

INVESTOR NEWSLETTER n°11

January 2023



KEY FIGURES

Q3 2022

Revenues
1,111M€

EBITDA
149 M€

Total Assets
49,169 M€

Total Equity
25,067 M€

Total Financial Debt
16,260 M€

Average cost of debt
1.66%

Average debt maturity
9.43 years

RAIL NETWORK
3,956 km

Please find below the eleventh 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 Q3 2022 results

Still in the recovery path from the effects produced by mobility restrictions caused by Covid-19 pandemic, Adif Alta Velocidad's EBITDA in September 2022 reached €149 million (meaning an increase of 123 million compared with the same period of 2021).

Charges in the network managed by Adif Alta Velocidad increased in €128.8 million compared with the same month in 2021, which means a total amount of revenues from charges of €401.4 million.

Additionally, and also compared to September 2021, net finance expense is stabilized at around €(171,6) million.

Based on the investment budget for 2022, Adif Alta Velocidad has performed investments amounting to €1,072 million as of 30 September 2022.

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

- **Madrid - Levante:** investment of 30 million mainly in signage system between La Encina and Xátiva, and in telecommunications in Beniel – Murcia section
- **Almería - Murcia:** investments amounting to 175 million, mainly in platform works in sections Pulpi-Almería and Murcia-Lorca
- **Vitoria - Bilbao – San Sebastián:** investment of 151 million, mainly in platform works between Elorrio - Bilbao and Bilbao - San Sebastián
- **Madrid - Extremadura:** investments amounting to 83 million mainly in platform works and signage systems in sections Naval Moral de la Mata - Plasencia, Carmonita - Plasencia
- **Zaragoza – Pamplona – Vasca:** investment of 151 million mainly in platform works between Castejón and Pamplona

ADIF AV – Breaking news

Adif AV connects Murcia to the high speed network

Adif Alta Velocidad has completed the connection of Murcia to the high-speed rail network, making this city the southern gateway to the Mediterranean Corridor.

With the commissioning of the Beniel-Murcia section, with an investment of 410.8 million Euros, the capital of Murcia becomes part of one of the most reliable, sustainable and technologically advanced railway networks in the world.

The commissioning of the Beniel-Murcia section completes the Monforte del Cid-Murcia line, as well as the Levante corridor, that is, the Madrid-Castilla La Mancha - Valencian Community - Region of Murcia high-speed line.

With these new 16 km, the Spanish high-speed network exceeds 4,000 km, consolidating its position as the largest in Europe and the second largest in the world, only after China. During last year 2022, Adif and Adif Alta Velocidad have put into service four new connections, with a total of 287 km.



ADIF AV – Breaking news

Spain, the first European country to have three railway companies operating in Europe



With the start of Iryo's commercial operations on 25 November, Spain became the first and only country in Europe where three different companies (Renfe, Ouigo and Iryo) compete in the provision of rail passenger transport services.

This is the result of the successful process of liberalisation of passenger transport services carried out in Spain. The model used by Adif Alta Velocidad, recognised by other neighbouring countries, has been based on actively offering operators all available capacity to provide services on its infrastructure.

This liberalisation model is making it possible to take advantage of the full capacity of the railway network deployed, operated and maintained by Adif Alta Velocidad - the most extensive high speed network in Europe with more than 4,000 km - and thus promote the circulation of more trains offering more services.

According to Adif Alta Velocidad's calculations on the use of its infrastructure, in 2022 traffic will be 100.36% higher than in 2019 (60,563 thousands train/km compared to 60,346 thousands train/km in 2019). Moreover, in December 2022, long-distance traffic on Adif Alta Velocidad experienced a growth of 38.42% compared to December of the previous year, and exceeded that of the same month in 2019 by 16.82%.

ADIF AV – Breaking news

The incorporation of these two new operators has led Renfe to diversify its services in order to compete with them, with the launching of AVLO, its specific low-cost brand, aiming to attract regular road transport users to the railway, according to the company itself.

