

City of Madrid

Investor Presentation



MADRID

economía,
innovación y
hacienda



July 2024

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ACTIVITY**

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BUDGET

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INDEBTEDNESS

1 Key Economic Activity

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- 1.3** Business Confidence
- 1.4** Tourism
- 1.5** Employment
- 1.6** Sustainability

1.1

ADMINISTRATIVE AND REGULATORY STRUCTURE

- ■ Country, Autonomous Community and City Council



MADRID

POPULATION & GDP 2022

Country: SPAIN



Population: 48,085,361
GDP: € 1,346,377 mn



Region: AUTONOMOUS COMMUNITY OF MADRID



Population: 6,871,903
GDP: € 261,713 mn

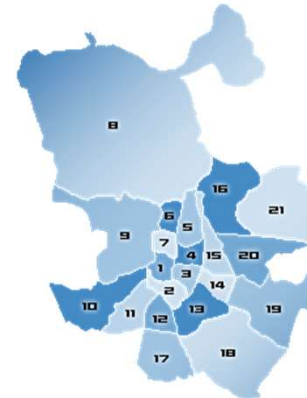


City Council: CITY OF MADRID



MADRID

Population: 3,340,176
GDP: 166,185 mm €



Surface: 604.5 km²
Organization: 21 Districts



1.1

ADMINISTRATIVE AND REGULATORY STRUCTURE

DEBT REGULATION



REGULATORY PROTECTION OF DEBT REPAYMENT

According to the Spanish Constitution

Article 135: ABSOLUTE PRIORITY OF PAYMENT OF THE INTEREST AND THE CAPITAL OF THE PUBLIC DEBT

According to the Local Treasury Regulatory Law

Article 49.3 of the Consolidated Text of the Law Regulating Local Treasury: THE PUBLIC DEBT OF THE CITY COUNCIL OF MADRID ENJOYS THE SAME BENEFITS AND CONDITIONS AS THE PUBLIC DEBT ISSUED BY THE STATE

According to the Organic Law

Article 14 of the Organic Law on Budgetary Stability and Financial Sustainability: REITERATES THE ABSOLUTE PRIORITY OVER ANY OTHER EXPENDITURE OF THE PAYMENT OF INTEREST AND THE PAYMENT OF THE PAYMENT OF THE INTEREST AND THE CAPITAL OF THE PUBLIC DEBT OF ALL PUBLIC ADMINISTRATIONS

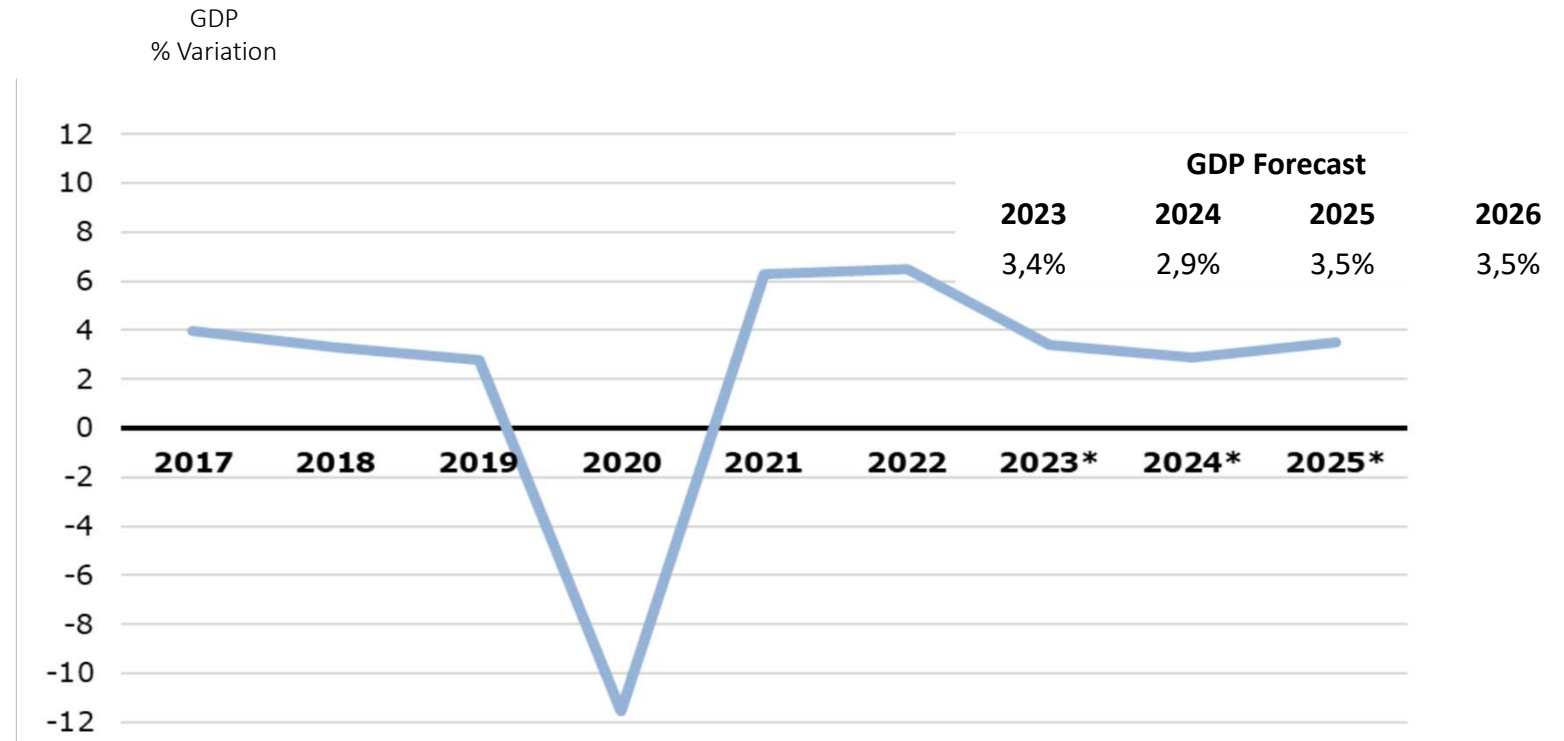
1.2

GROSS DOMESTIC PRODUCT

Evolution 2017-2022
Forecast 2023-2026



CITY OF MADRID'S GDP



* Economic forecasts CEPREDE (october 2023)
Source: Subdirectorate-General of Statistics of the Madrid City Council

In 2022, the GDP of the City of Madrid increased to € 166,185 mn, representing 12.3% of Spain's GDP



