



INVESTOR

NEWSLETTER

Nº5/ DECEMBER 2020

We are pleased to present the fifth issue of ADIF Alta Velocidad Newsletter. We continue our commitment to provide the highlights related to our financial situation as well as our ESG policies.

HIGHLIGHTS AND SUMMARY OF Q3 2020 RESULTS

Adif Alta Velocidad EBITDA by Q3 2020 amounted to €9 million.

Due to mobility restriction caused by Covid-19 pandemic, up to 30 September 2020, charges in the network managed by ADIF Alta Velocidad decreased in €189 million compared with Q3 2019, which means a total amount of revenues from charges of €254 million.

Likewise, compared to Q3 2019, net finance expense has been improved by 9.75%.

Based on to the investment budget for 2020, ADIF-Alta Velocidad has performed investments which amount to €1,006 million as of 30 September 2020.

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

- / **Galicia HSL** (Olmedo-Lubián-Orense), with investments amounting to €214 million, mainly due to infrastructure and superstructure works.
- / **Vitoria-Bilbao-San Sebastián HSL**, with investments amounting to €88 million, mainly due to platform works.
- / **Extremadura HSL**, with investments amounting to €93 million, mainly due to infrastructure and superstructure works for Navalmoral – Cáceres- Badajoz section.
- / **Levante HSL**, with investments amounting to €68 million and predominance of platform works for Monforte del Cid-Murcia section.
- / **Asturias HSL**, with investments amounting to 95 million, due to platform and track works for Pajares bypass.

KEY FIGURES Q3 2020

REVENUES	EBITDA	TOTAL ASSETS	TOTAL EQUITY	TOTAL FINANCIAL DEBT	AVERAGE COST OF DEBT	AVERAGE DEBT MATURITY	RAIL NETWORK (As of December 2020)
513 M€	9 M€	47,522 M€	24,973 M€	16,398 M€	1.73 %	9.38 years	3,567 Km

ADIF-AV

BREAKING NEWS

ADIF ALTA VELOCIDAD PUTS INTO SERVICE THE ZAMORA-PEDRALBA SECTION OF THE NEW HIGH-SPEED CONNECTION TO GALICIA

OCT 2020

Last October, the 26th 2020, Adif Alta Velocidad put into service the Zamora-Pedralba de la Pradería section, belonging to the [Madrid-Galicia High Speed Line](#). The inaugural tour, which began at the Zamora station, was attended by the Minister of Transport, Mobility and Urban Agenda, José Luis Ábalos, and the presidents of Adif Alta Velocidad, Isabel Pardo de Vera, and Renfe, Isaías Táboas, among other authorities.

