



INVESTOR

NEWSLETTER

Nº4 / JULY 2020

We present this fourth 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 Q1 2020 RESULTS*

Adif Alta Velocidad EBITDA by Q1 2020 amounted to €58.7 million.

Up to 31 March 2020, charges in the network managed by Adif Alta Velocidad decreased in €8 million compared with Q3 2018, which means a total amount of revenues from charges of €137.8 million.

Also compared with Q1 2019, net finance expense has been improved a 3%, for a total of €59 million.

Based on to the investment budget for 2020, Adif Alta Velocidad has performed investments which amount to €258 million as of 31 March 2020.

It highlights the following High Speed Lines (HSL):

- / **Galicia HSL** (Olmedo-Lubián-Orense), with investments amounting to €67 million, mainly due to infrastructure and superstructure works.
- / **Vitoria-Bilbao-San Sebastián HSL**, with investments amounting to €31 million, mainly due to platform works.
- / **Extremadura HSL**, with investments amounting to €28 million, mainly due to signaling and security works for the Mérida – Cáceres – Badajoz section, and superstructure works for the Navalmoral de la Mata-Cáceres section.
- / **Levante HSL**, with investments amounting to €18 million and predominance of electrification and telecommunication works.

KEY FIGURES Q1 2020

REVENUES	EBITDA	TOTAL ASSETS	TOTAL EQUITY	TOTAL FINANCIAL DEBT	AVERAGE COST OF DEBT	AVERAGE DEBT MATURITY	HIGH SPEED RAIL NETWORK
138 M€	58.7 M€	47,647 M€	13,980 M€	16,560 M€	1.74 %	9.68 years	2,618 Km

* Figures pending of external auditor review.

ADIF-AV

BREAKING NEWS

NEW PASSENGER TRANSPORT LIBERALIZATION: AN UNSTOPPABLE TRAIN

MAY 2020

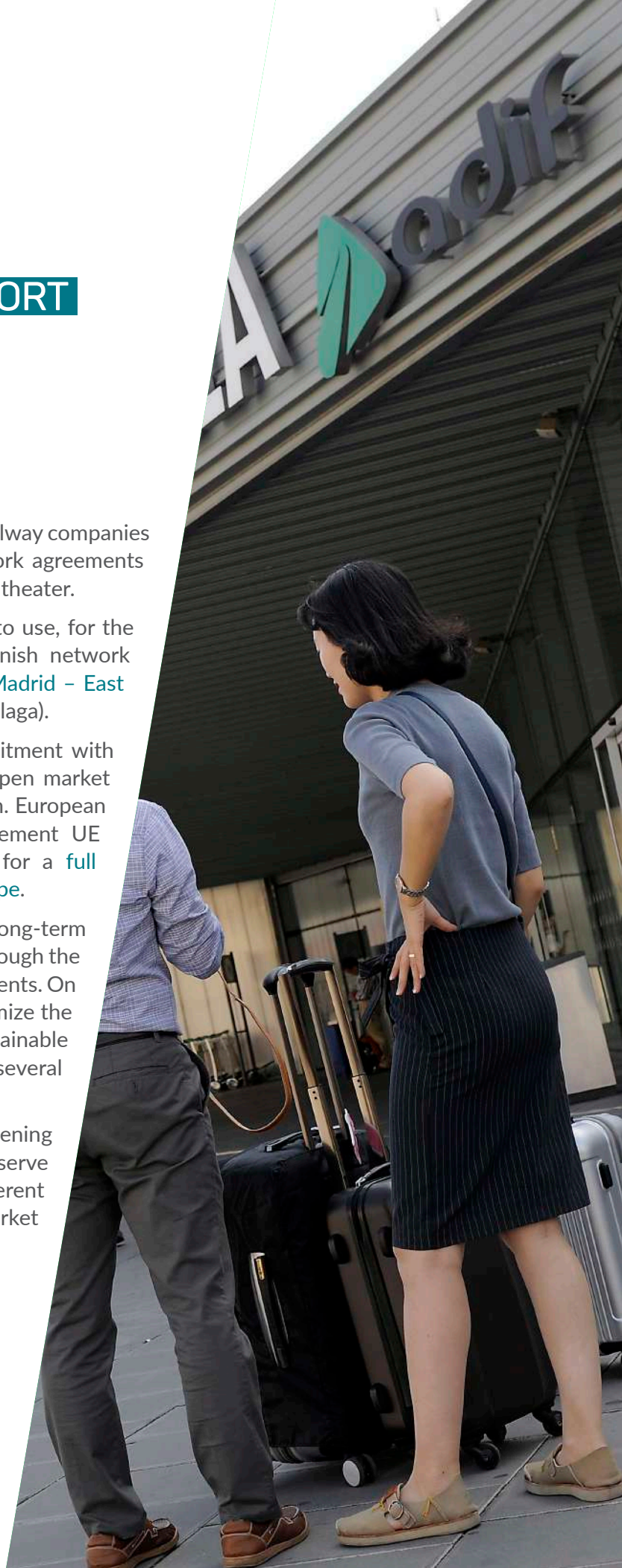
On May 2020, Adif Alta Velocidad subscribed with railway companies [Renfe Viajeros](#), [Ilsa](#) and [Rielsfera](#) a set of framework agreements that will define the brand new liberalized operating theater.