As far as coverage of national territory is concerned, Renfe already links a large part of the Spanish regions through high-speed services, always departing from the central node of the network, Madrid. Its new low-cost brand, AVLO, links the cities of Madrid and Barcelona, on the one hand, and Madrid and Valencia, on the other.

Ouigo maintains a similar coverage to AVLO, providing its services on the Madrid - Barcelona and Madrid - Valencia routes, the latter of which was launched in October last year. The French company plans to expand to the city of Alicante in the first half of 2023.

For its part, Iryo is entering the market with an ambitious expansive plan, as in addition to joining the profitable Barcelona and Valencia lines from the city of Madrid, it intends to link the capital with Málaga and Seville (via Córdoba) in the first quarter of 2023.

As shown by the range of different options tackled by the three competitors, the railway liberalisation has its focus on society and citizens. In this way, rail users are the ones to benefit the most from the process and they already have a wider but increasing offer in terms of price, frequency and quality.



ADIF AV – An ESG activist

Spanish Government authorises a green energy supply contract for railway traction for 1,850 million euros.



Adif Alta Velocidad will tender the purchase of renewable electricity to move passenger trains between April 2023 and December 2025, including a possible two-year extension.

The budget for this contract amounts to 1,850.7 million euros, although the final cost will depend on actual consumption, the bids received, the resulting price on the OMIE (Operador del Mercado Ibérico de Energía) wholesale market and possible price hedging on the OMIP market (Operador del Mercado Ibérico - Portugués, which offers a trading platform for energy derivatives).

In 2021, energy consumption for traction on the Adif and Adif Alta Velocidad rail network was 2,106 GWh and is expected to rise to 2,414 GWh in 2022 due to the increase in traffic, driven by the liberalisation of passenger rail transport, which has promoted the entry of new operators.

ADIF AV – An ESG activist

This new contractual framework includes the novelty that each railway operator will be able to develop its own energy price management strategy, in coordination with Adif Alta Velocidad. This new management model is the result of intense work carried out by the entity with railway operators in order to provide them with greater decision-making and management capacity in one of their main costs and, thus, reinforce the sustainability of the sector and the liberalisation process.

With this new tender, aligned with the commitments of the Plan to Combat Climate Change 2018-2030, Adif Alta Velocidad continues to advance in its contribution to the decarbonisation of the railway system, initiated with the supply of electricity with GdOs certificates in 2019.



Funding Policy and Funding Activity

Bond Funding Highlights

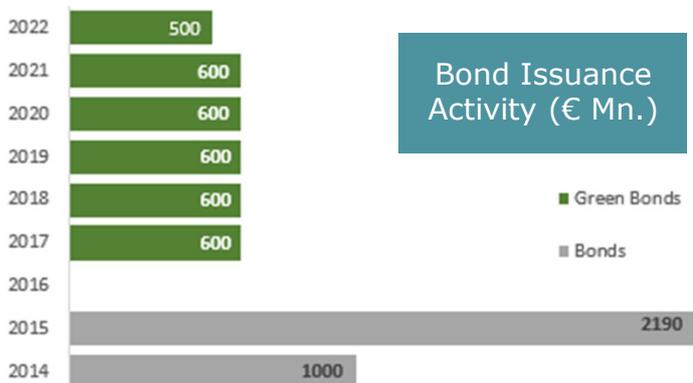
- ✓ Frequent bond issuer
- ✓ EUR market
- ✓ Benchmark transactions
- ✓ Focus on the Green market