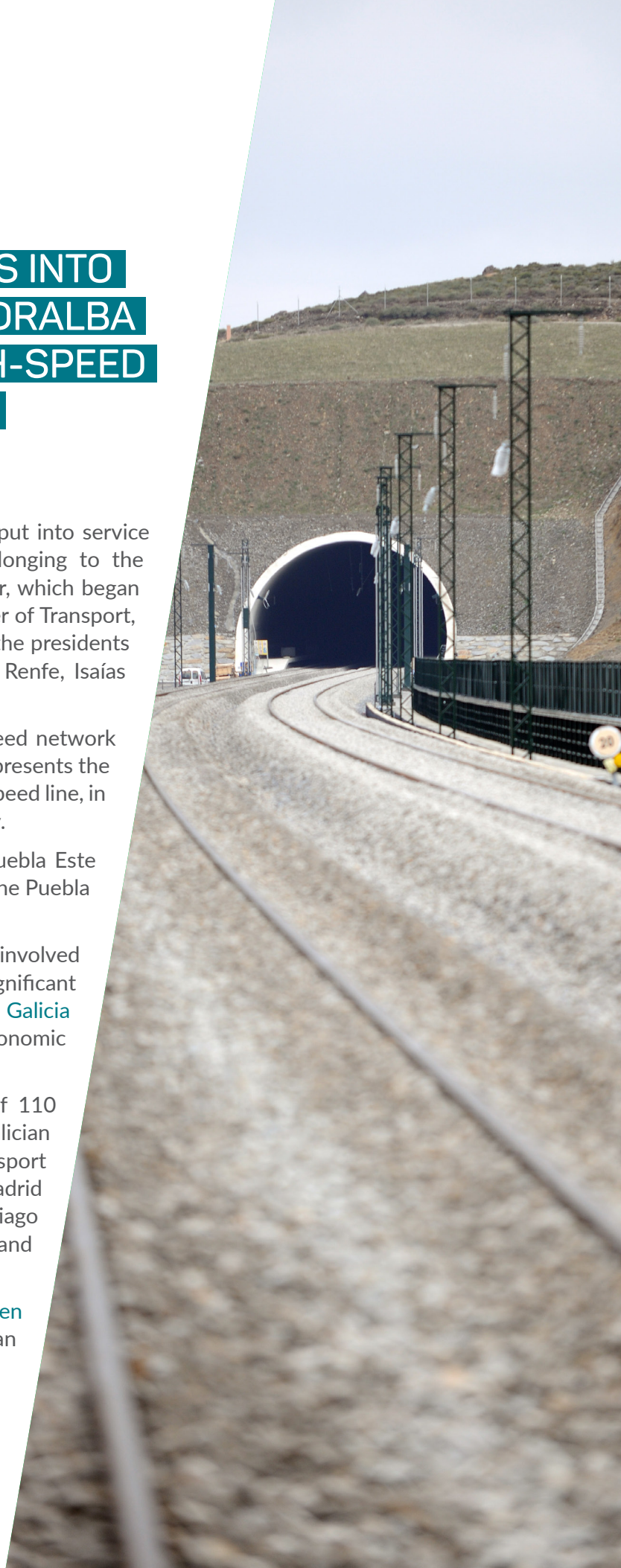
The new connection extends the Spanish high-speed network by [110 km](#), which now amount to 3,567 km, and represents the continuation of the Madrid-Olmedo-Zamora high-speed line, in service since 2015, to the northwest of the country.

Among the singular points of the route are the Puebla Este (756 m) and Tera River (645 m) [viaducts](#), as well as the Puebla (1,563 m) and Otero (1,144.46 m) [tunnels](#).

The Zamora-Pedralba high-speed section, which has involved an investment of 898 million euros, represents a significant [reduction in travel times in the relations between Galicia and Madrid](#), contributing to the social and economic structuring of the territories it crosses.

With the put into service of this new section of 110 kilometers of high-speed line, travel time with all Galician capitals is reduced, which is a milestone in rail transport between the two regions: 1h 26 min between Madrid and Pontevedra, 1h 2 min to Lugo, 41 min to Santiago de Compostela, 39 min to Ourense, 31 min to Vigo and 24 min to A Coruña.

Madrid-Galicia HSL has been [financed with Green Bond issues](#) and co-financed by the European Regional Development Fund (ERDF).



ADIF-AV

BREAKING NEWS

EUROPEAN COMMISSION: RECOVERY AND RESILIENCE FACILITY

In the context we are nowadays, in which our entity has directly suffered the impact of the health crisis derived from the Covid-19 pandemic due to the limited mobility, [the relevance of sustainability in the economic recovery](#) has been reinforced.

