



INVESTOR

NEWSLETTER

Nº6 / MAY 2021

Please find below the sixth issue of ADIF Alta Velocidad Newsletter, based on our commitment to provide the highlights related to our financial situation as well as our ESG policies.

HIGHLIGHTS AND SUMMARY OF Q4 2020 RESULTS

Due to mobility restriction caused by Covid-19 pandemic ADIF Alta Velocidad EBITDA by Q4 2020 decreased to €(-6) million.

Charges in the network managed by ADIF Alta Velocidad decreased in €284 million compared with Q4 2019, which means a total amount of revenues from charges of €327 million.

On the other hand, compared to Q4 2019, net finance expense has been improved by 3%.









To partially offset the effect of the crisis caused by the virus, ADIF Alta Velocidad has implemented various measures, among which the proposal to enhance the discount of rail fees, in order to encourage the increase in rail traffic, stands out. Likewise, a spending rationalization plan has been launched.

Based on to the investment budget for 2020, ADIF-Alta Velocidad has performed investments which amount to €1,273 million as of 31 December 2020.

It highlights the following High-Speed Lines (HSL):

- / **Galicia HSL** (Olmedo-Lubián-Orense), with investments amounting to **€278 million**, mainly due to infrastructure and superstructure works.
- / **Extremadura HSL**, with investments amounting to **€141 million**, mainly due to infrastructure and superstructure works for Navalmoral – Cáceres- Badajoz section.
- / **Vitoria-Bilbao-San Sebastián HSL**, with investments amounting to **€133 million**, mainly due to platform works.
- / **Asturias HSL**, with investments amounting to **€109 million**, due to platform and track works for Pajares bypass.
- / **Levante HSL**, with investments amounting to **€81 million** and predominance of platform works for Monforte del Cid-Murcia section.

KEY FIGURES Q4 2020

							
REVENUES	EBITDA	TOT. ASSETS	TOT. EQUITY	TOT. FIN. DEBT	AVERAGE COST OF DEBT	AVERAGE DEBT MATURITY	RAIL NETWORK
684 M€	(-6) M€	47,923 M€	24,944 M€	16,560 M€	1.70 %	9.36 years	3,567 Km

ADIF-AV

BREAKING NEWS

PROGRESS IN THE GALICIAN RAILWAY NETWORK AND THE ATLANTIC CORRIDOR

The **Minister of Transport, Mobility and Urban Agenda** has confirmed that the path towards the commissioning of the AVE (high-speed train) to Galicia in the second half of this year is progressing well, as can be seen from the fact that the **ADIF laboratory trains**: BT and Seneca are already circulating through the new infrastructure. He also recalled that in the last month the load tests on the viaducts and underpasses of the Pedralba de la Pradería- Ourense section and the concordance tests of the station interlocks and the catenary isolation tests have been successfully concluded.

The minister has also announced that, with the task of giving dynamism and the agility that the **Atlantic Corridor** needs, the figure of a Coordinator will be appointed, who will be at the same level in the functional structure as that of the Mediterranean Corridor.

With this same idea and looking towards a **comprehensive improvement of the Galician network**, the minister has listed some of the most relevant actions:

- Strong drive for the renewal of the Ourense-Monforte-Lugo line, with an investment of 546 million euros, which will allow Lugo to connect with the high-speed network and improve the service for the freight transport.
- The tender, this month, of the study of alternatives for the extension of the Atlantic Axis towards Portugal: the so-called South Exit of Vigo.
- And with the inclusion of Galicia in the Atlantic Railway Corridor, this same year, the Ministry will request CEF funds for Galicia and, furthermore, work is being done to complete the pending **link between the Galician and Portuguese networks as part of the Corridor**.



ADIF-AV

BREAKING NEWS

ADIF AND ADIF ALTA VELOCIDAD ENVIRONMENTAL REPORTS

ADIF and ADIF Alta Velocidad Environmental Reports corresponding to the 2019 financial year have been published.

