

# INVESTOR **NEWSLETTER**

February 2024 / Vol. 15

THE GREATEST  
ENGINEERING WORK

**PAJARES BYPASS CROSSES MOUNTAINS  
TO CONNECT WITH THE FUTURE**

Please find below the fourteenth issue of ADIF Alta Velocidad (hereafter, Adif AV) 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 2023 RESULTS

**EBITDA**  
€312 million

Continuing the positive trend, Adif AV's Q3 2023 EBITDA reached €312 million, meaning an increase of 116% compared to Q3 2022 results (€173 million).

**Charges**  
+€135 million

Charges in the network managed by Adif AV increased in €135 million compared with the same period of 2022, which means a total amount of revenues from charges of €536 million.

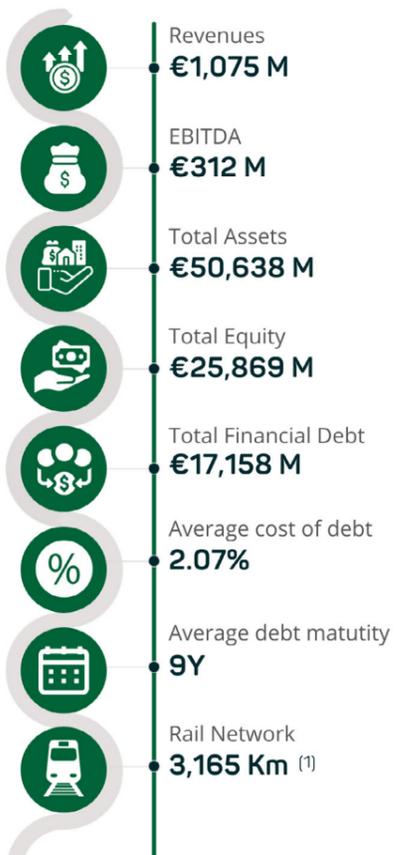
**Net finance expense**  
€207 million

Additionally, and also compared to Q3 2022, net finance expense amounts €207 million, meaning an increase of €25 million.