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*

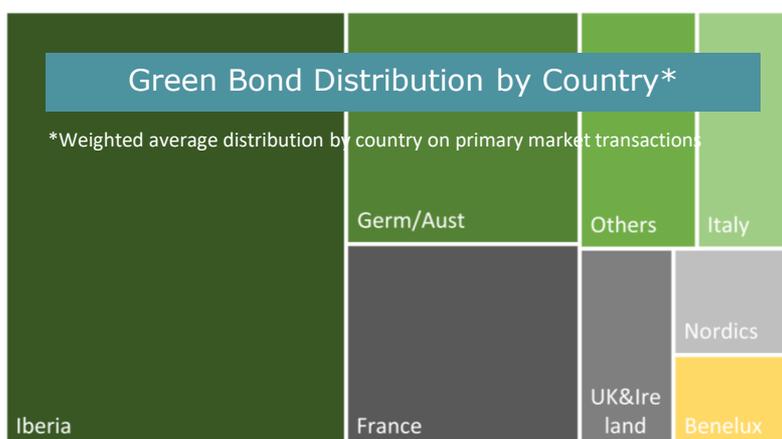
* As of 31 December 2022



Bond Issuance Activity (€ Mn.)

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 (€ Mn.)
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
ES0200002063	08/10/2021	ADIFAL 0.550 10/31/31	Baa2/A-	0.550	31/10/2031	9.9	600
ES0200002071	17/10/2022	ADIFAL 3.500 07/30/29	Baa2/A-	3.500	30/07/2029	6.8	500

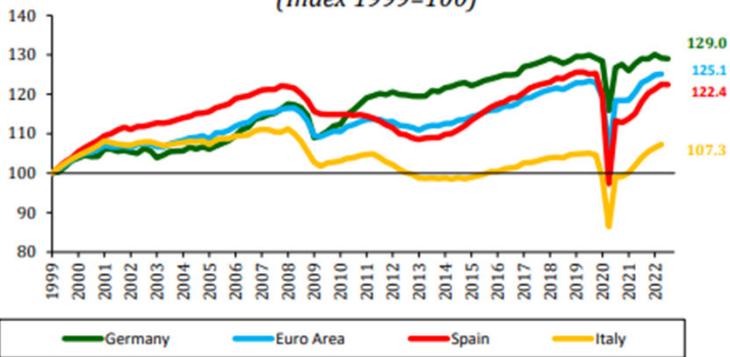
Spanish and Euro Area Economy Snapshot

Source: Spanish Treasury Chart Pack, December 2022

Macroeconomic scenario (YoY growth rates in percent)												
	2017	2018	2019	2020	2021	2022	Q1	Q2	Q3	2023	2024	2025
Private consumption expenditure	3.0	1.7	1.1	-12.2	6.0	1.2	3.4	2.4	1.4	1.3	1.2	1.3
General Government consumption expenditure	1.0	2.3	1.9	3.5	2.9	-1.0	-1.0	-2.9	-2.7	0.4	2.1	0.4
Gross Fixed Capital Formation	6.8	6.3	4.5	-9.7	0.9	5.1	3.5	4.9	6.3	7.9	3.3	2.9
National Demand (Contribution to GDP Growth)	3.1	2.9	1.6	-9.1	5.7	1.5	3.8	1.9	0.8	2.4	1.8	1.4
Exports of goods and services	5.5	1.7	2.2	-19.9	14.4	17.9	19.9	23.1	18.0	7.3	6.3	4.4
Imports of goods and services	6.8	3.9	1.3	-14.9	13.9	9.9	12.2	8.8	9.8	8.2	4.7	3.4
External demand (Contribution to GDP Growth)	-0.2	-0.6	0.4	-2.2	0.3	2.9	2.8	4.9	3.0	-0.3	0.6	0.4
Gross Domestic Product	3.0	2.3	2.0	-11.3	5.5	4.4	6.7	6.8	3.8	2.1	2.4	1.8

