

Rating object

Abertis Infraestructuras S.A.
Long-term local currency senior unsecured issues Abertis
Infraestructuras S.A.

Rating incl. outlook / watch

BBB- / stable
BBB- / stable

The present update is, in the regulatory sense, a public unsolicited rating.

Date of inception / disclosure to rated entity / maximum validity:

Rating object	Date of inception	Disclosure to rated entity	Maximum validity
Abertis Infraestructuras S.A.	31.01.2023	01.02.2023	Until withdrawal of the rating
Long-term local currency senior unsecured issues Abertis Infraestructuras S.A.	31.01.2023	01.02.2023	Until withdrawal of the rating

There occurred no changes after the communication of the rating to the rating object.

Rating summary:

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**. In addition to this report, we also refer to the rating reports of 3 May 2021 and 14 June 2022, which contain further relevant information with respect to the structural, business and financial risks of the Company.

The current rating attests Abertis a highly satisfactory level of creditworthiness with a low to medium default risk. The result is based on Abertis' well-established position in the European road and transport sector and its significant presence in several countries, mainly in Latin America, enabling its scaling and high degree of diversification based on a broad portfolio of long-term concession agreements, which generate relatively stable cash flows. Abertis has satisfactory financial ratios, with its operating performance showing a sequential improvement since 2021 comparing to the severe business year 2020, as result of the gradual release of restrictive sanitary measures, boosting traffic volumes and through positive tariff adjustments. In addition, the Company realized balance sheet deleveraging measures, maintained good capital market access and solid liquidity, enabling it to withstand challenging market conditions.

Despite renewed challenging conditions, especially in the wake of the war in Ukraine, which boosted energy prices and generated an economic slowdown, the operating performance of Abertis further improved in the third quarter of 2022, driven by higher traffic volumes. The average daily traffic (ADT) recovered fully from the negative consequences of COVID-19 as result of the ending of sanitary restrictions, up 4.1% compared to 2019 and up 11.9% compared to 2021. The European Countries as well as Argentina and Chile recorded double-digit growth, while Brazil, Mexico and USA recorded single-digit growth. Revenues, amounting to EUR 3,800 million (9M 2021: EUR 3,651 million), increasing only by 4% compared to 9M 2021 after revenues were adversely affected by expiry of the arrangements of the Spanish toll road concessions Acesa, Invcat and Autopista de Sol in the second half of 2022. Excluding one-off effects, revenues would have increased by roughly 17% compared to 9M 2021. The expiry of the concession arrangements not only affected earnings capacity, but also resulted in a slight increase in country risks due to the higher exposure to LATAM. Spain moved from the second most important revenue market during 2021, with a contribution of around 20.5% in 9M 2021, to the fifth most important market of Abertis portfolio with a contribution of around 10.2% in 9M 2022, overtaken by Chile, Brazil and Mexico. However, Europe still makes up 56.6% (9M 2021: 63.3%) of total revenues with France being still Abertis' most important market, with a revenue contribution of 37.7% (9M 2021: 34.2%), while LATAM accounts for 39.1% (9M 2021: 32.6%).

EBITDA amounted to EUR 2,615 million (9M 2021: EUR 2,530 million), up 3%, and EBIT came to EUR 1,013 million (9M 2021: EUR 681 million), up 49% compared to 9M 2021, also benefitting of foreign exchange effects of EUR 64 million. The Group has shown significant improvement over the last year in comparison to 2020 and 2021; however, rising interest rates could dampen Abertis' net income. According to the Company, the cost of debt was only temporarily adversely affected in some LATAM countries, increasing slightly from 4.0% in 9M 2021 to 4.7% in 9M 2022. At the beginning of 2022, Abertis executed an interest-hedging program, enabling to obtain more favorable financing conditions in some of its operations. Moreover, Abertis was able to maintain net debt at a stable level compared to 31.12.2021, which was around EUR 23.4 billion due to extraordinary cash compensations as well as debt repayment. The Company's liquidity remained high, amounting to EUR 8.4 billion (31.12.2021: 8.6 billion), including EUR 4.4 billion of undrawn committed credit lines. According to Abertis debt maturity profile, the liquidity covers debt redemption nearly until 2025.

Even though ADT generally reached pre-crisis-level, the Company also showed that in 2022, impacted by soaring energy prices and economic development, ADT in Europe was partly below levels seen in the same month in 2019. The continually high energy and commodity prices also cloud the outlook for the global economy in the current fiscal year and, above all, create significant uncertainty. At this stage, we assume that economic growth will slow markedly, particularly in Europe. Price pressure could ease somewhat against the background of reduced dependence on Russian energy. We also expect further efforts by European governments to stabilize GDP growth; nonetheless, we assume that the European economy will stagnate with GDP growth of just 0.2% in 2023, following growth of circa 3.2% in 2022¹, constraining Abertis' outlook. The high degree of uncertainty, stemming from heightened political risks globally and its consequences in the economic development as well as our assumption that some financial figures in 2022 will not fully recover to pre-crisis levels currently hampers a positive outlook. We expect a higher leverage ratio than in 2019 due to a lower EBITDA as a result of expired concessions in recent years and a higher net debt compared to the fiscal year 2019. The equity ratio could also deteriorate further in connection with dividend payouts. Although the high degree of market volatility makes it difficult to predict Abertis' future business development, we currently see the Company as well-positioned to cope with the challenging conditions.