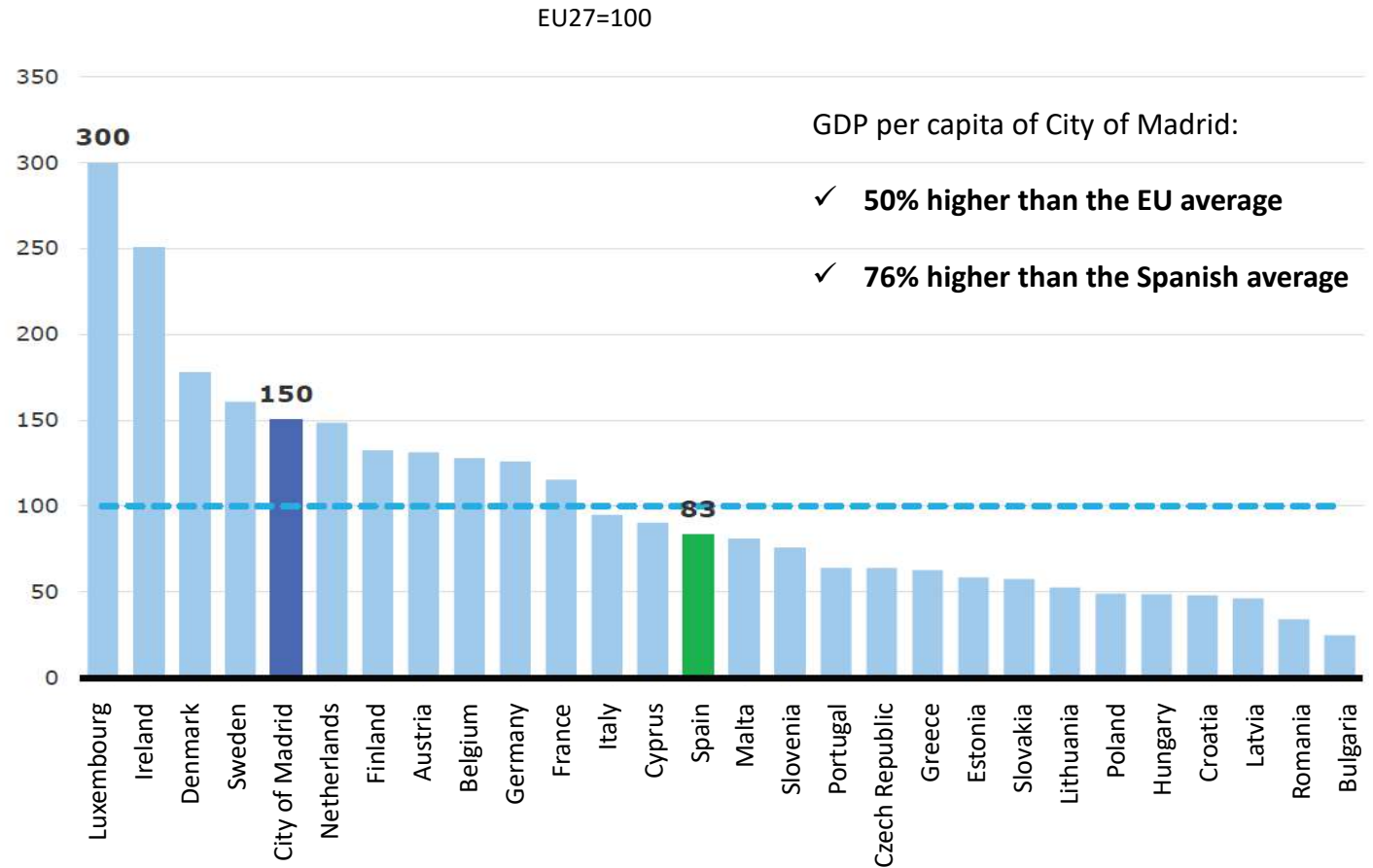
1.2

GROSS DOMESTIC PRODUCT

GDP per capita



GDP per capita of the City of Madrid 2021



Source: Eurostat. For Madrid, own elaboration.



1.2

GROSS DOMESTIC PRODUCT

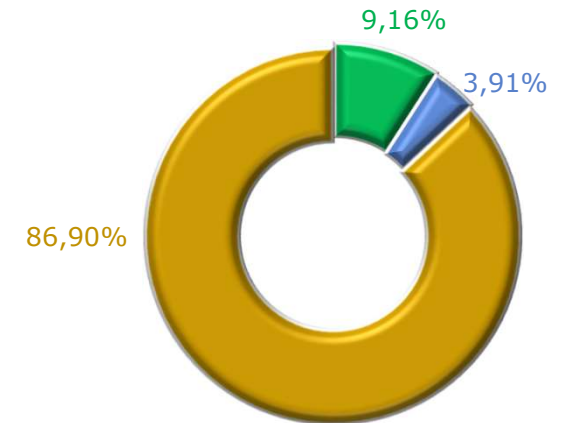
Productive Structure



GROSS VALUE ADDED (GVA) OF THE CITY OF MADRID IN 2022

GVA 2022, million euros	
AGRICULTURE	45
INDUSTRY	14055
CONSTRUCTION	5995
SERVICES	133318
TOTAL	153413

Fuente: Subdirectorate-General of Statistics (Madrid City Council)



All sectors are growing:

- 3.3% increase in the Industry sector (vs. 4.9% in 2021)
- 4.0% increase in the Construction sector (vs. 4.2% in 2021)
- 7.3% increase in the Services sector (vs. 6.6% in 2021)

The Services sector represents 86.9% of the total productive activity of the City of Madrid

1.2

GROSS DOMESTIC PRODUCT

Services Sector



GROSS VALUE ADDED (GVA) OF THE CITY OF MADRID'S SERVICES SECTOR



Source: Subdirectorate-General of Statistics of the Madrid City Council

- Advanced Services to Companies + Information and Communication represent:**
 - 30.8% of Services Sector
 - 26.6% of GVA
- Tourism is an important economic driver**

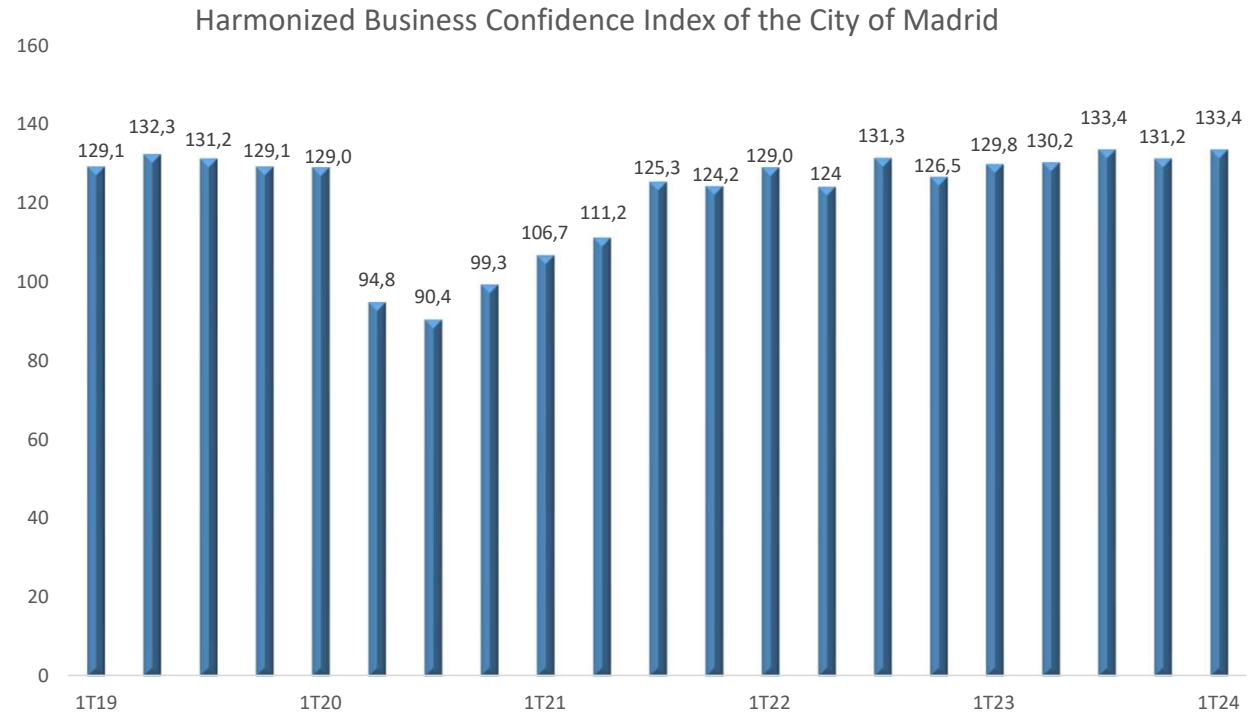
1.3

BUSINESS CONFIDENCE

Quarterly Index



BUSINESS CONFIDENCE INDEX



Fuente: INE

The Business Confidence Index of the City of Madrid in the first quarter of 2024 has increased 1.7% compared to the fourth quarter of 2023, while Spain's index has increased 0.6%

1.4

TOURISM

Tourism Activity



KEY TOURISM INDICATORS OF THE CITY OF MADRID

	2023	2022	% var. 23/22
Travelers	9,877,855	8,668,684	13.9%
Domestic	4,527,137	4,340,921	4.3%
Foreign	5,350,718	4,327,763	23.6%
Overnight Stays	20,007,970	18,000,995	11.1%
Domestic	7,701,725	7,602,305	1.3%
Foreign	12,306,245	10,398,690	18.3%
Average Stay (days)	2.0	2.1	-2.5%
Domestic	1.7	1.8	-2.9%
Foreign	2.3	2.4	-4.3%
"Occupation Level per Room" (%)	73.1	66.5	6.6

Source: Escuela Ocupación Hotelera (INE)

2023 vs. 2022:

- 13.9% increase in number of travelers
- 11.1% increase in overnight stays

Q4 2023 vs. Q4 2022:

