



INVESTOR

NEWSLETTER

Nº10 / NOVEMBER 2022

Please find below the tenth 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 with 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 Navalморal de la Mata - Plasencia, Carmonita - Plasencia.
- + Zaragoza – Pamplona – Vasca:** investment of **€151 million** mainly in platform works between Castejón and Pamplona.

(*): Data from Interim Accounts.

KEY FIGURES Q3 2022*

REVENUES	EBITDA	TOT. ASSETS	TOT. EQUITY	TOT. FIN. DEBT	AVERAGE COST OF DEBT	AVERAGE DEBT MATURITY	RAIL NETWORK
1,111 M€	149 M€	49,169 M€	25,067 M€	16,272M€	1.66 %	9.43 years	3,762 km



NEW GREEN FINANCING FRAMEWORK AND SECOND PARTY OPINION

Adif Alta Velocidad has recently published the second review of its Green Financing Framework. This new framework broadens the entity's sustainability ambitions, aligns with the EU taxonomy objective of climate change mitigation, and strengthens its governance, especially with regards to project selection and evaluation.

Eligible projects under this framework should fall under two categories linked to clean transportation: investments related to new railway lines and railway lines extensions; and investments related to maintenance, upgrades and improvement of the energy efficiency of the railway system. These projects should drive the decarbonization of the Spanish railway sector, with the aim of shifting transport from road and air to rail, leading to significant potential GHG-emissions saving as rail transport represents the most sustainable land transport solution on a passenger-kilometer (pkm) basis.

In order to verify the suitability of the projects, and prior to funds allocation, an exhaustive evaluation and selection process has been put in place. Under this new framework, eligible green projects include new and ongoing projects with disbursements up to 24 months prior and up to 36 months after the issuance of the bonds.

Adscription of this new framework to the four core principles of green financing established by ICMA in 2021, has been evaluated by Sustainable Fitch, as independent evaluator (Second Party Opinion) selected by public tendering. Adif AV obtained a classification of "excellent", stressing the commitment of the company with sustainability, in line with its engagement with the Sustainable Development Goals (SDG) of the UN Agenda 2030.

In this sense, Adif AV has established sustainability objectives that can be divided into three main areas:

- Become carbon neutral by 2050.
- To perform an environmental impact assessment in 100% of major railway projects as of 2020.
- To include clauses related to climate change in 100% of contract documents from 2025 onwards.

In order to achieve these objectives Adif AV, in its Strategic Plan 2030 (PE2030), has aligned the strategic lines of the entity to the major environmental, social, operational and business challenges it must face, with the aim of becoming a benchmark in the management of resilient, sustainable, safe and intelligent infrastructures, while contributing to the new model of ecological transition.



SIXTH “GREEN” ISSUE

A YEAR AFTER PLACING 600 MILLION IN GREEN BONDS
ADIF ALTA VELOCIDAD HAS ISSUED 500 MILLION GREEN
BONDS WITH A DURATION OF 7 YEARS

With this sixth “green” issue, Adif AV confirms its commitment to sustainability and the environment

Despite the context of high volatility in which central banks are focusing their efforts on fighting inflation, on October 17, Adif AV successfully carried out its latest placement to date, with an amount of 500 million euros and a maturity of 7 years, resulting in a coupon rate of 3.50%.

In 2017 Adif AV was the first Spanish public company to issue ‘green bonds’ in Spain. Now, with this new issue, the entity ranks third as green bond issuer at national level, and one of the main benchmarks at European level.

Like in previous issues, the proceeds of this transaction will be allocated to eligible green projects related to the construction of new rail lines or extensions of existing lines, as well as to other investments linked to maintenance, upgrade and energy efficiency of the railway system.

This green bond plan seeks to reduce emissions by 8 million tons of carbon dioxide (CO₂) by 2030, through a series of energy saving measures with the aim of reducing consumption by 5,300 gigawatt hours of energy.

Both Moody’s and Fitch have rated Adif AV within investment grade (‘Baa2’ and ‘A’) as a long-term debt issuer. This last rating agency issued a report at the end of September in which it endorsed the company in the field of sustainable financing with a rating of “excellent”.

As in the past, the deal attracted a majority of international investors (62%), being France, the United Kingdom and Ireland the main source of orders. Moreover, the proportion of Sustainable Responsible Investors over the total remains at 73%, reinforcing the positive trend of the past years. With this new issue, Adif AV reiterates its objective of playing a key role in sustainable development and increasing its participation into the Spanish transition towards a low-carbon and climate change resilient economy.



