

# INVESTOR **NEWSLETTER**

July 2023 / Vol. 13

## 2022 MANAGEMENT REPORT

### **NEWEST REPORT IN COMPLIANCE WITH THE MOST RECENT REGULATIONS**

Please find below the thirteenth 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 Q2 2023 RESULTS

**EBITDA**  
**+€200 million**

Continuing the positive trend, Adif AV's Q2 2023 EBITDA reached €200 million, meaning an increase of 132% compared to Q2 2022 results (€86 million).

**Net finance expense**  
**+€134 million**

Additionally, and also compared to Q2 2022, net finance expense is quite stable at €134 million, meaning an increase of €18 million.

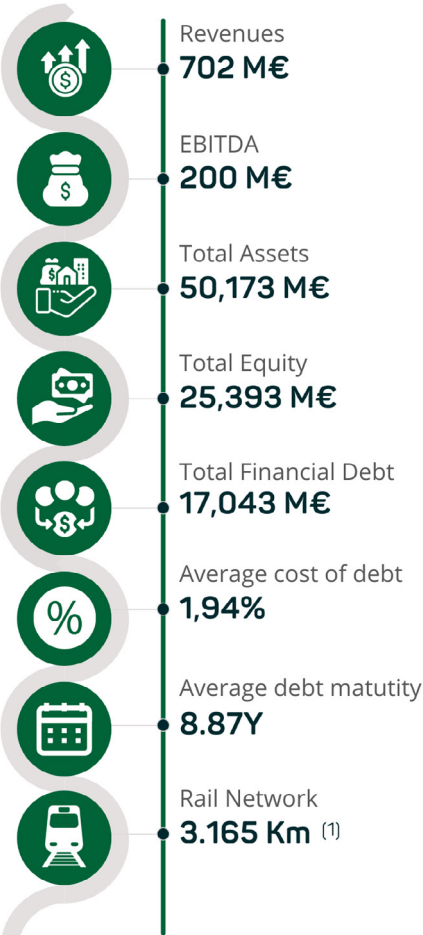
**Charges**  
**+€92 million**

Charges in the network managed by Adif AV increased in €92 million compared with the same period of 2022, which means a total amount of revenues from charges of €351 million.

**Investments**  
**€911 million**

In line with the investment budget for 2023, Adif AV has performed investments amounting to €911 million as of 30 June 2023.

KEY FIGURES Q2 2023



(1) Data from 2023 Network Statement



## BREAKING NEWS

Adif AV publishes the 2022 management report, with additional non-financial information with respect to previous editions

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

#### Almería-Murcia

Investment  
198 million

Mainly platform works / Sections  
Pulpí-Almería  
Vera-Almería  
Murcia-Lorca

#### Vitoria-Bilbao-San Sebastián

Investment  
114 million

Mainly platform works / Sections  
Elorrio-Bilbao  
Bilbao-San Sebastián  
Mondragón-Bergara  
Vitoria-Legutiano

#### Madrid-Extremadura

Investment  
111 million

Mainly platform works / Sections  
Navarromoral de la Mata-Plasencia  
Carmonita-Mérida  
Mérida-Badajoz

#### La Sagrera and Sant Andreu stations

Investment  
24.8 million

Mainly platform works / Sections  
La Sagrera

#### Vandellós-Valencia

Investment  
47 million

Mainly platform works / Sections  
Vinaroz-Vandellós  
Oropesa-Vinaroz  
Almenara-Vila Real  
Castellón-Vinaroz

As every year since 2018, in application of the Spanish Law 11/2018 on non-financial information and diversity, Adif AV includes in the **Management Report** the Statement of Non-Financial Information (EINF). Its purpose is to implement the most advanced methodology in reporting and transparency by giving greater relevance to information on environmental, social and governance (ESG) results and impacts. This complements the financial information provided in the Management Report in a more balanced way. Since 2020, in addition, an external verification of the EINF is performed by an independent third party, which issues the **corresponding certificate**.

Adif AV considers that non-financial information creates value for stakeholders, hence the importance of sustainability reporting, which gives transparency on ESG issues that go beyond the financial domain. To this end, the report is based on the guidelines of the Global Reporting Initiative (GRI) and establishes a complementary correlation between these GRI standards and the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda.

