

# INVESTOR

## NEWSLETTER



Nº1 / MARCH 2019

### A WORD FROM OUR CHAIRWOMAN



#### Isabel Pardo de Vera Posada Chairwoman

Adif Alta Velocidad want to reaffirm its commitment with sustainable development and the fight against climate change.

In that sense, we intend to offer our investors periodical information related to ESG news, as well as financial results and Spanish macroeconomic figures.

We are pleased to present you the first newsletter, hoping it will be of your interest.

### HIGHLIGHTS AND SUMMARY OF Q3 2018 RESULTS

#### Adif Alta Velocidad gets up to September a EBITDA of €208 million.

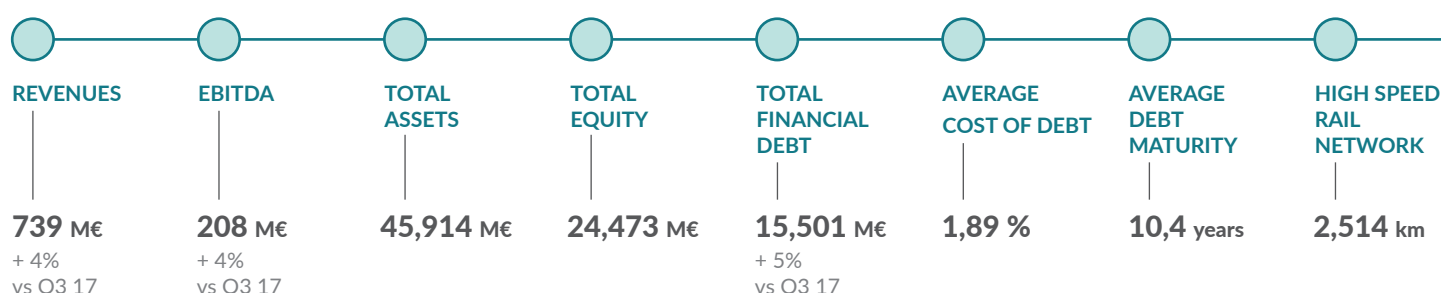
This evolution is due especially to an increase in revenues from charges in the network managed by Adif Alta Velocidad quantified at €19 million, which means a total amount of revenues from charges of €426 million.

Based on to the investment budget for 2018, Adif Alta Velocidad has performed investments which amount to €949 million as of 30 September 2018.

It highlights the High Speed Line to Galicia (Olmedo-Lubián-Orense), with investments accumulated of €367 million, mainly due to the platform and track actions. The Lubián-Taboadela stretch includes accumulated investments of €235 million.

It should also be noted the High Speed Line to Extremadura, with investments accumulated of €85 million; the High Speed Line to Levante, with investments accumulated of €53 million; the High Speed Line to Asturias, with investments accumulated of €58 million, and the High Speed Line Bobadilla-Granada, with investments accumulated of €46 million.

### KEY FIGURES Q3 2018



# ESG NEWS

## AGENDA OF CHANGE BY THE GOVERNMENT OF SPAIN: TOWARDS AN INCLUSIVE AND SUSTAINABLE ECONOMY

2019 FEBRUARY 8<sup>TH</sup>

On February 8, 2019, the Government of Spain presented the report on the Agenda for Change, a document that includes sixty measures and reforms of a transversal nature to promote sustainable and inclusive economic growth, a productive system that respects the environment and a more egalitarian society.

The Agenda for Change is structured around six axes, the second of which contains measures to boost the ecological transition, such as the National Energy and Climate Plan, aimed "to reduce emissions by one third from now to 2030 and a participation of 70% of renewable generation sources on that date ", as detailed by the Minister of Economy.

One of the main elements to be addressed in the coming years is the transformation of the transport sector, with the use of less polluting modes of transport such as rail, providing them with greater reliability, punctuality, safety and efficiency. This strategy, in addition to improving the competitiveness of companies, will result in greater social cohesion.