This framework agreements will allow companies to use, for the next years, specific slots of the high speed Spanish network main axis: [Madrid – Barcelona – French frontier](#), [Madrid – East](#) (Valencia/Alicante), and [Madrid – South](#) (Sevilla/Málaga).

This way, Adif Alta Velocidad reinforces its commitment with an European common railway network, with an open market ensuring transparency, equity and no discrimination. European Commission has praised Spanish recipe to implement UE regulations, highlighting it as the path to take for a [full liberalization of the railroad services all across Europe](#).

Adif Alta Velocidad's model is underpinned by long-term framework agreements, ensuring the companies through the legal safety they need to undertake massive investments. On the other side, it allows Adif Alta Velocidad to optimize the utilization of its infrastructure, consolidating a sustainable system and guaranteeing traffic services during several years.

Adif Alta Velocidad is confident that a successful opening to competence of Spanish key railroad corridors will serve as a boost for the progressive liberalization of different lines and services, and will extend the benefits of market competence to every user of the railway network.



ADIF-AV

GREEN BOND NEWS

NEW GREEN BOND ISSUANCE, NEW SUCCESS

JANUARY 29TH, 2020

On January 29th, Adif Alta Velocidad launched and priced its last to the date issuance, a 10 years green bond for an amount of 600 million euros and a maturity of April 30th, 2030.

This issuance was very well received by investors, with over 150 accounts participating, and reaching an oversubscription of 6.5x. As a result, the transaction was reached a spread of SPGB+23 bps (resulting in a coupon rate of 0.55%).

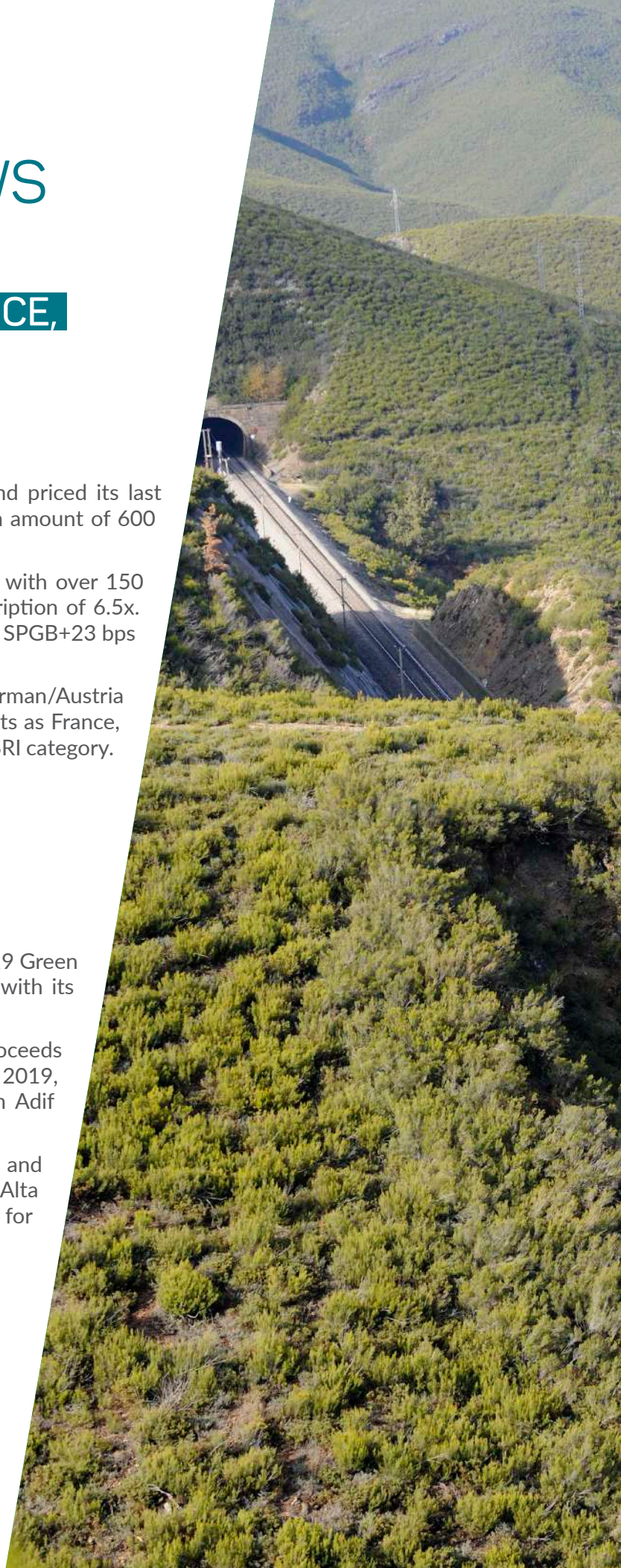
Demand came primarily from Iberian (23%) an German/Austria accounts (22%), followed by other european markets as France, UK and nordics. 55% of this investors falls into the SRI category.