In 2022 (referred to fiscal year 2021), Adif AV included in the EINF the eligibility percentage of its main activity (6.14 "Infrastructure for rail transport") in accordance with the requirements established in the European Taxonomy (Regulation (EU) 2020/852). This year 2023, with respect to the year 2022, Adif AV has gone a step further and includes the percentage of activity aligned with these objectives according to the technical criteria published in the Delegated Regulation (EU) 2021/2139. For this purpose, the following issues have been taken considered:

- That the activity contributes substantially to the climate objective of climate change mitigation, thus contributing to a carbon neutral economy
- That there is no significant harm (DNSH) to any of the other five environmental objectives
- That minimum social safeguards are met.

In the application of the European Taxonomy, Adif AV has analyzed the information available in its economic-financial reporting, so that the percentage of alignment with the aforementioned European Taxonomy is informed for three main economic indicators: CapEx, OpEx and turnover, allowing the determination of how sustainable its activity is.





## New contract for the deployment of 5G technology on several high-speed lines

By guaranteeing quality voice and data services in areas of interest  
The investment amounts to **117.3 million euros**.



Adif AV will provide several high-speed lines with 5G technology with the aim of using the network infrastructure to expand the 5G coverage of mobile telephony operators, by guaranteeing quality voice and data services in areas of interest. The investment amounts to 117.3 million euros.

The deployment of 5G in high speed, with which Adif AV continues to promote the digitalization and efficiency of the railway system. Likewise, this initiative will allow modernizing the service on the projected lines with the use of Internet of Things (IoT) networks, essential in the monitoring plans of critical assets, and will lay the foundations

of the necessary infrastructure for the future 5G-based railway radio communications system (FRMCS).

The contracts include the construction of new telecommunications assets and the expansion of the existing ones, by covering the technical approval, supply, works and installation, as well as maintenance and operation for 36 months, further extendable for other additional 12 months.

With the expansion of these 5G networks, the data transmission will be enhanced, with the consequent improvement of the maintenance processes of the facilities, including the monitoring

of elements, improved corrective maintenance (e.g., through extended reality elements) and the optimization of operations, such as the location and communication with work teams, ensuring their safety and increasing effective work intervals.

## GREEN BONDS NEWS



### Adif AV closes its seventh issuance of “Green Bonds” for an amount of 500 million to continue financing sustainable projects

A new green bond placement in April 2023 confirms Adif AV as a benchmark in the European green market. The issuance had a very important demand with an oversubscription of 4.6x and continued the positive trend of previous ones with a presence of socially responsible investors of 71% of the total. The geographical distribution of the investors was again remarkable: 70% were international, of which 24% were from France and another 24% from Germany, Austria and Switzerland. The maturity of the new bond is 10 years, with an annual coupon of 3.9%.

Adif AV launches its bonds under the umbrella of its green financing framework, which is aligned with the Green Bond Principles of ICMA (International Capital Market Association). It was renewed in 2022 and received the highest rating from the external evaluator Sustainable Fitch. In addition to assigning the rating of “Excellent”, the evaluator confirmed Adif AV’s alignment with the European Taxonomy regarding the objective of climate change mitigation.

Adif AV maintains a strategy aligned with the Sustainable Development Goals (SDGs) of the United Nations. Specifically, the construction and maintenance of high-speed lines have a positive impact on goals 9 (Industry, Innovation and Infrastructure), 11 (Sustainable Cities and Communities) and 13 (Combat climate change and its effects). Its Plan to Combat Climate Change establishes actions to improve energy management and energy efficiency, the promotion of modal shift to rail and the use of renewable energies, among others, to contribute to the decarbonization of the economy.

### An additional issuance of 600 million in 2023

At the end of June, Adif AV has made a new debt issuance for an amount of 600 million euros. This is the first time that the company makes two issuances in the same year since its entrance in the debt market in 2014. This was already the company’s eleventh issue.

This time, Adif AV has chosen to issue conventional bonds to keep its funding sources diversified. The intended use of proceeds is the construction and maintenance of the Spanish high speed rail infrastructure as well as general corporate and financing purposes. However, Adif AV is carefully monitoring its eligible assets to remain a regular Green issuer in debt capital markets, in line with its Corporate Strategy.

