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CORPORATE PARTICIPANTS

Silvia Ruiz, Ferrovial, SE – Head of Investor Relations

Ernesto López Mozo, Ferrovial, SE – Chief Financial Officer

ANALYST PARTICIPANTS

Luis Prieto – Kepler Cheuvreux

Graham Hunt - Jefferies

Ruairi Cullinane - RBC

Elodie Rall - JP Morgan

Marcin Wojtal – BOFA

Dario Maglione – Exane BNP

Jose Manuel Arroyas – Santander

Cristian Nedelcu – UBS

Nicolas Mora – Morgan Stanley

Nicolo Pesina – Mediobanca

Fernando Lafuente (webcast) - Alantra

Silvia Ruiz, Ferrovial, S.E. – Head of IR

Good afternoon everybody, this is Silvia Ruiz speaking, and I would like to welcome you to Ferrovial's Conference Call to discuss the Financial Results for the First Quarter of 2025. I am joined here today by your CFO, Ernesto Lopez Mozo. Just as a reminder, both the results report and the presentation are available on the website since yesterday evening after the US market was closed. At the end of the presentation, there will be a Q&A session.

As in previous calls, you will have the opportunity to ask questions live. For that, you will need to join the call through the conference call channel and press star 5 on your phone keypad.

If you prefer, you can send them through the forum included in the webcast and I will be reading them out loud at the end of the Q&A session.

With all this, I will hand over to Ernesto. Ernesto, the floor is yours.

Ernesto Lopez Mozo – Ferrovial CFO

Thank you, Silvia, and welcome everybody to the first quarter of 2025 operating results update from Ferrovial.

Well, starting with the growth in all business divisions, I would like to highlight the strong revenue performance in Highways of the North American assets. In terms of Airports, we highlight that construction advances in NTO And in Construction, we have shown steady profitability with adjusted EBIT margin reaching 3.3%.

At the end of the quarter, we have a solid net debt ex-infra projects, really a net cash position of EUR1.9 billion. And the main items in this number are the divestment of AGS of EUR538 million. And on the other hand, equity injections in NTO for EUR152 million and the buyback program where we invested EUR156 million.

In terms of corporate events this quarter in March, we announced an agreement to acquire up to a 5.06% stake in the 407 ETR from AtkinsRealis for a maximum of CAD2.09 billion. And the close of this transaction is expected in the 2nd quarter of 2025. In April, we announced the opening of Silvertown Tunnel, this highly complex infrastructure project that is expected to really enhance transportation in East London.

If we move on to the performance in Highways, we see that the division has significant growth driven, of course, by the US managed lanes. In the revenue growth of 14.1%, we have the influence of the US highways revenue that grew 19.1% versus the 1st quarter of 2024 is making up close to 98% of the highways revenue. In terms of adjusted EBITDA, the US highways represent 98% and they were growing at 14.6%.

Let's move now into each asset summary, starting with the 407 ETR. The 407 ETR had an outstanding performance with double EBITDA growth. Here I would like to highlight several items, starting with the total revenue that grew 23.6%. we need to bear in mind that the tolls were raised before the beginning of the year. So we had January with the new toll rates, whereas in 2024, we didn't have this effect, right? So January has a favorable comparison vis-vis 2024.

Then in February, we guess we have the effect of that comparison. In March, what we have is that we launched some promotions that affected the March performance. These traffic promotions help also to steer traffic and really are favoring our consumers in the peak hours. That is where it is most needed, right? So March has traffic promotions, and this affected the traffic performance.

If we look into the breakdown of the monthly traffic, I mean, we need to bear in mind that there was substantially worse weather in the first quarter of 2025 than in the first quarter of 2024 that had mild weather. And also, we had a leap year with the extra day in February, right? So this comparison has to bear that in mind.

So the performance in terms of traffic is outstanding. In terms of the fee revenue, of course, I mean, the weight of the revenue is in toll revenues. But in fee revenues, we see a higher growth. And here we have to remind you that in 2024, some of the account fees remained unchanged. So, I mean, there has been an update in 2025 that brings this additional growth. And also, other activity has been influenced in the higher fee revenue, as we described in the slide.

So a very strong underlying performance. Please bear in mind what I mentioned, that March probably is the month that there will be more "business as usual" in the coming months because of this comparison I mentioned.

Regarding dividend distribution, I mean, we didn't receive any dividends in the first quarter of the 407, but a CAD200 million dividend was dividend was approved and was paid in the, in the 2nd quarter. Right? So we already have that cash in the 2nd quarter

In terms of the Schedule 22, we see that we have included close to CAD26 million of a Schedule 22 as a provision and here, of course, you will have to see other quarters to get a better idea. But the way is calculated is that we--I mean, the 407 does the estimate for the full year and that estimate as a percentage of the estimated revenues for the full year. I mean, that percentage is applied to the 1st quarter. Right? So, in terms of percentage, it can be extrapolated, but, of course, you will have to wait to see the quarters of higher traffic to get a better idea of the impact.

