22 January 2024 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has affirmed the unsolicited corporate issuer rating of Abertis Infraestructuras S.A. at BBB- / stable

Creditreform Rating (CRA) has confirmed the unsolicited, corporate issuer rating of Abertis Infraestructuras S.A. – hereinafter referred to as Abertis or the Company—as well as the unsolicited corporate issue rating of its long-term local currency senior unsecured notes at BBB- / stable. The initial unsolicited short-term rating was set to L3 (adequate level of liquidity). In addition to this report, we also refer to the press release of 31 January 2023 and the rating report of 3 May 2021, which contain further relevant information with respect to the structural, business and financial risks of the Company.

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Current relevant factors for the rating

The following considerations were of specific relevance for the rating assessment:

+ Despite concessions expiry, improved operating performance exceeding Abertis' pre-COVID performance in 2019
+ Growth in revenues and results in 9M 2023, largely driven by average daily traffic (ADT) above pre-COVID levels and inflation-linked tariffs
+ Significant net debt decrease in 2022
+ Most credit metrics reaching pre-pandemic levels despite ongoing challenging market conditions
+ Long-term concession acquisitions in 2023 prolonging the overall maturity profile, financially supported by shareholder contributions in order to maintain its solid credit profile

- Increased financial and country risks based on Abertis' concession replacement and growth strategy
- High inflation rates, in particular in Latin America (LATAM) dampen net profit
- Still high inflation rates in relevant markets, geopolitical and economic uncertainties

ESG-criteria:

CRA generally takes ESG factors (environment, social and governance) into account within its rating decisions. In the case of Abertis Infraestructuras S.A. we have not identified any ESG factors with significant influence

As a major international player in managing infrastructure concessions, the Company has significant social responsibility which it fulfills through its long-term commitments, by promoting sustainability, e.g., with good governance, offering preventive measures to preserve the environment and increasing road safety. These points represents the main pillars of its new 2022-2030 Sustainability Strategy, divided into three ESG Plan periods which contain further intermediate objectives. In addition to ensuring high standards of governance by training management and staff in sustainability, and engaging its stakeholders with a code of ethics, decarbonization measures, enhance job quality and road safety, a further part of its strategy is to involve local community aspects in its plans. This includes the assessment of critical suppliers, the increase of community-related projects, and fostering biodiversity in areas adjacent to the motorways.

ESG factors are factors related to environment, social issues and governance. For more information, please see the section "Regulatory requirements". CRA generally takes ESG relevant factors into account, when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

With the objective of reducing its carbon footprint, the Company envisages a reduction in aggregated scope 1 and 2 emissions by 50% by 2030, in comparison to 2019, as result of the expanded use of renewable sources and increased efficiency. In 2022, the Company was able to reduce its scope 1 and 2 emissions by 25.4% compared to the previous year, amounting to 80,898 tons of CO_2. In order to further reduce CO_2 emissions, Abertis will increase its renewables sources, including the production of own green electricity, and the renewal of its vehicle fleet, replacing it with vehicles with a lower carbon emission profile. In addition, Abertis plans to increase the number of electric vehicle charging stations on its motorways. The Company's emission reduction targets are submitted to the Science-Based Target initiative. The Company cooperates with the sustainability consultancy ERM in developing targets aligned with a 1.5-degree scenario. To reach its targets, the Company uses KPIs and has variable remuneration schemes linked to sustainability performance targets for senior and middle management positions. Abertis' Sustainability Committee is the control entity which ensures that its sustainability strategy complies with legislative requirements, such as GRI-SRS universal standards, and monitors the progress of Abertis ESG Plan projects.

Abertis is committed to non-discrimination and providing equal opportunities; in 2022, 40.8% of its workforce were women. At senior management positions, the share of women was roughly 20.0%, which is still expandable, with 30.4% in middle management positions.

Although Abertis' sustainability targets imply higher investment needs, these will be necessary in order to align with future regulatory requirements. Regulatory changes relating to environmental factors, with the aim of a transition to climate-friendly transport, will generally be an important issue in the short to medium term. In the long term, we do not see any increased risks; however, operating performance could decline due to a CO_2-related change in traffic. Nevertheless, professional and private mobility on the roads may be maintained based on the alternative of more environmentally friendly technological solutions, which are increasingly the focus of development.