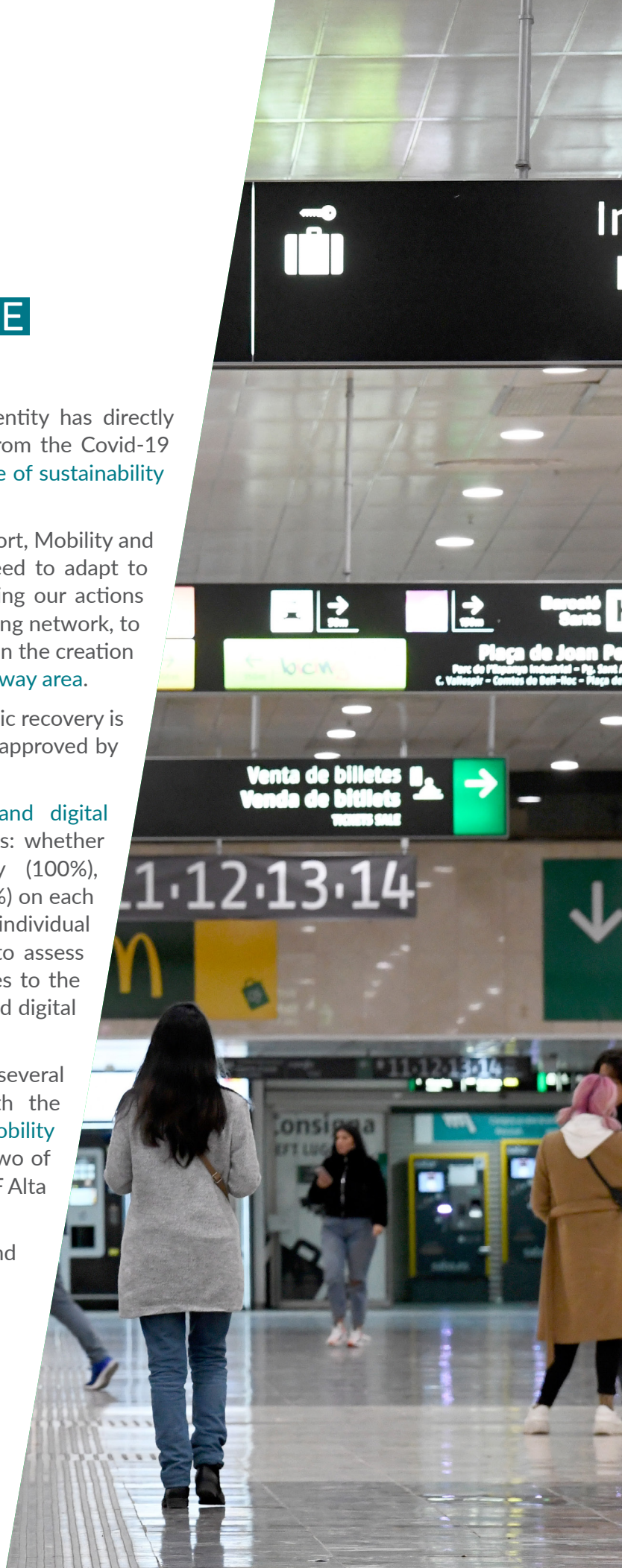
In line with the objectives of the Ministry of Transport, Mobility and Urban Agenda, we take into consideration the need to adapt to the new paradigms of sustainable mobility, directing our actions to improve the efficiency and reliability of the existing network, to promote inter-modality and to continue advancing in the creation of [a single, interoperable and resilient European railway area](#).

Accordingly, the impact of sustainability on economic recovery is evident in the [Recovery and Resilience Plan](#) (PRR) approved by the European Union.

Member States should assess the [ecological and digital content](#) of the proposed reforms and investments: whether the reform or investment contributes mainly (100%), contributes significantly (40%) or has no impact (0%) on each of these objectives. Combining these labels with individual investment and reform cost estimates will allow to assess the scope of national plan funding that contributes to the climate mainstreaming goal, as well as the green and digital transitions.

Of the total amount that corresponds to Spain, several components have been established in line with the Commission's criteria. [The Ministry of Transport, Mobility and Urban Agenda](#) participates in three of them, two of which have criteria for the actions of ADIF and ADIF Alta Velocidad. These components are the following:

- / **Urban mobility.** The amount assigned to ADIF and ADIF Alta Velocidad will be mainly dedicated to suburban areas, although there are also included other actions with an impact on cities.
- / **Interurban mobility:** The amount corresponding to ADIF and ADIF Alta Velocidad will be dedicated to the execution of European corridors, other actions in trans-European networks and promotion of freight traffic, logistics terminals and accessibility to port areas.