ADIF AV MOVES FORWARD WITH THE IMPLEMENTATION OF THE “ECOMILLA” PROJECT IN MADRID

“Ecomilla” is a project which aims to create a space designed to promote sustainable urban intermodality, so that the traveler’s door-to-door journey is carried out with an energetically efficient and low-emissions means of transport. The supply of electric energy for electric vehicles would seek to take advantage of the energy generated by the regenerative braking of the trains, through the so-called “Ferrolineras”©.

In order to develop and put in place this project, a dialogue process has been initiated with mobility agents such as associations, companies and local administrations, with competences in this field. The aim is to understand and analyze their needs in this context of transforming the stations into sustainable mobility nodes.

Within the framework of this project, Adif and Adif AV are putting several initiatives in place, among which the following stand out:

- The implementation of carsharing, bikesharing and scootersharing spaces.
- The installation of electric vehicles charging points.

- The establishment of photovoltaic energy collection elements associated with these recharging points.
- The installation of logistic hubs for parcel delivery.
- The creation of secured parking spaces for bicycles (for short and long term).
- The design of spaces and elements for the development of the above systems with furniture associated to the required uses, canopies and other parking elements, structures for the placement of photovoltaic panels, storage spaces, etc.

The Ecomilla project is one the initiatives included in the decarbonization and renewable energy strategy of the Adif AV Plan to Combat Climate Change 2030.

Moreover, it also contributes to the Sustainable Development Goals, which seek to achieve the creation of inclusive cities and facilitate access to safe, affordable, accessible and sustainable transport systems (SDG number 11) and foster economic growth and job creation (SDG number 8).

DEMONSTRATION OF SPANISH TRAIN WITH HYDROGEN HYBRID TRACTION SYSTEM

ADIF HAS COLLABORATED INTENSIVELY DURING THE PAST 18 MONTHS WITH THE PARTNERS OF THE FCH2RAIL CONSORTIUM IN THE DEVELOPMENT OF THE HYDROGEN FUEL CELL HYBRID TRACTION SYSTEM

During the last edition of the Innotrans Congress, held in Berlin from 24 to 27 September, the first results of the project were presented, among which it was emphasized the integration tests in laboratory and the simulation through digital twin carried out at the CNH2 facilities, and the first track tests that have been carried out in Zaragoza with the collaboration of various departments of Adif AV.

FCH2RAIL is a transnational project developed by a consortium formed by Adif together with the Spanish companies Renfe, CAF and the National Hydrogen Center (CNH2); the German companies Deutsches Zentrum für Luft-und Raumfahrt (DLR) and Steinmann Technik (STT); the Japanese Toyota and Infraestructuras de Portugal (IP). The total budget amounts to €13,341,609.93. The project started in January 2021 and its execution period is four years.

The main objective of the FCH2RAIL project is to develop, build, test, demonstrate and homologate a multipurpose fuel cell hybrid power pack (FCHPP) for different railway applications and suitable for existing retrofitting electric and diesel trains.

The demonstrator of this hybrid power pack is assembled on a retrofitted bimodal regional train built by CAF and owned by Renfe. The prototype uses electric traction on electrified sections, and the hydrogen-battery hybrid system under development on non-electrified sections.

Additionally, FCH2RAIL also seeks to identify and compare innovative solutions to improve the energy efficiency of hybrid traction systems with fuel cells, to demonstrate the competitiveness of this type of traction against existing diesel solutions and, finally, to identify standards to propose a regulatory framework for marketing hydrogen-powered trains. Adif's role in the FCH2RAIL project is to enable the hydrogen-powered prototype to run under simulated operating conditions on various non-electrified lines. These tests will make possible the analysis of the safety, refueling and operating conditions of the new technology.