In the second half of 2022, there were structural changes within Abertis' shareholder groups, but without impact on Abertis itself.² Nevertheless changes in the direct ownership structure of Abertis, e.g. due to the sole influence of a parent company with a lower credit rating, or a significant adverse change in the shareholder and investment arrangement, could lead to a rating adjustment. However, due to the strategic importance of Abertis for the shareholders Atlantia and ACS with its subsidiary Hochtief, we currently classify the risk as low.

CRA has also confirmed the unsolicited corporate issue rating of the long-term senior unsecured issues issued by Abertis Infraestructuras S.A., denominated in EUR, at **BBB- / stable**. The rating is based on the unsolicited corporate rating of Abertis Infraestructuras S.A. For the issue rating we have applied our rating methodology for corporate issues. Other types of debt instruments or issues denominated in other currencies of the issuer have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Primary key rating drivers:

- + Geographically well-diversified concession portfolio
 - + Improved operating performance in 9M 2022 due to fully recovered ADT, as a result of the easing of sanitary measures
 - + Interest rate hedging program mitigating adverse finance market conditions
 - + Stable financial debt level and a solid liquidity position
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- Partly negative effects apparent in European ADT, as a result of high energy prices and economic slowdown
 - Expiry of three concessions in Spain, limiting earnings potential in Europe
 - Financial key figures still not reached in overall pre-crisis level
 - Economic recession and high interest rates could adversely impact Abertis' results
 - Uncertainty with regard to further geopolitical course and actual economic consequences

ESG-criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of Abertis Infraestructuras S.A., we have not identified any ESG factor 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, promoting sustainability, e.g. by good governance, offering preventive measures to preserve the environment and increasing road safety.

In 2021, the Company introduced its new ESG Plan for the 2022-24 period, the main goals of which are decarbonization, circular economy, road safety, occupational safety, gender equality and cybersecurity. As operational support to advance its sustainable development goals, the Company offers, among other measures, training for a large part of its personnel, plans to establish environmental management systems and due diligence

¹ For more details, see CRA's economic briefs "Heading for recession", published on CRA website on 23-11-2022: www.creditreform-rating.de.

² After a voluntary public tender offer starting in October 2022, followed by a sell out and a squeeze out, Atlantia is now wholly-owned by Edizione, Blackstone Infrastructure Partners and Fondazione CRT as of mid-December and has been delisted from the Milan stock exchange in order to prevent a hostile takeover. As of 31 December 2021, Benetton's holding Edizione was the biggest shareholder with 31.0%; 50.0% were in free float. Prior to this, in September 2022, Atlantia had announced the sale of its stake in Hochtief of 14.5% to ACS in order to focus on its core business. ACS now holds 70% of the shares in Hochtief.

procedures on human rights matters, a remuneration scheme for executives and middle managers linked to environmental, social and governance goals, and a focus on developing a specific methodology for measuring and quantifying impacts on biodiversity.

As Abertis is committed to non-discrimination and providing equal opportunity, in 2021 it participated in the international gender equality accelerator program for companies. In the executive area, the share of women is 22.0%, which is still expandable. With regard to heads of departments, the quota for women is covered at 30.6%. In the executive area, the share of women is 22.0%, leaving room for expansion. The quota for women heading departments is covered at 30.6%. In particular, with regard to employers, the female share is relatively balanced in terms of the industry average, at 41.0%. We also see the Company's CO₂ emissions as adequate as regards Scope 1, in the middle range of the peer average.

Since the second half of 2022, the Company has had a sustainability-linked financing framework, allowing sustainable financing based on KPIs for CO₂-emissions reduction (Scope, 1, 2 and 3) and a roll-out of electric vehicle charging points. The Company envisages a reduction in aggregated Scope 1 and 2 emissions by 50% by 2030 in comparison to 2019 as result of expanded use of renewable sources and increased efficiency. This transformation process could result in higher investment needs; nevertheless it is necessary to align with future regulatory requirements. Regulatory changes relating to environmental factors, with the aim of a turnaround towards 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 somewhat due to a CO₂-related traffic change. 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.

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 scenarios:

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, with results and financial key figures recovering fully to pre-pandemic levels. In this scenario, the market conditions are eased with no significant negative consequences occurring related to the energy crisis, interest rate rise, or the economic recession risk, which could lead to an upgrade or at least a positive outlook.

Worst-case scenario: BB+

In our worst-case scenario, Abertis' earnings are negatively affected by a significant decrease in traffic volume as a result of inflationary costs and a severely weakened economy in Europe, dampening profitability as well as financial key figures such as net total debt / EBITDA adj. Tariff adjustments are not able to offset the lower ADT and there are no prospects of short-term recovery. A change in the shareholder structure of Abertis could also put downside pressure on the rating.

Analysts / Person approving (PAC):

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Initial rating:

Rating object	Event	Rating created	Publication date	Monitoring until	Result
Corporate Issuer Rating of Abertis Infraestructuras S.A	Initialrating	14.06.2017	23.06.2017	14.05.2018	BBB+ / stable
LT LC Senior Unsecured Issues issued by Abertis Infraestructuras S.A	Initialrating	24.08.2018	30.08.2018	25.09.2019	BBB+ / Watch UNW

Status of solicitation and information basis:

The present rating is, in the regulatory sense, a public **unsolicited** rating. The rating object participated in the creation of the rating as follows:

Unsolicited Corporate Issuer / Issue Rating	
With rated entity or related third party participation	No
With access to internal documents	No
With access to management	No

Rating methodology / Version / Date of application:

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

Regulatory requirements:

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation. The rating³ was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

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.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report at this point:

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

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:

Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

Corporate issue rating:

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.

³ 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 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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