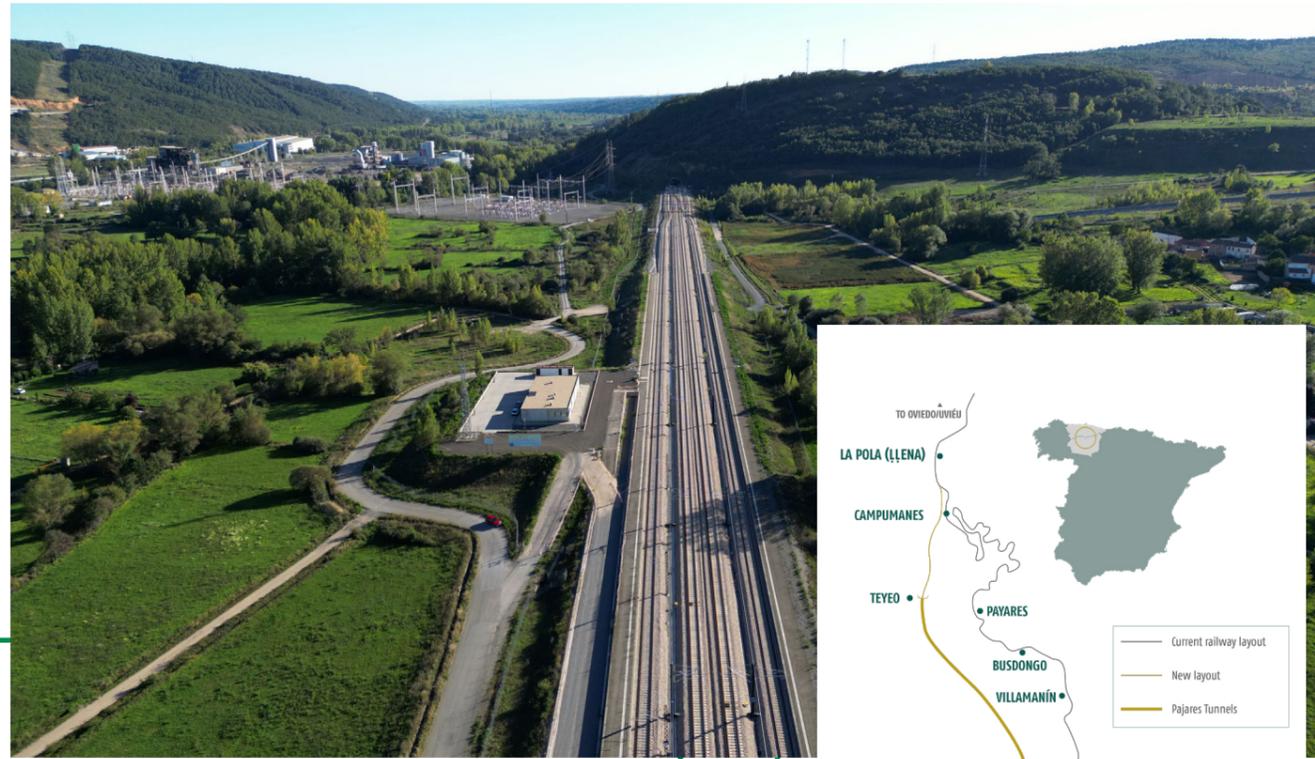
**Investments**  
€1,849 million

In line with the investment budget for 2023, Adif AV has performed investments amounting to €1,849 million as of 30 September 2023.

## KEY FIGURES Q3 2023

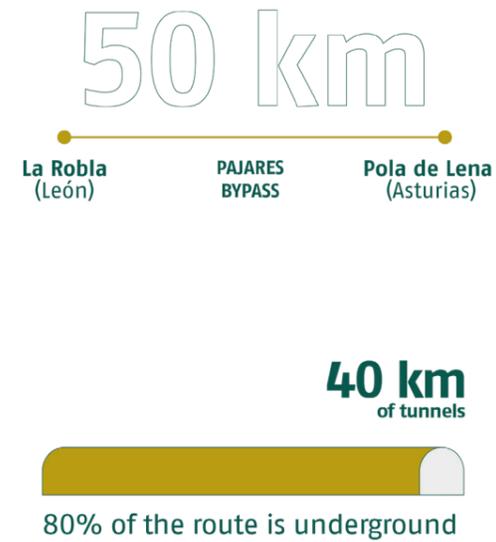


(1) Data from 2023 Network Statement



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

<b>Almería-Murcia</b> Investment: 280 million	Mainly platform works / Sections Vera-Almería Murcia-Lorca Pulpi-Vera
<b>Vitoria-Bilbao-San Sebastián</b> Investment: 161 million	Mainly platform works / Sections Elorrio-Bilbao Mondragón-Bergara Vitoria-Legutiano San Sebastian - Bilbao (through Guipuzcoa and Vizcaya)
<b>Madrid-Extremadura</b> Investment: 160 million	Mainly platform works / Sections Navalarmoral de la Mata-Plasencia Mainly electrification and superstructure works Carmonita-Mérida Mérida-Badajoz
<b>La Sagrera and Sant Andreu stations</b> Investment: 71 million	Mainly remodeling works focused on both stations La Sagrera Sant Andreu
<b>Vandellós-Valencia</b> Investment: 56 million	Mainly works / Sections Vinaroz-Vandellós Oropesa-Vinaroz Almenara-Vila Real Castellón-Vinaroz



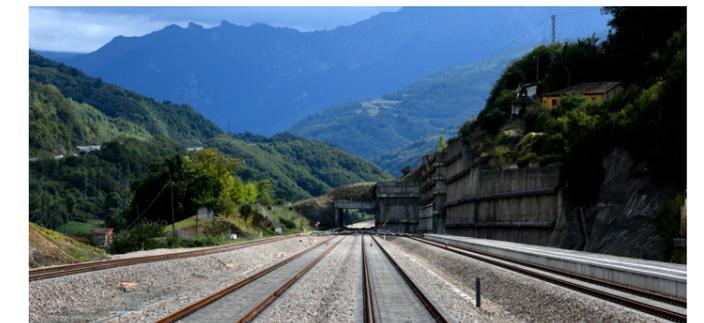
## BREAKING NEWS

# The greatest engineering work to connect Asturias with the future

High-speed rail reaches Asturias with the commissioning of the Pajares Bypass, one of the largest engineering works in Europe and the world. With an investment of 4,000 million euros, this key infrastructure developed by Adif AV opens the pass under the Cantabrian Mountains bridging the significant difference in altitude between the provinces of León and Asturias, representing an unprecedented engineering and construction challenge.

The new La Robla-Pola de Lena line (50 km) consists of a series of twelve tunnels and ten viaducts. The tunnels represent 80% of its total length, in a total of 40 km, and the most relevant is the Pajares tunnel, a 25 km long twin-tube base tunnel, which makes it the sixth longest in Europe and the seventh longest in the world, built at a depth of 1 km under the Cantabrian Mountains.

