9M 2013 results 30/10/2013

Abertis' recurrent net profit rises 7% in first nine months of 2013

Abertis' Board of Directors has approved payment of an interim dividend of €0.33 per share, which means shareholder remuneration will increase 5% for the effect of the scrip issue

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Revenues: €3,521Mn
Ebitda: €2,254Mn
Net profit: €536Mn
Net debt: €12,957Mn

- In Spain, traffic in the toll roads network showed signs of improvement, with a smaller decline in the first quarter (-2.6%) in comparison with previous years. The traffic figures in France (+1.6%), Brazil (+4.5%) and Chile (+7.4%) maintained their positive performance.
- The new businesses in Brazil and Chile contributed €721Mn to revenues in the period. Some 61% of revenue was generated outside Spain.
- The Group's total net profit amounted to €536Mn. Stripping out extraordinary items, recurrent net profit stood at €488Mn (+7%).
- The efficiency programme continued to generate savings in the manageable costs line, which have decreased 17% since its start.
- Net debt stood at €12,957Mn in the period, registering a reduction of €1,173Mn with respect to 2012. Available cash rose to €3,363Mn.
- During this period, the company continued with its policy aimed at increasing its focus:
    - ⇒ Agreement to assume control of Hispasat, acquiring 16.42% for €172.5Mn.
    - ⇒ Agreement to buy mobile telephony towers from Telefónica/Yoigo for €385Mn.
    - ⇒ Agreement to sell London Luton Airport to Aena/Axa for €502Mn.
    - ⇒ Sale of airport assets in Europe and the USA for €359Mn.
    - ⇒ Sale of 3% of Eutelsat for €182Mn.

Barcelona, 30 October 2013.- **abertis** maintained its positive trend in the first nine months of 2013, showing improvement in all of its key figures, with increases in revenues (+28%), Ebitda (+24%) and net recurrent profit (+7%). The period was shaped by the global integration of the new concessions in Brazil and Chile, which contributed a combined €721Mn in revenues.

The results for the first quarter were affected by the changes in the consolidation scope compared with the same period in 2012, as well as by changes in the exchange rate for the Chilean peso and Brazilian real with respect to the euro, which make comparisons difficult. In addition to the impact of new businesses in Brazil and Chile, results were also affected by the capital gains from the sale of the stake in Eutelsat in the first quarter of 2012 and during 2013. Also notable was the deconsolidation of the airport business after the various disposal agreements reached in last months. The assets from the airports business that remain in the portfolio have been reclassified as assets and liabilities held for sale.

The Group's total net profit stood at €536Mn, clearly lower than in 2012, due to the fact that last year major capital gains were booked from the sale of 25% of Eutelsat. Stripping out these extraordinaries, recurrent net profit stood at €488Mn (+7%).

The full consolidation of the new concessions in Brazil and Chile is another highlight of the first nine months of 2013, since these businesses expand the Group's international footprint and significantly reduce its exposure to markets more exposed to the crisis such as Spain and France. Following these additions, 61% of revenues and 56% of EBITDA were generated outside Spain in the period.

In the first nine months of 2013, the Group continued with its strategy to increase the focus of its businesses, the efficiency and the active management of the balance sheet, with the aim of optimising the company's asset base and generating more value for shareholders.

In this regard, **abertis** has carried out several operations during 2013, among which the agreement to assume control of Hispasat, following the purchase of INTA's 16.42% stake in the company for €172.5Mn, and the agreement to acquire 4,227 mobile telephony towers from Telefónica and Yoigo for €385Mn. Both operations are pending definitive approval of the competition authorities and do not have any impact on the accounts for the period.

In the disposals line, the most important process has been the recent sale of several airport assets of the TBI subsidiary in Europe and the United States for a total amount of €359Mn, as well as the agreement to sell London Luton Airport to a consortium comprising Aena and Axa for €502Mn. The company also sold an additional 3% stake in Eutelsat for €182Mn, which leaves its holding in the company at near 5%.

The chairman of **abertis**, Salvador Alemany, has a very positive valuation of the results of the first nine months of the year, he said: “The results show the company is working in the right direction, focusing its attention on those businesses that can generate greater value for shareholders, as well as cost efficiency and active management of the balance sheet aimed at maintaining the rating at an investment grade level”.

The chairman added: “The **abertis’** Board of Directors has approved an interim dividend that represents another milestone in the Group's shareholders remuneration policy, which stands out for its robustness and stability. The dividend approved, combined with the scrip issue against reserves consisting of one new share for each 20 old shares, means shareholder remuneration will increase by a further 5% with respect to the previous year”. According to Salvador Alemany: “The maintenance of our dividend policy is one of the pillars of the company and a demonstration of our strength”.

abertis Chief Executive, Francisco Reynés, underscored the company's positive share price performance. He said: “We believe the market is starting to value the work being carried out by the management team in recent years, as well as recent corporate operations”. In the current year the **abertis** share have been revalorised 35%, over the average Ibex 35 (+20%).

