalandhar (NH1)
- Varanasi – Aurangabad (NH2)
- Hazira – Vadodara (NH6)
- Kishangarh – Beawar (NH8)

In total, these roads add up to 710 kilometers, which makes ROADIS the largest European toll roads concessionaire in this country.

4.4.1. NH1 Tollway: Panipat – Jalandhar

Awarded in 2008, this toll project involves six laning of Panipat Jalandhar section (length 291.10 km) of NH-1 in the states of Haryana and Punjab to be executed under design, build, finance, operate and transfer mechanism. The concession period of the project is 15 years. ROADIS has 61% stake in the project.

The concession is a part of the trunk road that connects Delhi with the northern cities of Ludhiana and Jalandhar.



291
KILOMETERS
Length

15
YEARS
Concession period

4.4.2. NH2 Tollway: Varanasi – Aurangabad

Awarded in 2010, this toll project involves six laning of Varanasi Aurangabad section (length 192.40 km) of NH-2 in the states of Uttar Pradesh and Bihar to be executed under design, build, finance, operate and transfer mechanism. The concession period of the project is 30 years. ROADIS has 50% stake in the project.

The concession is a part of the Delhi – Kolkata highway, connecting the towns of Aurangabad, in Bihar, and Varanasi, in Uttar Pradesh. Apart from the importance of Varanasi as one of the main pilgrimage centre in India, the area is surrounded by coal and sand mining factories that generate significant commercial traffic.

192
KILOMETERS
Length

30
YEARS
Concession period

4.4.3. NH6 Tollway: Gujarat – Hazira Port

Awarded in 2009, this toll project involves four laning of Gujarat – Hazira port section (length 131.50 km) of NH-6 in the state of Gujarat to be executed under design, build, finance, operate and transfer mechanism. The concession period of the project is 20 years. ROADIS has 50% stake in the project.

The stretch connects the city of Surat (eighth more populated town in India and second in the state after Ahmedabad) to Hazira Port, which is one of the main industrial and commercial ports along the industrial Corridor between Delhi and Mumbai.

133
KILOMETERS
Length

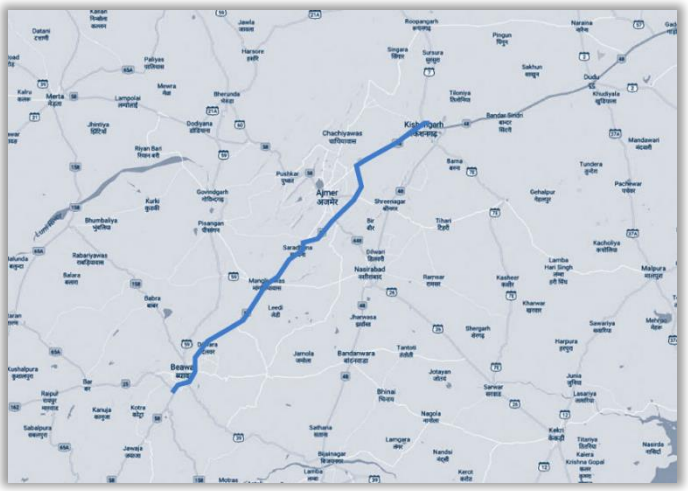
19
YEARS
Concession period

4.4.4. NH8 Kishangarh – Ajmer Beawar

Awarded in 2009, this toll project involves six laning of Kishangarh-Ajmer-Beawar section (length 93.56 km) of NH-8 in the state of Rajasthan to be executed under design, build, finance, operate and transfer mechanism. The concession period of the project is 18 years. ROADIS has 50% stake in the project.

This stretch is a part of Ajmer – Jaipur highway, one of the most important highways in Rajasthan. The area is home to producers of limestone, cement and other building materials companies in India.

ROADIS



94
KILOMETERS
Length

18
YEARS
Concession period

5. Outlook for 2017

Looking into the future, ROADIS priorities are the continuous value creation by optimizing current projects and growth by taking advantage of new opportunities in the markets where it is already present, but also in new ones. Our constant focus is on visible cash flow generation as a basic objective in order to be sustainable and profitable over time.

304 M €
REVENUES
at the close of 2016

ROADIS aims to invest up to $ 3 billion over the next five years in equity for new projects. Its objective: to expand the places where it operates and to improve the infrastructures where it is present. ROADIS seeks to achieve sustained growth by balancing high-yield, emerging

markets in its portfolio with a significant presence in more mature markets, such as Europe and the US.

ROADIS conducts exhaustive evaluations of the countries and specific project opportunities where it can invest. Before undertaking any transaction, the company analyses, among other parameters, project profitability, the legal and political frameworks, the creditworthiness of potential partners, the exchange rate risk, the expected return on investment and the existing exposure to the country, if any.

In short, in the coming years ROADIS plans to enter into new markets, such as Peru, Chile and Colombia, in addition to expanding into more consolidated economies, like the US and Europe. Of course, it shall also strive to continue to grow and improve its existing operations in Mexico, Brazil and India.

6. Corporate Social Responsability

The search for excellence, efficiency and sustainability are three of the characteristics that define the DNA of ROADIS, an entity that from the infrastructure sector, contributes to the progress of the communities where it operates. As a global company, ROADIS upholds integrity, compliance with the law, diversity and collaboration as key values. In the professional field, the company is committed to teamwork, results-oriented efforts, leadership in all fields and innovation.