KEEPING COMMITMENT

This month, Adif Alta Velocidad has released its 2019 Green Bond Report, honoring the compromise acquired with its investors.

This report explain in detail the destination of proceeds received in the past Green Bond Issuance of April 2019, fully allocated to eligible projects complying with Adif Alta Velocidad's Green Financing Framework.

Both documents (Green Financing Framework and 2019 Green Bond Report) are available on Adif Alta Velocidad's web page, as well as previous reports for 2017 and 2018 issuances.



ADIF-AV

AN ESG ACTIVIST

SAFEGUARD OF CULTURAL HERITAGE ON HIGH SPEED LINES

Through its Environmental Department, Adif Alta Velocidad is coordinating a global plan for controlling and tracking within the Cultural Heritage sphere of activity. To this end, Adif Alta Velocidad has a Technical Department for Heritage Management, unique among the rest of infrastructure managers, and fully integrated into the construction's environmental control.

Any intervention is projected to reduce impact to its minimum, obtaining all technical and scientific records available from the involved assets, and taking corrective measures when needed.

Since 2003, more than 600 sites have been catalogued and have received different interventions. The carefully developed work and supervision from Adif Alta Velocidad is always aiming for the best technical and scholar result, thus high speed line constructions have been among the more prolific and efficient sources of heritage documentation in our country for the last years.

By doing so, Adif Alta Velocidad is also performing countless preservation, recovery and restorative projects in order to ensure, where possible, the unabated appearance of our archeological, cultural and historical assets. This work is always done in close cooperation with the pertinent local heritage authority within the different regions.

Adif Alta Velocidad intervention on some of these archeological sites led to high quality scientific studies published by our company itself.



In the picture, Cortijo de las Yeguas (Mérida). This archeological site contains the remains of a Roman villa, used in centuries from I to IV A.D. It was also inhabited during the Visigothic and Caliph periods (VI and X centuries). Total digging area has an estimated dimension of 3,315 square metres.

ADIF-AV

AN ESG ACTIVIST

ELECTRIC VEHICLE RECHARGING POINTS IN ADIF ALTA VELOCIDAD

European Green Deal, the roadmap to sustainable economy for the EU, aims for a transformation of climate and environmental challenges into opportunities on every field, achieving a fair and inclusive transition for everyone.

Adif and Adif Alta Velocidad Master Plan to Combat Climate Change 2018 – 2030 contemplates the promotion of sustainable mobility, in alignment with the Council of Ministers agreement dated 21 January 2020, where the Climate and Environmental Emergency Announcement in Spain was approved.

In this Master Plan, Adif enforces electro-mobility as a tool to contribute to the decarbonization of economic activity goal. This enforcement of sustainable electro-mobility parts from an extensive electrified network with more than 9,700 kilometers, both alternating and direct current, already filled with green origin energy. In addition to this network, a wide range of passenger stations and freight terminals will ensure answers to both interurban mobility and “last mile” issues.