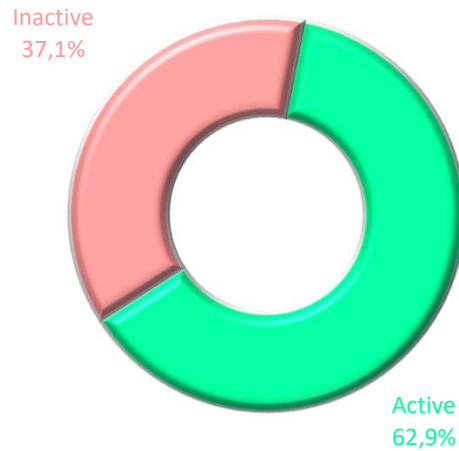
- 5.1% increase in number of travelers
- 4.3% increase in overnight stays

1.5

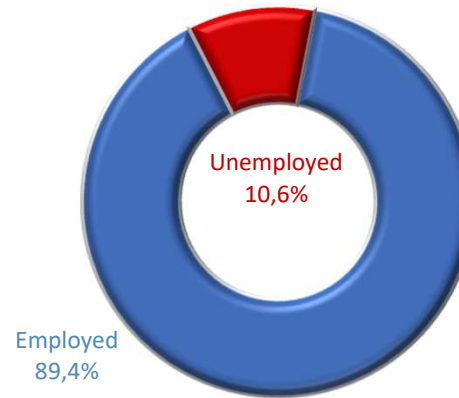
EMPLOYMENT

EMPLOYMENT SITUATION OF THE CITY OF MADRID

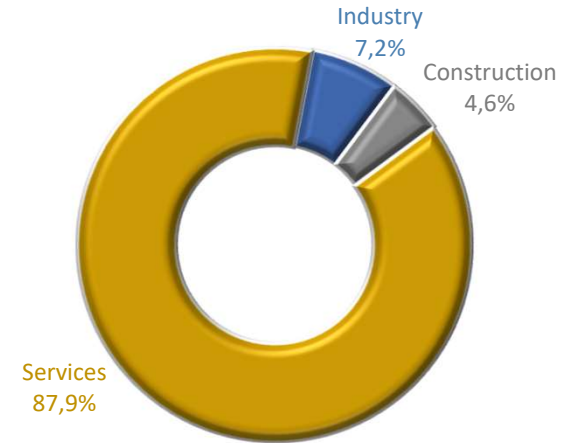
Population older than 16 years



Labour Force



Employed population



Labour Market

EPA Data, Annual Average Q2 2022 – Q1 2023 (INE). Source: SG Statistics Madrid City Council

 **The workforce of the City of Madrid is highly qualified. Indeed, 59% of employees account for a university level of education**



1.6

SUSTAINABILITY

Axes and Areas of Action



STRATEGY FOLLOWED BY THE CITY OF MADRID



City



Mobility

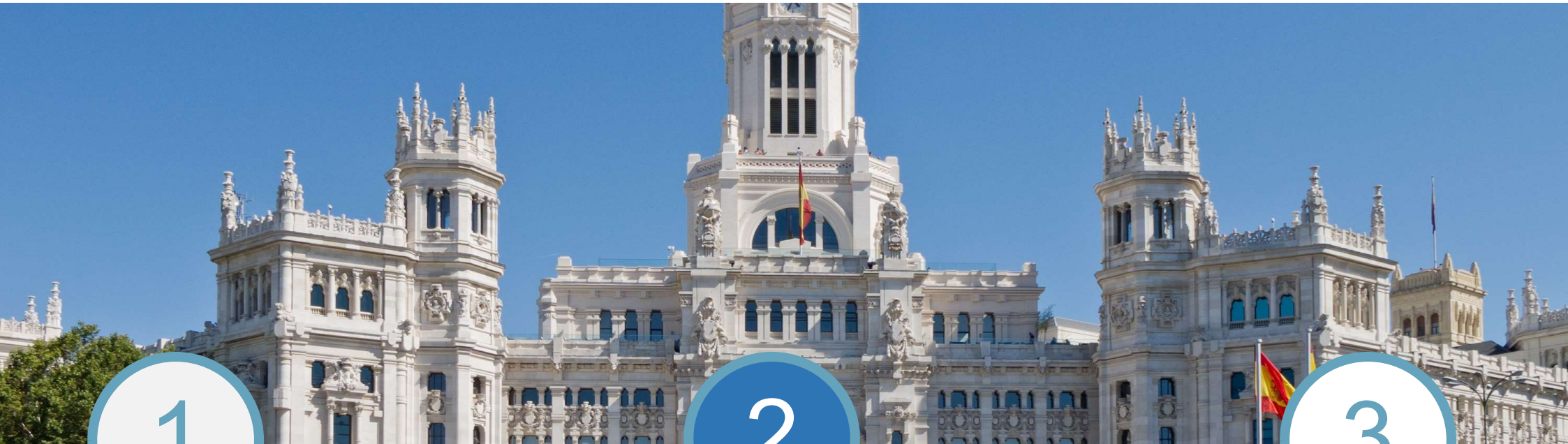


Administration

Madrid 360 is made up of **more than 280 initiatives** structured in the 3 axes of transformation mentioned above, which at the same time are materialized in **14 strategic areas**.

Axes and Scopes of Madrid 360 Strategy

City		Mobility			Administration	
Electrification	New infrastructure	Promotion of public transport	Mode integration and innovation	Restrictions for the most polluting vehicles	Normative support	Historical aids for the ecological transition
Circular economy and waste management	Green infrastructure	Commitment to bicycles	Urban Distribution of Merchandise (DUM)	Pedestrinizations	Energy efficiency and sustainability	Studies and monitoring measures



1

2

3

**KEY ECONOMIC
ACTIVITY**

BUDGET

INDEBTEDNESS

2 Budget

- 2.1. 2019-2023 Statements
- 2.2 2024 Budget
- 2.3 2019-2023 Budget Stability
- 2.4 2019-2023 Liquidity Position
- 2.5 2019 -2023 Budget Achievement

Ctrl + click to access the link: [Presupuestos - Ayuntamiento de Madrid](#)

2.1

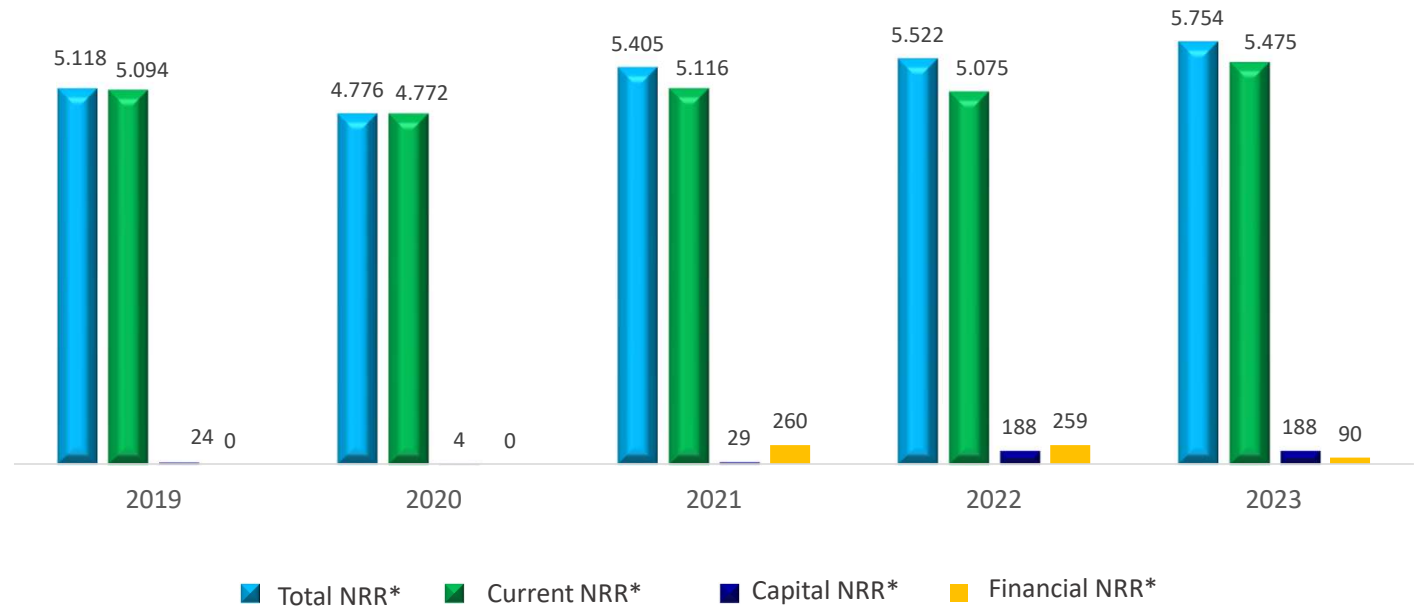
2019-2023 STATEMENTS

Consolidated Income Evolution



Consolidated Income of the City Council and Autonomous Entities of Madrid

Data in € mn



*Net Recognized Rights

Overall, income decreased in 2020 due to the COVID'19 pandemic, though there has been a recovery during the following years