FUNDING POLICY & FUNDING ACTIVITY

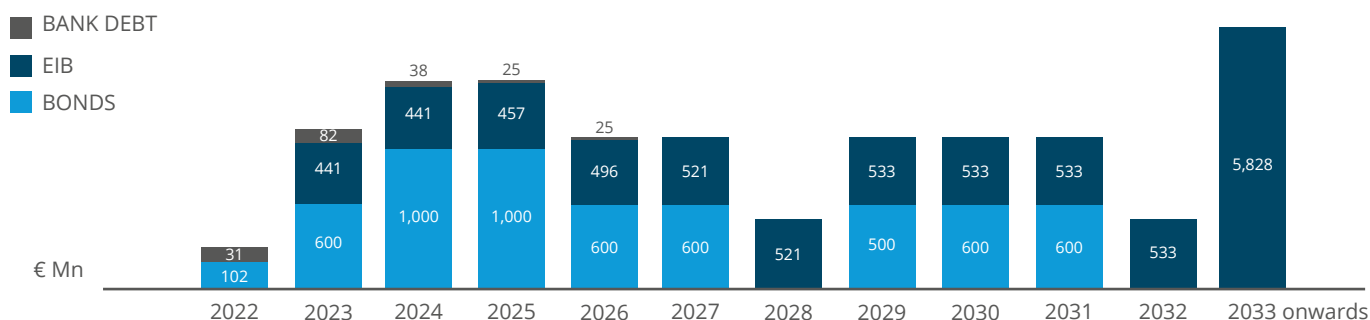
BOND FUNDING HIGHLIGHTS

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

ADIF ALTA VELOCIDAD RATING

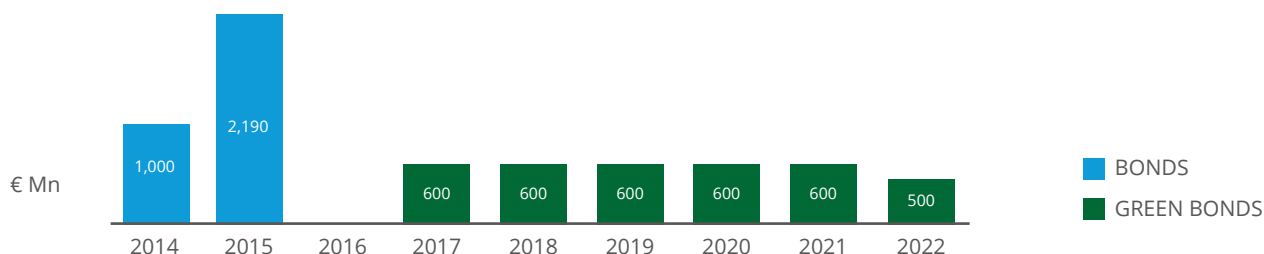
RATING AGENCY	LONG-TERM	SHORT-TERM	OUTLOOK
Moody's	Baa2	P-2	Stable
Fitch	A-	F-1	Stable

FINANCIAL DEBT MATURITY PROFILE*

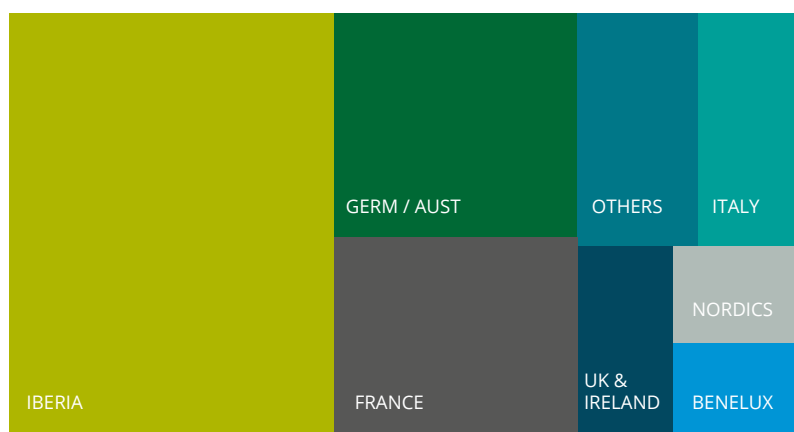


* As October 2022

BOND ISSUANCE ACTIVITY



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 (€ Mln)
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



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MACROECONOMIC SCENARIO (YoY GROWTH RATES IN PERCENT)

	2017	2018	2019	2020	2021	2022	Q1	2023	2024	2025
Private consumption expenditure	3.0	1.7	1.0	-12.0	4.6	4.1	3.0	2.7	1.2	1.3
General Government consumption expenditure	1.0	2.3	2.0	3.3	3.1	2.0	0.8	2.2	2.1	0.4
Gross Fixed Capital Formation	6.8	6.3	4.5	-9.5	4.3	9.3	6.8	7.5	3.3	2.9
National Demand (Contribution to GDP Growth)	3.1	2.9	1.6	-8.6	5.2	4.6	3.3	3.6	1.8	1.4
Exports of goods and services	5.5	1.7	2.5	-20.1	14.7	7.8	20.8	6.2	6.3	4.4
Imports of goods and services	6.8	3.9	1.2	-15.2	13.9	9.1	12.1	6.5	4.7	3.4
External demand (Contribution to GDP Growth)	-0.2	-0.6	0.5	-2.2	0.4	-0.3	3.1	-0.1	0.6	0.4
Gross Domestic Product	3.0	2.3	2.1	-10.8	5.1	4.3	6.4	3.5	2.4	1.8