Efforts made by Adif and Adif Alta Velocidad enabled the creation of Electric Recharge Points (named PRE, after its Spanish denomination, Puntos de Recarga Eléctrica) up to 500 Kw, that offer an optimum commercial mix for battery charging, from slow charge connections (for parkings of passengers and freight terminals) to fast and ultra-fast charging links (for interurban passenger stations).

These connections would be possible from either electric traction substations or the catenary itself. For the latter Adif and Adif Alta Velocidad had developed different R&D and innovation projects, that concluded with the registration of patent P201130502, “System control and battery charge through railway electric network procedure”.

The project has already been put into test on Málaga and Santander railway stations, proving itself reliable and economically feasible, so during the course of 2020 and subsequent years, Adif and Adif Alta Velocidad will move to its commercial development stage to deploy a network of PREs all over the country.

Thus, Ferrolinera ©registered trademark has been created for the supply, distribution and storage of electric energy for every kind of electric vehicles.



ADIF-AV

AN ESG ACTIVIST

IMPROVEMENT OF RAILWAY INFRASTRUCTURE'S RESILIENCE

CLIMATE CHANGE ADAPTATION AS A FACTOR TO TAKE INTO ACCOUNT DURING THE FIRST STAGES OF RAILWAY INFRASTRUCTURE DESIGN.



Extreme climate events are growing on frequency and intensity all over the world. Spain is particularly vulnerable to this kind of events, causing severe consequences over operating railway lines, like traffic closure, risk of accidents, facility damages and, ultimately, inconveniences for the users of the network.

In alignment with the Paris Agreement, and in addition to the already known goal of reducing GHG emissions to mitigate climate change, we are also looking for ways to improve the adaptation to this sort of problems.

Climate change adaptation is therefore needed to anticipate those harmful effects, taking measures in order to prevent or reduce them. Also, we are of the opinion that if we act on its initial stages, the efforts needed to undertake would be lesser.

With this course of action in mind, Adif Alta Velocidad's staff has been working during 2019 towards the elaboration of a methodology that allow us to analyze the threats posed by climate change during the infrastructure design phase, carrying out whatever preventing measure that would be necessary.

On January 2020, this methodology materialized itself as an internal regulation (NAG 4-0-0.0), publicly available on Adif's technical regulations webpage, to be applied on the development of any new infrastructure's building projects. This methodology consists of three steps:

- / **Preparation stage:** the project to evaluate will be defined, as well as the more sensible parts of it, its level of criticality and timeline.
- / **Risk Assessment stage:** identification of threats, different environmental scenarios to apply, and rating of the risks classified by severity and likelihood.
- / **Adaptation stage:** identification and selection of the measures to include in the adaptation planning.

This new procedure falls into the Master Plan to Combat Climate Change 2018-2030.

FUNDING POLICY & FUNDING ACTIVITY

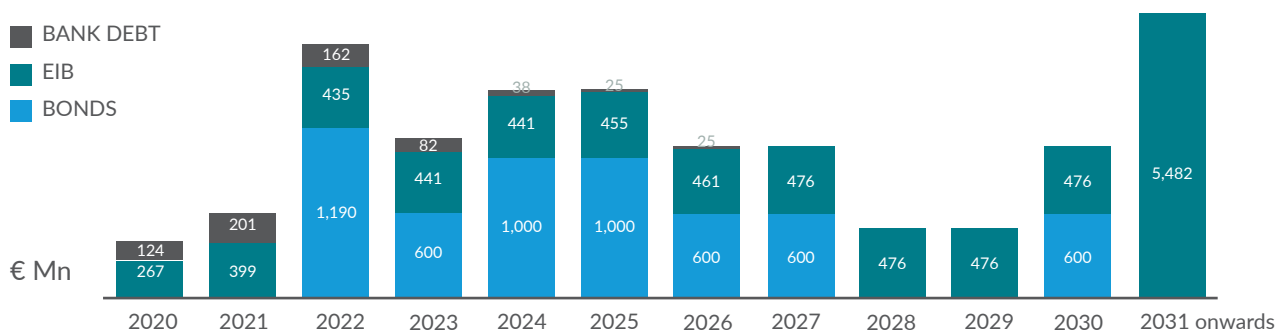
BOND FUNDING HIGHLIGHTS

- ✓ Frequent bond issuer
- ✓ Focus on the Green market
- ✓ EUR market
- ✓ €600 mln issued in 2020
- ✓ Benchmark transactions