ADIF-AV

AN ESG ACTIVIST

FOLLOW-UP OF THE ADIF AND ADIF ALTA VELOCIDAD PLAN TO FIGHT CLIMATE CHANGE BY THE MANAGEMENT COMMITTEE

OCT 2020

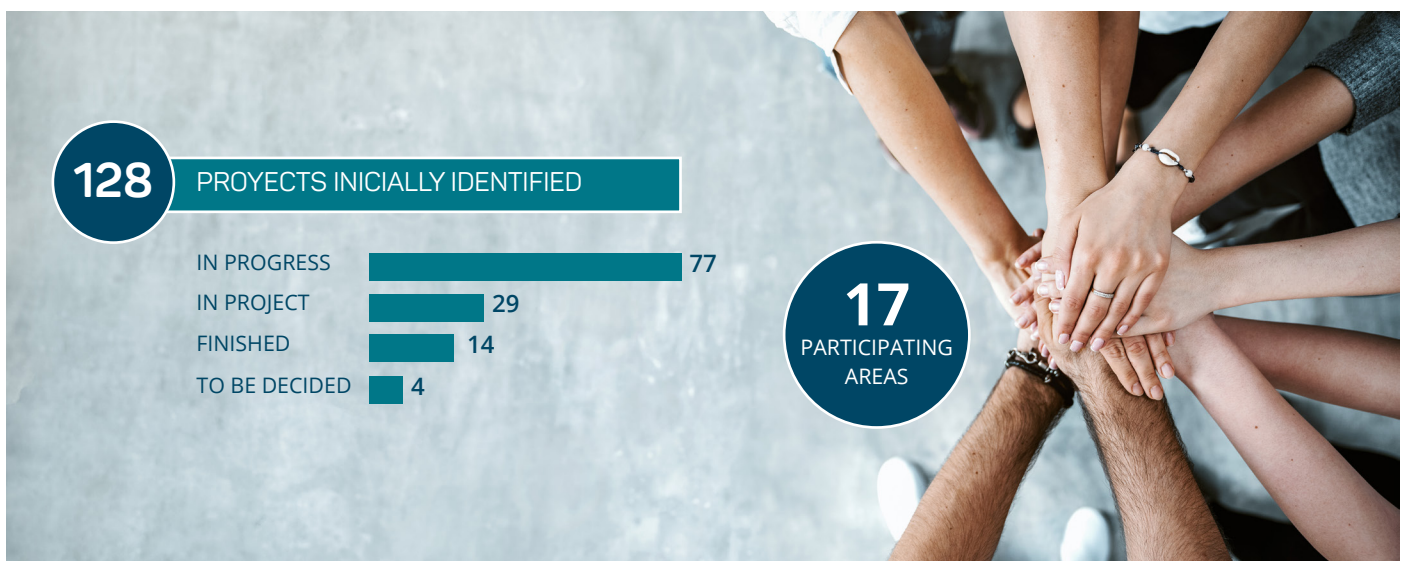
On October 6, the [monitoring](#) of the implementation status of the actions framed within the [Plan to Combat Climate Change 2018-2030 \(PLCCC\)](#) was presented to the Management Committee, as well as the data of the strategic indicators for the first semester 2020.

The general director of Strategic Planning and Projects, María Luisa Domínguez, explained to the members of the Committee the situation and perspectives of the ADIF and ADIF Alta Velocidad PLCCC, addressing the current context at the European and national level in the fight against change climate, and highlighting the relevance that these issues currently have on the institutional and business agenda. Likewise, an approximation was made to the Plan itself in terms of its structure and fit within the 2030 Strategic Plan of ADIF and ADIF Alta Velocidad.

The head of the Area of Environmental Sustainability and the Fight Against Climate Change, Jonathan Sánchez, carried out a review of the global data on the implementation of the actions underway during this year, collected in the 2020 Implementation Plan, both in the field of mitigation, as well as adaptation and culture and awareness, to continue with the presentation of the data of the strategic indicators for the first semester of the year and their degree of achievement with respect to the 2020 goals.

Next, he explained the results of the [energy audits](#) carried out in Adif and ADIF Alta Velocidad, which were completed in 2019 and which allowed the identification of different types of energy saving and efficiency measures, serving as a starting point for the Areas with a view to implementing actions within the scope of the PLCCC.

Finally, there was the opportunity to debate with the representatives of the general directorates on the need to [be more ambitious in the energy saving goals](#), taking advantage of the measures identified in the energy audits and improving communication with the areas to put into value the actions that are already being undertaken in this regard.