Moving on to the next slide in the Dallas Fort Worth Managed Lanes. Here we have outstanding performance in terms of revenue per transaction, and also in January and February, there was a negative weather impact compared to last year, and even with that impact, the traffic performance has been very solid.

And of course, NTE is still affected the capacity improvement construction works and it means that traffic in terms of transaction is lower than last year, but we have an outstanding performance in terms of revenues and help begin by help by a mandatory modes. Here a mandatory modes and revenues are also benefiting from a better traffic mix in terms of a higher percentage of heavy traffic also you need to bear in mind that for the likelihood of mandatory events that there's a kind of traffic threshold. Let's say that for 2 lanes, you have like 3300 vehicles per hour, the heavy traffic implies like 2 times what a light vehicle implies right? So in that calculation, you can get an idea that if there's higher heavy traffic, you are more likely to get a more mandatory modes.

In LBJ traffic grew this by construction activities in the nearby corridors, and in 35 West, we also had solid traffic growth. And then, yes, we have a revenue share, according to this performance. In the first quarter of 2024, we didn't have any because the accrual was done at the end of the first half, right? So, the second quarter of 2024 included six months of revenue share, now, we're doing that quarter by quarter.

Okay, so, I mean, here at the bottom of the slide, we have the revenue per transaction growth that is a mixture of all these things I mentioned, more activity, more peak activity, better traffic mix, and more mandatory modes, and this has helped this revenue per transaction performance. We also have the update on the slide of the soft cap that grew by 2.9% in 2025.

If we move on to the following slides, we have the I-66 that so, increased mobility in peak hours, activity in rush hours is much higher. That combined with really dynamic pricing, it means that the revenues grow very healthily and revenue per transaction as well. So, very solid performance from this highway. Also, remember that all the traffic figures compared to 2024 that had one day more, right? So, bear that in mind when comparing traffic.

If we look into the I-77, also very strong performance. Traffic is still favored, i mean, not as much as in the last quarter of 2024, but this is still favored by the closure of the alternative I-40 that has reopened with limited capacity. So, I mean, there's more heavy traffic in the I-77, and that's helping the performance of the asset, but also on the negative side, it was affected by severe weather, and also you have to compare with the leap year effect. So, very strong performance from the asset.

And we also have revenue share in here, and the same explanation that I commented on in Dallas Fort-Worth applies here. Last year, the revenue share was accounted for in the second quarter for the full first half. Now we're doing it quarter- by-quarter. So we had EUR4 million of revenue share and we have an additional EUR2 million of extended vehicles payments and here I would say this. This is good news because in the last year, we had extended vehicle agreement that was expiring at the end of '24. The grantor was receiving 50% of the revenues from this extended vehicles that were not part of the original concession agreement. Now the agreement to allow extended vehicles has been extended till the end of the concession. And the flip to that is that the grantor gets two thirds of the revenue from extended vehicles, but it goes to the end of the of the concession. So it's good news. But when you're looking into the comparison, please bear that in mind.

Okay, moving on to Airports at JFK and development is ongoing in the first quarter, we had a physical progress relevance, 6% advancement and also advancement with airlines. There's agreement with 18 airlines, 13 executed and five are Letters of Intent. And we continue investing. As I mentioned at the beginning, EUR152 million have been invested in the first quarter, and we have pending EUR167 million. So, as we mentioned, this is a crucial year for for JFK, it's advancing on budget.

In terms of Dalaman, it's really a quarter that is not that representative because this is an airport activity based around the tourist season that starts in the 2nd quarter. Nevertheless, domestic traffic was also higher than expected and it grew versus last year.

Okay, moving on to construction. In construction, we see. Steady profitability, I mean, across the board, you see that in Budimex, Webber and Ferrovial Construction, that are showing solid margins. Budimex, the profitability is slightly lower than the previous year, but remember that in 2024, there was updating of the indexation cap in public contracts. So there was like a, let's say, retroactive capture of that part, if I may say so. So that was a higher, higher impact, but the margins remain very, very solid. And both Webber and Ferrovial Construction have higher margins than in the first quarter last year.

In terms of order book, I mean, it's at the peak level, and we have a lower weight of large design and build projects. I mean, our focus is to be on local markets and with lower weight of large design and build projects that are not with group companies. The order book reflects that, and we'll talk in the closing remarks about the uncertainty that could affect performance. We are comfortable with this order book, more on that in the closing remarks.

When you look into the breakdown by geography, we see that it's concentrated in the US And Canada and second, Poland. In terms of outlook, we remain with our long-term target of 3.5 adjusted EBIT margin.