ADIF ALTA VELOCIDAD RATING

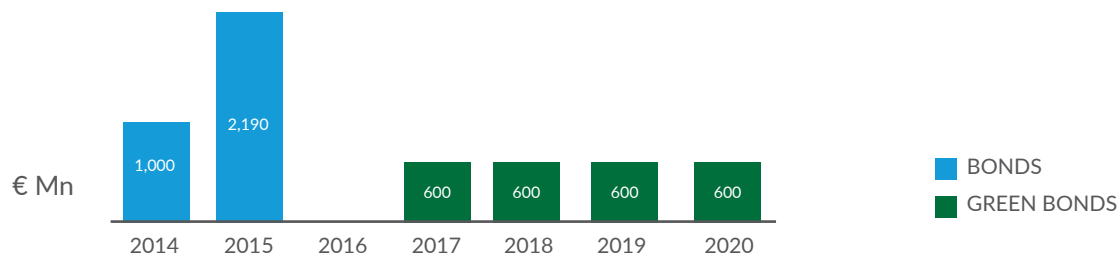
RATING AGENCY	LONG-TERM	SHORT-TERM	OUTLOOK
Moody's	Baa2	P-2	Stable
Fitch	A-	F-1	Stable

FINANCIAL DEBT MATURITY PROFILE*

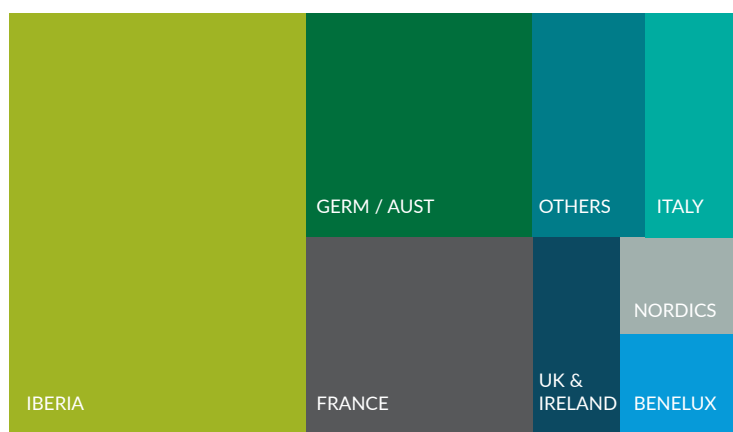


* As of 31 May 2020

BOND ISSUANCE ACTIVITY



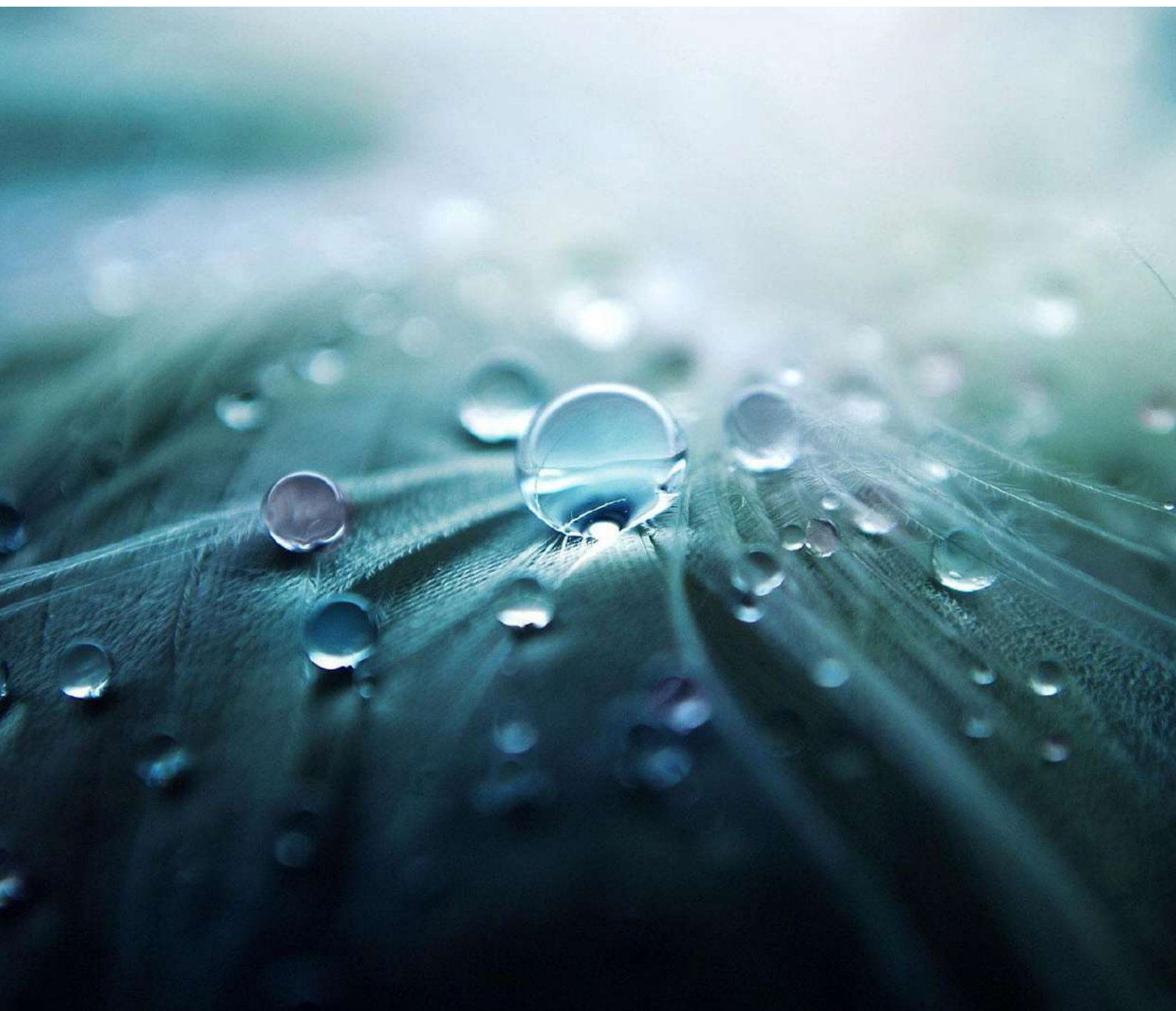
GREEN BOND DISTRIBUTION BY COUNTRY*



* 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	2.3	1,190
ES0200002022	05/07/2017	ADIFAL 0.800 07/05/23	Baa2/A -	0.800	05/07/2023	3.1	600
XS1072141861	27/05/2014	ADIFAL 3.500 05/27/24	Baa2/A -	3.500	27/05/2024	4.0	1,000
ES0200002006	28/01/2015	ADIFAL 1.875 01/28/25	Baa2/A -	1.875	28/01/2025	4.7	1,000
ES0200002030	04/05/2018	ADIFAL 1.250 05/04/26	Baa2/A -	1.250	04/05/2026	5.9	600
ES0200002048	25/04/2019	ADIFAL 0.950 04/30/27	Baa2/A -	0.950	30/04/2027	6.9	600
