



INVESTOR

NEWSLETTER

Nº3 / JANUARY 2020

We present this third issue of Adif-Alta Velocidad newsletter, aimed at providing financial information and news related to the ESG policies, hoping it is of interest to you.

HIGHLIGHTS AND SUMMARY OF 3Q 2019 RESULTS

Adif Alta Velocidad EBITDA by 3Q 2019 amounted to €212 million.

Up to September 2019, charges in the network managed by Adif-Alta Velocidad increased in €17 million compared with the same period of 2018, which means a total amount of revenues from charges of €443 million.

Also compared with the previous 3Q 2018, the finance result has been improved a 8%, for a total of €176 million.

Based on to the investment budget for 2019, Adif-Alta Velocidad has performed investments which amount to €831 million as of 30 September 2019.

It highlights the following High Speed Lines (HSL):

- / **Galicia HSL** (Olmedo-Lubián-Orense), with investments amounting to €288 million, mainly due to infrastructure and superstructure works.
- / **Extremadura HSL**, with investments amounting to €119 million. It highlights the track assembly works in the Plasencia-Cáceres section.
- / **Levante HSL**, with investments amounting to €66 million and predominance of actions in signaling and safety and electrification facilities.
- / **Vitoria-Bilbao-San Sebastián HSL**, with investments amounting to €64 million, being relevant the actions under construction of the platform.

KEY FIGURES 3Q 2019

REVENUES	EBITDA	EBIT	TOTAL ASSETS	TOTAL EQUITY	TOTAL FINANCIAL DEBT	AVERAGE COST OF DEBT	AVERAGE DEBT MATURITY	HIGH SPEED RAIL NETWORK
775 M€ + 1,9% vs 3Q 2018	212 M€	27 M€	46,608 M€	24,601 M€	15,852 M€	1.83 %	9.79 years	2,514 Km

ADIF-AV

BREAKING NEWS

NEW STEP TOWARDS THE LIBERALIZATION OF THE SPANISH PASSENGER RAILWAY NETWORK

NOVEMBER 27TH, 2019

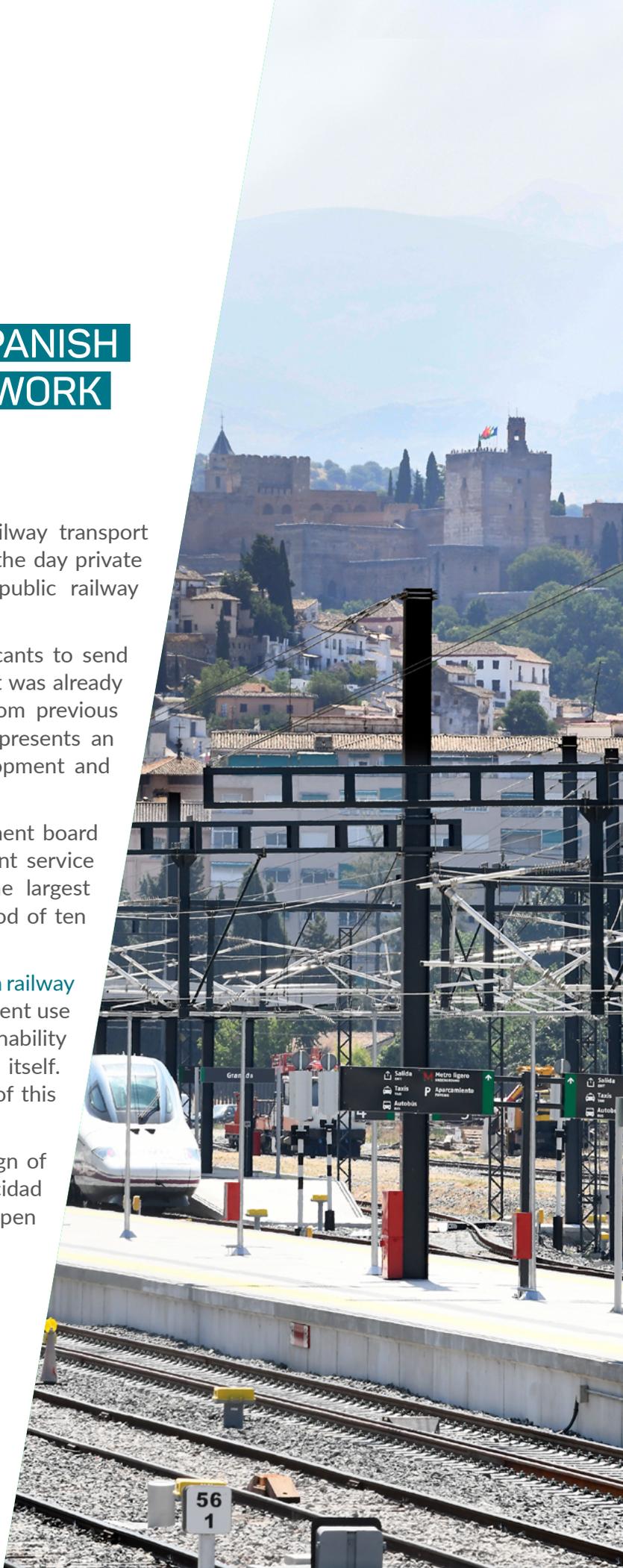
Next year, on december 14th, the passenger railway transport will **experience a massive change**, because this is the day private companies will start providing services in the public railway network.