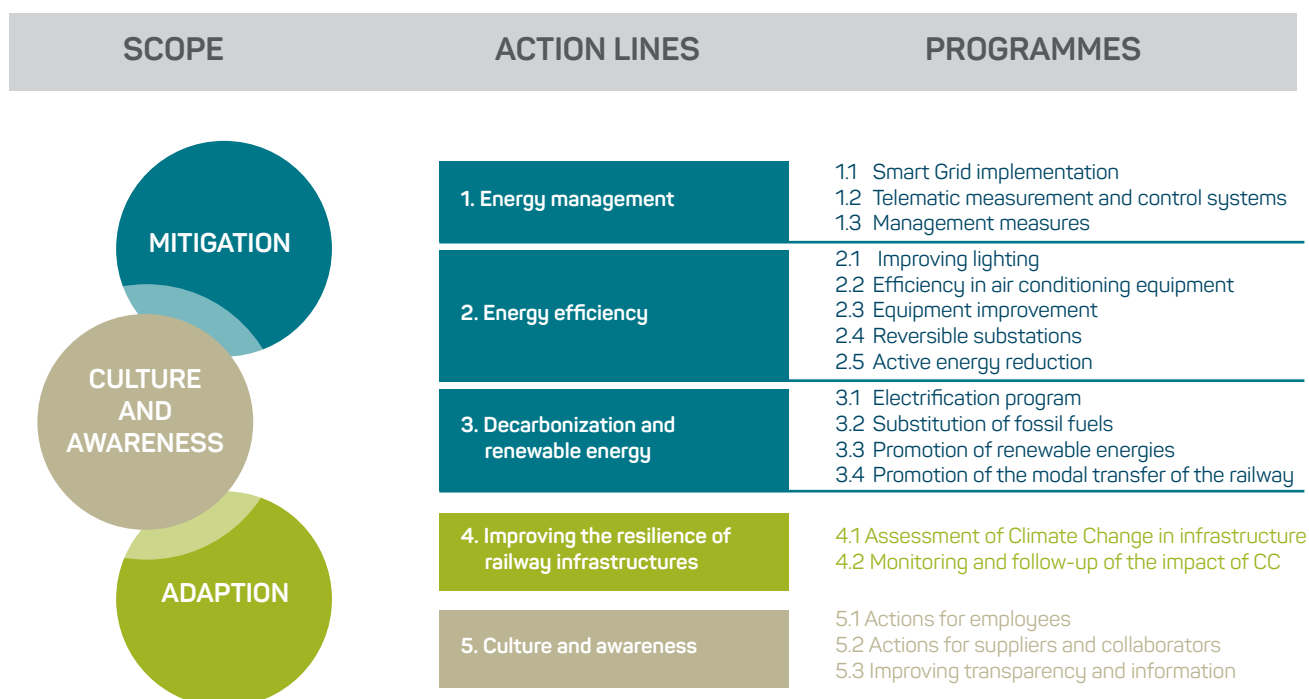


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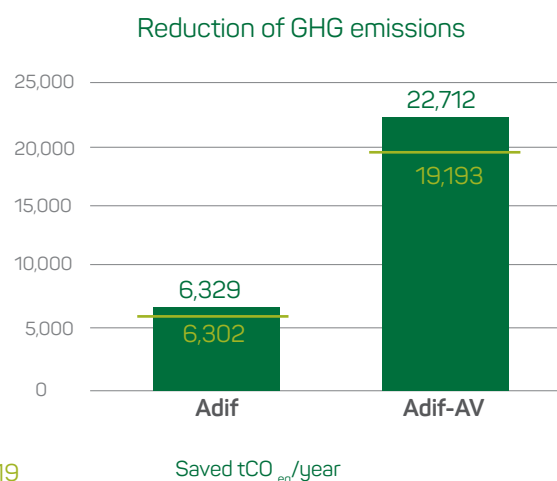
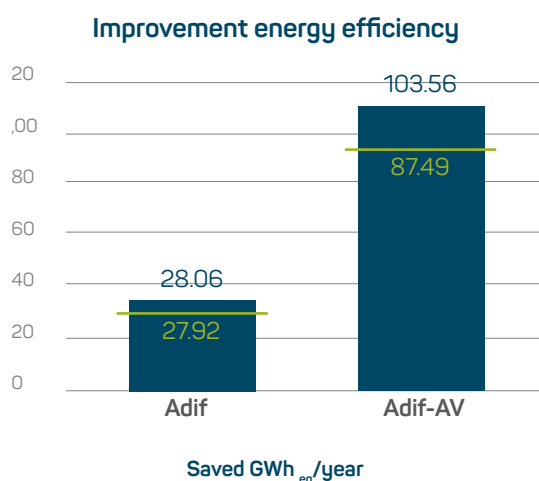
AN ESG ACTIVIST