Okay, so the summary in the next slide of the main figures, strong growth in revenue, 7.4%, adjusted EBITDA, 19.1%, and adjusted EBIT, 28.3%.

So very solid start of the year. Moving on to the net debt position, well, we have the breakdown of the effects on cash. I mean, dividends for projects are very small. I mean, the main component in the EUR19 million that we have, there is dividends from Heathrow.

Then we have the operating cash flows from Construction and other activities. It's usual to have this sort of working capital effect at the beginning of the year. And then we have tax payments that are basically related to our operations in Poland. And then we have the cash flows used in the investment activities, the interest received, and the investments that I mentioned at the beginning, together with the treasury service repurchase.

I mean, the cash flow invested in financing used in financing activities is related to repayment of external debt that has the counter in the reduction of debt. So very solid net cash position and negative net debt at the end of the first quarter. So just concluding before getting into the Q&A, I think this is a very solid set of results where we benefit from the performance of our North American infrastructure assets. and this performance is benefiting from increased customer segmentation. I mean, we are tailoring more to our customers' needs. The underlying growth in the assets locations. I mean, this is something that is kind of long-term underlying trends.

And then, of course, we are looking forward, really, to with a great appetite for the pipeline that's coming in, I-24, still pending the pre-qualification results. I-285, the pre-qualification was published, and all these business are expected in the first half of 2026.

In terms of construction order book, it has limited exposure to macroeconomic uncertainty. We have a lot of backlog in the US And Canada, but it's in a much more comfortable position than in the past, in the sense that the percentage of design and build projects in the early phases, that is basically when you're finalizing design and you need to really quantify what is going to be built by subcontractors, and with all the supplies you need to get for the final design. We don't have that.

I mean, the biggest one in the backlog, that is the Ontario line project, has price protection, and we don't have any sort of big design and build, like any managed lane in the early stages, where really you have to de-risk the project with final design and procurement.

So with this condition, and also with price indexation in other areas like Poland, Spain, and so on, we think that we have limited exposure to the macroeconomic uncertainty. Okay, so thanks for bearing with me through the presentation. Let's get into the Q&A

Silvia Ruiz – Head of IR

Yes, thank you very much, Ernesto.

So let's go into the Q&A Operator, please go ahead.

Thank you. Ladies and gentlemen, we will now begin the Q&A session. (Operator Instructions) And our first question comes from the line of Luis Prieto from Kepler.

Please go ahead.

Q - Luis Prieto – Kepler Cheuvreux

Thanks a lot. Sorry. Good afternoon, and thanks a lot for taking our questions today.

I had a couple, if I may. The first one, I was wondering if you could help us with the math of Schedule 22. Extrapolating the rest of the year on the basis of revenue seasonality leads to a full- year payment figure that I suspect is in the lower part of the consensus. Is there anything we need to take into account to better understand what is behind this figure? And the second question, if I look at US-wide construction sector indicators in Q1, construction macro indicators, Webber double-digit revenue growth suggests very strong outperformance versus the rest of the industry in the context of adverse weather. How should we interpret the situation? Thank you.

A - Ernesto Lopez Mozo - CFO

Thanks, Luis. Thanks for the questions.

So, I mean, basically what you said regarding Schedule 22 is probably right. I mean, the consensus is wide. I mean, it's not that it has, let's say, a low variance. It has quite a wide variance.

If you look at just the mean, probably you're right that the, I mean, revenues estimates that the street has with this kind of percentage would be lower than what the street has. But as I said, there's a lot of variance. And as you rightly said, it will depend on performance going forward. But as a percentage of revenues, yes, I mean, there's nothing to add to your way of reasoning.

And in terms of the second one, the Webber performance, I think that the backlog of Webber is what we could call our well, "bread and butter" is a little bit of our exaggeration… because it's the typical size of contract in road construction and civil construction that is where we excel and probably has had less complexities in that regard. And also, that relates to, let's say, our perception that the risk in our order book is much more limited than maybe in past years.

Q - Luis Prieto – Kepler Cheuvreux

Thanks a lot, Ernesto.

Operator

Our next question comes from the line of Graham Hunt from Jefferies. Please go ahead.

Q – Graham Hunt - Jefferies

Good afternoon, Ernesto and Silvia. Thanks very much for the opportunity to ask the questions.

Just two from me. First one, I just wanted to dig into this exceptionally strong pricing you've reported in Q1 across both 407 and the Managed Lanes. You referred to customer segmentation as being a key driver of being able to achieve this. Could you just speak to a little bit more color on that in terms of maybe what you're doing differently and also how you're seeing elasticity if it's changed at all for those assets given the very strong pricing we saw?

