



Rating Action: Moody's assigns (P)A3 rating to Aena's new EMTN Programme

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Madrid, July 27, 2023 – Moody's Investors Service (Moody's) has today assigned a provisional (P)A3 long term senior unsecured rating to Aena S.M.E., S.A.'s ("Aena") new EUR3 billion EMTN programme.

RATINGS RATIONALE

The provisional (P)A3 rating of the EMTN programme is aligned with the A3 long term issuer rating of Aena, recognizing that the notes issued under the programme will be senior unsecured obligations and will rank equally with all other unsecured and unsubordinated present and future obligations of the issuer.

Moody's expects Aena to complete its inaugural bond issuance under the EMTN programme over the next months, the proceeds of which will be used for general corporate purposes.

Aena's A3 issuer rating reflects Moody's expectation that the company's funds from operations (FFO)/debt ratio will remain comfortably above 15% over the next eighteen months, which is the level commensurate with the current rating.

The rating is also underpinned by the strong traffic performance of the company. Following a strong traffic rebound during 2022, with passenger volumes reaching 88.5% of the 2019 level (+ 103% year-on-year), in the first half of 2023 Aena recorded 129.4 million passengers. This corresponds to +1.2% compared with the same period of 2019 and positions Aena as the top performer among Moody's rated European airports.

Despite macroeconomic challenges and cost of living pressures, Moody's expects Aena's traffic to remain at or slightly above pre-pandemic levels in full-year 2023. More specifically, Aena's traffic recovery is sustained by strong pent-up travel demand, the attractiveness of Spain as an international tourist destination and the company's traffic profile, which benefits from a high share of domestic and short-haul Intra-European traffic (90% of total traffic as of December 2019).

Aena's A3 issuer rating reflects a view of its standalone credit quality expressed as an a3 Baseline Credit Assessment (BCA) and the company's rating is maintained at one notch above the sovereign rating of Spain (Baa1 stable). Although Moody's categorises Aena as a Government-Related Issuer, with Moderate dependency and Moderate support scores, the assigned rating does not include any uplift for the possibility of extraordinary government support, given the company's BCA is already positioned above the rating of the government of Spain.

More generally, Aena's long-term issuer rating continues to reflect (1) its very strong market position as the owner and operator of a network of airports serving the entire needs of Spain; (2) a balanced regulatory settlement; (3) a diversified carrier base with a high proportion of origin and destination traffic and international passengers; (4) its well invested airports, with sufficient spare capacity; (5) its competitive aviation charges and (6) a strong financial profile.

LIQUIDITY AND DEBT COVENANTS

As of end of June 2023, Aena benefits from a very strong liquidity position. Moody's estimates that the company's sources of committed liquidity include (1) cash and cash equivalents of €1,028 million and (2) €94.5 million of available financing with maturity up to 12 years. Additionally, in June 2023, Aena signed a €2.0 billion sustainable revolving credit facility, currently undrawn, with maturity in 2028. In addition to this liquidity, the company also has capacity to

issue up to €900 million under its uncommitted Euro Commercial Paper (ECP) programme, fully undrawn.

Aena's debt documentation includes two financial covenants - a Net financial Debt/EBITDA of 7.0x and an EBITDA/financial expenses ratio of 3.0x tested annually as of end of June and end of December, on a historical basis. Following the impact of Covid-19, starting from December 2020 the company obtained covenant waivers up to June 2023. Nevertheless, from June 2022 onward, Aena returned to be in compliance with the financial covenants.

Similarly, London Luton (Luton)'s debt, which represents around 5% of Aena's consolidated debt, is subject to financial covenants under its financing agreements. Considering the material reduction of EBITDA over the 2020-21 period, the company also exceeded the covenants but it was able to secure temporary waivers up to 30 June 2022. The waiver agreement was not extended as Luton began to comply with the financial covenants as of end of June 2022.

RATING OUTLOOK

The outlook is stable reflecting the expectation the Aena's credit metrics will remain comfortably above the mid-teens in percentage terms, on a sustained basis. The stable outlook also reflects the stable outlook on the Government of Spain and the fact that Aena's rating is constrained by the sovereign rating.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATING

Downward pressure on Aena's rating could develop if the company's FFO/debt ratio were to decline below the mid-teens in percentage terms on a sustained basis or there were concerns around its liquidity position. In addition, a deterioration in the Spanish sovereign creditworthiness could result in a downwards adjustment of Aena's rating.

PRINCIPAL METHODOLOGIES

The methodologies used in this rating were Government-Related Issuers Methodology published in February 2020 and available at <https://ratings.moodys.com/rmc-documents/64864>, and Privately Managed Airports and Related Issuers published in September 2017 and available at <https://ratings.moodys.com/rmc-documents/63380>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of these methodologies.

PROFILE

Aena is the largest airport operator group in the world by number of passengers by virtue of its control of most airport facilities in Spain. Aena operates 46 airports and 2 heliports in Spain, which together handled 243.7 million passengers in the 12 months to December 2022. Through its subsidiary Aena Internacional, Aena has a controlling stake in the company holding the concession rights for the operation of London Luton airport, the fourth largest airport serving the UK capital. The group's scope of consolidation also includes seventeen airports in Brazil, accounting for around 20% of the country's total traffic in 2022. Lastly, Aena holds equity stakes in companies operating airports in Mexico, Jamaica and Colombia. Aena is majority owned (51%) by the government of Spain.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

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