Since 2005, ADIF and ADIF Alta Velocidad produce, annually, Environmental Reports in order to inform stakeholders of their behavior, contribution to conservation and environmental achievements of the entities in the exercise of the entrusted activities.

The information provided includes both **the description of the environmental management and control activities, as well as the evolution of the main indicators** associated with them in aspects related to energy consumption, emissions and carbon footprint, resource consumption and generation of waste in the framework of the circular economy, and prevention of pollution in water, soil and noise. Issues related to the integration of railway activity in the natural environment are also addressed, as well as global environmental management through the implementation of the Management System. Finally, a series of indicators and associated environmental information that respond to the environmental contribution of the activity of the entities in the entire transportation system are detailed.

The ADIF and ADIF Alta Velocidad Sub-Directorate for the Environment is entrusted, among other corporate functions, with the establishment of the ADIF **Responsible Unit for Environmental Information**, being, therefore, responsible for preparing these annual activity reports. The latest Reports published correspond to the 2019 financial year and can be accessed from the ADIF and ADIF Alta Velocidad websites:

[ADIF Alta Velocidad Environmental Report](#)

[ADIF Environmental Report](#)

The publication of the **reports corresponding to 2020** is scheduled in the coming months.



ADIF-AV

GREEN BOND NEWS

2020 ADIF ALTA VELOCIDAD GREEN BOND ANNUAL REPORT

We have published the fourth Green Bond Annual Report on the use of proceeds raised from the 2020 issue, which have been allocated to **Eligible Green Projects** (EGP) related to the construction of new high-speed lines and the extension of others already existing.

These EGP include investments in seven **new high-speed** lines:

- Madrid-Levante, Antequera-Granada,
- Valladolid-Burgos-Vitoria,
- Madrid-Extremadura,
- Madrid-Galicia (Olmedo-Lubián-Orense stretch),
- The Atlantic Axis (Santiago de Compostela-Vigo stretch) and
- Chamartín- Atocha- Torrejón de Velasco connection.

Specifically, 95.12% of the funds from the fourth issuance of green bonds has been already dedicated to the construction of high-speed lines that will annually save **747,352 tons of CO2**.

This report shows ADIF Alta Velocidad alignment with the United Nations **Sustainable Development Goals**.

In particular, the construction and maintenance of high-speed lines have a positive impact on the **SDG 9** (Industry, Innovation and Infrastructure), **11** (Sustainable cities and communities)) and **13** (Combat climate change and its effects).

You can find the Annual Report on our webpage:

[GREEN BONDS ANNUAL REPORT 2020.pdf](#)



ADIF-AV

AN ESG ACTIVIST

IN FORCE THE "V ZERO ACCIDENT PLAN: HORIZON 2030"

The president of ADIF and ADIF Alta Velocidad, Isabel Pardo de Vera, has ratified the "V Accident Plan: Horizon 2030".

The "V Zero Accident Plan: Horizon 2030" is linked to the same time horizon of the **Strategic Plan 2030**, which will result in a fundamental element of its **safety pillar**, also contributing to the fulfillment of the United Nations Sustainable Development Goals (SDGs).

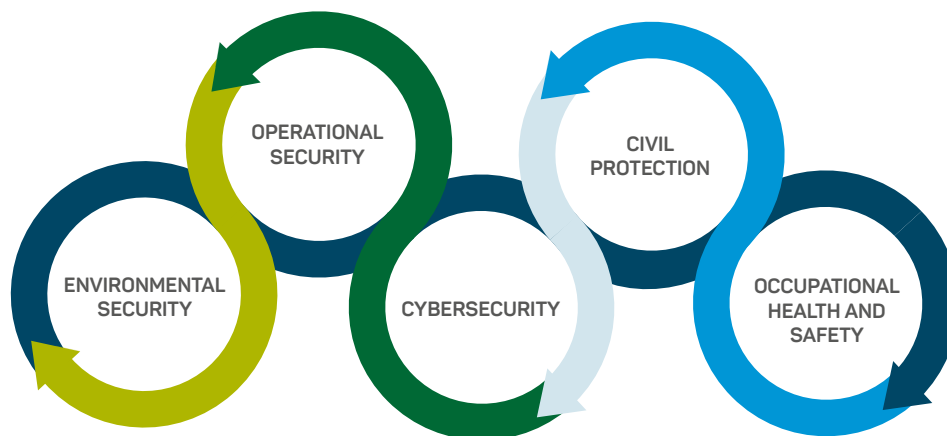
The Strategic Plan 2030 proposes a policy of "**maximum security for people**", in which prevention plays a crucial role, both for users and employees. This is directly related to the improvement in working conditions, the constant and sustained reduction of work accidents and occupational diseases, and the integration of occupational risk prevention in all activities and at all hierarchical levels.