And then second question, just on the US line, seeing volume starting to pick up more meaningfully there from a low level, I guess. But is there anything that you're seeing on the ground, you're hearing from US investors that you can speak to in terms of getting more interactions there?

And also given we're, I guess, around 12 months away from new Terminal one starting to open, is there a Capital Markets Day that we could look forward to in 2026? Thanks.

A - Ernesto Lopez Mozo - CFO

Okay. Thanks, Graham. So, yes, when we're talking to customer segmentation, promotions in the 407 are tailored. I mean, they're along rush hours, all of them. But for instance, you would have some that you can use if you have, let's say, a minimum consumption. So, heavy users use that. Others that are more infrequent users could have more of a possibility to taste and use. So we are kind of addressing promotions in a slightly different manner to different segments. That's for the 407.

In the US managed lanes, also we've differentiated more accurately heavy traffic in different components. And that also has helped. And as I said, we have a higher percentage of heavies or similars in our roads, And that's also, of course, helping, as I mentioned before, the math around the mandatory modes. So that is probably all I want to comment at this point in time in terms of elasticity. Really, people make the trips that they need to do, and that's where our capacity is available when it's most needed. I guess that elasticity is low just because of that. I mean, it's really needed.

The second question that was regarding the US line, I think that several things are coming into position right now, if you notice the trading that has extended to different platforms in the US., it's above the levels needed to qualify for NASDAQ indices inclusion, and probably also that is positively affecting some kind of circularity there, and together, of course, with a wider outreach. So the feedback from US Investors remains the same. I mean, they like the business and the pricing dynamics of our assets. If, on top of that, you add the possibility of growing with the pipeline, that compounds, right? So regarding the US Line, that's all I have to comment now.

And then regarding NTO, you're right, it's a crucial year. We haven't discussed any capital markets today, but I'm sure that in the--I mean, after opening and ramping up, I mean, more information would be needed to be discussed about NTO. Right now, it's about delivering and just pressing on the schedule and negotiating with airlines to ramp up, right? So it's early days to talk about when, but, I mean, what you say is natural.

I mean, after opening, it would be natural to discuss more of the dynamics of the business.

Q – Graham Hunt

Thanks very much.

Operator

Our next question comes from the line of Ruairi Cullinane from RBC Please go ahead.

Q - Ruairi Cullinane - RBC

Hi there. Good afternoon. Yes, the first question on I-77. Would you be able to comment at all on how revenue or revenue per transaction growth in March compared to the 1Q average, given the reopening of the I-40?

And secondly, thank you for the comments on exposure to geopolitical risks in construction. I was just wondering if you thought--I was seeing any sort of labor availability issues, given the new administration's approach to immigration. Thank you. Thanks.

A - Ernesto Lopez Mozo - CFO

Well, the I-77, really the reopening of the I-40 was not, let's say, a full reopening. So we still benefited early on in the quarter of more heavy traffic around the corridor of the I-77. And then, of course, our dynamic pricing took advantage of that, right? And that's what drove the good performance in the revenue per transaction. And overall, the underlying performance of the region, even though, as I mentioned, all our North American roads had worse weather than in 2024, and of course, they didn't have the February additional day, right?

Regarding what you were talking about geopolitical risk in terms of resources in construction, well, we have probably more on resources recently, and we haven't seen really a pressure there. So it's early days and we will have to see later on. And if there's a lot of activity and there's some limitations, but not in our workforce, that it's all, let's say, validated workforce with all the permits and so on. So we don't see really pressures now. I mean, who knows in the future.

Q - Ruairi Cullinane - RBC

Thank you.

Operator

Our next question comes from the line of Elodie Rall from JP Morgan. Please go ahead.

Q - Elodie Rall – JP Morgan

Yes, hi. Thanks for taking my questions.

So I have a couple. First of all, on the 407, I was wondering if you could give us a bit of insight about your overall expectations for the year, if we could be seeing traffic hitting back the 2019 level.

And still, on the 407, we've seen that you increased your stake there, but you still remain below 50%, and you don't seem to want to consolidate the asset, whereas maybe it would be helpful for maybe US Investors to simplify the structure of the group, and you have that included in the EBITDA So I was wondering what your thoughts were on that, if you ever would want to try to consolidate.

And then, generally, on the feedback from US Investors, I was wondering how is liquidity progressing with regard to the potential NASDAQ listing. Do you think there's a chance there to be including this year? And if not, what kind of pushback you're getting from US Investors? Are they asking maybe for more forward-looking guidance on your side? Thanks very much.

A - Ernesto Lopez Mozo - CFO

Okay, thanks, Elodie. So yes, we'll cover them. Hopefully, I won't forget any of them.