Francisco Reynés said: “During the next months, the company would remain focused on the possible disposal of the airport assets which are still in our portfolio, as well as on the study of new investment opportunities abroad, especially toll roads in North America and mobile telephone towers in Europe”.

Income statement

abertis’ revenues between January and September 2013 amounted to €3,521Mn, up 28% year-on-year, boosted by the contribution of the new businesses in Brazil and Chile. The toll roads business generated 90% of total revenues, while 10% came from the telecommunications. Opex in this period amounted to €1,266Mn.

The Group's efficiency programme continues to generate savings, especially in the manageable costs line, which has decreased 17% since 2010.

EBITDA totalled €2,254Mn (+24%), 56% of which was generated outside Spain. Net profit between January and September decreased to €536Mn due to the capital gains obtained in the same period the previous year.

Debt structure

abertis' net debt decreased in the first nine months of the year, to €12,957Mn, a decline of €1,173Mn (-8.3%) with respect to the close of 2012, thanks to the disposal of the airport assets. 60% of the total debt is secured with the company's own projects. 91% of the debt is long-term, and 82% is at fixed rates. The average cost of debt is 5.13%, with an average maturity of 5.7 years. The annualised net debt/Ebitda ratio decreased to almost 4x.

At the close of the third quarter, **abertis** had available liquidity of over €6,870Mn, of which €3,363 was available cash flow, €3,508Mn was in undrawn credit facilities, and €250Mn was in liquid, listed available-for-sale assets.

In July, **abertis'** French subsidiary **sanef** made a 6-year bond placement totalling €300Mn, expiring in July 2019, and with a coupon 2.5%. This issue, combined with the two relevant debt refinancing operations in the first half-year period, demonstrate the ability of **abertis** and its subsidiaries to access the credit markets under attractive terms.

In addition, in August, Fitch Ratings gave **abertis** a long term rating of 'BBB+'. The rating agency believes that the funds **abertis** uses to acquire stakes, such as in the case of Hispasat, will be offset to a large degree by the sale of available assets, such as the disposals of the airport business, which will allow the company to continue its deleveraging process.

Investments

The Group's investments in the period amounted to €466Mn, of which €405Mn corresponded to growth and €61Mn to operational capex. The main expansion projects in the period were activities associated with the upgrades and construction of new toll roads in Brazil (€273Mn), the expansion of the AP-7 toll road in Spain (€23Mn), the upgrades to the *paquet vert* in the toll roads network in France (€19Mn), and those related to the development of the Hispasat satellites (€48Mn).

Another €127Mn can be added to these investments through Partícipes de Brasil, destined for the acquisition an additional 4.7% stake in Arteris, after finalising the takeover of minority shareholders.

Business performance

abertis' toll road business generated revenue of €3,150Mn (90%) and EBITDA of €2,090Mn (92%). Traffic figures for **abertis'** toll road network in the first nine months show an improvement in the comparable average daily traffic (ADT) of 20,058 vehicles (+1.3%).

The good performance continues for traffic on **abertis'** toll roads in Brazil (+4.7%) and Chile (+7.9%) which compensates for the Spain business (-6.4), while France is already showing a positive performance (+0.2%). In Europe, traffic on the Group's toll roads show some signs of improvement in the third quarter, with a smaller decline in Spain (-2.6%), with respect to the same period the previous year. In France, the quarterly increase was 1.6%.

The telecommunications business generated revenues of €368Mn and EBITDA of €185Mn in the first quarter. The key data for the telecommunications business include, in the terrestrial sphere, revenues from the start-up of the new mobile telephone tower management business. Figures for the satellite business include a larger proportionate contribution from Hispasat following the increase in abertis' stake to 40.6% last year.

Interim dividend

The Board of Directors of **abertis** agreed yesterday to pay a gross interim dividend of €0.33 per share against 2013 earnings for all shares in circulation with dividend rights, including those from the latest bonus share issue. The maximum total amount of the interim dividend is €282.0Mn, a 5% increase on the previous year.

Payment of this interim dividend, scheduled to take place on 6 November, falls within **abertis'** shareholder remuneration policy which is based on an annual dividend plus the scrip issue.

Appendix 1

Income statement and balance sheet

Results January-September 2013			**€Mn**
	Sep. 2013	Sep. 2012	%
Total revenues	3,521	2,746	28%
Operation costs	-1,266	-922	37%
EBITDA	**2,254**	**1,824**	**24%**
Depreciation	-892	-674	32%
Operating profit (EBIT)	**1,362**	**1,150**	**18%**
Eutelsat gross capital gain	20	579	
Financial result	-554	-534	
Equity method result	28	53	
Income tax expense	-254	-156	
Discontinued activities (airports)	41	-40	
Non-controlling interests	-107	-50	
Total net profit	**536**	**1,003**	**-47%**
Total recurrent net profit	**488**	**458**	**7%**