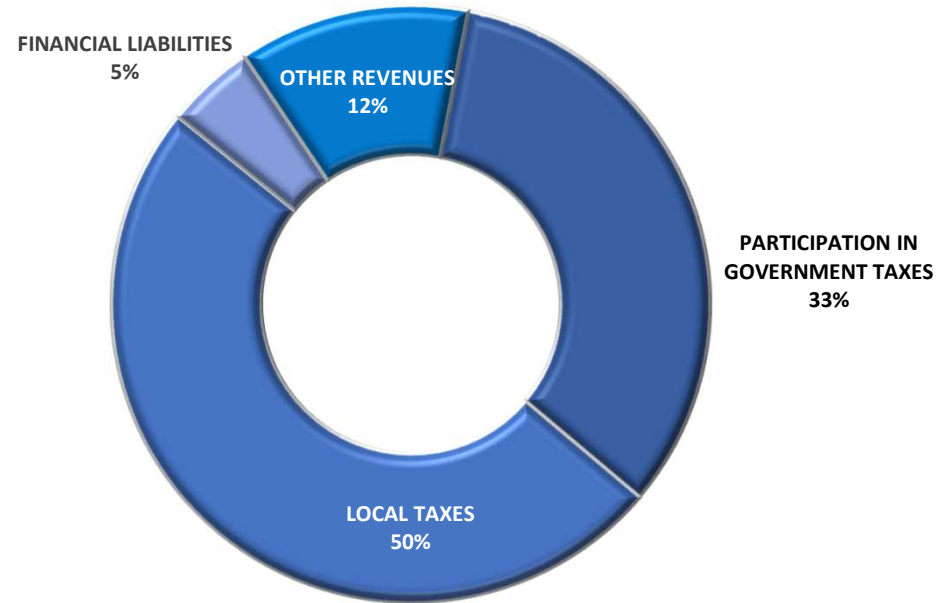
2.1

2019-2023 STATEMENTS

Financing Structure of Revenues 2021



Financing Structure of the City of Madrid (2021)



Dependence on Government Revenues

- 33% of the City of Madrid's revenues come from the Government
- Financial autonomy is 50% (local taxes), as it is independent of the economic cycle

2.1

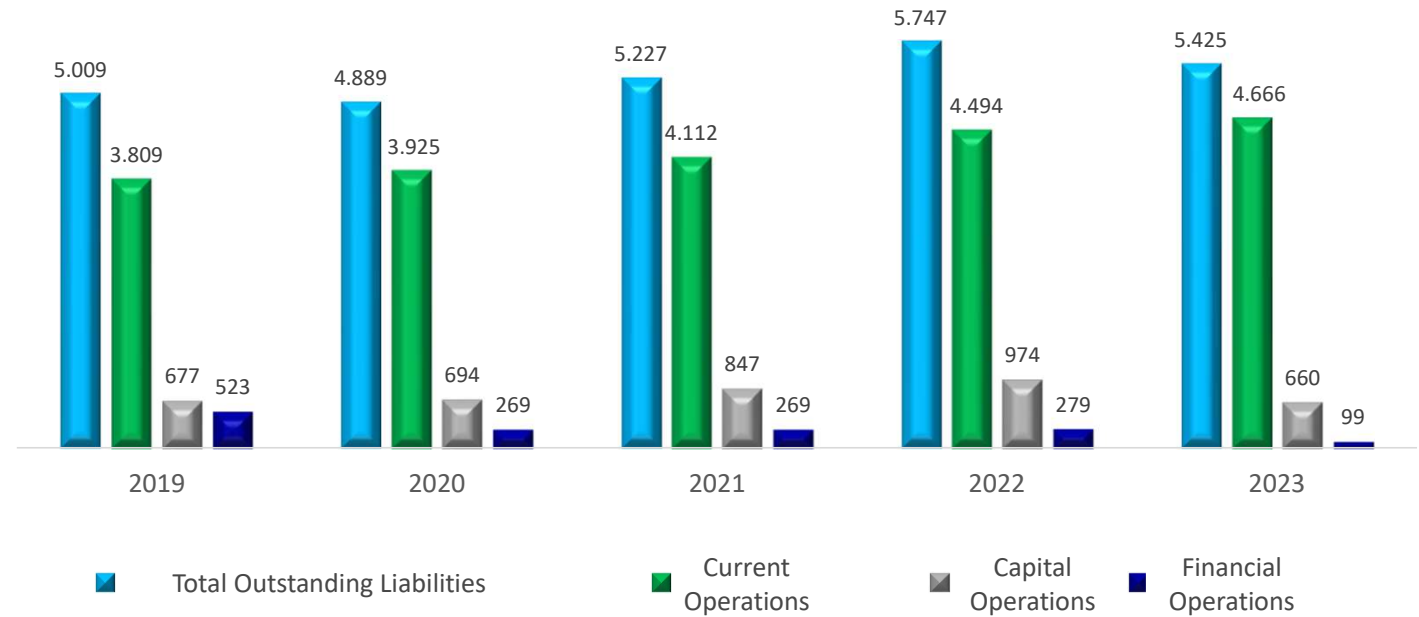
2019-2023 STATEMENTS

Consolidated Expenditure Evolution



Consolidated Statement of Expenses of the City Council and Autonomous Entities of Madrid

Data in € mn



2.2

2024 BUDGET

Revenues by Category



Consolidated Revenue Budget of Madrid's the City Council and Autonomous Entities

Data in € mn	Budget 2023	Budget 2024	24/23	% 24/23	Expected Settlement 2024
1. Direct Taxes	2,421.41	2,413.20	-8.21	-0.34%	2,403.39
2. Indirect Taxes	216.91	269.08	52.17	24.05%	216.91
3. Fees, Public Charges and Other Revenues	696.04	748.86	52.82	7.59%	759.97
4. Current Transfers	1,975.36	2,308.84	333.48	16.88%	2,349.48
5. Rental Income	125.38	80.40	-44.98	-35.87%	100.63
Current Operations	5,435.10	5,820.38	385.28	7.09%	5,875.38
6. Real Property Disposition	43.01	117.03	74.02	172.11%	102.72
7. Capital Transfers	64.02	2.82	-61.20	-95.59%	64.92
Capital Operations	107.03	119.85	12.82	11.98%	167.64
TOTAL NON-FINANCIAL INCOME	5,542.13	5,940.23	398.10	7.18%	6,043.02

2.2

2024 BUDGET

Expenses by Category



Consolidated Expenditure Budget of the City Council and Autonomous Entities of Madrid

Data in € mn	Budget 2023	Budget 2024	24/23	% 24/23	Expected Settlement 2024
1. Salaries Expenses	1,793.35	2,003.97	210.62	11.74%	1,873.94
2. Current Expenses on Goods and Services	2,291.16	2,563.96	272.80	11.91%	2,441.72
3. Financial Expenses	110.77	111.87	1.10	0.99%	111.82
4. Current Transfers	476.51	535.80	59.29	12.44%	511.63
5. Contingency Funds and Other Incidentals	71.68	32.17	-39.51	-55.12%	-
Current Operations	4,743.47	5,247.77	504.30	10.63%	4,939.11
6. Real Investment	619.60	524.62	-94.98	-15.33%	449.73
7. Capital Transfers	177.49	166.88	-10.60	-5.97%	135.73
Capital Operations	797.09	691.50	-105.59	-13.25%	585.46
TOTAL NON-FINANCIAL EXPENSES	5,540.56	5,939.27	398.71	7.20%	5,524.57