Well, regarding traffic for the 407, we don't provide guidance here, if it could come back to 2019 levels, as I said, we don't provide this kind of guidance. It's true that mobility has increased, back to the office mandates and also traffic promotions. In general, there's more mobility in the region. We'll see, We don't provide guidance and also we'll see how the GDP performs in the remainder of the year. So far, so good. But we'll have to see.

And regarding the 407 transaction and participation, well, this is an opportunity to do a great investment. I would say a little bit agnostic about the more or less of the 50%, because in terms of simplifying to US investors, I think that these assets need to have a disclosure of their performance in an independent manner. Right. So the 407 publishes an MD&A, we give information about it. And with the US investors, we really show where to focus on for analyzing these assets. So, I mean, it's I wouldn't say it's a driver just for cosmetic reasons. All our decisions would be based on financial attractiveness of any investment. The asset is in great shape, as you see, but I mean, no specific appetite for being above or under 50%.

Regarding liquidity in the in the US, if you follow the liquidity, yes, we are trading above the minimum required by NASDAQ. Of course, the aim is to increase that much further. And there is outreach with US investors and US investors. It's true that they focus a lot on the on dividends, dividend expectations. We have dividend guidance for three years and then probably after that is, let's say, exhausted. We will need to revisit that again going forward. That's probably the likely ask that we that we get from them.

Right. So they are really warming up to, let's say, a business that they don't have in any other company in the in the US. So I think that the outreach is working, but we need to go much, much further. So I think I covered everything. I don't know if I missed anything.

Q - Elodie Rall - JP Morgan

No, that's fine. Thanks very much.

A - Ernesto Lopez Mozo - CFO

Thank you.

Operator

Our next question comes from the line of Marcin Wojtal from Bank of America, please go ahead.

Q - Marcin Wojtal - BOFA

Thank you so much. I have a couple of questions. Again, going back to the acquisition of an additional stake in the 407 ETR, could you explain if it actually gives you anything incremental in terms of governance? Do you get any incremental influence over ETR price increases and dividend payments, since you are now the largest shareholder in the asset?

My second question relates to equity IRR I believe you have previously commented that generally on new projects you are looking for double-digit equity IRRs. Can you confirm that this transaction at the price that was agreed also generates a double-digit equity IRR for Ferrovial? Thank you.

A - Ernesto Lopez Mozo - CFO

Thank you, Marcin. Regarding the 407 governance, the transaction has to be finalized before any sort of comment. So, no comments on the transaction. We will wait until it is closed.

In the IRR component, yes, we aim for double-digit. When there is construction risk, it has to be higher than when it is a brownfield. But yes, I can confirm that we were aiming for the levels you were mentioning, but I mean tighter than when you have a greenfield risk.

Q - Marcin Wojtal - BOFA

Thank you very much.

Operator

Our next question comes from the line of Dario Maglione from BNP Please go ahead.

Q - Dario Maglione – EXANE BNP

Hi, good afternoon.

Thanks for taking my questions. I have four. The first one on US Managed Lane, how sensitive do you think traffic is to US GDP?

Second question, which is linked to this question before, could you give us some color on the profile of people who use the US Managed Lanes?

Third question on the 407 ETR, of course, it's great to see tariff and revenue going up, but is there like a political backlash brewing? And if you give us an update on this.

And finally, for question on the NTO JFK, Ferrovial might be able to replicate this model in other airports. In terms of financial attractiveness or IRR, how do these projects in airport compare to US managed lanes? Thanks.

A - Ernesto Lopez Mozo - CFO

Ok, thanks for the for the questions. I mean, the first one was how traffic is related to US GDP, Of course, traffic is always positively correlated to the regional GDP, I would say more than the than the country GDP, Ok, so, I mean, we don't provide exact details of how it's I mean, the kind of number, but it's positively correlated.

The second one that was regarding the profile of users. Well, it is different on each Managed Lane, but I would say it covers all the segments in all of them. Right. But I mean, let's say that the 35 West is more related to, let's say, more commercial heavy traffic that maybe has longer routes. The NTE 1-2 has a variety, but also has commercial traffic, probably more local and also connectivity to the airport. The LBJ is probably has a higher component of people that live in suburbs. But also, I mean, it's a ring road that connects to the to the airport. But I mean, having that sort of, let's say, more of a profile, I mean, they will have a variety of profiles and usually a high percentage of the customers, you see several times each week, right? Up 2%, 3%... So there's a little bit more information of this on the book that I would say that, I mean, they cover all the spectrum of customers with, I mean, a higher share of some type of customers on each road according to its and its profile.

And then the 407, you were talking about political backlash. I mean, the only thing that is public is that they have asked them to start the feasibility study of a tunnel under the 401. That is the parallel route to the 407. So that has started no other public comments that I'm aware of, let's say, in the end of the quarter.