The measures of the Agenda for Change are aligned with the long-term objectives of Spain in the fight against climate change, which consist of reducing greenhouse gas emissions by one third in 2030 and reaching a 70% share of renewable energies. in the electrical system in that year.

In particular, the reforms for the ecological transition will be articulated through the following measures:

- 1/ Law on Climate Change and Energy Transition.
- 2/ Integrated national energy and climate plan.
- 3/ Circular economy strategy.
- 4/ Regulation of self-consumption.
- 5/ Sustainable mobility plan.
- 6/ National water purification, sanitation, efficiency, saving and reuse plan.
- 7/ Measures for the sustainability of the agri-food, forestry and rural sectors.
- 8/ Growth strategy for the sustainability of the fisheries sector and seaside areas.





# ADIF-AV

## AN ESG ACTIVIST

### MASTER PLAN TO FIGHT AGAINST CLIMATE CHANGE

Adif and ADIF-Alta Velocidad have approved its Master Plan to Combat Climate Change 2018-2030.

The document responds to the Framework Agreement for the Fight against Climate Change signed by Adif and Adif Alta Velocidad with Renfe in March of last year.

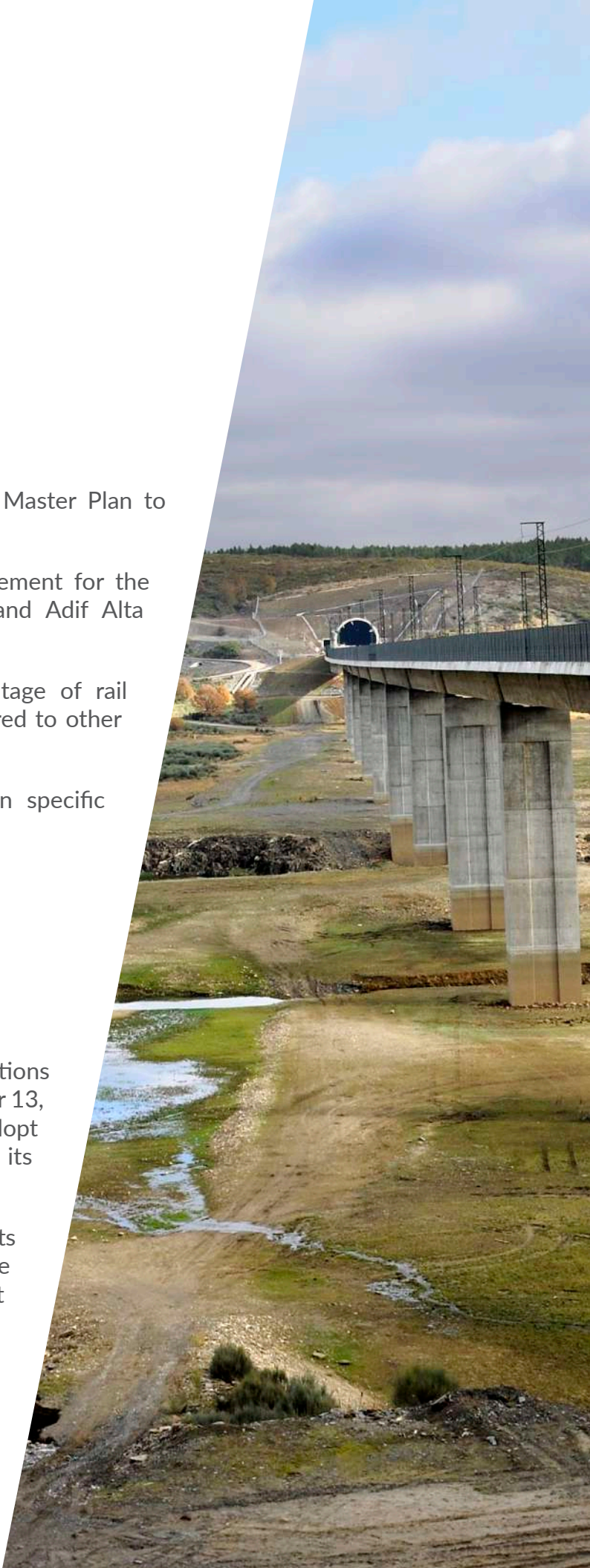
The Plan is based on the environmental advantage of rail transport, which has lower CO2 emissions compared to other modes of transport.