2.3

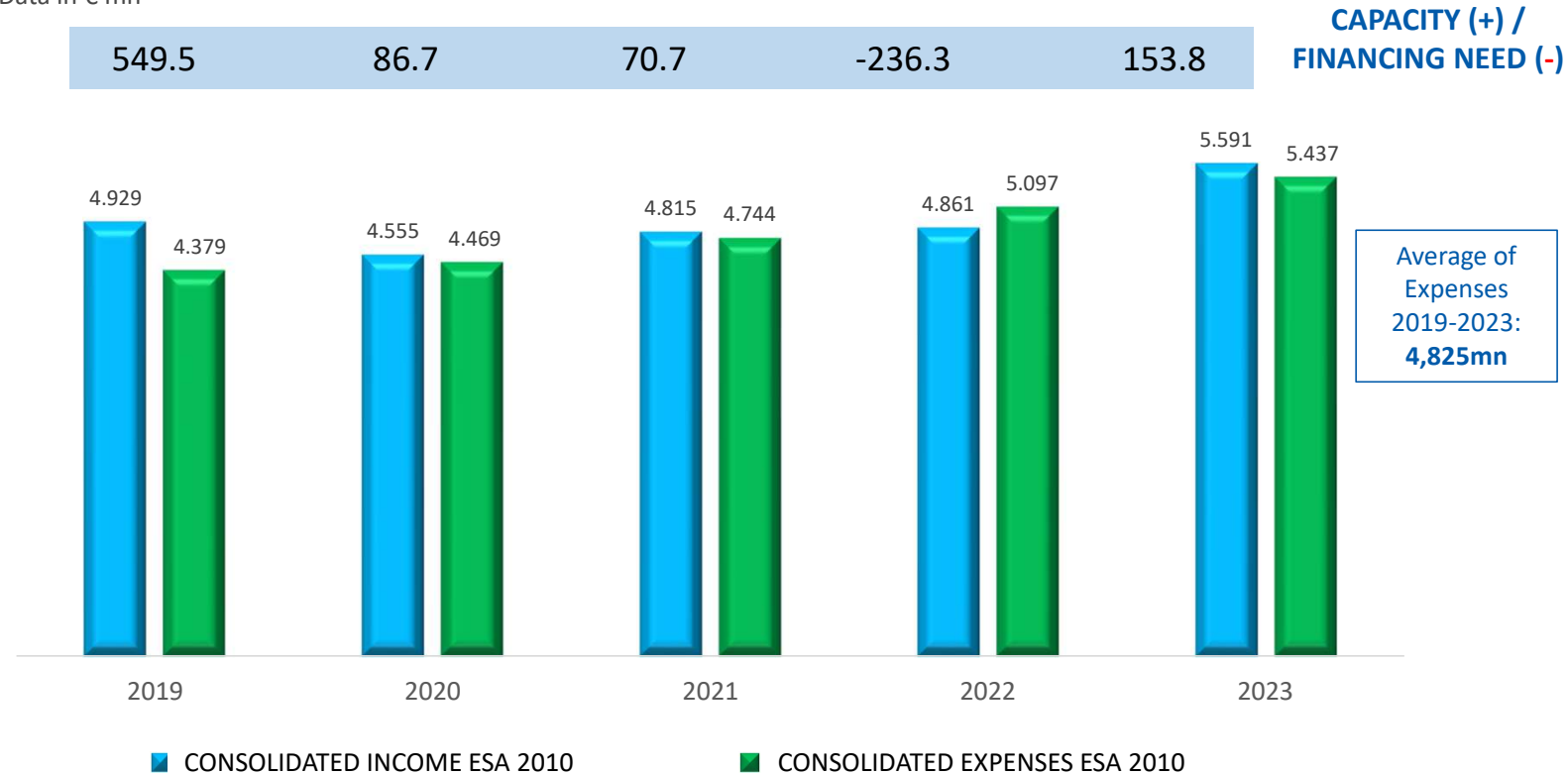
2019-2023 BUDGET STABILITY

Evolution of Consolidated Income and Expenses



Budget Stability 2019-2023 European System of Accounts (ESA)

Data in € mn



The results in 2022 are a consequence of adjustments in the National Accounts required by the General Comptroller of the State Administration (*"Intervención General Administración del Estado"*)

2.3

2019-2023 BUDGET STABILITY

Evolution of Gross and Net Savings

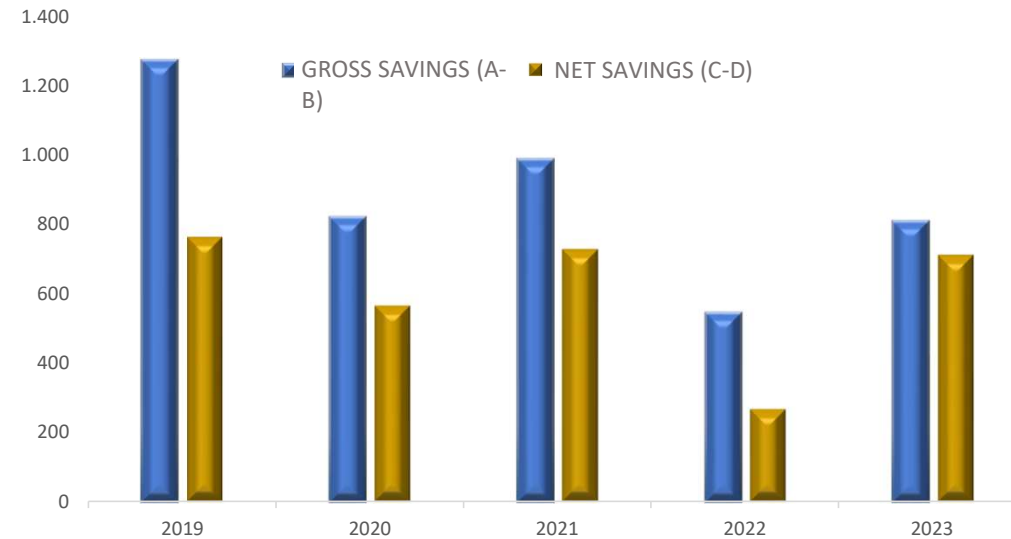


High levels of Gross and Net Savings in the last 5 years, arised from the strong financial management of the City of Madrid

Statement of Gross and Net Savings 2019-2023

Data in € mn

	2019	2020	2021	2022	2023
(A) Settled Rights from Current Operations (Cap. 1 a 5)	5,075.76	4,753.76	5,099.52	5,035.11	5,478.97
(B) Settled Obligations from Current Operations (Cap. 1 a 5)	3,804.58	3,932.94	4,112.67	4,489.81	4,670.14
(C) GROS SAVINGS (A-B)	1,271.18	820.82	986.85	545.30	808.83
(D) Amortization of Financial Liabilities Settled (Cap.9 Expenses)	509.25	256.06	259.70	279.01	98.70
NET SAVINGS (C-D)	761.92	564.76	727.15	266.29	710.13