6.1. Sports and health for more than 130 children

ROADIS, with the Real Madrid Foundation and the IIMC in Calcutta

This initiative began in 2011 and **benefits more than 130 girls and boys between the ages of 5 and 15** through sports, nutrition and health care activities, regardless of their capacities, abilities or sports skills, always ensuring the inclusion of the most disadvantaged in one of the most needy regions on the planet.

Thanks to these collaborative efforts the IIMC's work in India is strengthened. ROADIS, with this initiative, started a line of Corporate Social Responsibility to back social projects in those countries where it operates. "*Through this agreement ROADIS joins the action of the Real Madrid Foundation in India, where we will help IIMC to improve the lives of hundreds of children",* said José Antonio Labarra, CEO of ROADIS.

ROADIS: A commitment to the development of the areas where it operates

To highlight the presence of ROADIS in India, and to reaffirm the company's commitment to this project, Nithya Appakudal and Álvaro Santos, SBU Head-Asia and CFO Asia, respectively, visited the facilities of the Kheadah School, functioning as a social and sports center, located in a rural area south of Calcutta.

They were given a tour that began in the center of the IIMC, where they were able to learn first-hand about the hospital, the sponsorship program, the sewing center, and the nursery. They later went to Kheadah to visit the IIMC's "Sikshangan Challapara" school and the boarding school. From there they went on to the headquarters of the Real Madrid Foundation's School/Sports Centre. They visited the football pitch and met the coaches at the school, who led a training session, including Ignacio Abascal, the trainer at the FRM's international area.

Thanks to this School these children have the opportunity to participate in football practices after school hours.

6.2. VIABAHÍA and the Axé Project for Sustainability

VIABAHIA, a partner on the Axé Project for issues related to social inclusion, income generation and sustainability, contributed with a donation of unused uniforms. The project's children and teenagers will transform them into sustainable products, such as mobile phone cases, suitcases, carrying cases, key chains and eco-friendly bags.

Alana Batista, VIABAHIA's Safety Engineer, made the first delivery of the uniforms to the Project Coordinator, Queila Brito, stating that VIABAHIA's efforts are of great importance to the organization and manifest its socio-environmental awareness. n addition to the logical reduction in waste entailed by reuse, this initiative also delivers other benefits, such as:

- **Social:** Fewer children and teenagers at risk on the streets.
- **Económico:** Cost reductions by not throwing away uniforms.
- **Jurídico:** Compliance with environmental legislation governing the recycling and reuse of waste.

"We want to do our part so that people continue to carry out this wonderful effort within the Axé Project, with actions that strengthen our local culture and boost the self-esteem of these young people and their families," said Viviane Rocha, Director of Quality, Safety and the Environment at VIABAHIA.

Axé Project: 26 years of struggle for social inclusion

The Axé Project was launched in 1990 in Salvador de Bahia. It is a social initiative for children and adolescents who face dangerous situations on the streets. The organization fights for the rights of minors, shielding them from sexual abuse, drug trafficking and child labor. The Axé Project offers facilities where children can participate in leisure, artistic and cultural activities, based on Human Rights principles and ethics.

6.3. ROADIS donates computers to a primary school in Mexico

Also this year, the CAMS offices in Monterrey made a donation of computers to the Belisario Domínguez Elementary School in Santo Tomas, a small town of little more than 2,000 inhabitants, with a semi-desert climate and just a couple of schools.

The donation of these computers to the Mexican school responded to a need: it was necessary to increase the number of computers in order to be able to offer classes in this area and bolster the children's education. ROADIS gave the school six computers, which, along with the five they had, doubled the school's equipment. Through this act the multinational supports the education of the 360 students who study at these facilities.

The ceremony was attended by Ignacio Aldasoro, Technical Director of ROADIS, who had previously collaborated with the school; the school's principal, the Computing teacher, some

students and parents, and the president of the Primary School Parents Association, who expressed their appreciation and presented the school's facilities.

6.4. VIABAHÍA and its "National Traffic Week", designed for drivers, passengers and children

VIABAHÍA, together with the National Land Transport Agency (ANTT) and the Federal Highway Police, organized the "National Traffic Week", an initiative featuring a range of activities for all ages, with the aim of boosting awareness of traffic safety.

More than 400 drivers and passengers stopped at different stands of the Federal Highway Police to participate in some of the free services offered through this initiative: blood glucose and nutrition tests, blood pressure measurement, counselling, and postural advice, among others.

The Compañía Vía Certa Teatral (theater company) visited different schools along the BR-324 and BR-116 to promote awareness of road safety amongst children. The drama group performed an adaptation of *Alice in Wonderland* through which they showed the dangers and challenges of traffic, and taught the children how to avoid them by taking small actions.

"The children who participate in these initiatives become multipliers of what they learn, as they transmit this information to their parents and acquaintances", explains Humberto Cagliari, coordinator of the theatre company.

The project is part of the Decade of Action for Road Safety (2011-2020), undertaken by the United Nations. The goal: to cut traffic-related deaths in the world by half.