FOLLOW-UP OF THE ADIF AND ADIF ALTA VELOCIDAD PLAN TO FIGHT CLIMATE CHANGE BY THE MANAGEMENT COMMITTEE

PROJECTS STRUCTURE AND TIPOLOGY



CLOSING YEAR 2019



ADIF-AV

AN ESG ACTIVIST

ADIF ALTA VELOCIDAD TENDERS THE ELECTRIC POWER TO THE NETWORK (YEARS 2021 AND 2022) FOR 614 MILLION

The Council of Ministers authorized the Ministry of Transport, Mobility and Urban Agenda to tender, through ADIF Alta Velocidad, the [contract for the supply of 'green' or with guarantee of origin electric power](#) for the years 2021 and 2022, at points equipped with meters supervised remotely, for an estimated value of 614 million euros.

ADIF Alta Velocidad, as [one of the main consumers in Spain](#) of the high voltage electric power market, guarantees transparency and fairness with bidding companies, supporting the overall efficiency of the Spanish energy market and maximum social and environmental profitability of the Spanish railway system.

In accordance with the commitment acquired by ADIF Alta Velocidad through its 2018-2030 Plan to Combat Climate Change, in terms of [reducing greenhouse gases and promoting the use of renewable energies](#), all the supplied electric will be 'green' energy or guaranteed of origin (GdO).

Therefore, 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.

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



FUNDING POLICY & FUNDING ACTIVITY

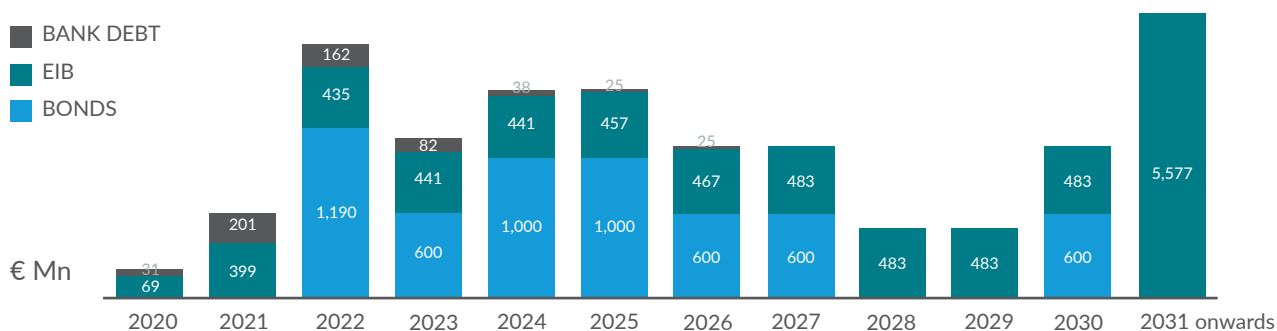
BOND FUNDING HIGHLIGHTS

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

ADIF ALTA VELOCIDAD RATING

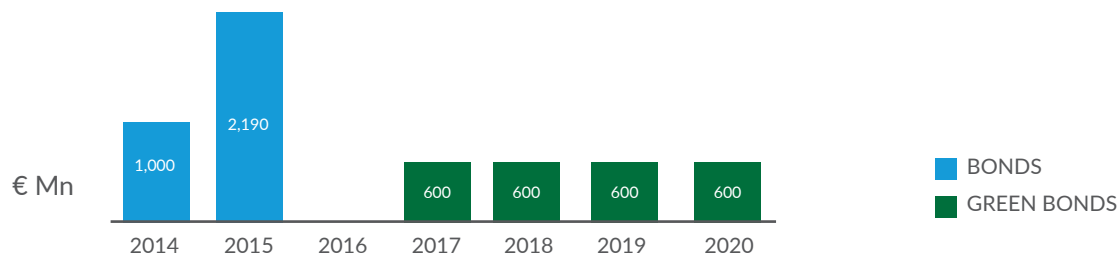
RATING AGENCY	LONG-TERM	SHORT-TERM	OUTLOOK
Moody's	Baa2	P-2	Stable
Fitch	A-	F-1	Stable