Regarding the NTO, the JFK, well, in the US There could be opportunities with terminals in other airports along the road, but, I mean, there's not say anything that could be readily available or public right now, close in time. It could be replicated.

Regarding the attractiveness vis-a-vis managed lanes, well, they are different. All of them are needed assets, and all the attractiveness also moves along time, depending on how much of capacity is used and demand is coming up, right? So, in terms of airports, and in particular, in JFK, the medium to long-term prospects of international travel are very strong, and the ICAO and all these agencies are forecasting important growth, and that's where a lack of capacity kicks in and makes them more attractive. In the Managed Lanes, normally, the capacity is more limited at the beginning, but I won't comment on IRRs. All these, in the end, depend on this performance regarding offer and demand that I was mentioning.

Q - Dario Maglione – Exane BNP

Okay. Thank you.

Operator

Our next question comes from the line of Jose Manuel Arroyas from Grupo Santander. Please go ahead.

Q - Jose Manuel Arroyas - Santander

Hello, Ernesto. Thank you. I have three, if I may. On NTO, you mentioned the company has agreements with 18 airlines, which is a very high number of contracts. How many more agreements are needed before the airport can be full? I know this can be a bit subjective, but I want to get some kind of assessment from you.

On the Managed Lanes, you mentioned a number of effects that influence the traffic and pricing in the quarter, but I was wondering if there was an unusually high share of heavy vehicle traffic in the quarter, maybe trucks coming from Mexico in anticipation of higher tariffs. Maybe this is something we should consider for the quarters ahead, if there is a normalization in this respect.

Lastly, on the acquisition of a 5% stake in 407 ETR, I think in March, you mentioned the transaction included two steps. Maybe this is not as clear in yesterday's earnings materials. You mentioned that the closing could happen in Q2. I was wondering if this two-step transaction still holds or if it can conclude in one go, and if it is the former, if it will take up to 18 months, what needs to happen before Ferrovial can buy the full 5% stake? Can it be bought earlier, and if so, could Ferrovial pay a lower price than the price you quoted? Thank you.

A - Ernesto Lopez Mozo - CFO

Okay, thanks, and let's see if I cover them all. If not, you let me know.

Yes, in terms of NTO, yes, 18 is a lot of airlines. Really, the New Terminal One is not based on a dominant domestic carrier combined with international. It's fully international, so you should expect a bigger number, right? And in terms of capacity, I think that JFK will be more constrained in capacity some years down the road, not in these, let's say, 3 first years of operation, I would say. Probably, you will start seeing something closer to capacity beyond that year. So, no, in the initial stages, there's going to be capacity and terminals competing for this international traffic, right?

In terms of the managed lanes effects that you were mentioning, I would say that the Mexico effect that you were commenting, if anything would affect the 35 West, we don't have any specific indication in this regard. If it would have been flattered a little bit, we haven't seen patterns very different from what we expected, right? So, it's difficult to tell. The others are not affected by this type of traffic, right? So, the fact that we are seeing more heavies as a percentage is something that I wouldn't see as unusual going forward. Of course, we'll have to monitor, but I mean, the effect you mentioned, if anything, would only have applied to 35 West, but we don't have specific data that I could outline to you.

In terms of the transaction of the 5.06% of the 407 ETR, yes, what we mentioned still holds, it's a two-step process. The second one, there is an incentive to pay earlier rather than wait for the 18 months. The details, you will see when it's executed, right? So, as I said, there's an incentive. Once it's approved, you'll see the details. When the transaction effectively closes financially. I'm sorry, I cannot comment more at this point in time, but I mean, the press release holds still.

Q - Jose Manuel Arroyas - Santander

Thank you.

Operator

Our next question comes from the line of Cristian Nedelcu from UBS Please go ahead.

Q - Cristian Nedelcu - UBS

Hi. Thank you very much. Maybe the first question on the 407. We have the average revenue per trip of 22% in Q1. It's obvious that January was higher, but could you help us a bit month by month and how did March look in particular in terms of average revenue per trip growth year over year in the context of the discounts that you introduced? Just trying to get a better feel going forward, how we should think about this line.

Secondly, for the US Lanes, could you help us a bit with the mix between heavy and light vehicles on revenues or on volumes for the US Lanes? And if I understood well, coming back to the previous question. So, are you saying that what you're seeing in Q2, despite the US Tariffs and despite the freight disruptions, you still see the heavy traffic persisting? So, it's still sort of the mix is positive. There's more heavy traffic coming in. Is this the message you're trying to convey at the prior question?

And the last one, if I may, just on FX, could you talk a little bit about the P&L translation headwind as the dollar and the Canadian dollar depreciated versus the euro? Now, I know you have FX hedges in place that cover you well, but could you elaborate a little bit on the duration of those FX hedges? And when do we actually start to see a headwind to your P&L due to the FX translation? Thank you.