Overall, we see a well-established and progressing ESG culture which aligns with the ever stricter legislation requirements.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Rating result

The unsolicited corporate issuer rating of BBB- attests Abertis Infraestructuras S.A. a highly satisfactory level of creditworthiness, representing a low-to-medium default risk. The rating result is based on Abertis' well-established position as an international major player in the road and transport sector, in particular in France, Spain and LATAM. Contributing factors are its scale and high degree of geographical diversification, based on a broad portfolio of long-term concession agreements which generate relatively stable cash flows. Abertis has sound financial ratios, with significantly improved operating performance in the last two years, demonstrating an overall recovery from the implications of the COVID-pandemic. In addition, its capital market access and liquidity are both solid, enabling the Company to withstand ongoing challenging market conditions. As a constraining factor, we consider the Company's increasing concentration in Latin American countries, in particular following the expiry of major concessions in Spain.

Outlook

The one-year outlook for the unsolicited corporate issuer rating of Abertis Infraestructuras S.A. is stable. We expect the Company to continue to show a solid operating performance as result of further increasing ADT. Despite ongoing uncertainties, ADT should continue to benefit from GDP growth in overseas countries. Although Abertis made significant acquisitions during 2023, we expect only slight increases in leverage ratios, or at least without impact on the current credit rating profile, as the Company announced significant shareholder contributions.

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

Best-case scenario: BBB

In our best-case scenario for one year, we assume an ongoing improvement in operating performance driven by ADT increase, but more moderate as a result of the curbed economy, in particular in Europe. Based on Abertis' recent acquisitions, which will lead to a significant cash outflow, we assume a significant improvement of Abertis' profile within one year to be less likely.

Worst-case scenario: BB+

In our worst-case scenario for one year, we assume that Abertis' operating performance is negatively affected by a significant decrease in the daily traffic volume YOY as a result of a severely weakened economy on Abertis' relevant markets, deteriorating the Company's earnings. Ongoing high inflationary driven interest rates in LATAM dampen net profitability, and acquisitions significantly increase leverage. A change in Abertis' shareholder structure could also lead to a downgrade.

Business development and outlook

Table 1: Financials of Abertis Infraestructuras S.A. I Source: Auditor's report on Abertis Infraestructuras, S.A. and subsidiaries as of 31 December 2022, standardized by CRA

Abertis Infraestructuras S.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IAS, Group)	CRA standardized figures[1]	
	2021	**2022**
Sales (million EUR)	5,233	5,542
EBITDA (million EUR)	2,583	3,518
EBIT (million EUR)	191	1,291
EAT (million EUR)	-269	204
EAT after transfer (million EUR)	7	207
Total assets (million EUR)	39,386	38,605
Equity ratio (%)	20.2	23.6
Capital lock-up period (days)	27.2	24.5
Short-term capital lock-up (%)	38.16	52.3
Net total debt / EBITDA adj. (factor)	8.6	7.3
Ratio of interest expenses to total debt (%)	3.6	4.4
Return on Investment (%)	1.0	2.4

[1] For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally-generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

During 2022 and the first nine months of 2023, Abertis once again improved its operating performance. Despite still challenging condition marked by high energy price levels and an economic slowdown in the wake of global inflation, the Company recorded growth in revenues and results, largely driven by higher traffic volumes and inflation-linked tariffs, in particular in overseas countries. In 9M 2023, revenues amounting to EUR 4,199 million (9M 2022: EUR 3,800 million) were up by 10.5% compared to the same period in the preceding year. Average daily traffic increased by 3.2%, showing traffic volumes above pre-COVID-19 levels (with reference to 2019). All countries contributed to growth in traffic volumes except Chile. Traffic in Chile decreased by 3.2% as it was impacted by a macroeconomic environment, and as a result of the comparably high traffic volumes in 2022. Abertis posted EBITDA of EUR 2,940 million (9M 2022: EUR 2,615 million), up by 12.4%, partly benefitting from positive one-off-effects (net impact EUR 38 million) including positive foreign exchange effects. Adjusted for special effects such as scope and FX effects, EBITDA increased by approximately 11%. The Company was able to improve its EBITDA margin (7 0.0% vs. 68.8%), mainly due to previously introduced efficiency and cost reduction measures.