This Plan is based on **two fundamental principles** or lines of action: prevention and integration, which are developed through their corresponding action programs:

- **Prevention** is the most effective way to reduce work accidents and occupational diseases.
- **Integration** of prevention strengthens and reinforces the commitment of the entire organization to the Prevention Management System, spreading the culture and preventive habits at all levels of the structure.

This initiative mainly contributes to the fulfillment of three of the **Sustainable Development Goals** set by the United Nations.

The contributions of this plan have a direct impact on **target 3.d** of the SDGs (To strengthen the capacity of all countries, particularly developing countries, in early warning, risk reduction and risk management for national and global health); **5.1** (To end all forms of discrimination against all women and girls worldwide); and **8.8** (To protect labor rights and promote a safe and secure work environment for all workers, including migrant workers, particularly migrant women and people in precarious jobs).



ADIF-AV

AN ESG ACTIVIST

ADIF AND THE POLYTECHNIC UNIVERSITY OF MADRID (UPM) SIGN A PROTOCOL AGAINST CLIMATE CHANGE

ADIF and the Polytechnic University of Madrid (UPM) have signed a general protocol of action to collaborate in the development of a methodology that allows the study of the **criticality of railway infrastructures facing the effects of climate change**. In this sense, ADIF will make available to the Transportation Research Center belonging to the UPM the necessary information for the development of said methodology.

The signed protocol foresees the collaboration of both entities for the analysis of the constructive characteristics of a series of sections of the railway network, considering the climatic conditions for which they were designed, in order to obtain **a function that determines their criticality**. Subsequently, this function will be applied to different sections of the network to know its degree of criticality according to its characteristics and possible future climate scenarios.

Specifically, the **tasks** that the collaboration will cover, which will initially last for 24 months, are the following:

- Bibliographic analysis of the effects of climate change on infrastructures and of the initiatives developed and put in operation in relation to transport and climate change.
- Selection of pilot sections.
- Quantification of the impacts caused by changes in the climate that affect the elements of the infrastructures on a local scale in the pilot sections.
- Assessment of criticality on a regional scale based on the characteristics of the infrastructures, territorial variables and climate models. It will be carried out from the results obtained in the pilot sections.
- Design of a methodology based on Geographic Information Systems for the identification of critical sections of the entire transportation system that could be affected by climate change.
- Application of the methodology developed in new regions and different climate scenarios.

This initiative is aligned with **ADIF and ADIF Alta Velocidad strategy to face climate change**, embodied in the Plan to Combat Climate Change 2018-2030, in particular with the adaptation line that seeks to improve the **resilience of railway infrastructures**.

In addition, this collaboration is contributing to the **Sustainable Development Goals** (SDGs) of the United Nations 2030 Agenda. Specifically, to **SDG 13** called Climate Action, which calls for urgent measures to combat climate change and its effects and, specifically, to its **target 13.1** related to **strengthening resilience and the capacity to adapt to risks related to the weather and natural disasters**. This project also supports the achievement of **SDG 9**: Build resilient infrastructure, promote sustainable industrialization and foster innovation, **SDG 3**: Health and Well-being and **SDG 11**: Sustainable Cities and Communities.