A - Ernesto Lopez Mozo - CFO

Okay, thanks. So, well, the first thing to clarify what I mentioned is when you talk about heavy traffic from Mexico and so on, probably the road that could be more exposed to that is the 35 West. But we don't have the granularity to determine if this was caused by an activity of, let's say, a pre-stocking ahead of tariffs, right? So, we didn't see anything that really stood out in the data we have, but that would need further analysis. What I say is that probably the NTE 1-2 and the LBJ don't see that kind of traffic, right? So, it's more of the normal activity and the types of heavies that we see are not all this kind of heavy long distance, right? So, that's what I mentioned that, I mean, this kind of mix probably in LBJ and NTE 1-2 is not something that could be punctual, it's something that we are probably more likely to see going forward. And with the 35 West, we will need to monitor data and analyze that going forward. That is what I mentioned.

Regarding FX, basically, you do have in the note the comparison. The reason the translation was slightly better is that the average was slightly appreciated the first quarter of 2025. Even though the dollar depreciated at the end, the average was, let's say, better this year than last year. In particular, that's the reason why translation affects, right? In terms of FX hedges, our FX hedges that hedge cash flow and investment are, I mean, I'm just giving bulk numbers, like $2.2 billion. And they are around EUR600 million give or take on Canadian hedges for dividends, right? But these are for cash flow and for investment, right? So, we don't hedge accounting results. We do that for cash and net investment purposes, right? So, that, I mean, those should be helping the, let's say, net debt figures going forward rather than the accounting translation.

Q - Cristian Nedelcu - UBS

I'm thinking on the 407, the average revenue per trip and any more color.

A - Ernesto Lopez Mozo - CFO

Okay, yes, yes, sorry. Well, that, yes, the 22% is high. We don't provide any guidance, but definitely 22% cannot be extrapolated. It has to be something lower, I mean, we're providing specific guidance here, just sorry for that, but definitely don't extrapolate the 22% it has to be definitely lower.

Q - Cristian Nedelcu - UBS

Thank you.

Operator

Our next question comes from the line of Nicolas Mora from Morgan Stanley, please go ahead.

Q - Nicolas Mora – Morgan Stanley

Yes, Ernesto, so just a couple for me, please. Just on looking big picture, the North American motorways, I mean, on a proportional basis, you've pushed prices around mid-double digits in Q1, and that's, again, a pretty tough traffic backdrop. Do you feel comfortable? You can continue to flex pricing at such levels for longer?, even with quasi-zero traffic growth, just with mix of traffic, with dynamic pricing, …I mean, NTE has been up for, what, 11 years, LBJ, 10 years, NTE35W, 8 years, so we're way past the ramp-up here. So just wondering how long we can extrapolate that kind of performance.

And then question number two, just on dividend stream from the US Managed Lanes, where do we stand on potential for any refinancing, re-diverging? What's your stance right now with US 10-year yields at 4.5%? Thank you.

A - Ernesto Lopez Mozo - CFO

Thank you, Nicolas. Well, really, the pricing dynamics in the Managed Lanes really are around mandatory modes on top of the, let's say, the inflation off-lift that we get every year. Mandatory modes are not easy to forecast. The truth is that the underlying, I mean, not getting into the macro uncertainty, but the underlying trends of these areas are for continued population and business growth, right? So that's more activity, and our available capacity is more valuable, right? So yes, you could see that going forward, but it's not that you can extrapolate any of these trends, but you're likely to see mandatory modes just because of these underlying trends that I mentioned we're producing in the future. I guess it's complicated for you guys to forecast this, but it's the way it is. I mean, a lot about the activity in the region and concentrating in peak times is even more it's even more valuable, right? So look at the always at the long-term trends in terms of population and business and those underlying trends remain strong in Dallas Fort-Worth. Of course, now we have this macro uncertainty. We'll see in the coming months how it works but definitely the long-term underlying trends is there.

Regarding the re-gearings, we usually don't comment on this, when there's an opportunity, what we think is feasible, we just take it and communicate that. But at the moment, there's nothing to announce, right? So we will be commenting a long time. Sorry that we don't provide this specific guidance. The only guidance we have provided here is the dividends from projects that we gave in the Capital Markets Day and of course that holds. So re-gearings, we will be telling once we do some, we will be telling to the market.

Q - Nicolas Mora – Morgan Stanley

Okay, and if I may just to follow up just on the mandatory pricing.

So from the pricing you show on the web, I mean, you've got NTE and NT 35W switching a few times during the week to mandatory pricing. Do you expect that in the short term to expand especially LBJ into next year with more feeder traffic coming from the Department of Transport Managed Lane?