The Pajares Bypass, designed for a maximum speed of 275 km/h, has the most modern and sophisticated equipment and facilities. The route has double electrified track and is equipped with ERTMS level 2, the most advanced railway signaling system with continuous supervision. In addition, the main tunnel is equipped with state-of-the-art tunnel safety and security systems, such as 58 emergency exits -one every 400 m approximately- and a jet ventilation system comprising up to 214 fans in the tunnels.



**5** tunnel boring machines & **5.000** professionals

## 5,000 professionals and 5 tunnelling machines

Its construction has been an unprecedented challenge involving 5,000 professionals and five tunnel boring machines (2,000 tons each and a length equivalent to the Eiffel Tower), working at the same time on the construction of the Pajares Tunnel. In addition to this tunnel, the line has three other double tunnels (twin-tube): Pontones, Sotiello and Teso.

The route is made up of ten viaducts (1.8 km). The Huergas viaduct (396 m) is the longest and the Huerna river viaduct (40 m) is the shortest, although it is the one that joins the two largest tunnels (Pajares and Pontones). Four of these viaducts are double viaducts, that is, a viaduct has been built for each of the two tracks of the line: those of the Huerna (42 m), San Blas (129 m), Sotiello (135 m) and Teso (365 m). It also has the only triple viaduct (three tracks, one on each viaduct) in the entire Spanish railway network: Campomanes (118 m).

Its new route cuts 37 km off the length of the current section through Puerto de Pajares, which dates back to the 19th century, and has a lower altitude and gradient, facilitating winter maintenance works on the line.

## Unprecedented leap in rail connections

The Pajares Bypass represents an unprecedented leap in railway connections: passengers will see their travel time reduced by one hour on the Madrid-Valladolid-León-Oviedo/Gijón route.

The design, planning and construction of the Pajares Bypass has taken into account measures to preserve a unique natural environment. These include environmental restoration (tree and vegetation planting, hydroseeding), the use of conveyor belts several kilometers long to reduce heavy truck traffic, the protection of the Huerna and Bernesga rivers, and actions to protect local species of brown bear.

The Pajares Bypass crosses mountains to connect with the future, bring territories closer together, create opportunities and contribute to the prosperity of all.

The works on the León-Asturias High Speed Line have been co-financed by funds from the European Union. Specifically, the adaptation to the third rail and ERTMS system of the installations, acoustic protection and protection and safety installations in the tunnels of the Pajares Bypass have been financed by the European Union - NextGenerationEU with an estimated contribution of 121.6 million euros.



## GREEN BOND NEWS



### Adif AV Green Bonds 2022 Annual Report has been published

In compliance with the commitments from its Green Financing Framework but also in line with its 2030 Strategic Plan, Adif Alta Velocidad has published in the last quarter of 2023 its Green Bonds Annual Report, covering in this case the allocation of funds corresponding to the issues from October 2021 and October 2022.

As has become customary, 100% of the funds obtained with its fifth green issue, disbursed on October 8, 2021, have been allocated to projects in the first category established in the Green Financing Framework: "Investments related to new lines and extensions of existing ones". These projects, as well as the use of the funds obtained and the expected impact, can be seen in detail in the report published on the Adif Alta Velocidad website.

The same report also details the application to green projects of approximately 72% of the funds raised from our sixth issuance, which was disbursed on October 25, 2022.

The full report can be consulted through the following link [Bonos Verdes 2022 Annual Report](#).

[Click here to access Adif AV Green Bonds 2022 Annual Report](#)

### New European green bonds standard approved

The approval of this regulation marks a further step in the European strategy for financing sustainable growth and the transition to a "neutral" economy.

Adherence to the new "European green bond" denomination will be voluntary, and in order to be able to add this label to their products, issuers must first commit to placing the funds raised in activities aligned with the EU Taxonomy, at least 85% of the total.

One of the novelties of this Regulation is that issuers are obliged to report not only after, as was already the case with other standards, but before the issuance of these European green bonds, through fact sheets detailing how the bond is expected to contribute to the issuer's overall environmental strategy and the intended allocation of the funds raised. To this end, the Regulation contains templates that issuers must follow for all these fact sheets, as well as the placement and impact reports.

Also, as an important step forward, this new regulation also indicates how the external verifiers that will validate the issuers' reports should be regulated, through a registration system controlled by European Securities and Markets Authority (ESMA).