This operation has repeated the success of the previous ones, with demand exceeding 4.2x the amount offered, reaching 2.5 billion euros. With a maturity of five years, the annual coupon was set at 3.5%. The issue was attended by 95 investors, with an important international weight: 71% were foreign investors, of which 18% were Italian and another 17% from countries such as Germany, Austria and Switzerland.



## Adif's commitment to the environmental recovery of degraded areas in the surroundings of the mediterranean corridor railway

The development of the railway infrastructure implied the necessity to treat all this volume of waste

Railway infrastructure, in addition to enabling sustainable mobility, can contribute to the net environmental improvement of the areas over which it is developed. Such is the case of the Mediterranean High Speed Corridor as it passes through the province of Almeria, which had areas highly degraded by the presence of large amounts of uncontrolled waste (initially estimated at a volume of 226,731 T, a figure that was finally exceeded).

In this case, the development of the railway infrastructure implied the necessity to treat all this volume of waste. Thus, the project carried out included a first phase of excavation of the waste mass and its subsequent transfer to a mobile treatment plant previously installed on the construction site. Once at the plant, the material was filtered and separated into granulometric fractions, which were then used to restore the degraded space itself.

**These actions comply with the different environmental objectives set out in article 17 of the European Union Regulation 2020/852**

**In reference to the climate change mitigation objective, it should be noted that on-site treatment significantly** reduces the amount of greenhouse gases released into the atmosphere, as it does not require the transfer of large volumes of waste to be treated.

**Regarding the circular economy objective,** inert construction and demolition waste is recovered and valorized in backfilling operations, using waste to replace the input of other materials, in accordance with the waste hierarchy and the EU Construction and Demolition Waste Management Protocol.

**With respect to the objective of protecting and restoring biodiversity and ecosystems,** it should be noted that, once the geomorphological adaptation work will be completed, the surface will be restored by adding topsoil and planting native species to favor the landscape integration and biodiversity of the environment, also favoring the habitat of emblematic species of the area.



# FUNDING POLICY & FUNDING ACTIVITY

## BOND FUNDING HIGHLIGHTS

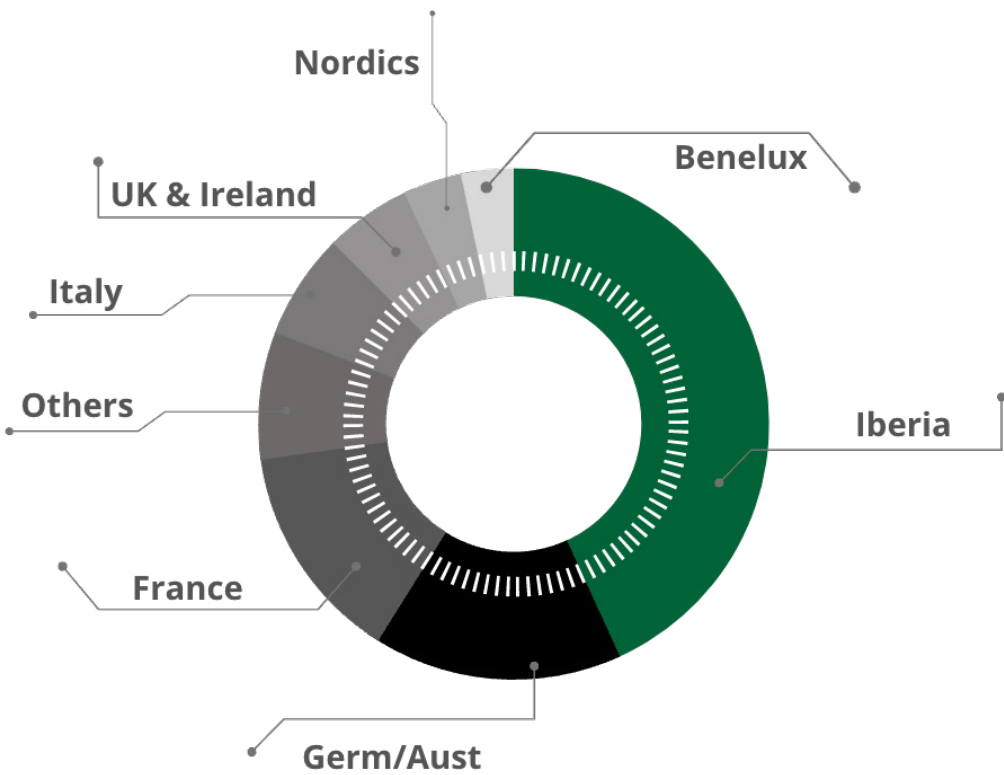
- Frequent bond issuer
- EUR market
- Benchmark transactions
- Focus on the Green market