The four strategic lines, which are developed in specific actions and projects, are the following:

- / Energy management
- / Energy efficiency
- / Decarbonization
- / Sustainable culture

Thereby, the Master Plan fits into the United Nations Sustainable Development Goals, specifically number 13, "Action for the climate ", whose purpose is to adopt urgent measures to combat the climate change and its effects.

It is also aligned with European policies and its objectives for 2030 and 2050, established to achieve the goal of the Paris Agreement, which is to prevent the increase in global average temperature of the planet exceeds 2 °C, compared to pre-industrial levels.



# ADIF-AV

## AN ESG ACTIVIST

### FLORENCE RAIL FORUM

2018 DECEMBER 7<sup>TH</sup>

On 7 December 2018, **Manuel Fresno, CFO of Adif**, attended the 17th Florence Rail Forum, with the subject "Green Finance and Sustainability, Role for Railways".

Manuel Fresno explained the Adif Alta Velocidad successful experience within a session dedicated to the role of taxonomy and rail projects that could be covered by sustainable financing mechanisms.

Likewise, within the railway sector, UIC (International Union of Railway, Paris) has launched the "Eco Scoring" project.

The objective of this initiative is to exchange experiences and information among railway infrastructure managers and entities related to sustainable finance in order to draft a specific IRS defining green funding specifications (methodology, guidelines, KPI, reporting...) for the railway industry.



# ADIF-AV

## AN ESG ACTIVIST

### PROJECTS CO-FINANCED BY EUROPEAN REGIONAL DEVELOPMENT FUND

The Community legislation provides that for certain projects co-financed by the ERDF in the period 2014-2020, it is necessary to submit to the European Commission an analysis of the environmental impact taking into account two aspects: on one hand, the saving of gas emissions by rail as one of the most sustainable modes of transport; and on the other hand the adaptation to climate change of infrastructures, as well as the need to mitigate it and the resilience after disasters. This analysis determines the measures to be taken.

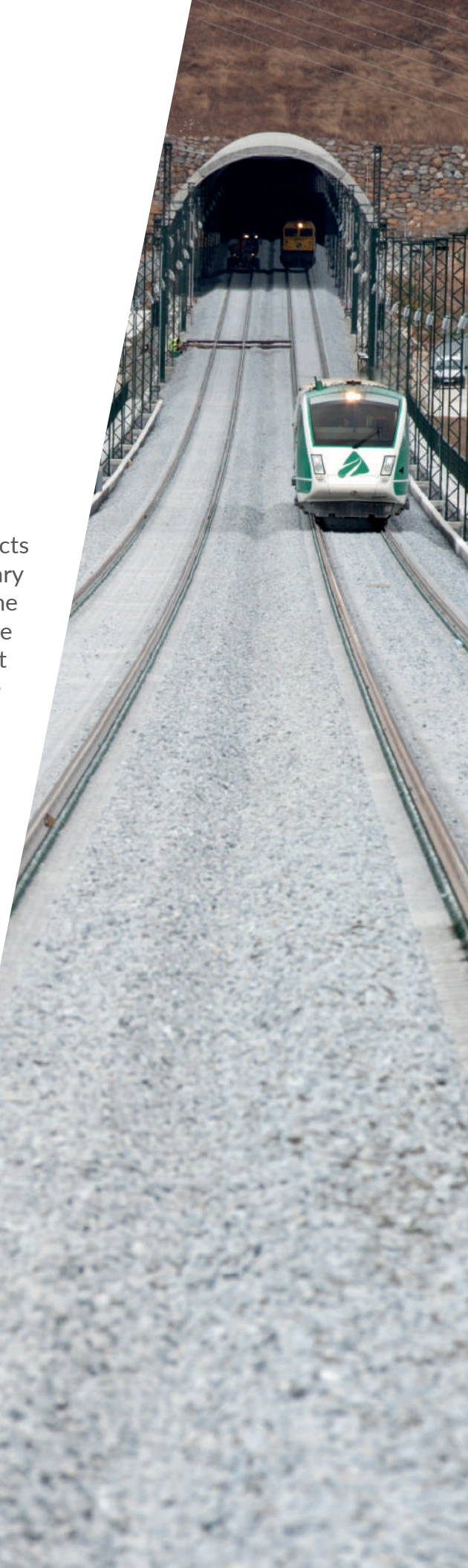
As regards adaptation, the steps taken in Adif Alta Velocidad in 2018 have been firm. Last July, JASPERS (Joint Assistance to Support Projects in European Regions) and ADIF's Sub-directorate of Community Funds organized the first Workshop on the Effects of Climate Change on Railways.

