



5 June 2020

# ABERTIS ACQUISITION OF RED DE CARRETERAS DE OCCIDENTE IN MEXICO



# RCO Acquisition

## Transaction Summary

### The Acquisition

#### **abertis & GIC to acquire a 70% stake in Red de Carreteras de Occidente ("RCO")**

GIC as financial partner  
30% owned by local investors and pension fund managers in Mexico

#### **abertis fully consolidates RCO (50.1% stake)**

**abertis equity ticket  
€1.5bn**

**Closing expected in  
H12020**

### The Asset

#### **One of the largest transport operators in Mexico**

876 Km in operation  
5 concessions

#### **Primary connection**

between Mexico's two largest cities in the country fast-growing industrial corridor

#### **23 years of concession life<sup>(\*)</sup>**

Brownfield operating since 1991  
~85% EBITDA expiring in 2042

#### **Financials 2018<sup>(\*\*)</sup>:**

€411m Revenues; €375m adj. EBITDA<sup>(\*\*\*)</sup>; €1,617m Net debt

#### **Clear regulatory framework**

#### **Long-term BBB rated debt**

### The Rationale

#### **Cash flow replacement**

Brownfield toll road with an attractive capex profile replacing ~50% of the short term cash flows from Spanish concessions

#### **Extension of concession life**

#### **Geographical diversification**

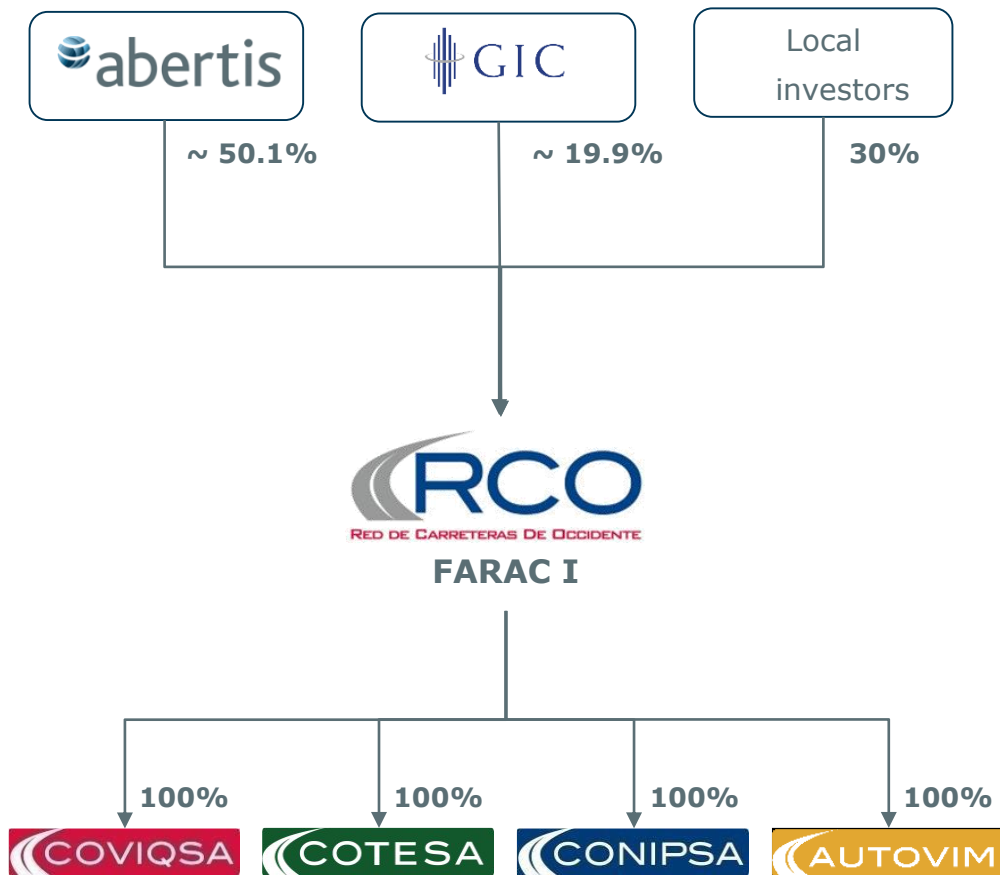
Material investment in a new region

#### **Growth platform**

Provides opportunity to expand the footprint in the country and proves abertis' ability to win new concessions of solid assets

# RCO Acquisition

## Acquisition Structure



- RCO owns and operates FARAC I concession and also owns 100% of 4 additional concessions
- RCO is currently owned by Goldman Sachs Infrastructure Partners (70% stake) alongside local investors and pension fund managers in Mexico (30% stake)
- The closing of the transaction is expected during the first half of 2020 through a tender offer<sup>(\*)</sup>
- €1.5bn to be paid for 50.1% stake
  - Funded from cash available and existing committed bank facilities
  - Closing expected in H1 2020
  - Full consolidation in 2020