ADIF-AV

AN ESG ACTIVIST

CONTRACT FOR THE ELECTRICAL POWER SUPPLY IN THE TELEMETERED POINTS OF THE RAILWAY NETWORK

The **'green' or with a guarantee of origin electrical power supply contract** has been awarded for a period of 24 months, at points equipped with meters supervised remotely.

The electricity supply points have been distributed into **21 lots based on criteria of geographical proximity and rail operation**, in order to minimize consumption deviations between the supply points that make up each group and to standardize market costs. Of these 21 lots, a total of 18 have been awarded to **EDP Clientes**, a lot to **Endesa Energía**, a lot to **Gas Natural Comercializadora** and another lot to **Factor Energía**.

ADIF Alta Velocidad, as one of the main consumers in Spain of the high voltage electricity market, supports the **global efficiency of the Spanish energy market and the maximum social and environmental profitability** of the Spanish railway system.

In this sense, it should be noted that ADIF Alta Velocidad was, in 2018, **the first Spanish public business entity to incorporate exclusively 'green' supply criteria into its electricity supply tenders**, in accordance with its policy of maximum social and environmental respect.

In accordance with the commitment acquired by ADIF Alta Velocidad through its **Plan to Fight Climate Change 2018-2030** in terms of reducing greenhouse gases and promoting the use of renewable energies, all the electrical energy supplied will be 'green' energy or guaranteed of origin (GdO). Thereby, ADIF Alta Velocidad continues with its contribution to the decarbonization of the railway system, started with the supply of electricity with GdO certificates for the years 2019 and 2020.

The contract also includes the possibility of extending, by mutual agreement and under the same conditions, the supply of electricity for **another 12 months** for one, several or all lots.



FUNDING POLICY & FUNDING ACTIVITY

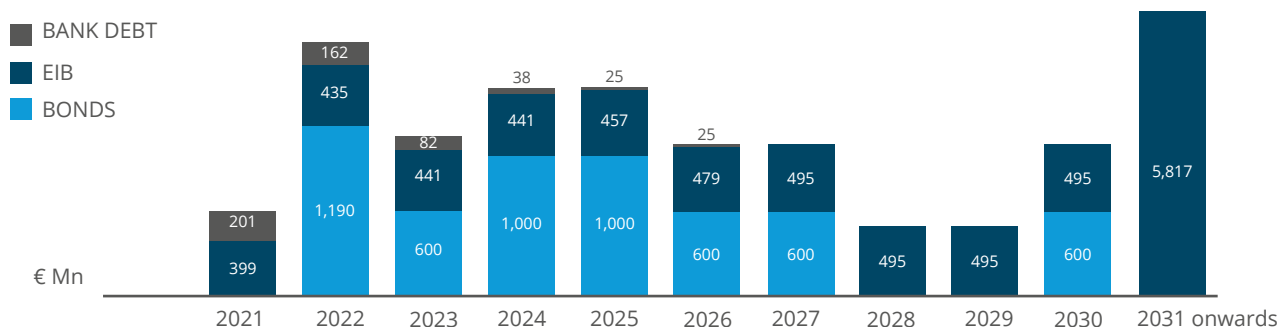
BOND FUNDING HIGHLIGHTS

- ✓ Frequent bond issuer
- ✓ EUR market
- ✓ Benchmark transactions
- ✓ Focus on the Green market

ADIF ALTA VELOCIDAD RATING

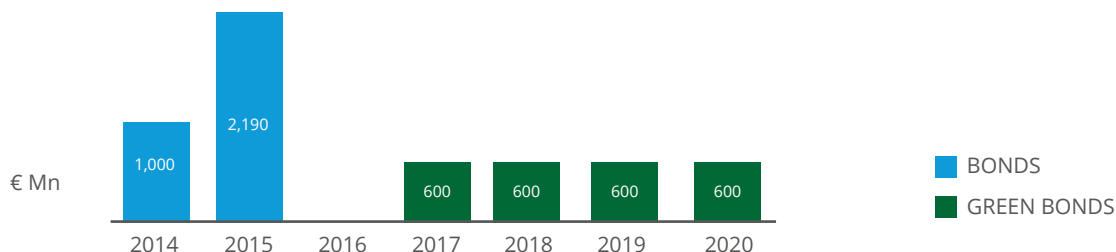
RATING AGENCY	LONG-TERM	SHORT-TERM	OUTLOOK
Moody's	Baa2	P-2	Stable
Fitch	A-	F-1	Stable