## ADIF ALTA VELOCIDAD RATING

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

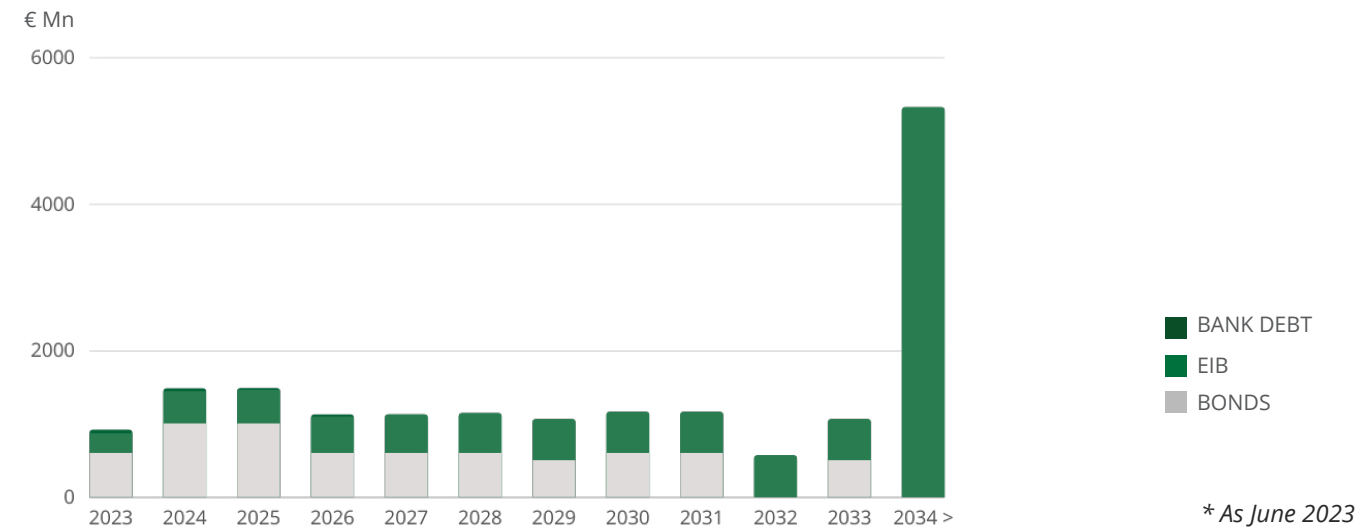


## GREEN BOND DISTRIBUTION BY COUNTRY\*

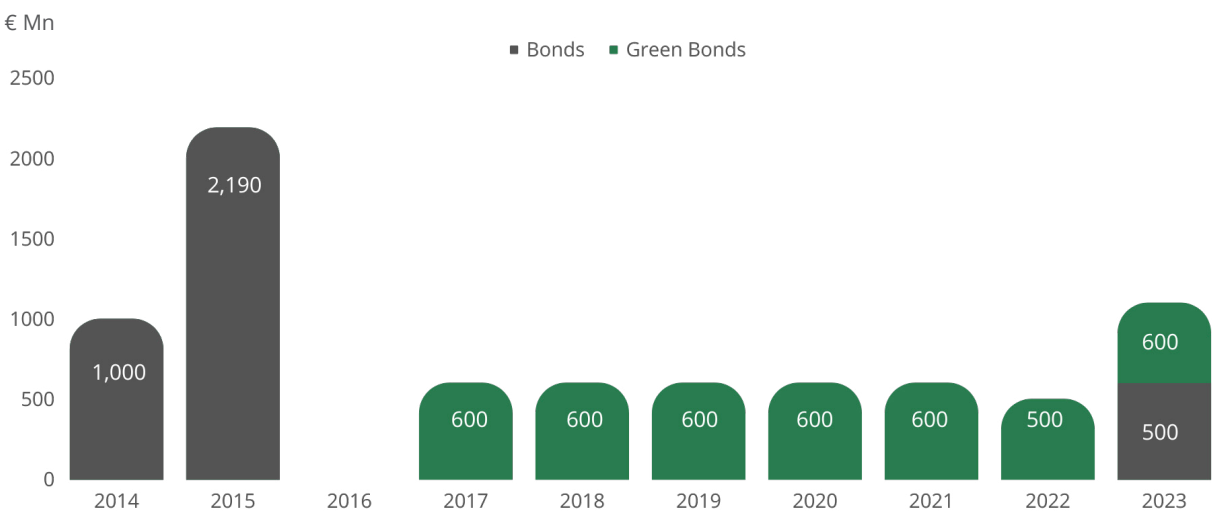


\* Weighted average distribution by country on primary market transactions.

## 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	1.2	1,000
ES0200002006	28/01/2015	ADIFAL 1.875 01/28/25	Baa2/A -	1.875	28/01/2025	1.8	1,000
ES0200002022	05/07/2017	ADIFAL 0.800 07/05/23	Baa2/A -	0.800	05/07/2023	0.3	600
ES0200002030	04/05/2018	ADIFAL 1.250 05/04/26	Baa2/A -	1.250	28/01/2025	3.1	600
ES0200002048	25/04/2019	ADIFAL 0.950 04/30/27	Baa2/A -	0.950	04/05/2026	4.1	600
ES0200002055	12/02/2020	ADIFAL 0.550 04/30/30	Baa2/A -	0.550	30/04/2027	7.1	600
ES0200002063	08/10/2021	ADIFAL 0.550 10/31/31	Baa2/A -	0.550	30/04/2030	8.6	600
ES0200002071	17/10/2022	ADIFAL 3.500 07/30/29	Baa2/A -	3.500	31/10/2031	6.3	600
ES0200002089	18/04/2023	ADIFAL 3.900 04/30/33	Baa2/A -	3.900	30/07/2029	9.9	500
ES0200002097	21/06/2023	ADIFAL 3.500 07/30/28	Baa2/A -	3.500	30/07/2029	5.1	500