On October 31th ended the period for the applicants to send their proposals; six applications were received, that was already considered a great success, compared to data from previous processes in other European countries. It also represents an endorsement of both Adif-Alta Velocidad's development and the model designed for the liberalization process.

Last November 27th Adif-Alta Velocidad management board chose the applicants who qualified for the different service packages assigned, using a criteria based on the largest utilization of the available infrastructure on a period of ten years.

This way, the inclusion of **new actors into the Spanish railway ecosystem** will represent a more intensive and efficient use of the available infrastructure, improving the sustainability of Adif-Alta Velocidad and the railway system itself. Ultimately, the main beneficiary will be the users of this services.

For now, the next milestone on the road is the sign of the framework agreements between Adif-Alta Velocidad and the chosen companies, which is expected to happen before next march 15th.



ADIF-AV

THIRD GREEN BOND

RENEWAL OF ADIF AV GREEN FINANCING FRAMEWORK

SEPTEMBER 15TH, 2019

Previously to the inaugural green bond issue (June 28th, 2017), Adif-Alta Velocidad established a framework for green financing. This document was created in alignment with the Green Bond Principles (GBP) from ICMA, in order to facilitate transparency, disclosure and integrity of Adif-Alta Velocidad Green financing instruments, and consisted of five components:

- / Use of Proceeds
- / Eligible Green Projects
- / Selection Process
- / Management of Proceeds
- / Reporting

Now, this framework has just been renewed and revised, broadening its scope, including not only green bonds but other sustainable forms of financing as could be green loans or any other “green project finance”.

As with the previous framework, Adif-Alta Velocidad selected an expert consultant, CICERO, as a provider of Second Opinion, in order to provide investors with an independent assessment on the alignment of the framework with the GBP. In this evaluation, Adif-Alta Velocidad’s framework not only keeps the **Dark Green** qualification (the higher category Cicero assigns), but the governance procedures are considered **Excellent** by the second opinion provider.

You can find CICERO Shades of Green Second Opinion and Adif-Alta Velocidad Green Financing new Framework in our [webpage](#).

ADIF-AV

AN ESG ACTIVIST

INCORPORATION OF ADIF AV TO THE CORPORATIVE FORUM ON SUSTAINABLE FINANCE

JUNE 27TH, 2019

This Forum, established in 2018, conceived as a permanent network of exchange of visions and ideas between European issuers of sustainable financial instruments (bonds, loans as well other sustainable securities). Its members are committed to the defense and development of sustainable finances as an essential tool in order to fight the climate change and to promote a more responsible society.