Other variables												
	2017	2018	2019	2020	2021	2022	Q1	Q2	Q3	2023	2024	2025
Unemployment rate (in % of Active Population)	17.2	15.3	14.1	15.5	14.8	12.8	13.6	12.5	12.7	12.2	10.6	9.6
Full-time Equiv. Employment (YoY Growth)	2.9	2.2	3.3	-6.8	6.6	2.9	5.3	5.2	2.9	0.6	1.8	1.5
Net lending(+)/borrowing(-) with RoW (% of GDP)	3.0	2.4	2.4	1.1	1.9	2.5	1.6	1.8	--	2.9	1.7	1.8
Private Consumption deflator (YoY Growth)	1.5	1.4	1.1	0.0	2.1	7.7	6.3	7.9	8.4	4.1	1.6	1.6
Headline Balance General Gov't (in % of GDP)*	-3.1	-2.6	-3.1	-10.1	-6.9	-5.0	-5.4	-4.54	--	-3.9	-3.3	-2.9
USD/€ exchange rate	1.13	1.18	1.12	1.14	1.18	1.05	1.12	1.07	1.01	1.01	1.10	1.10
Euro Area GDP growth (YoY growth)	2.8	1.8	1.6	-6.3	5.2	3.1	5.5	4.3	2.1	0.9	1.6	--
Oil prices (Brent, USD/barrel)	54.3	70.9	64.8	41.5	71.1	101.8	103.5	115.4	105.5	96.9	86.2	80.0

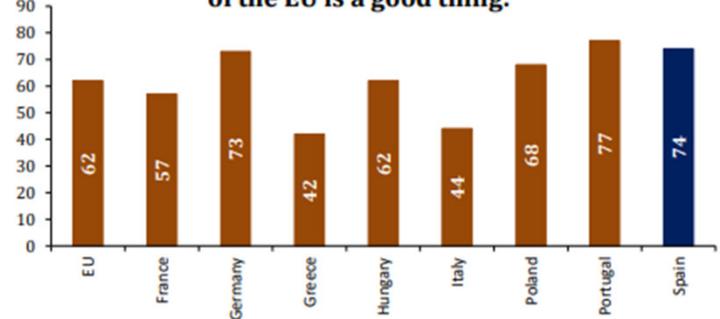
Per capita Real GDP Volume.
(Index 1999=100)



Source: EUROSTAT.

[Link to Data](#)

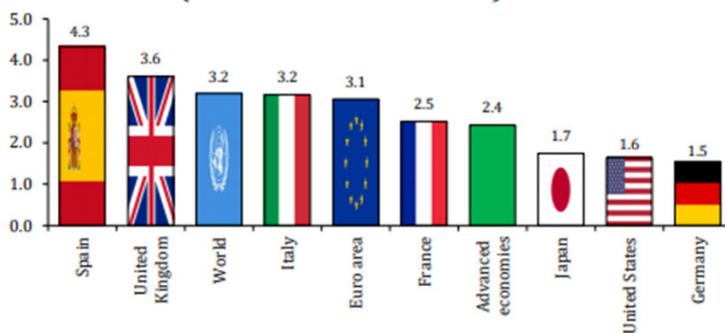
% of population that thinks that membership of the EU is a good thing.



Source: EUROSTAT, Eurobarometer Autumn 2021.

[Link to Data](#)

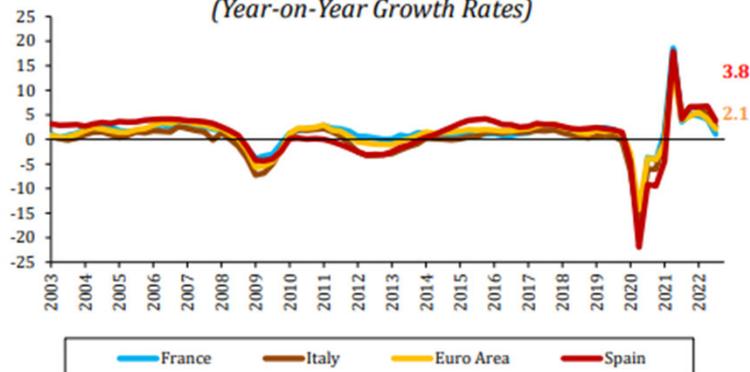
IMF Growth Forecasts for 2022.
(Year-on-Year Growth Rates)



Source: IMF, WEO Update October 2022.

[Link to Data](#)

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



Source: Instituto Nacional de Estadística.

[Link to Data](#)

[DISCLAIMER](#)



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For any queries you may have, please contact us by mail at
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