2.4

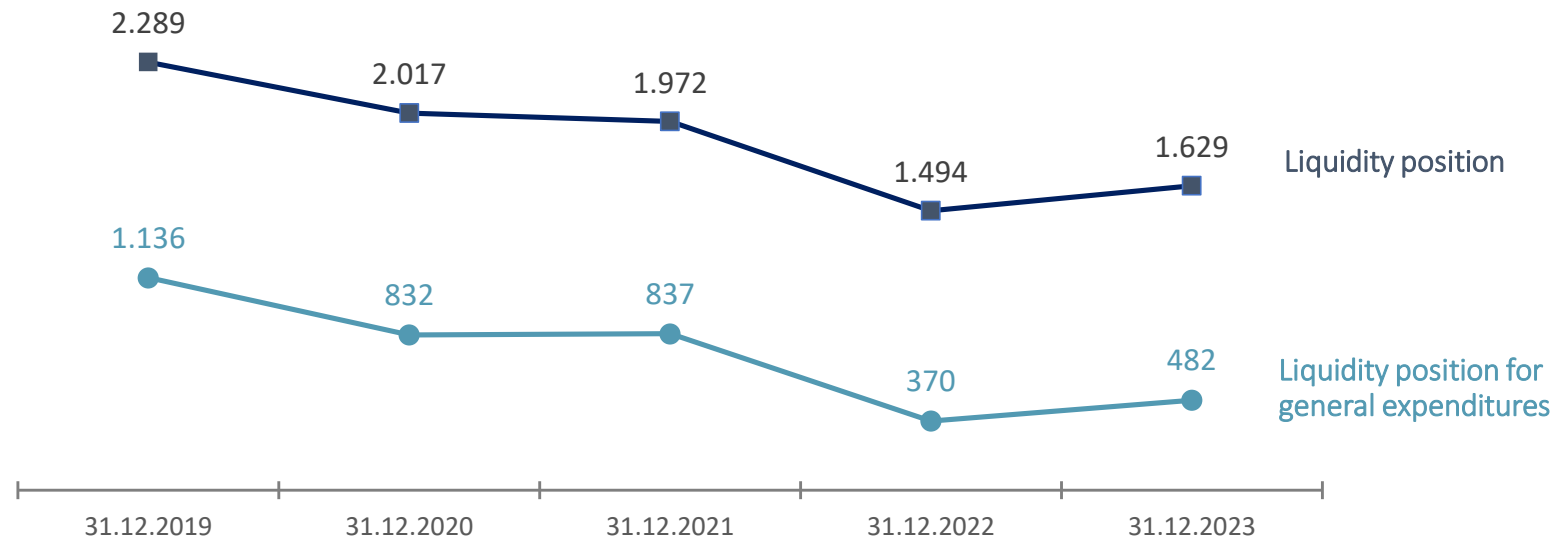
2019-2023 LIQUIDITY POSITION

Evolution



Liquidity Position for the 2019-2023 Period

Data in € mn



 **Strong liquidity position over the recent years**

2.5

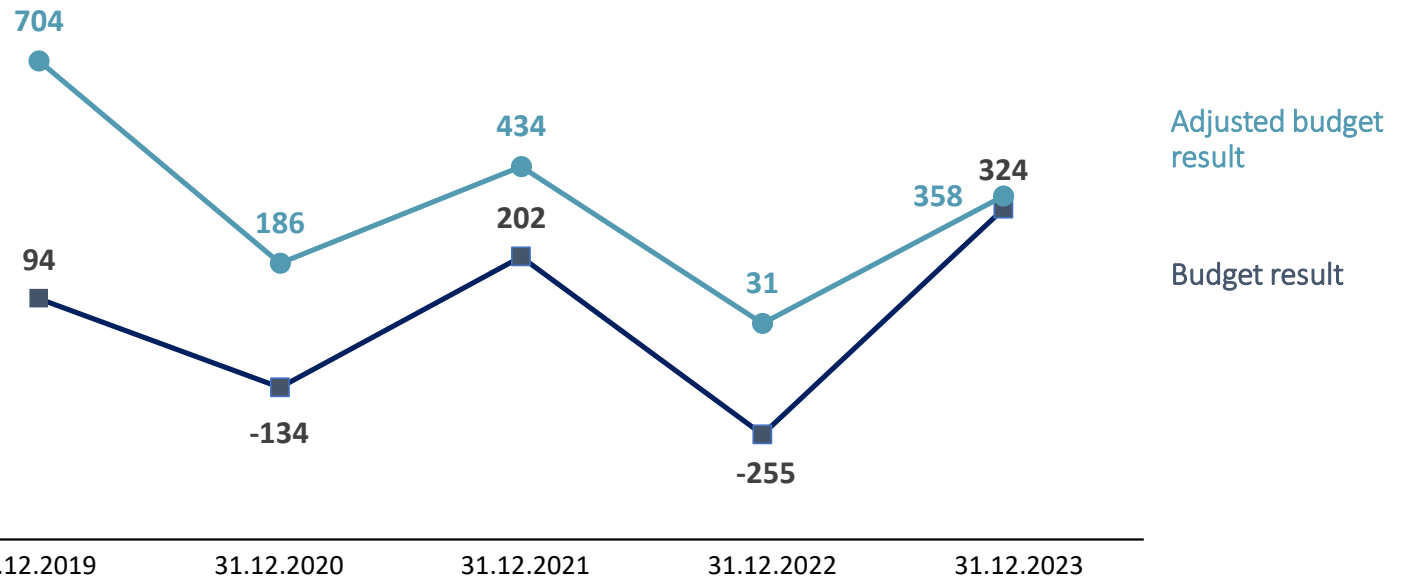
2019-2023 BUDGET ACHIEVEMENT

Evolution



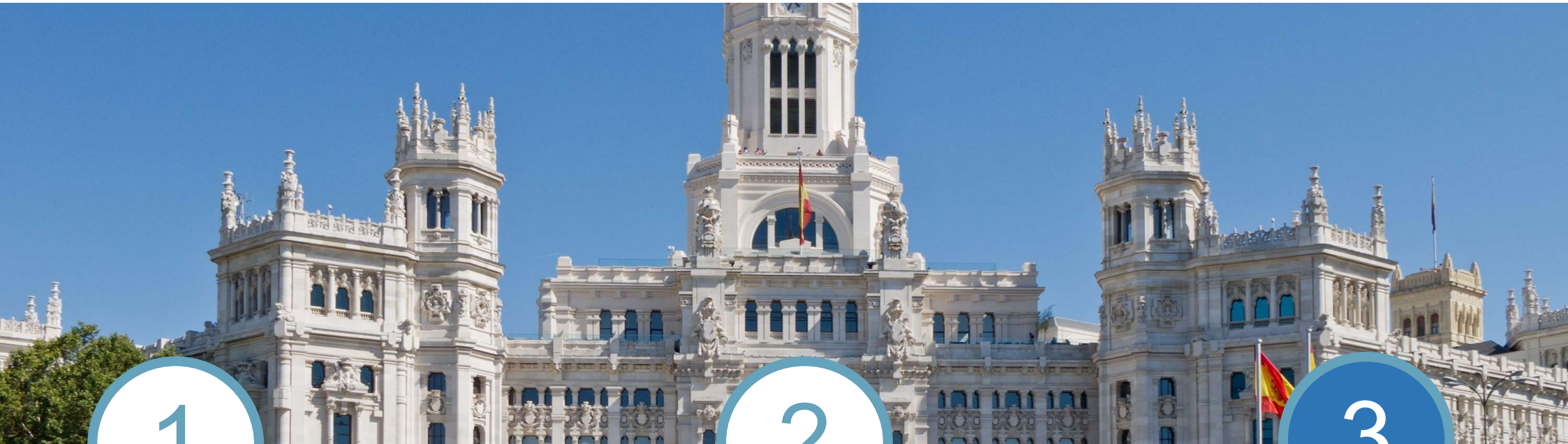
Budget Achievement for the 2019-2023 Period

Data in € mn



- Prudent Budget Planning
- Strong Financial Results





1

**KEY ECONOMIC
ACTIVITY**

2

BUDGET

3

INDEBTEDNESS

3

Indebtedness

- 3.1.** Liquidity and Short-term Credit Lines
- 3.2.** Average Payment Period To Suppliers
- 3.3.** City of Madrid Debt Analysis
- 3.4.** Municipal Debt Ratios
- 3.5.** City of Madrid Rating Reports

Ctrl + click to access the link: [Información financiera - Ayuntamiento de Madrid](#)