Balance Sheet January-September 2013		€Mn
	Sep. 2013	Dec. 2012
Property, plant and equipment and intangible assets	19,026	21,090
Financial assets	3,780	4,192
Current assets	1,270	1,423
Liquid assets	3,363	2,382
Assets held for sale	1,308	0
Total assets	**28,746**	**29,087**
Shareholder's equity	6,858	6,961
Non current financial debt	14,866	15,478
Non current liabilities	2,940	3,786
Current financial debt	1,455	1,034
Current liabilities	1,977	1,828
Equity held for sale	651	0
Total equity and liabilities	**28,746**	**29,087**

Appendix 2

Significant events in the period

February

- **abertis** defends its airport management in Bolivia. Following the expropriation by the Bolivian government of Sabsa, which manages three airports in the country, **abertis** expects to reach an agreement on appropriate compensation. The expropriation has a neutral impact on the Group's accounts.
- Changes to the Board of Directors. The Board of Directors of **abertis** accepts the resignations as board members of Gonzalo Gortázar, Leopoldo Rodés, Antonio Tuñón, Ernesto Mata and Ramón Pascual to facilitate the process of restructuring of the Board of Directors and to further the application of best Corporate Governance principles.

March

- **abertis** holds its General Shareholders' Meeting. The General Shareholders' Meeting approves a gross final ordinary dividend of €0.33 per share which, together with the interim dividend paid in November, brings the total gross ordinary dividend per share against 2012 earnings to €0.66.

- Appointments to the Board of Directors The Meeting ratifies the appointments of Juan-Miguel Villar Mir, Juan Villar-Mir, Tomás García and Manuel Torreblanca as directors representing substantial shareholders, and of Carlos Colomer, María Teresa Costa and Mónica López Monís as independent directors. In addition, the board members, Salvador Alemany, Isidro Fainé and Marcelino Armenter were reelected for another 5 year period.
- **abertis** reaches agreement with the Welsh government for the sale of Cardiff Airport for €61Mn. The transaction has a neutral impact on the income statement as the asset sale price equals the value booked in the Company's consolidated balance sheet, thus generating no book gains.

May

- **abertis** restructures its senior management. David Díaz is appointed Chief Executive Officer of its subsidiary in Brazil, Arteris; Luis Miguel de Pablo takes over as Managing Director of Autopistas Chile; and a new Rest of the World (ROW) Concessions Department is created, headed by Carlos del Río.
- **abertis** completes an issue of 10 year corporate bonds totalling €600 million, with an annual coupon of 3.75% and maturing in June 2023. This issue, which has the lowest coupon for 10-year issues by corporate Spanish issuers since June 2005, allows the debt maturity profile to be extended and competitive financing costs to be maintained.

July

- **abertis** agrees to sell airport assets in Europe and the US to ADC & HAS Airports Worldwide. The operation, totalling €284Mn, includes the sale of Belfast International and Stockholm Skavsta airports, the terminal concessions for Orlando Sanford (Florida) airport and TBI's airport management business in the United States.
- **sanef** completes a private €300Mn bond placement for qualified investors. The bond, expiring in July 2019, has a coupon of 2.5%. The funds will be used to refinance short term debt at an average cost of 5.7%.
- **abertis** assumes control of Hispasat by acquiring 16.42% of the satellite operator's capital from INTA. The conclusion of the €172Mn million deal gives **abertis** 57.05% of Hispasat. The acquisition is subject to the approval of the Spanish cabinet and the competition authorities.

August

- **abertis** agrees to sell London Luton Airport to a consortium headed by Aena. The enterprise value of the transaction is £433Mn (€502Mn). The transaction is subject to the approval of the competition authorities, the Luton Borough Council and the Spanish cabinet.

- **abertis** reaches an agreement with Telefónica and Yoigo for the acquisition of a minimum package of 4,227 mobile telephony towers. The transaction, totalling €385 million, will entail a contribution to **abertis**, in EBITDA terms, of €60 million per year, once the different phases of the project are completed.

September

- **abertis** brings together 150 international investors and analysts in Brazil for its first Investor Day since becoming global sector leader. At the event held in Río de Janeiro, the company's Chief Executive affirmed that **abertis** will generate over €2,000Mn for new projects by 2016, a figure which could rise to €4,000Mn if the company executes these projects with partners.
- Scrip issue. **abertis** announces a scrip issue consisting of one new share for every 20 shares and worth €122,218,371, which will increase the group's share capital to over €2,566,585,836, with over 40,739,457 million ordinary shares in circulation.

Significant events subsequent to the close of the period

October

- **abertis** will manage the largest toll road in Europe on one of the main access roads to London. The 7-years contract signed by the Group's French subsidiary, **sanef**, may be extended another three years. It is the second contract won in the UK, after the operation of the toll technology for Mersey Gateway Bridge in Liverpool was awarded.
- The Spanish securities market exchange commission (CNMV) approves the listing of new **abertis** shares. The Spanish National Securities Market Commission (CNMV) approves the listing of abertis' new shares arising from the share capital increase carried out through a scrip issue approved at the Shareholders' Meeting on 20 March.

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