Table 2: The development of business of Abertis Infraestructuras S.A. in 9M 2023 I Source: 9M 2023 Results, reported information

Abertis Infraestructuras S.A.				
In million EUR	**9M 2022**	**9M 2023**	**Δ**	**Δ %**
Net sales	3,800	4,199	399	10.5%
EBITDA	2,615	2,940	325	12.4%
EBITDA Margin	68.8	70.0	1.2	--

Overall, the Company showed a solid recovery from the COVID-19 implications on its operating performance in both 2022 and in 9M 2023, with several credit metrics reaching pre-crisis levels (with reference to 2019). However, the ratio of interest expenses to total debt and net profit margin deteriorated in comparison with 2019 values due to inflation-induced higher interest rates. In 9M 2023, the Group's average cost of debt was 4.6% (9M 2022: 4.7% and 2019: 3.1%), impacted by the increase in interest rates, and in particular by the CPI[2] and inflation-linked debt rates in Brazil, Mexico and Chile, climbing to double-digit rates. These effects were partially mitigated by refinancing transactions in France and the United States. In addition, during 2023, interest rates in Chile and Mexico showed a certain recovery due to improved CPI performance. We expect further recovery for 2024, as in December 2023 Chilean consumer prices recorded strong decreases, which could lead to further interest rate cuts. The continuing inflation in the service sector are, however, still a cause for concern.[3] At its December meeting, the Brazilian central bank lowered its key interest rate by 50 basis points to 11.25% for the fourth time in a row, as inflation is easing; however, interest rates are still elevated in LATAM. It is still uncertain when interest rate cuts in Europe and the United States will follow.

In addition to strong operating cash flows, the Company has an adequate balance sheet structure coupled with good capital market access, displaying its financial strengths. As of 30 September 2023, the Company's liquidity was strong, amounting to EUR 8.6 billion (31.12.2022: EUR 8.4 billion), including EUR 3.7 billion of undrawn committed credit lines. According to Abertis'

[2] Consumer Price Index

[3] Source: Felipe Hernandez, Latin America economist; Bloomberg 08.01.2024

debt maturity profile, the liquidity covers debt redemption beyond 2025. Net debt remained stable at EUR 21.8 billion (31.12.2022: EUR 21.8 billion), despite higher CAPEX and asset investments. To ensure its business continuity and further growth, the Company continuously acquires toll road concessions to replace the expired ones. The Company thereby fosters geographical diversification, focusing on countries with solid regulatory frameworks. In October 2023, Abertis won four toll road concessions in Puerto Rico with a bid of USD 2.85 billion. The long-term concessions represent strategically important roads in Puerto Rico as connection roads, e.g., to the San Juan metropolitan area, with a total length of 192 km. In addition, the Company obtained 56.8% of State Highway 288 in USA, connecting the City of Houston and the Gulf of Mexico, also representing an important road. At the current exchange rate, the total price would be roughly EUR 4 billion. On average, the Company generated net cash flows from operating activities of approximately EUR 2.5 billion in recent years, with an exception of the business year 2022. In 2022, net cash flows from operating activities included the collection of EUR 1.2 billion based on several agreements with some of Abertis' grantors, enabling an operating net cash flow of nearly EUR 3.7 billion. The additional cash inflow was used to reduce the Company's net debt. Assuming no further extraordinary cash inflows, the investments could put some pressure on Abertis' financial position. However, as announced in Abertis' 9M 2023 results, in addition to new debt and available cash to finance the transaction, its shareholders will contribute EUR 1.3 billion with the aim of maintaining its solid credit profile. Abertis and its shareholders are committed to maintain an investment grade credit rating.

Besides certain financial risks, its growth and diversification strategy also contains slightly elevated country risks as Abertis' market portfolio has changed since 2019. While in 2019 Europe represented an EBITDA share of 74.2%, and LATAM markets together a share 24.1%, in 9M 2023 the EBITDA contribution of European markets was 55.0% and LATAM markets 42.3%, partly as a result of expiring major concessions in Spain. However, France still represents Abertis' most important market (EBITDA-share 35.8% in 9M 2023), and its traditional low-risk markets, Europe and North America, continue to be of strategic importance for its replacement and growth plan. In addition, Abertis' current investment strategy proves to be particularly advantageous for 2024, as Europe's GDP is expected to grow by only 0.7%, while for emerging countries a growth of roughly 4% is expected. USA should achieve growth of about 2.1%.[4] Already in 9M 2023, overseas ADT growth was slight higher than in Europe (3.5% vs. 2.6%).