In the second half of 2018 there have been made with the assistance of CEDEX and INECO the following works:

**1/** Methodology for assessing vulnerability and climate change risk of railway projects.

**2/** Analysis of measures for adaptation to the effects of climate change on the high speed line Antequera-Granada.

**3/** Analysis of measures for adaptation to the effects of climate change on the high speed line Madrid-Galicia. Section Lubian-Orense. Lubian-Taboadela.



# ADIF-AV AN ESG ACTIVIST

## THE CHAIRWOMAN OF ADIF AND ADIF ALTA VELOCIDAD EXPLAINED THE PREPARATION OF THE ENTITIES FOR THE LIBERALIZATION OF RAIL PASSENGER TRANSPORT

2019 FEBRUARY 4<sup>TH</sup>

On 4 February 2019, the chairwoman of Adif and Adif Alta Velocidad, Isabel Pardo de Vera, explained the actions launched in both companies facing the liberalization of rail passenger transport in 2020, within the framework of a conference organized in Madrid by IE Business School.

During her speech, Pardo de Vera highlighted the importance of this process for society in general and for the entities she presides over in particular. In this sense, she has pointed out the need to maximize traffic and ensure the quality and punctuality of the service, one of the main attributes of the Spanish high-speed network, while contributing to increasing the economic sustainability of railway managers.

Adif and Adif Alta Velocidad are working on an adaptation plan for the Fourth Railway Package, the European normative basis according to which the liberalization process is being developed.

This plan includes all aspects related to the service provided to railway customers. In this way, Adif and Adif Alta Velocidad are preparing the stations for the incorporation of new operators under four management criteria: non-discriminatory treatment, transparency, flexibility and sustainability.