# SPANISH AND EURO AREA ECONOMY SNAPSHOT

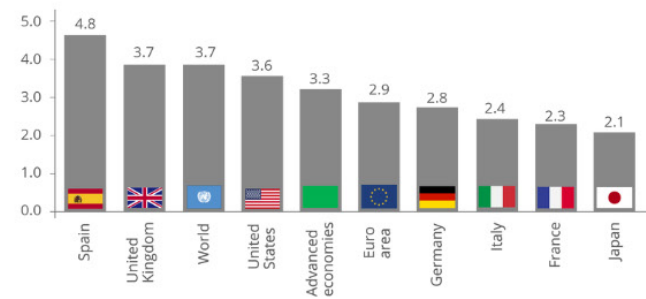
MACROECONOMIC SCENARIO (YoY GROWTH RATES IN PERCENT)												
	2017	2018	2019	2020	2021	2022	Q1	Q2	Q3	2023	2024	2025
Private consumption expenditure	3.0	1.7	1.1	-12.2	6.0	1.2	3.4	2.4	1.4	1.3	1.2	1.3
General Government consumption expenditure	1.0	2.3	1.9	3.5	2.9	-1.0	-1.0	-2.9	-2.7	0.4	2.1	0.4
Gross 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
<b>National Demand (Contribution to GDP Growth)</b>	<b>3.1</b>	<b>2.9</b>	<b>1.6</b>	<b>-9.1</b>	<b>5.7</b>	<b>1.5</b>	<b>3.8</b>	<b>1.9</b>	<b>0.8</b>	<b>2.4</b>	<b>1.8</b>	<b>1.4</b>
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
<b>External demand (Contribution to GDP Growth)</b>	<b>-0.2</b>	<b>-0.6</b>	<b>0.4</b>	<b>-2.2</b>	<b>0.3</b>	<b>2.9</b>	<b>2.8</b>	<b>4.9</b>	<b>3.0</b>	<b>-0.3</b>	<b>0.6</b>	<b>0.4</b>
<b>Gross Domestic Product</b>	<b>3.0</b>	<b>2.3</b>	<b>2.0</b>	<b>-11.3</b>	<b>5.5</b>	<b>4.4</b>	<b>6.7</b>	<b>6.8</b>	<b>3.8</b>	<b>2.1</b>	<b>2.4</b>	<b>1.8</b>