Overall, the Company showed strong operating performance in 2022 and in the first nine month of 2023, having recovered from the implications of the pandemic, bringing most credit metrics to pre-crisis levels. Nevertheless, despite easing inflation, global markets are still marked by uncertainty, exacerbated by persisting geopolitical tensions. Although the tightening of monetary policy has largely ended, the central banks in the USA and Europe will still need time to bring inflation rates back down to the targeted levels. There is still uncertainty regarding the actual economic consequences of tighter financing conditions. Nevertheless, we see the Company, both financially and strategically, as well-positioned to generate relatively stable credit metrics in the coming years. It remains to be seen whether the Company will be able to extend or replace its expiring concessions with long-term concession in Europe and North America, thus lowering country risks and prolonging its maturity profile.

[4] Source: IWF 2023

Further ratings

Based on the long-term issuer rating and taking into account our liquidity analysis, the short-term rating of Abertis Infraestructuras S.A. was set at L3 (standard mapping), which corresponds to an adequate liquidity assessment for one year.

The rating objects of the issue rating are exclusively long-term senior unsecured issues, denominated in euro, issued by Abertis Infraestructuras S.A., which are included in the list of ECB-eligible marketable assets. The issues have been issued under the EMTN Programme, with the last basis prospectus of 09.03.2023.

Financial debt is distributed almost equally between Abertis Infraestructuras S.A. and its operating subsidiaries. If the share of Abertis' operating subsidiaries in the total debt increases, this may lead to a rating relevant structural subordination for issue rating of Abertis Infraestructuras S.A.

We have provided the long-term local currency senior unsecured notes issued by Abertis Infraestructuras S.A. with an unsolicited rating of BBB- / stable. The rating is based on the corporate issuer rating.

Long-term local currency senior unsecured notes issued by Abertis Infraestructuras S.A., which have similar conditions to the current EMTN programme, denominated in euro and included in the list of ECB-eligible marketable assets, generally receive the same ratings as the current LT LC senior unsecured notes issued under the EMTN programme. Notes issued in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Table 3: Overview of CRA Ratings I Source: CRA

Rating Category	Details	
	Date of rating committee	Rating
Abertis Infraestructuras S.A.	22.01.2024	BBB- / stable / L3
Long-term Local Currency (LC) Senior Unsecured Issues issued by Abertis Infraestructuras S.A.	22.01.2024	BBB- / stable
Other	--	n.r.

Appendix

Rating history

The rating history is available under the following link.

Table 4: Corporate Issuer Rating of Abertis Infraestructuras S.A.

Event	Rating created	Publication date	Result
Initial rating	14.06.2017	23.06.2017	BBB+ / stable

Table 5: LT LC Senior Unsecured Issues issued by Abertis Infraestructuras S.A.

Event	Rating created	Publication date	Result
Initial rating	24.08.2018	30.08.2018	BBB+ / Watch UNW

Table 6: Short-term issuer rating of Abertis Infraestructuras S.A.

Event	Rating created	Publication date	Result
Initial rating	22.01.2024	www.creditreform-rating.de	L3

Regulatory requirements

The rating[5] was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

With Rated Entity or Related Third Party Participation	No
With access to Internal Documents	No
With Access to Management	No

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

[5] In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
Corporate Ratings	2.4	July 2022
Corporate Short-Term Ratings	1.0	June 2023
Non-financial Corporate Issue Ratings	1.0	October 2016
Rating Criteria and Definitions	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Christina Sauerwein	Lead-analyst	C.Sauerwein@creditreform-rating.de
Elena Damijan	Analyst	E.Damijan@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Philipp Beckmann	PAC	P.Beckmann@creditreform-rating.de

On 22 January 2024, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 22 January 2024. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

ESG-factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here.

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

Creditreform Rating AG ensures that the provision of ancillary services does not present conflicts of interest with its credit rating activities and discloses in the final rating reports any ancillary services provided for the rated entity or any related third party. The following ancillary services were provided for the rating entity or for third parties associated with the rated entity:

No ancillary services in the regulatory sense were carried out for this rating object.

For the complete list of provided rating and credit service ancillaries please refer to the Creditreform Rating AG's website.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

<u>Corporate issuer rating:</u>

1. Annual report

2. Website

3. Internet research

<u>Corporate issue rating:</u>

1. Corporate issuer rating incl. information used for the corporate issuer rating

2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a “rating action”; initial release is indicated as “initial rating”, other updates are indicated as an “update”, “upgrade” or “downgrade”, “not rated”, “confirmed”, “selective default” or “default”.

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website.

An explanatory statement of the meaning of Creditreform Rating AG’s default rates are available in the credit rating methodologies disclosed on the website.

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