ES0200002055	12/02/2020	ADIFAL 0.550 04/30/30	Baa2/A -	0.550	30/04/2030	9.9	600



SPANISH AND EURO AREA ECONOMY SNAPSHOT

MACROECONOMIC SCENARIO 2019-2022

Macroeconomic scenario (YoY growth rates in percent)										
	2017	2018	2019	Q1	Q2	Q3	Q4	2020	Q1	2021
Private consumption expenditure	3.0	1.8	0.9	1.2	0.7	1.3	1.2	-8.8	-6.6	4.7
General Government consumption expenditure	1.0	1.9	2.0	2.3	2.3	2.2	2.4	2.5	3.6	1.8
Gross Fixed Capital Formation	5.9	5.3	3.1	4.8	0.5	1.4	0.6	-25.5	-6.7	16.7
National Demand (Contribution to GDP Growth)	3.0	2.6	1.5	2.1	1.1	1.5	1.3	-9.7	-4.3	5.8
Exports of goods and services	5.6	2.2	2.6	0.8	2.6	3.6	3.3	-27.1	-6.3	11.0
Imports of goods and services	6.6	3.3	1.2	0.4	-0.2	2.7	2.1	-31.0	-7.4	93.0
External demand (Contribution to GDP Growth)	-0.1	-0.3	0.5	0.1	1.0	0.4	0.5	0.5	0.2	1.0
Gross Domestic Product	2.9	2.4	2.0	2.2	2.0	1.9	1.8	-9.2	-4.1	6.8