3.1

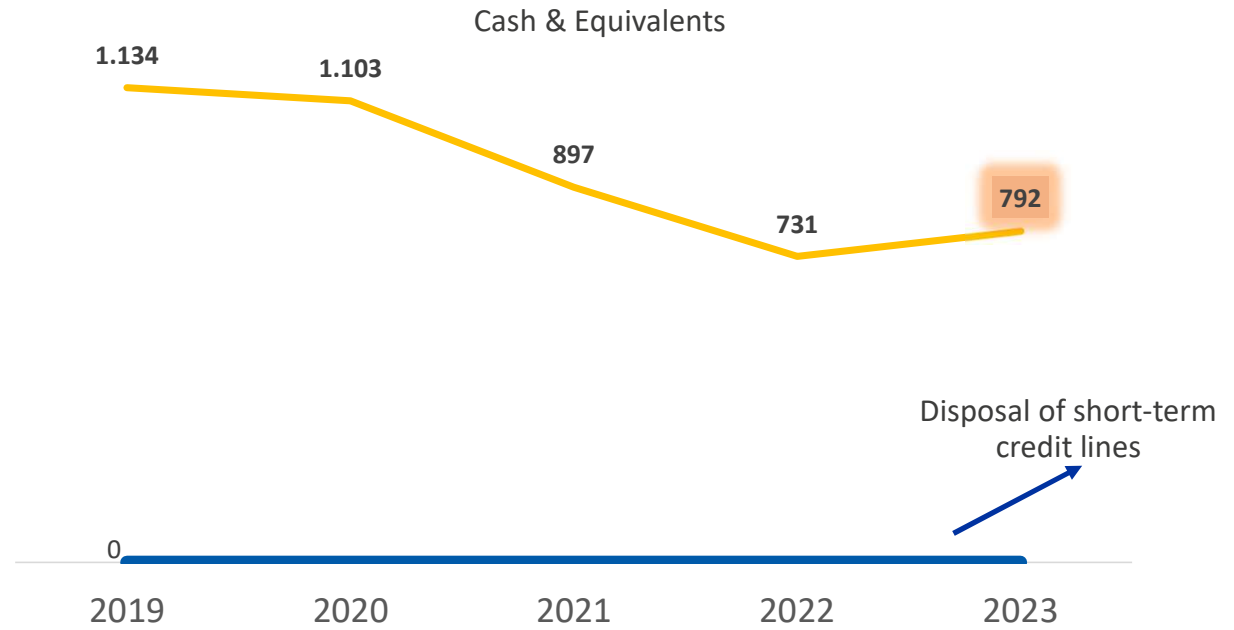
LIQUIDITY AND SHORT-TERM CREDIT LINES

Evolution and Disposals



Cash & Equivalents Evolution and Short-Term Credit Lines Disposals

Data in € mn



No disposal of short-term credit lines since 2019 thanks to the strong liquidity position of the City of Madrid

3.2

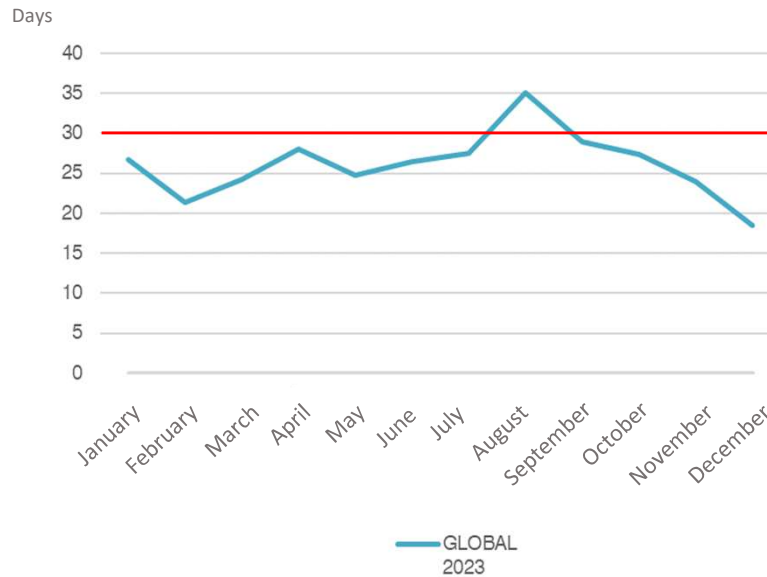
AVERAGE PAYMENT PERIOD TO SUPPLIERS

Below Legal Requirements

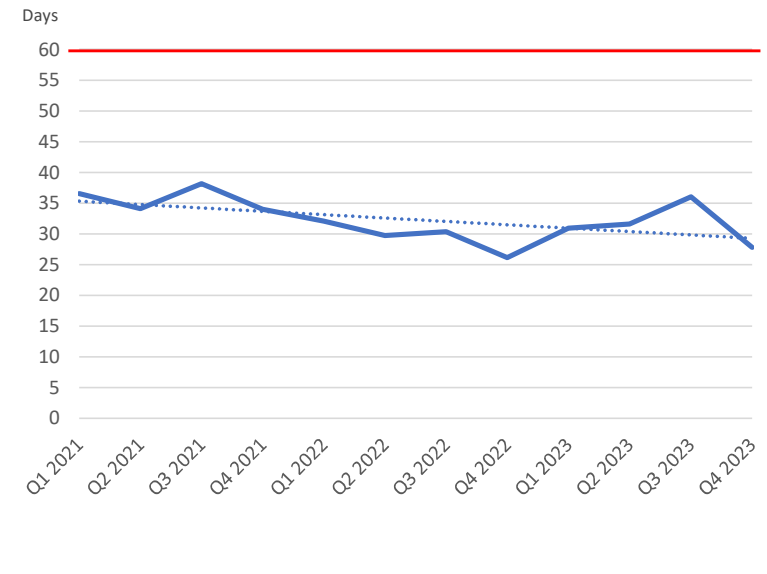


Average Payment Period To Suppliers (APP)

APP - Monthly



APP - Quarterly



At the end of 2023, the monthly APP to suppliers reached 18.5 days

As of May 2024, the APP to suppliers was even below that figure, reaching 11.9 days

The quarterly APP to suppliers is well below the legal requirement of 60 days



3.3

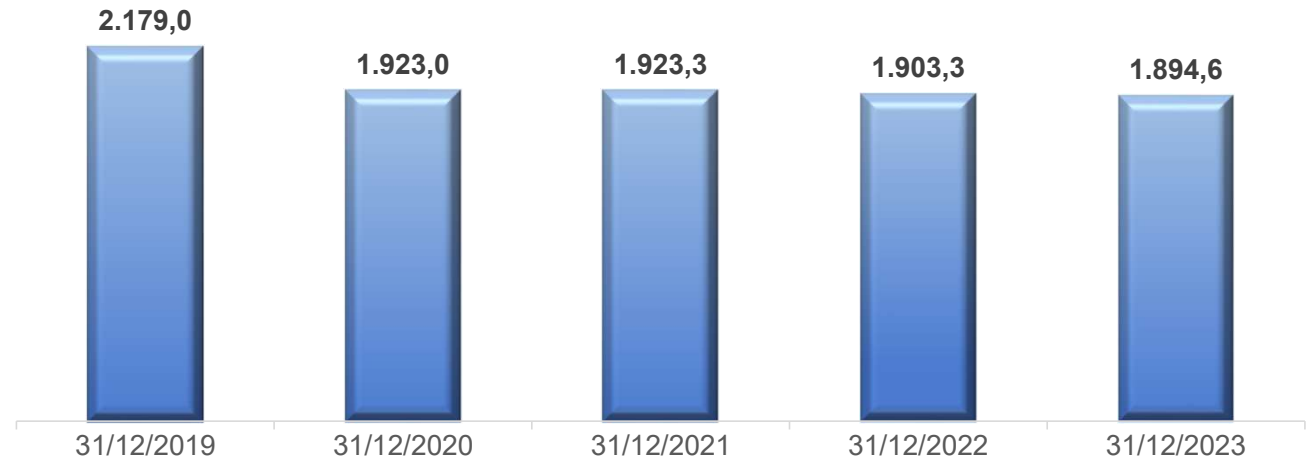
CITY OF MADRID DEBT ANALYSIS

Debt Evolution and Average Long Term Debt Life



Total Debt and Average Debt Life

Data in € mn



Total debt has been reduced by 13% since 2019, with a stable average life

Average Life	2019	2020	2021	2022	2023
Average Life	6.8	6.7	6.8	7.0	6.3

3.3

CITY OF MADRID DEBT ANALYSIS

City of Madrid's Bond Issues



City of Madrid's Bond Issues

LIST OF THE BONDS ISSUED BY THE CITY OF MADRID (from 1997 to 2008)

LEI: 9598000KQHFX2BBJ0T57

ISIN	ISSUE DATE	TENOR (YRS)	COUPON	MATURITY	AMOUNT ISSUED (EUR)
ES 0201001098	1997	10	6.50%	2007	150,252,500
ES 0201001106	1998	10	4.55%	2008	120,202,000
ES 0201001114	2001	10	5.10%	2011	150,000,000
ES 0201001122	2002	10	4.90%	2012	180,000,000
ES 0201001130	2006	15	4.35%	2021	200,000,000
ES 0201001148	2006	30	4.55%	2036	300,000,000
ES 0201001155	2007	10	4.65%	2017	200,000,000
ES 0201001163	2007	15	Floating Euribor 6 months +0%	2022	200,000,000
ES 0201001171	2008	10	5.08%	2018	110,000,000
TOTAL ISSUED					1,610,454,500