FINANCIAL DEBT MATURITY PROFILE*

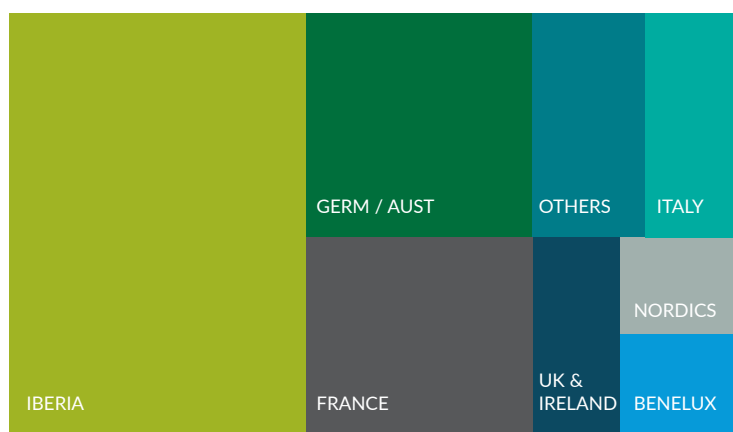


* As of 30 November 2020

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

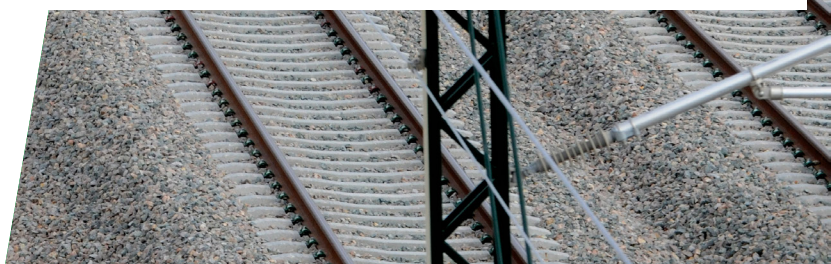
Macroeconomic scenario (YoY growth rates in percent)													2021	
	2017	2018	2019	Q1	Q2	Q3	Q4	2020	Q1	Q2	Q3		Inertial	Plan
Private consumption expenditure	3.0	1.8	0.9	1.1	0.4	1.2	1.0	-12.6	-6.1	-24.7	-10.2		8.3	10.7
General Government consumption expenditure	1.0	2.6	2.3	2.2	2.4	2.2	2.6	6.3	3.7	3.1	3.7		0.5	2.6
Gross Fixed Capital Formation	6.8	6.1	2.7	5.7	1.3	2.8	0.9	-18.3	-5.1	-25.8	-11.9		7.2	15.0
National Demand (Contribution to GDP Growth)	3.1	3.0	1.4	2.1	0.9	1.5	1.0	-9.7	-3.9	-18.8	-7.8		6.1	9.3
Exports of goods and services	5.5	2.3	2.3	1.1	3.2	2.7	2.1	-22.7	-5.6	-38.1	-17.0		11.7	18.0
Imports of goods and services	6.8	4.2	0.7	0.8	-0.1	2.0	0.3	-20.0	-5.4	-33.5	-15.7		8.6	17.1
External demand (Contribution to GDP Growth)	-0.2	-0.5	0.6	0.1	1.2	0.3	0.7	-1.5	-0.2	-2.7	-0.9		1.1	0.5
Gross Domestic Product	3.0	2.4	2.0	2.2	2.1	1.8	1.7	-11.2	-4.2	-21.5	-8.7		7.2	9.8

Source: Spanish Treasury Chart Pack. November 2020.

Macroeconomic scenario (YoY growth rates in percent)													2021	
	2017	2018	2019	Q1	Q2	Q3	Q4	2020	Q1	Q2	Q3		Inertial	Plan
Unemployment rate (in % of Active Population)	17.2	15.3	14.1	14.7	14.0	13.9	13.8	17.1	14.4	15.3	16.3		16.9	16.3
Full-time Equiv. Employment (YoY Growth)	2.9	2.6	2.3	2.8	2.5	1.8	2.1	-8.4	-0.5	18.4	-5.5		5.6	7.2
Net lending (+)/borrowing(-) with RoW (% of GDP)	3.0	2.4	2.5	2.2	2.4	2.4	2.5	1.4	2.5	1.8	--		1.4	1.1
Private Consumption deflator (YoY Growth)	1.5	1.5	1.0	1.0	1.5	0.7	0.8	0.0	1.1	0.2	0.1		0.9	0.9
Headline Balance General Gov't (in % of GDP)*	-3.0	-2.5	-2.9	-2.5	-2.8	-2.7	-2.9	-11.3	-3.4	-6.9	--		-7.7	-7.7
USD / € exchange rate	1.1	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.2		1.2	
Euro Area GDP growth (YoY growth)	2.7	1.9	1.3	1.5	1.3	1.4	1.0	-8.0	-3.3	-14.8	-4.3		5.0	
Oil prices (Brent, USD / barrel)	54.3	70.9	64.8	63.1	69.7	62.2	64.4	42.6	51.0	27.8	43.3		46.6	