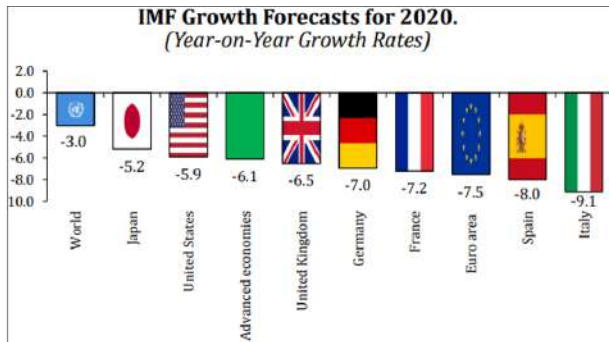
Other variables										
	2017	2018	2019	Q1	Q2	Q3	Q4	2020	Q1	2021
Unemployment rate (in % of Active Population)	17.2	15.3	14.1	14.7	14.0	13.9	13.8	19.0	14.4	17.2
Full-time Equiv. Employment (YoY Growth)	2.8	2.5	2.3	2.7	2.5	1.8	2.0	--	-0.6	--
Net lending (+)/borrowing(-) with RoW (% of GDP)	2.9	2.4	2.3	2.1	2.3	2.3	2.3	1.8	--	--
Private Consumption deflator (YoY Growth)	1.6	1.5	1.2	1.3	1.8	0.8	1.0	--	1.1	--
Headline Balance General Gov't (in % of GDP)*	-3.0	-2.5	-2.8	-2.5	-2.8	-2.7	-2.8	-10.3	--	--
USD / € exchange rate	1.1	1.2	1.12	1.14	1.12	1.11	1.11	1.09	1.1	1.09
Euro Area GDP growth (YoY growth)	2.7	1.9	1.2	1.4	1.2	1.3	1.0	-7.5	-3.3	4.7
Oil prices (Brent, USD / barrel)	54.3	70.9	64.8	63.1	69.7	62.2	64.4	38.4	51.0	40.2

*Including Financial Sector-One-Offs

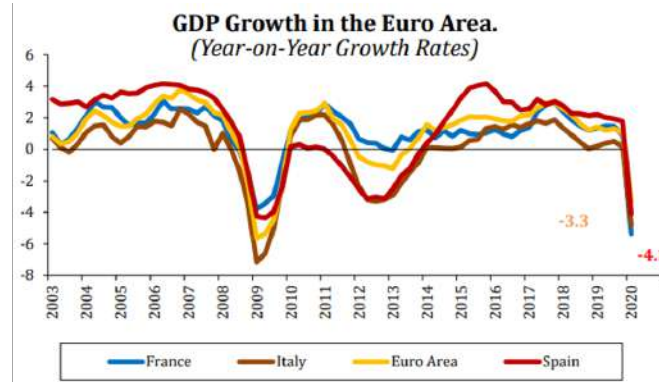
Sources: Ministerio de Asuntos Económicos y Transformación Digital and Ministerio de Hacienda.

Shaded areas are realisations. In white, forecasts contained in the Stability Programme Update - May 2020.

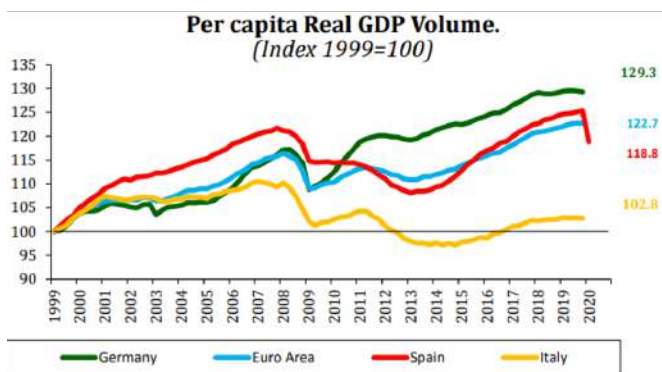
ECONOMIC SENTIMENT



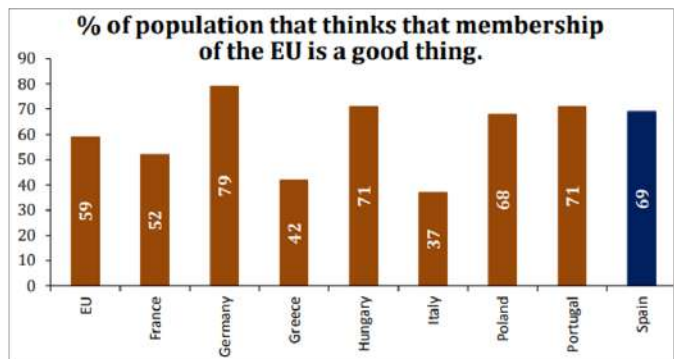
Source: IMF, WEO April 2020.