This initiative is currently formed by the following members: EDF, EDP, Enel, Engie, Ferrovie dello Stato, Iberdrola, Icade, Orsted, Ratp Group, Renewi, SCNF Réseau, Société du Grand Paris, SSF, Tennet, Terna, Thames Water, Tideway and Vasakronan; this companies represent over two thirds of green and sustainable bond volumes issued by European corporations.

Some of the targets pursued by the Forum are integrate the notion of sustainability in their own financial strategies, boost the development of a more sustainable economy, and actively participate in the process of creating future standards and regulatory frameworks for this kind of instruments.

To achieve their goals, the Forum uses different procedures, among them: sharing information related to sustainable finances markets, enabling exchange of best practices, establishing common positions and publishing previously arranged documents.



You can find the Sustainalytics ESG Risk Rating Summary Report on our [webpage](#).

ADIF-AV

AN ESG ACTIVIST

PROTECTING BIRDS IN HIGH SPEED RAIL LINES

Adif-Alta Velocidad is taking part, in the role of coordinator, on a Life Project program called Development and demonstration of an anti-bird strike tubular screen for High Speed Rail lines.

This project, that started in 2013, is expected to finish in December 2019. Its main objective is to determinate optimum measures for protection against collisions with birds for High Speed Lines, contributing to diminish present and future impacts on biodiversity.

During 2018 an experimental anti-collision screen has been installed, based on the concept of equally spaced tubular screens (PTE), that creates a “visual wall” forcing the birds to avoid it; the effectiveness of the system will be tested in a field research with the help of high definition static cameras.

You can find more information in www.lifeimpactocero.com



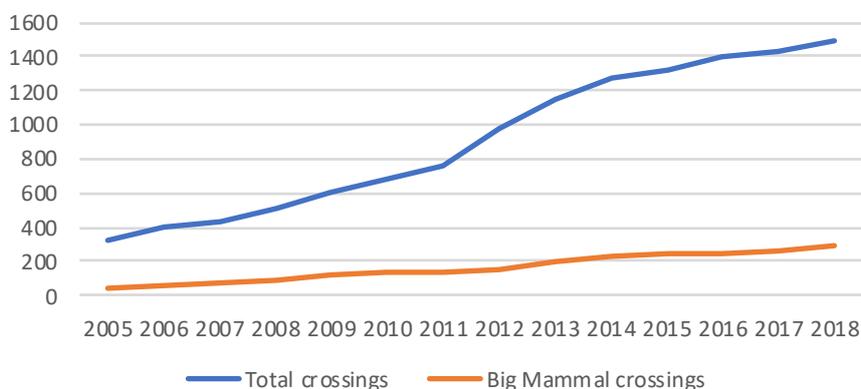
ADIF-AV

AN ESG ACTIVIST

ANIMAL CROSSING PERMEABILITY FOR HIGH SPEED RAIL LINES



Despite the fact that about 15% of the High Speed Rail lines have permeability to fauna displacement (tunnels and viaducts), amongst the different measures to protect local wild life is the building of animal crossings. These crossings make the most of the cross-wise drain systems, allowing local fauna to cross under the rail lines. The number of these structures has been increased over the years.



During the last field research carried out in the Barcelona – French border rail line, almost 40% of the recorded crossings belonged to wild animals, more of them mammals (mainly badgers, boars and foxes).