FINANCIAL DEBT MATURITY PROFILE*

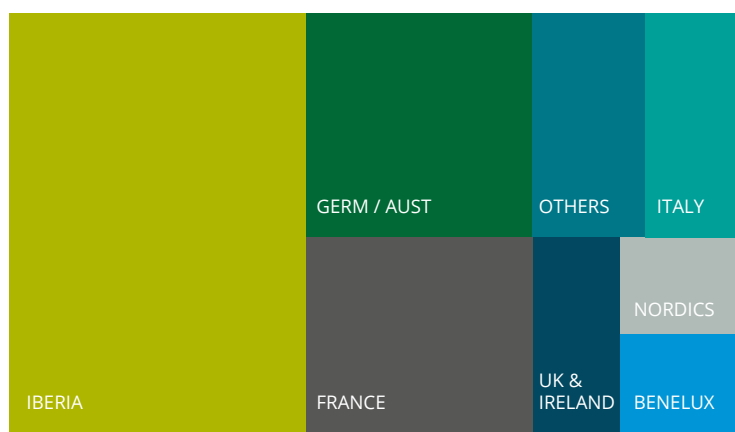


* As of 31 December 2020

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



SPANISH AND EURO AREA ECONOMY

MACROECONOMIC SCENARIO (YOY GROWTH RATES IN PERCENT)

	2017	2018	2019	2020	Q1	Q2	Q3	Q4	2021	2022
Private consumption expenditure	3.0	1.8	0.9	-12.1	-5.9	-24.3	-9.2	-9.2		
General Government consumption expenditure	1.0	2.6	2.3	3.8	3.5	3.3	4.0	4.5		
Gross Fixed Capital Formation	6.8	6.1	2.7	-11.4	-5.1	-24.3	-9.0	-7.2		
National Demand (Contribution to GDP Growth)	3.1	3.0	1.4	-8.8	-4.0	-18.4	-6.7	-6.2		
Exports of goods and services	5.5	2.3	2.3	-20.2	-5.8	-38.7	-19.8	-16.3		
Imports of goods and services	6.8	4.2	0.7	-15.8	-5.3	-32.6	-15.7	-9.4		
External demand (Contribution to GDP Growth)	-0.2	-0.5	0.6	-2.0	-0.3	-3.2	-1.9	-2.7		
Gross Domestic Product	3.0	2.4	2.0	-10.8	-4.3	-21.6	-8.6	-8.9	6.5	7.0