A - Ernesto Lopez Mozo - CFO

Well, as I said, we don't provide guidance here. LBJ still has to see how the adjacent roads finish to see more of the traffic growth, but still, I mean, the adjacent roads, they will have works in the road in 2026, if I'm correct. So maybe in 2027, we will see the opening and from there on, we could see some ramp up, right? So right now we haven't been there. We haven't been close to the mandatory modes. We don't provide guidance, but I mean, definitely still there's works around the LBJ, right? So we will need probably to see the reopening to start gauging more the mandatory modes.

Q - Nicolas Mora – Morgan Stanley

All right, thank you.

Operator

Our next question comes from the line of Nicolo Pessina from Mediobanca. Please go ahead.

Q - Nicolo Pessina - Mediobanca

Hi, good afternoon, everyone. I would have a couple of questions again on the 470 ETR. I'm wondering if you could provide any qualitative comment on the promotions underway, maybe how many potential users have been targeted so far and the level of acceptance and utilization of these promotions.

And second question, I understand that the 20%-22% increase of the average ticket cannot be extrapolated. Does it suggest that the positive impact from a double total increase in January is larger than the dilutive impact from the promotions in March? Thank you.

A - Ernesto Lopez Mozo - CFO

Hi, well let's talk about the first of all the number of customers under promotions. I mean we've approached something like I mean 1 million customers to give you a round number. Okay, so we will keep covering the customer base along the year so promotions go on and off. It's not that customers keep having promotions throughout the year. They will come on and off for some but the idea is to really address the customer base as a whole.

In terms of the 22% increase, I mean we don't provide that detail if one thing is superior to the others. What we really look is that if we forego some revenues because there's some let's say cannibalization, it's been quite small and many times overtaken by the positive effect of more traffic is in the Schedule 22 charge, right? So we monitor that. I won't get into if the 22% is more shared than the effect of the of the promotions.

Q - Nicolo Pessina - Mediobanca

Okay, thanks. And if I may, how many of those 1 million users or customers targeted with the promotions have used them?

A - Ernesto Lopez Mozo - CFO

That we are not providing among other things because that keeps evolving. They go on and off and this is something that it's early days. I mean there's no point in us providing numbers now.

Q - Nicolo Pessina - Mediobanca

Sure, thanks a lot.

Operator

Our next question comes from the line of Dario Maglione from BNP Please go ahead.

Q - Dario Maglione – EXANE BNP

Thanks for taking a follow-up question. It's actually on the 407 ETR, the Schedule 22 payment. Of course, you won't comment on the expectation for the full year, but in terms of how it will develop over the next few years, how do you see this developing? Will at some point stop the payment or we should expect a long-term cash outflow? Thanks.

A - Ernesto Lopez Mozo - CFO

Okay. Even though we don't provide the specific guidance, you should expect Schedule 22 to keep going on, even just for one reason. I mean, the 407 provides a quality product that you have, a speed of travel, and that means that you cannot overdo that with traffic. We were expecting before the pandemic and the Schedule 22 being the flavor of the month, we were expecting a Schedule 22 payments that were substantial just because you have to keep providing that quality product. Otherwise, people will say, why are we paying for something if I'm surrounded by hundreds of cars? So, yes, expect Schedule 22 to be an ongoing thing of the nature, at least in the coming years.

Q - Dario Maglione – EXANE BNP

Thanks.

Operator

There are no further questions from the conference call at this time, so I'll hand the conference back to Silvia Ruiz. Thank you.

A - Silvia Ruiz – Head of IR

Thank you. There's only one question coming from the webcast, question coming from Fernando Lafuente from Alantra. Can you please provide more details on the pipeline for new assets, specifically motorways and US Managed lanes, but also airports and other potential ventures?

A - Ernesto Lopez Mozo - CFO

Okay. Well, the only thing that we can comment is on what's public pipelines.

So, the managed pipelines that is public, you have in Atlanta the I-285 East and I-285 West, big projects. You have another two in Tennessee. The I-24 is the first one to come out. Then you have the I-77 in North Carolina, in Charlotte, and also potentially the I-495 in Virginia, right? And all this is what is kind of the public pipeline.

We have details of this in the fact book. The rest that hinges around competitive dialogues and so on and bespoke opportunities, I mean, can only only be commented at the moment they become public pipeline, right? So, there's nothing to comment beyond that. We are really excited about these Managed Lanes opportunities. This infrastructure is really needed, and the customer appreciation also feeds positively into this business building up, and that's what we're looking forward as the main aim.

A - Silvia Ruiz – Head of IR

Thank you very much, Ernesto, and everyone. There are no further questions.

A - Ernesto Lopez Mozo - CFO

Okay, thanks a lot. I hope to see you all in the near future, and stay tuned. Thank you. Bye-bye.