Source: Instituto Nacional de Estadística.

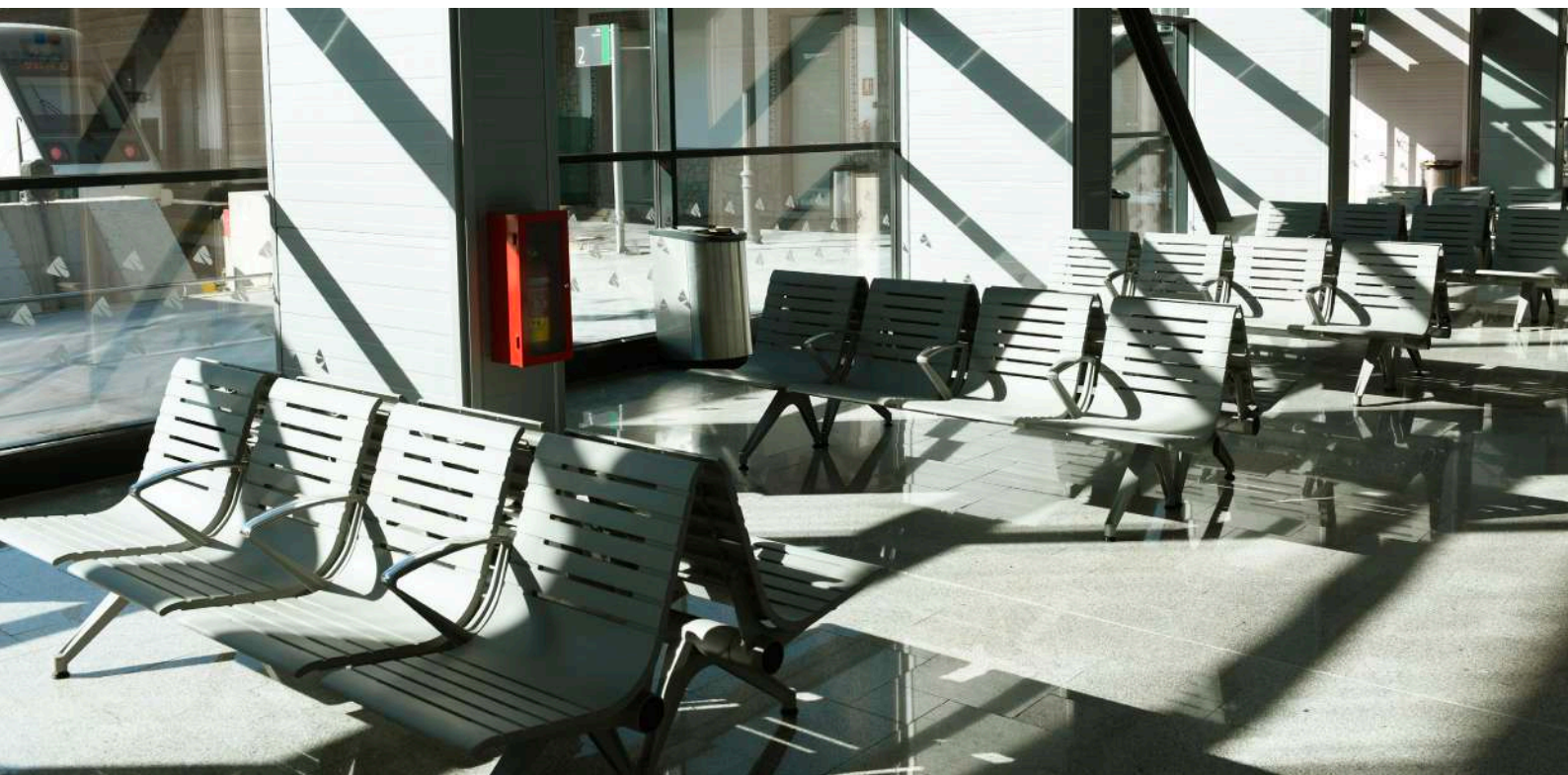


Source: EUROSTAT.



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
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