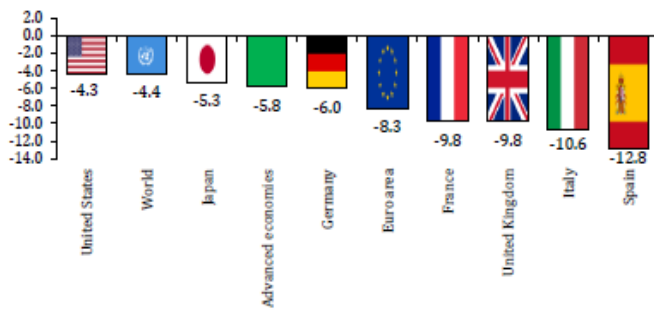
*Including Financial Sector-One-Offs

Sources: Ministerio de Asuntos Económicos y Transformación Digital and Ministerio de Hacienda. Shaded areas are realisations. In white, forecasts contained in the 2021 Draft Budgetary Plan - Oct 2020



ECONOMIC SENTIMENT

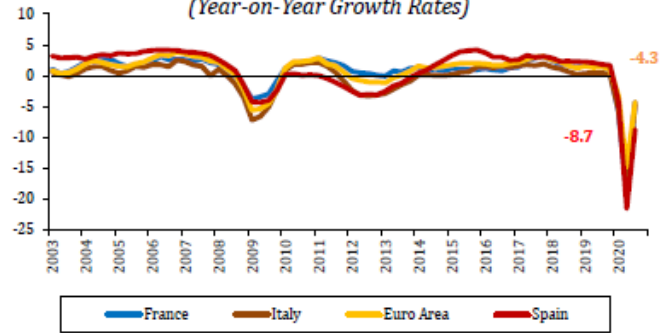
IMF Growth Forecasts for 2020.
(Year-on-Year Growth Rates)



Source: IMF, WEO October 2020.

[Link to Data](#)

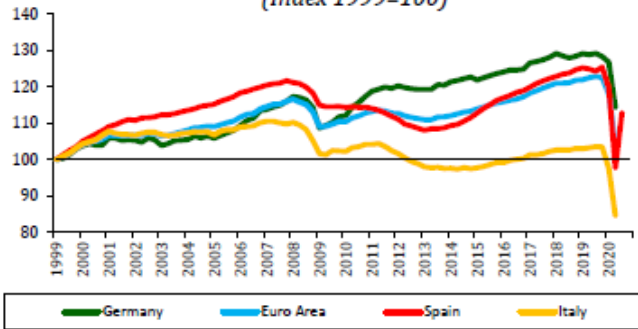
GDP Growth in the Euro Area.
(Year-on-Year Growth Rates)



Source: Instituto Nacional de Estadística.

[Link to Data](#)

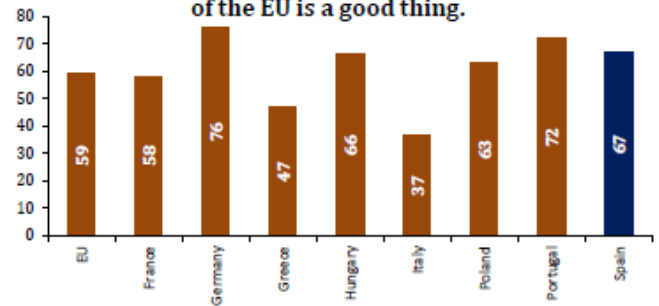
Per capita Real GDP Volume.
(Index 1999=100)



Source: EUROSTAT.

[Link to Data](#)

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



Source: EUROSTAT, October 2020

[Link to Data](#)

Source: Spanish Treasury Report



DISCLAIMER



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