# RCO Acquisition

## Asset Overview

### High-quality transportation asset capturing the majority of traffic in Mexico's most developed industrial corridor

- RCO **operates in 5 states** including Aguascalientes, Guanajuato, Jalisco, Michoacán and Querétaro
  - Regional average **GDP growth** (2013-2018 CAGR) of **4.3%** vs. Mexico's 2.5%
- **FARAC I**, RCO's largest concession (663 km), is the **primary and fastest connection** between Mexico's largest cities: **Mexico City and Guadalajara**
  - FARAC's **ADT growth** (2013-2018 CAGR) of **6.0% for light vehicles** and **10.8% for heavy vehicles**



# RCO Acquisition

## Asset Overview (cont'd)

**RCO is an operator and developer of infrastructure and the largest private, pure toll road operator in Mexico**

### Asset Description

- RCO owns **100%** of **4 federal concessions and 1 state concession** in Mexico
- **Brownfield** asset with an **attractive capex profile** and proven **track-record for sustainable growth**
- **Clear regulatory framework** in Mexico
- **Tariff increases linked to CPI**
- **RCO is financed through investment grade** (S&P: BBB+ / mxAAA; Fitch: BBB / AAAmex), long-term fixed rate, peso-denominated debt (bonds and bank financing)
  - Optimized capital structure with 4.3x net leverage

### Key Financial Metrics

Concession Road	Commercial Operation Date	Term	PPP Type	Lenght	AADT (k) <sup>(*)</sup>	2018 Traffic Mix	2018 Revenue (€m) <sup>(**)</sup>	2018 Adjusted EBITDA (€m) <sup>(***)</sup>	2018 Total Net Debt (€m) <sup>(****)</sup>
FARAC I	1991-1994	2042	Real Toll	663 km	13.5	62% LV	350	318	1,567
COVIQSA	2011	2026	Shadow Toll	93 km	38.3	78% LV	45	43	61
CONIPSA	2009	2025	Shadow Toll	74 km	22.8	64% LV	13	12	-10
COTESA	2017	2046	Real Toll	31 km	2.7	96% LV	3	2	-1
AUTOVIM	2021	2039	Greenfield Real Toll	15 km	n.a.	n.a.	n.a.	0	0
<b>TOTAL</b>				<b>876 km</b>	<b>17.4</b>	<b>n.a.</b>	<b>411</b>	<b>375</b>	<b>1,617</b>

Note: FX Exchange EUR/MXN: 21.7; LV = Light vehicle.

(\*) Annual Average Daily Traffic; reflects traffic on tolled segments in operation.

(\*\*) Total toll and other concession revenues, excluding construction revenues; net revenues are net of resident discounts, VAT and e-tolling fees.

(\*\*\*) Adjusted EBITDA excludes non-cash major maintenance capex provision and non-recurring items.

(\*\*\*\*) Including restricted and unrestricted cash.

# RCO Acquisition

## Strategic Rationale

<p><b>1</b></p> <p><b>CASH FLOW REPLACEMENT WHILST INCREASING GEOGRAPHICAL DIVERSIFICATION</b></p>	<ul style="list-style-type: none"> <li>Equivalent to ~50% of Spanish concessions expiring until 2021</li> <li>Well-balanced and geographically diversified portfolio with 66% in Europe, 11% Mexico and rest mostly Latam</li> </ul> <p>EBITDA 2018</p>	
<p><b>2</b></p> <p><b>INCREASE OF AVERAGE CONCESSION LIFE</b></p>	<ul style="list-style-type: none"> <li>RCO to become the concession with the longest duration in Abertis' portfolio (excluding Puerto Rico)</li> <li>FARAC I, RCO's largest concession representing 85% EBITDA, expires in 2042</li> <li>RCO increases weighted average life by 1 year<sup>(*)</sup></li> </ul>	
<p><b>3</b></p> <p><b>REDUCED IMPACT ON LEVERAGE</b></p>	<ul style="list-style-type: none"> <li>Partnership allows for the consolidation of this prime asset with a reduced equity ticket and therefore minimum impact in credit ratios</li> <li>Leverage increase of ~0.2x</li> </ul>	

- Acquisition of **excellent quality assets** with a **great strategic fit** for abertis
- Material investment in a **new market** consolidating **abertis' footprint as a motorway operator in America**
  - Solid platform** to grow in Mexico and America
- Mexico has a **clear regulatory framework** and offers a **solid commitment to public-private partnerships** (PPP's) in the transportation sector
- Source of long-term cash flow generation**



Note: FX Exchange EUR/MXN: 21.7.  
 (\*) Weighted average life excluding Aumar (ending concession in 2019) and Mexico applies to FARAC I.

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