The document was published in the Official Journal of the European Union on November 30, 2023, and become effective on December 20, 2023; therefore, it will be applicable as of December 21, 2024.

Adif Alta Velocidad is currently working towards incorporating this standard in future renewals of its Green Financing Framework.

## ESG ACTIVIST



### Railway operators will be able to produce their own renewable energy

Adif has recently launched a plan that will allow railway operators such as Renfe, Ouigo or Iryo to become producers of renewable energy, which will be used mainly for self-supply, by building their own renewable plants connected to the railway network.

This strategy is based on authorizing railway companies to connect the energy facilities they promote to Adif AV's substations, compensating their consumption with the electricity generated at the substations.

This energy should be used only for their own consumption, but they will be able to use the surplus outside Adif AV's infrastructure, which would allow them to open up a new business.

The energy facilities may be located on land belonging to railway companies, although Adif will also make its own land available for this project. In this sense, a 15 MW plant is currently being processed, as well as the use of its own infrastructures such as station roofs and canopies, adding up to 45 different locations to this plan; it is planned to allocate more than 22 million Euros to the project, but new actions are not yet ruled out, such as the installation of photovoltaic plants or new models of self-supply, such as energy communities.

This Plan has been approved by the National Markets and Competition Commission (the Spanish competence regulatory body), so the Network Statement of the infrastructure manager has been amended to include a procedure that will define the framework for action to be followed.

With the planned actions, the installed power will amount to 23 MW, and the energy generated is estimated at 35 GWh/year. This will have a positive impact on the environment, as it will avoid the emission of tons of CO2 into the atmosphere.

The investment plans in renewable plants are a further step by the Spanish railway system to become more energy efficient and will allow operators to have a greater participation in

the contracting of this energy. Among the new features introduced is that each railway operator will be able to develop its own energy price management strategy and issue purchase orders in coordination with Adif.

#### The self-supply procedure in detail

Railway operators eligible for this procedure will be those with allocated capacity on the section of line fed by the substation to be connected. It is necessary that, during the entire period of participation of the installation in the point of consumption owned by ADIF AV, there is electricity consumption of that operator in the same.

The procedure will consist of three stages:

**1. Request.** Initially, rail operator will make the request to Adif AV, who will analyze compliance with the established requirements and, after validation and acceptance, will inform the rail operator of its agreement to the association of the future installation to the point of consumption owned by Adif AV.

**2. Procedures.** Once the acceptance has been issued, Adif AV will carry out the necessary procedures, at the request of the interested operator, before the distributor/carrier, requesting the modification of the toll contract for the changeover to the self-supply mode.

**3. Settling the self-consumed energy.** Once the distributor confirms the date on which the installation will begin to participate in this mode, Adif AV will begin the process of settling the self-consumed energy with the rail operator, distributing it proportionally in the event that there are several operators participating in this plan on the same section.

# FUNDING POLICY & FUNDING ACTIVITY

## BOND FUNDING HIGHLIGHTS

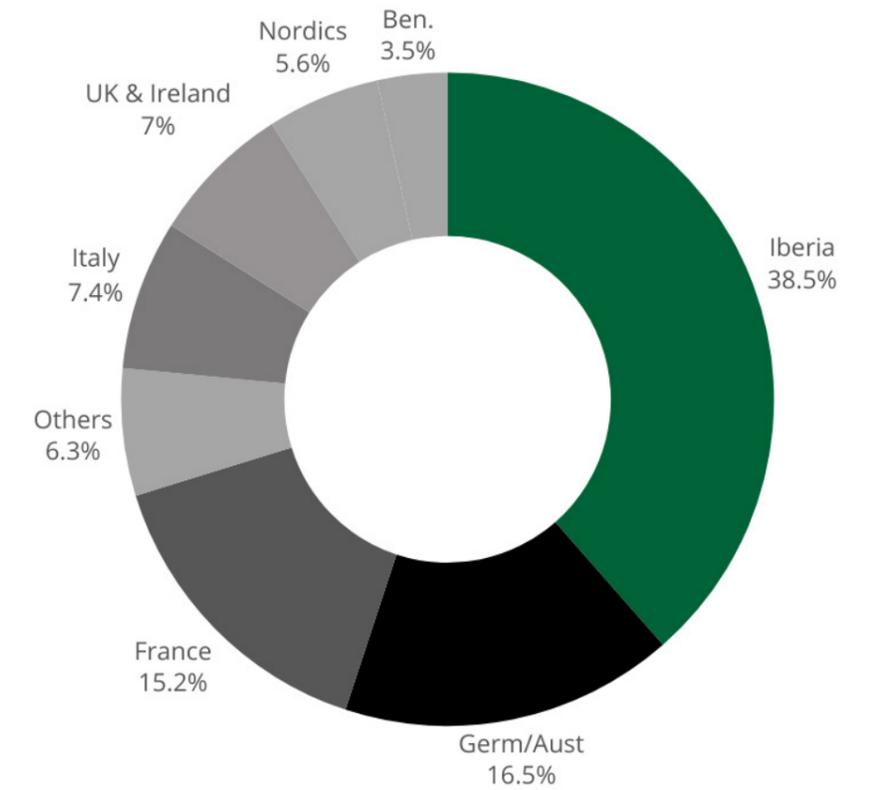
- Frequent bond issuer
- EUR market
- Benchmark transactions
- Focus on the Green market