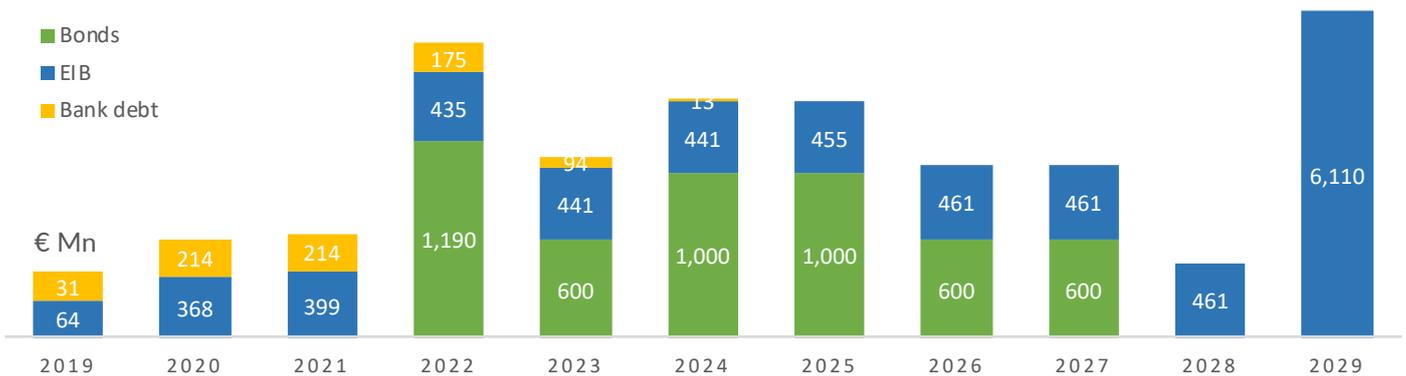
This kind of measures are accompanied by other actions like perimeter fences, avoiding the animals to cross over the rail lines, and escape devices in case they break into the perimeter.

FUNDING POLICY & FUNDING ACTIVITY

BOND FUNDING HIGHLIGHTS

- ✓ Frequent bond issuer
- ✓ EUR market
- ✓ Benchmark transactions
- ✓ Focus on the Green market
- ✓ € 600 mln issued in 2019

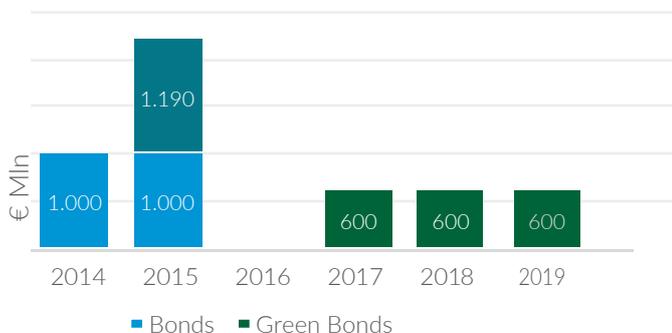
FINANCIAL DEBT MATURITY PROFILE*



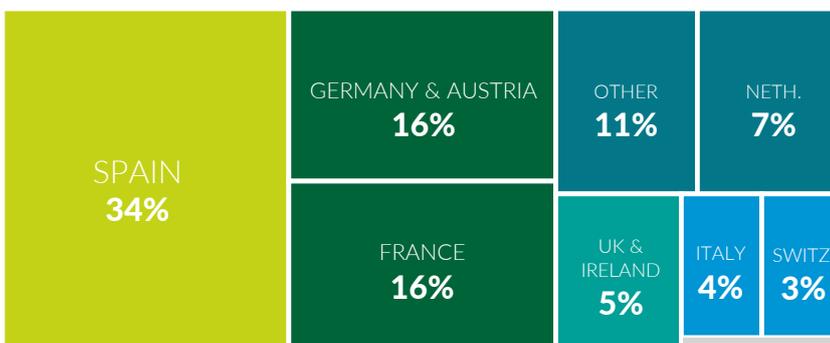
* As of 30 Nov 2019

onwards

BOND ISSUANCE ACTIVITY



GREEN BOND DISTRIBUTION BY COUNTRY*



*Weighted average distribution by country on primary market transactions

OUTSTANDING BONDS

ISIN	ISSUE DATE	SECURITY	RATINGS	COUPON (%)	MATURITY	TENOR (Years)	OUTSTANDING (€ Mln)
ES0200002014	22/09/2015	ADIFAL 1.875 09/22/22	Baa2/A -	1.875	22/09/2022	3.3	1,190
ES0200002022	05/07/2017	ADIFAL 0.800 07/05/23	Baa2/A -	0.800	05/07/2023	4.1	600
XS1072141861	27/05/2014	ADIFAL 3.500 05/27/24	Baa2/A -	3.500	27/05/2024	5.0	1,000
ES0200002006	28/01/2015	ADIFAL 1.875 01/28/25	Baa2/A -	1.875	28/01/2025	5.7	1,000
ES0200002030	04/05/2018	ADIFAL 1.250 05/04/26	Baa2/A -	1.250	04/05/2026	9.9	600
ES0200002048	25/04/2019	ADIFAL 0.950 04/30/27	Baa2/A -	0.950	30/04/2027	7.9	600