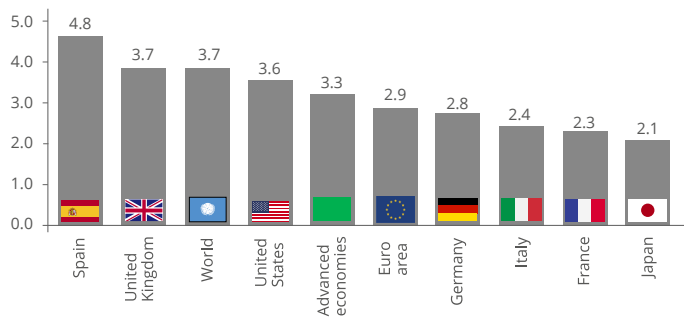
OTHER VARIABLES

	2017	2018	2019	2020	2021	2022	Q1	2023	2024	2025
Unemployment rate (in % of Active Population)	17.2	15.3	14.1	15.5	14.8	12.8	13.6	11.7	10.6	9.6
Full-time Equiv. Employment (YoY Growth)	2.9	2.2	2.6	-7.6	6.6	3.0	5.3	1.7	1.8	1.5
Net lending (+) / borrowing (-) with RoW (% of GDP)	3.0	2.4	2.4	1.2	1.9	1.0	--	1.3	1.7	1.8
Private Consumption deflator (YoY Growth)	1.5	1.4	1.0	0.0	1.9	6.1	6.0	2.2	1.6	1.6
Headline Balance General Gov't (in % of GDP)*	-3.1	-2.6	-3.1	-10.3	-6.9	-5.0	--	-3.9	-3.3	-2.9
USD / € exchange rate	1.1	1.2	1.1	1.1	1.2	1.1	1.1	1.1	1.1	1.10
Euro Area GDP growth (YoY growth)	2.8	1.8	1.6	-6.5	5.4	3.7	5.0	2.8	1.6	--
Oil prices (Brent, USD / barrel)	54.3	70.9	64.8	41.5	71.1	99.1	103.5	92.3	86.2	80.0

Source: Spanish Treasury Chart Pack, June 2022

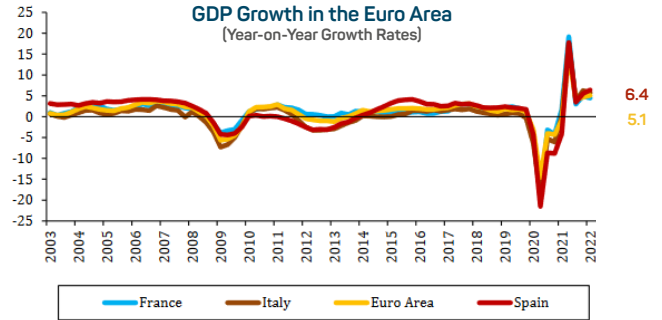
ECONOMIC SENTIMENT

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



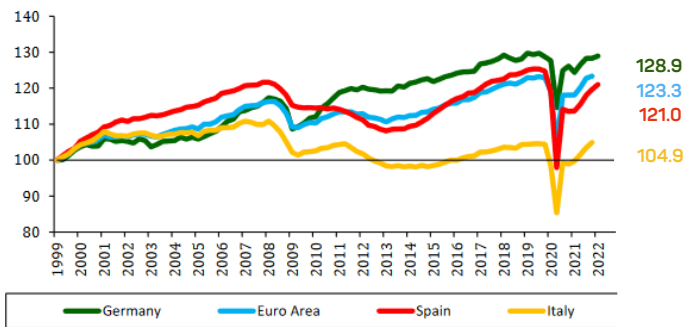
Source: IMF, WEO Update April 2022.

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



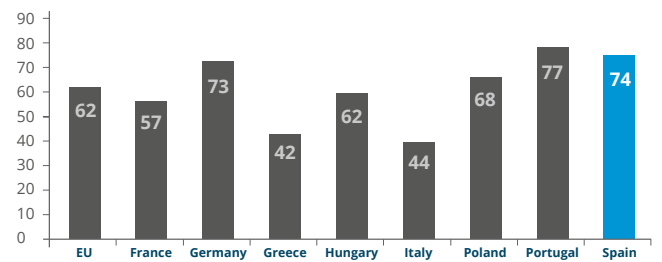
Source: Instituto Nacional de Estadística.

Per capita Real GDP Volume
(Index 1999=100)



Source: EUROSTAT.

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



Source: EUROSTAT, Eurobarometer Autumn 2021

Source: Spanish Treasury Report



DISCLAIMER



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