## ADIF ALTA VELOCIDAD RATING

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

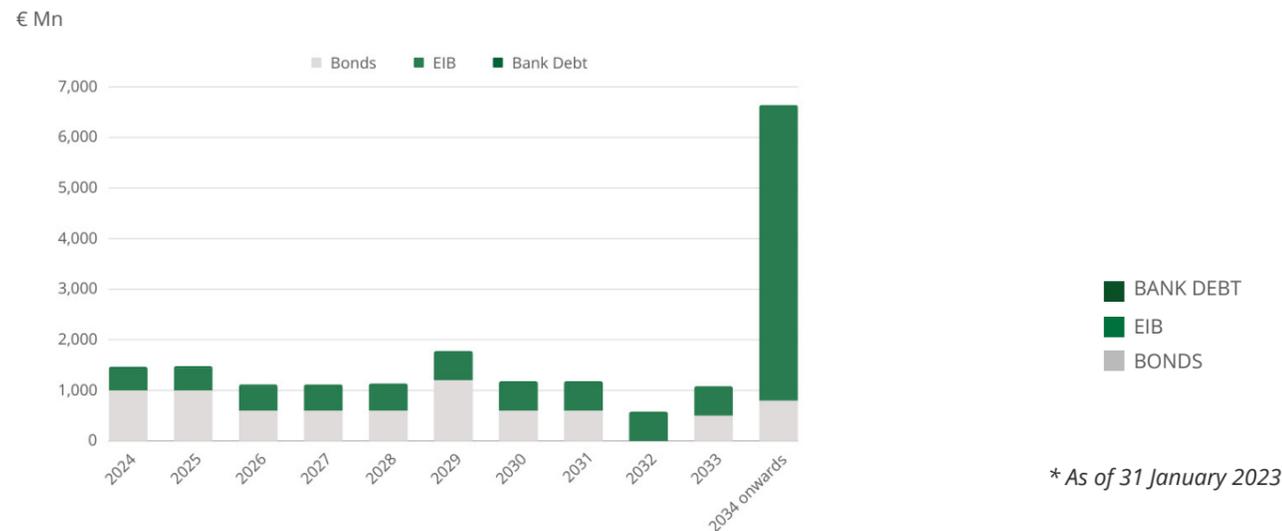


## BOND DISTRIBUTION BY COUNTRY\*

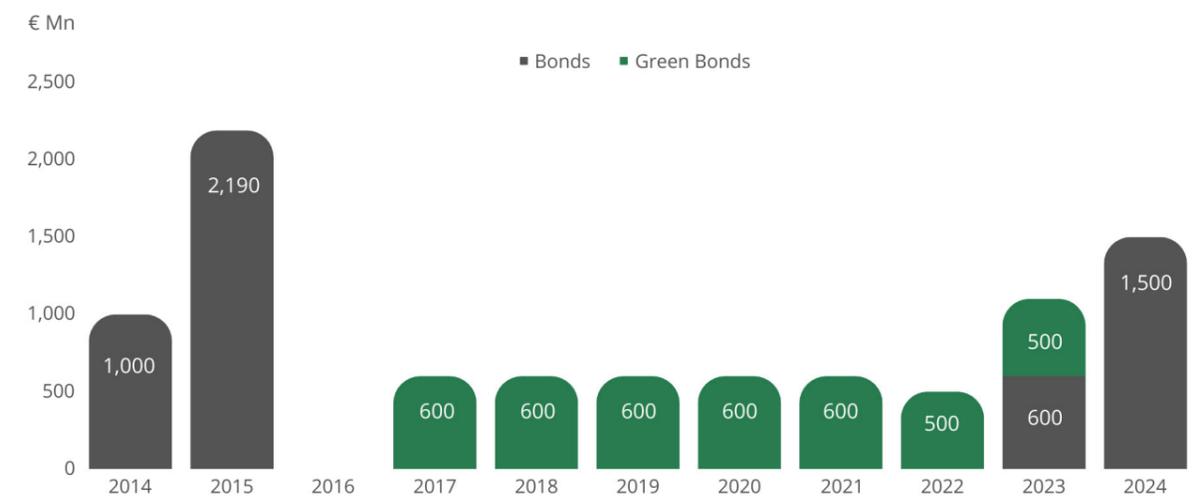


\* Weighted average distribution by country on primary market transactions.

## FINANCIAL DEBT MATURITY PROFILE\*



## BOND ISSUANCE ACTIVITY



## OUTSTANDING BONDS

ISIN	ISSUE DATE	SECURITY	RATINGS	COUPON (%)	MATURITY	TENOR (Years)	OUTSTANDING (€ Mln)
XS1072141861	27/05/2014	ADIFAL 3.500 05/27/24	Baa2/A -	3.500	27/05/2024	0.3	1,000
ES0200002006	28/01/2015	ADIFAL 1.875 01/28/25	Baa2/A -	1.875	28/01/2025	1.0	1,000
ES0200002030	04/05/2018	ADIFAL 1.250 05/04/26	Baa2/A -	1.250	04/05/2026	2.3	600
ES0200002048	25/04/2019	ADIFAL 0.950 04/30/27	Baa2/A -	0.950	30/04/2027	0.3	600
ES0200002055	12/02/2020	ADIFAL 0.550 04/30/30	Baa2/A -	0.550	30/04/2030	6.2	600
ES0200002063	08/10/2021	ADIFAL 0.550 10/31/31	Baa2/A -	0.550	31/10/2031	0.3	600
ES0200002071	17/10/2022	ADIFAL 3.500 07/30/29	Baa2/A -	3.500	30/07/2029	5.5	500
ES0200002089	18/04/2023	ADIFAL 3.900 04/30/33	Baa2/A -	3.900	30/04/2033	0.3	500
ES0200002097	21/06/2023	ADIFAL 3.500 07/30/28	Baa2/A -	3.500	30/07/2028	4.5	600
ES0200002105	25/01/2024	ADIFAL 3.250 05/31/29	Baa2/A -	3.250	31/05/2029	5.3	700
ES0200002113	25/01/2024	ADIFAL 3.650 04/30/34	Baa2/A -	3.650	30/04/2034	10.3	800