ADIF ALTA VELOCIDAD RATING

RATING AGENCY	LONG-TERM	SHORT-TERM	OUTLOOK
Moody's	Baa2	P-2	Stable
Fitch	A-	F-1	Stable



SPANISH ECONOMY SNAPSHOT

HIGHLIGHTS

- / The Spanish economy will maintain a robust growth path: after growing at a rate of 2.4% in 2018, GDP is expected to expand by 2.1% in 2019.
- / National deleveraging is progressing, by combining growth with a current account surplus
 - ✓ Debt-to-GDP ratio fell by 2.1pp in 2014-2017, and will fall by 4.0pp in 2017-2020, to 94.6%. By end 2019 it will be 95.9%, falling by 1.7pp faster than envisaged in the Stability Programme Update.
 - ✓ Impressive private deleveraging: non-financial private sector debt of 153.1%, below the Euro Area average and down from 226.4% in 2010.
- / Strong pro-European sentiment underpins adjustment resolve:
 - ✓ Commitment to the Stability and Growth Pact: General Government deficit in 2018 of 2.5% below the 3% EU reference value, and expected to be reduced to 2% in 2019 to 1.7% in 2020.
 - ✓ Structural reforms: Macroprudential Authority, Agenda for Change under implementation
 - ✓ Measures to address unemployment, intergenerational equity, climate change and inequality (economic, territorial and gender) essential for long-term sustainability
- / Gradual widening, deepening, improvement of Spain's investor base



MACROECONOMIC SCENARIO 2019-2022

Macroeconomic scenario (YoY growth rates in percent)								
	2016	2017	2018	2019	Q1	Q2	Q3	2020
Private consumption expenditure	2.7	3.0	1.8	0.9	1.0	0.6	1.5	1.2
General Government consumption expenditure	1.0	1.0	1.9	2.0	2.2	2.2	2.5	1.5
Gross Fixed Capital Formation	2.4	5.9	5.3	3.1	4.8	1.0	2.0	3.0
National Demand (Contribution to GDP Growth)	2.0	3.0	2.6	1.5	1.9	1.0	1.8	1.6
Exports of goods and services	5.4	5.6	2.2	1.7	0.3	2.2	2.3	2.3
Imports of goods and services	2.6	6.6	3.3	0.1	-0.4	-0.7	2.0	2.0
External demand (Contribution to GDP Growth)	1.0	-0.1	-0.3	0.6	0.2	1.0	0.2	0.2
Gross Domestic Product	3.0	2.9	2.4	2.1	2.2	2.0	2.0	1.8

Other variables								
	2016	2017	2018	2019	Q1	Q2	Q3	2020
Unemployment rate (in % of Active Population)	19.6	17.2	15.3	13.8	14.7	14.0	13.9	12.3
Full-time Equiv. Employment (YoY Growth)	2.8	2.8	2.5	2.3	2.7	2.5	1.8	2.0
Net lending (+)/borrowing(-) with RoW (% of GDP)	3.4	2.9	2.4	2.3	2.1	2.2	--	2.1
Private Consumption deflator (YoY Growth)	0.2	1.6	1.5	1.5	1.3	1.8	1.0	1.6
Headline Balance General Gov't (in % of GDP)*	-4.3	-3.0	-2.5	-2.0	-2.56	-2.83	--	-1.7
USD / € exchange rate	1.1	1.1	1.2	1.13	1.14	1.12	1.11	1.13
Euro Area GDP growth (YoY growth)	1.9	2.7	1.9	1.1	1.3	1.2	1.1	1.2
Oil prices (Brent, USD / barrel)	43.3	54.3	70.9	64.3	63.1	69.7	62.2	60.2