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	1.0	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

Sources: Ministerio de Asuntos Económicos y Transformación Digital and Ministerio de Hacienda.  
Shaded areas are realisations. In white, forecasts contained in the Stability Programme Update 2022-2025 (April 2022) and Macroeconomic Forecasts (December 2022).

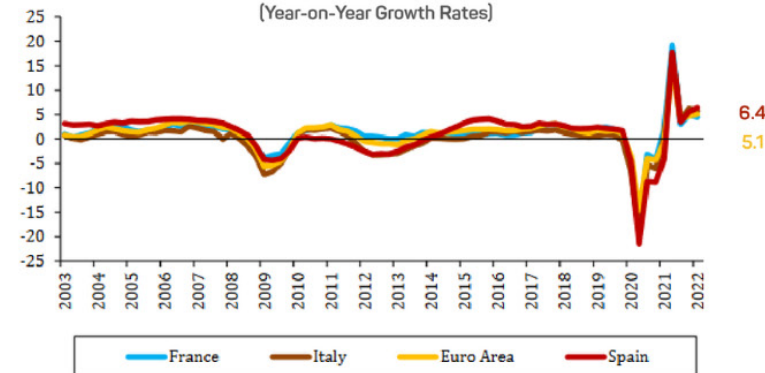


**IMF Growth Forecasts for 2022**  
(Year-on-Year Growth Rates)



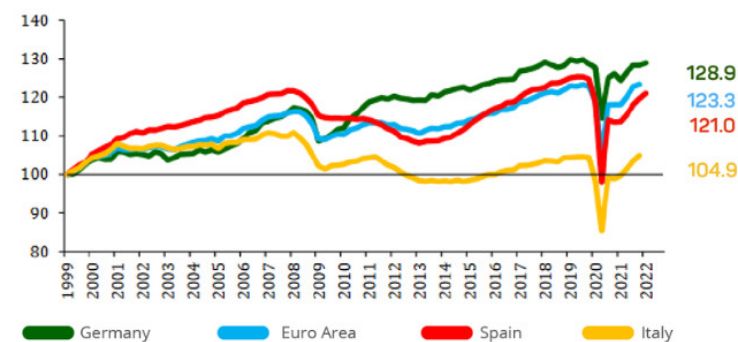
Source: IMF, WEO Update April 2022.

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



Source: Instituto Nacional de Estadística.

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

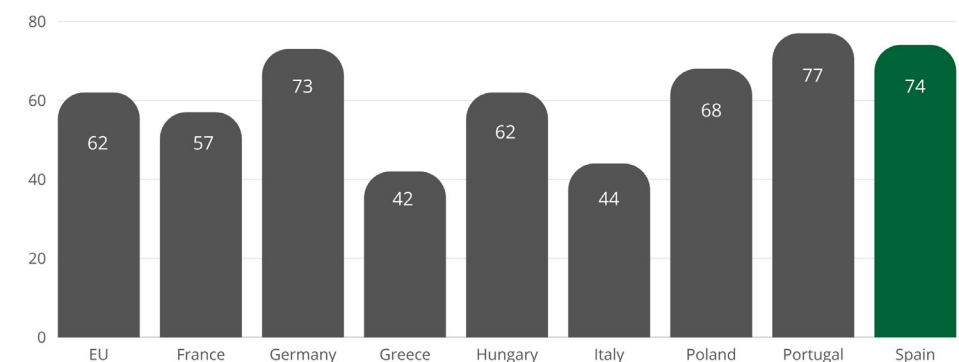


Source: EUROSTAT.

## ECONOMIC SENTIMENT

### Membership of the UE

% of population that thinks that membership of the UE is a good thing



Source: EUROSTAT, Eurobarometer Autumn 2021





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