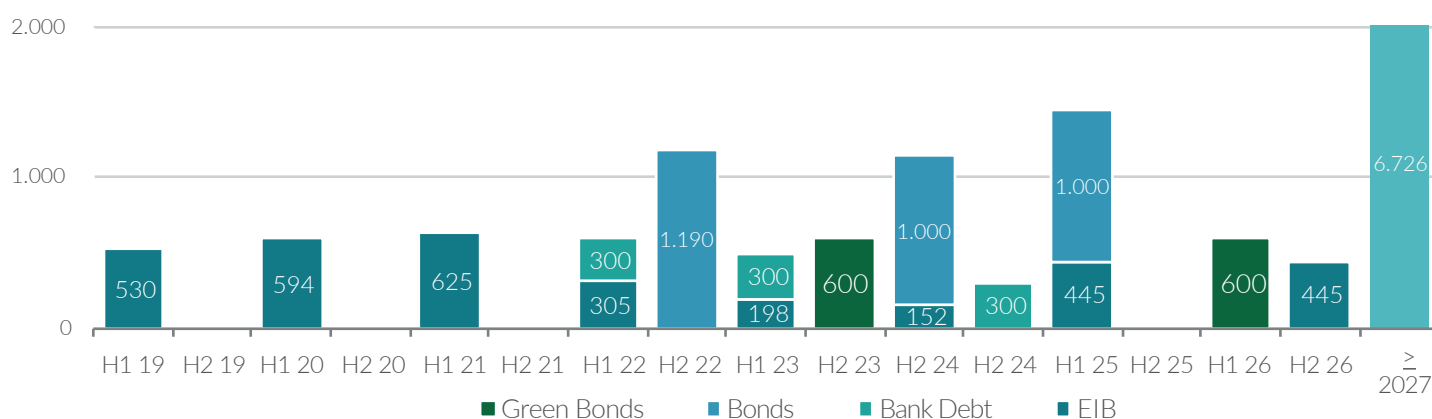


# FUNDING POLICY & FUNDING ACTIVITY

## BOND FUNDING HIGHLIGHTS

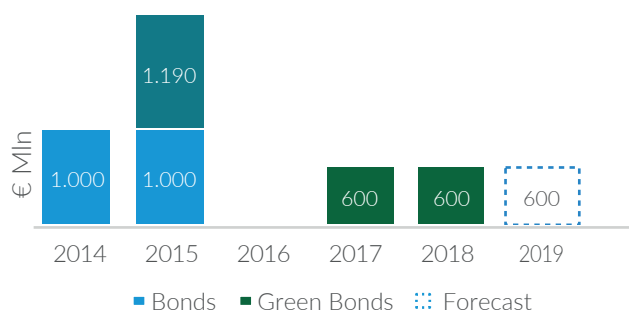
- ✓ Frequent bond issuer
- ✓ EUR market
- ✓ Benchmark transactions
- ✓ Focus on the Green market
- ✓ Expected bond volume for 2019: € 0.6 bn
- ✓ € 600mln issued in 2018

## FINANCIAL DEBT MATURITY PROFILE\*

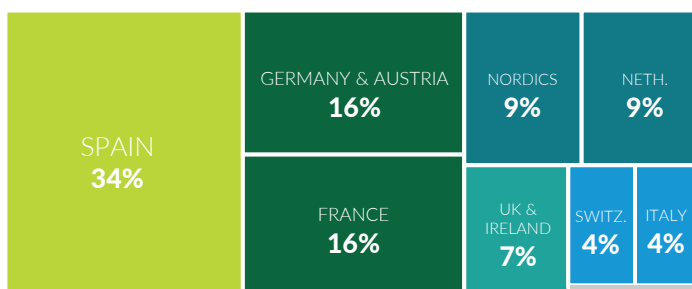


\* As of 30 June 2018

## BOND ISSUANCE ACTIVITY



## GREEN BOND DISTRIBUTION BY COUNTRY\*



\*Weighted average distribution by country on primary market transactions



## OUTSTANDING BONDS AND YIELD EVOLUTION

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	3.9	1,190
ES0200002022	05/07/2017	ADIFAL 0.800 07/05/23	Baa2/A -	0.800	05/07/2023	4.7	600
XS1072141861	27/05/2014	ADIFAL 3.500 05/27/24	Baa2/A -	3.500	27/05/2024	5.6	1,000
ES0200002006	28/01/2015	ADIFAL 1.875 01/28/25	Baa2/A -	1.875	28/01/2025	6.3	1,000
ES0200002030	04/05/2018	ADIFAL 1.250 05/04/26	Baa2/A -	1.250	04/05/2026	7.6	600

## SPANISH ECONOMY SNAPSHOT

Key Metrics	2014	2015	2016	2017	2018
Real GDP Growth YoY	1.40%	3.60%	3.20%	3.00%	2.60%
Unemployment rate	24.50%	22.10%	19.60%	17.20%	15.5%
HICP - annual average rate of change	-0.20%	-0.60%	-0.30%	1.20%	1.70%
Debt-to-GDP ratio	100.40%	99.30%	99%	98.10%	96.9%
10y-Bono Yield	1.61%	1.77%	1.38%	1.56%	1.41%
S&P Sovereign Rating	BBB-	BBB	BBB+	BBB+	A-

DISCLAIMER







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For any queries you may have, please contact us by mail at  
**[gestion.financiera@adifaltavelocidad.es](mailto:gestion.financiera@adifaltavelocidad.es)**