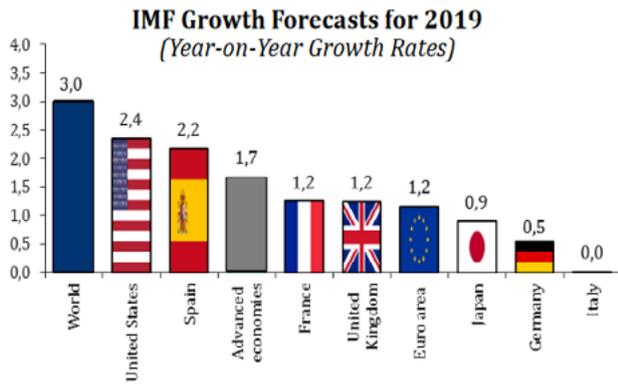
*Including Financial Sector-One-Offs

Shaded areas are realisations. In white, forecasts contained in the 2020 Draft Budgetary Plan released in October.

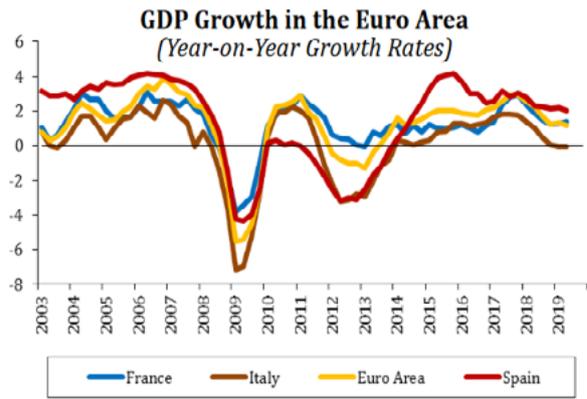
Source: Spanish Treasury Report



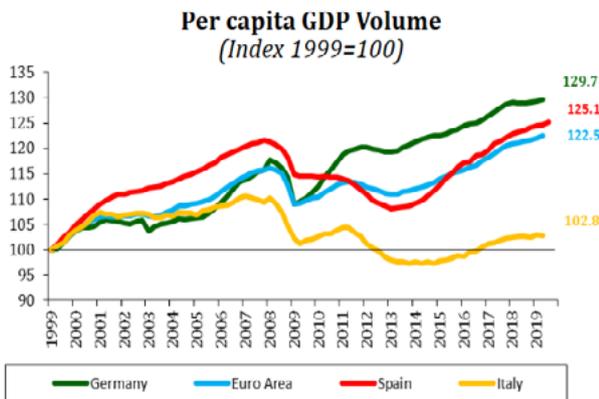
ECONOMIC SENTIMENT



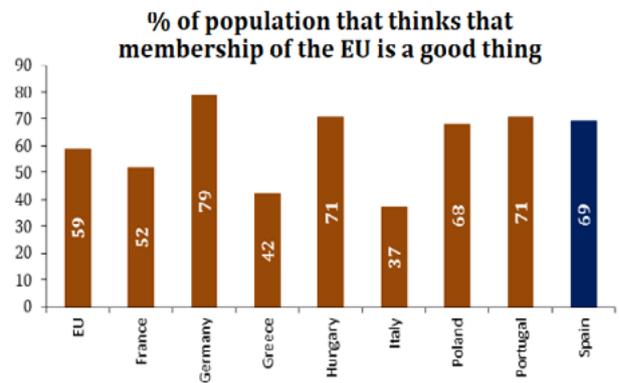
Source: IMF, WEO October 2019.



Source: Instituto Nacional de Estadística.



Source: EUROSTAT.



Source: EUROSTAT, October 2019.

Source: Spanish Treasury Report



DISCLAIMER



Investors can find further information on our **investors' portal**

For any queries you may have, please contact us by mail at
gestion.financiera@adifaltavelocidad.es