## SPANISH AND EURO AREA ECONOMY SNAPSHOT

### MACROECONOMIC PROJECTIONS FOR THE SPANISH ECONOMY

Annual rate of charge (%)

	GDP				HICP			
	2023	2024	2025	2026	2023	2024	2025	2026
December 2023	2.4	1.6	1.9	1.7	3.4	3.3	2.0	1.9
September 2023	2.3	1.8	2.0	-	3.6	4.3	1.8	-

Sources: Banco de España and INE.  
Note: Latest QNA figure published: 2023 Q3

### INTERNATIONAL ENVIRONMENT, AND MONETARY AND FINANCIAL CONDITIONS

Annual rate of charge (%), unless otherwise indicated

	2022	December 2023 projections				Difference between the current projections and the September 2023 projections		
		2023	2024	2025	2026	2023	2024	2025
Spain's export markets	8.1	0.2	2.2	3.0	2.9	-0.1	-0.5	0.2
Oil price in dollars / barrel (level)	103.7	84.0	80.1	76.5	73.6	0.2	-3.4	-2.3
<b>Monetary and financial conditions</b>								
Dollar/euro exchange rate (level)	1.05	1.08	1.08	1.08	1.08	0.00	0.00	0.00
Nominal effective exchange rate against non-euro area countries (2000 = 100)	112.1	115.6	116.5	116.5	116.5	-0.1	0.8	0.8
Short-term interest rate (3-month EURIBOR; level)	0.3	3.4	3.6	2.8	2.7	0.0	0.0	-0.2
Long-term interest rate (10-year Spanish government bond yield; level)	2.2	3.5	3.6	3.7	3.9	0.0	-0.1	-0.1

Sources: Mercado Ibérico del Gas, ECB and Banco de España.



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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)**

[www.adifaltavelocidad.es](http://www.adifaltavelocidad.es)

DISCLAIMER