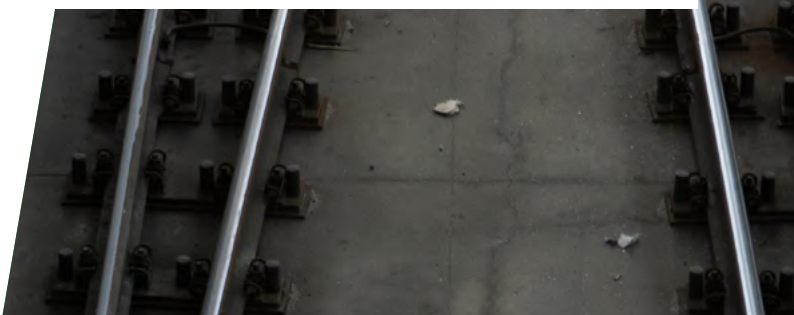
OTHER VARIABLES

	2017	2018	2019	2020	Q1	Q2	Q3	Q4	2021	2022
Unemployment rate (in % of Active Population)	17.2	15.3	14.1	15.5	14.4	15.3	16.3	16.1	15.2	14.1
Full-time Equiv. Employment (YoY Growth)	2.9	2.6	2.3	-7.5	-0.6	-18.5	-5.6	-5.2	4.0	2.7
Net lending (+) / borrowing (-) with RoW (% of GDP)	3.0	2.4	2.5	1.1	2.6	1.9	1.4	1.1		
Private Consumption deflator (YoY Growth)	1.5	1.5	1.0	0.2	1.0	0.1	-0.1	-0.4		
Headline Balance General Gov't (in % of GDP)*	-3.0	-2.5	-2.9	-11.0	-3.4	-6.9	-8.2	-11.0		
USD / € exchange rate	1.1	1.2	1.1	1.1	1.1	1.1	1.2	1.2		
Euro Area GDP growth (YoY growth)	2.7	1.9	1.3	-6.8	-3.3	-14.6	-4.3	-4.9		
Oil prices (Brent, USD / barrel)	54.3	70.9	64.8	41.5	51.0	27.8	43.3	44.0		

*Including Financial Sector One-Offs.

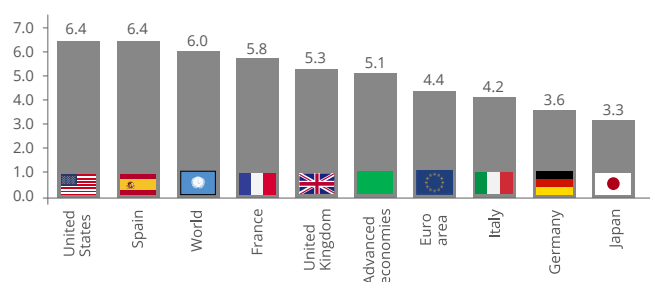
Sources: Ministerio de Asuntos Económicos y Transformación Digital and Ministerio de Hacienda.

Shaded areas are realisations. In white, forecasts announced by the Minister of Economy on April 9.



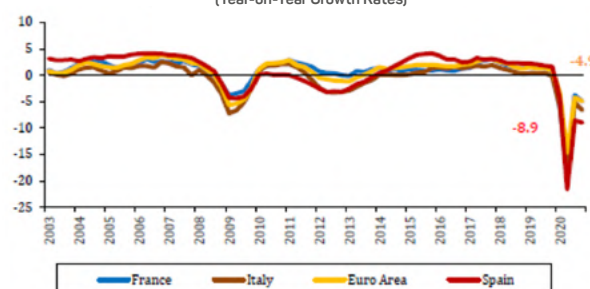
ECONOMIC SENTIMENT

IMF Growth Forecasts for 2021
(Year-on-Year Growth Rates)



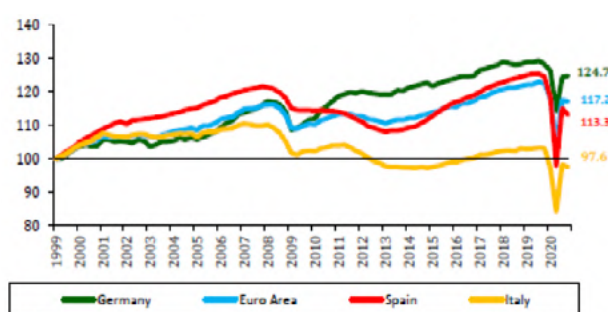
Source: IMF, WEO April 2021.

GDP Growth in the Euro Area
(Year-on-Year Growth Rates)



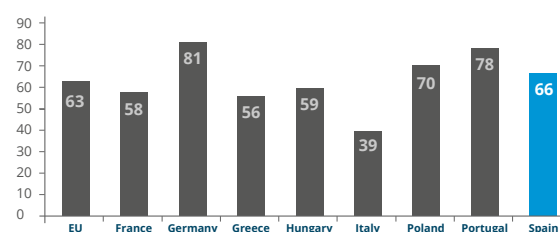
Source: Instituto Nacional de Estadística.

Per capita Real GDP Volume
(Index 1999=100)



Source: EUROSTAT.

% of population that thinks that membership of the EU is a good thing



Source: EUROSTAT, Nov.-Dec.2020

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