 The City of Madrid was a frequent bond issuer in the Debt Capital Markets in the past (last bond issue was executed in 2008)

3.3

CITY OF MADRID DEBT ANALYSIS

Smooth Debt Maturity Profile

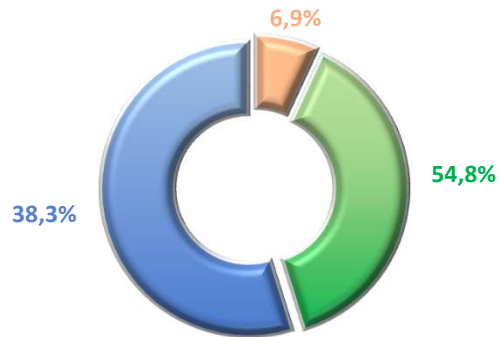


Debt Maturity Profile (as of Dec. 2023)

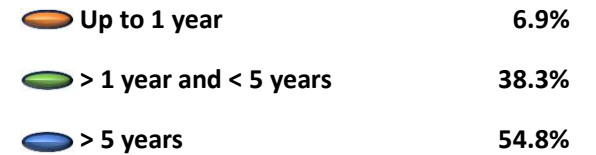
Data in € mn



Debt Structure by Maturity Date (as of Dec. 2023)



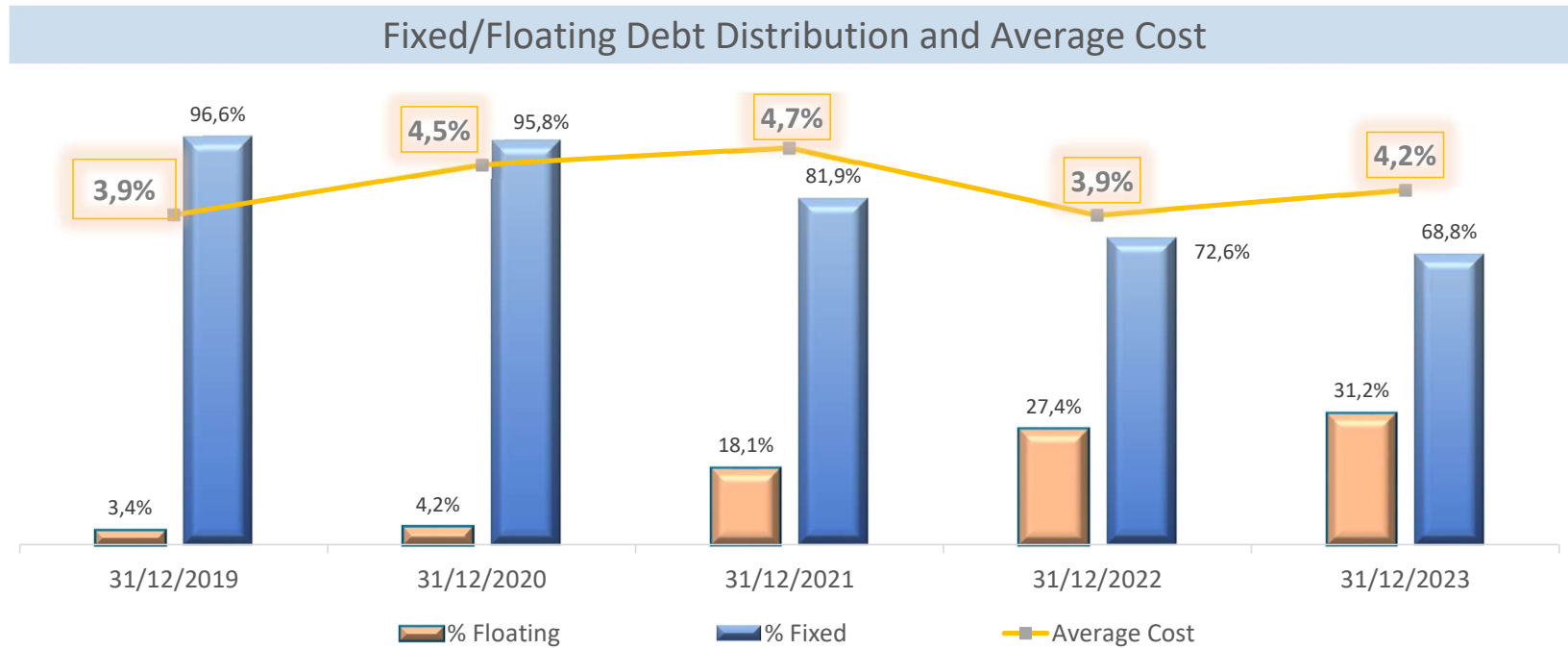
Debt Distribution by Maturity Date



3.3

CITY OF MADRID DEBT ANALYSIS

Fixed/Floating Debt Distribution and Average Cost



Despite the rates increase, the City of Madrid has managed to maintain its average debt cost at low levels

There are no guarantees on financial operations

3.3

CITY OF MADRID DEBT ANALYSIS

**Total
Indebtedness
including Local
Public Sector
Companies**



Consolidated Indebtedness (Excessive Deficit Procedure)

Data in €

	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
COUNCIL	2,170,936,060	1,917,558,809	1,660,541,688	1,724,215,670	1,894,577,060
PUBLIC PRIVATE PARTNERSHIPS	26,842,624	18,327,913	9,387,468	5,040,000	62,299,444
HOUSING & LAND MUNICIPAL COMPANY	20,293,064	0			
NON-RECOURSE FACTORING	14,497,002	14,607,321	9,581,244	9,184,415	3,554,454
CONSOLIDATED INDEBTEDNESS	2,232,568,750	1,950,494,043	1,679,510,400	1,738,440,085	1,960,430,958
NET CHANGE 2019-2023			-272,137,792		

3.4

MUNICIPAL DEBT RATIOS

Stable Outstanding Debt / Current Income Ratio



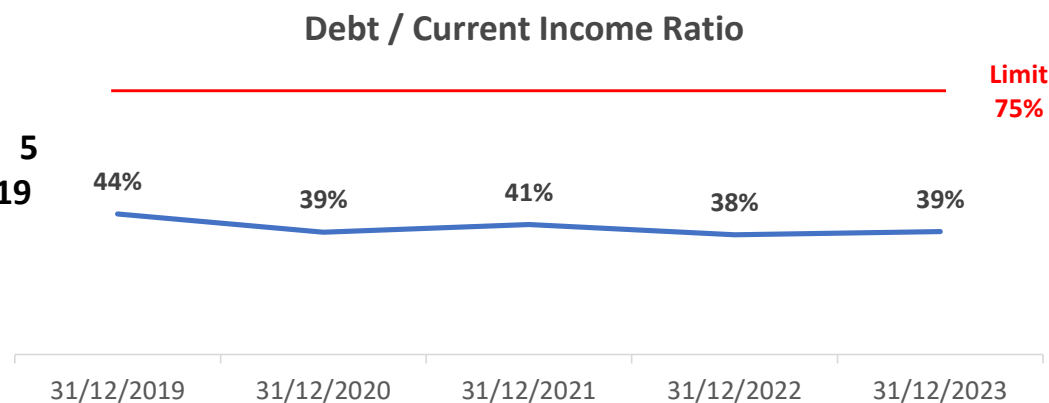
Debt / Current Income Ratio

Data in €

	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
COUNCIL	2,179,046,462	1,922,987,764	1,923,287,697	1,903,279,732	1,894,577,060
PUBLIC PRIVATE PARTNERSHIPS	26,842,624	18,327,913	9,387,468	5,040,000	62,299,444
HOUSING & LAND MUNICIPAL COMPANY	20,293,064	0			
NON-RECOURSE FACTORING	14,497,002	14,607,321	9,581,244	9,184,415	3,554,454
INDEBTEDNESS Art. 53*	2,240,679,151	1,955,922,998	1,942,256,408	1,917,504,147	1,960,430,958

* From the Consolidated Text of the Law Regulating Local Treasury

The ratio decreases 5 percentage points since 2019



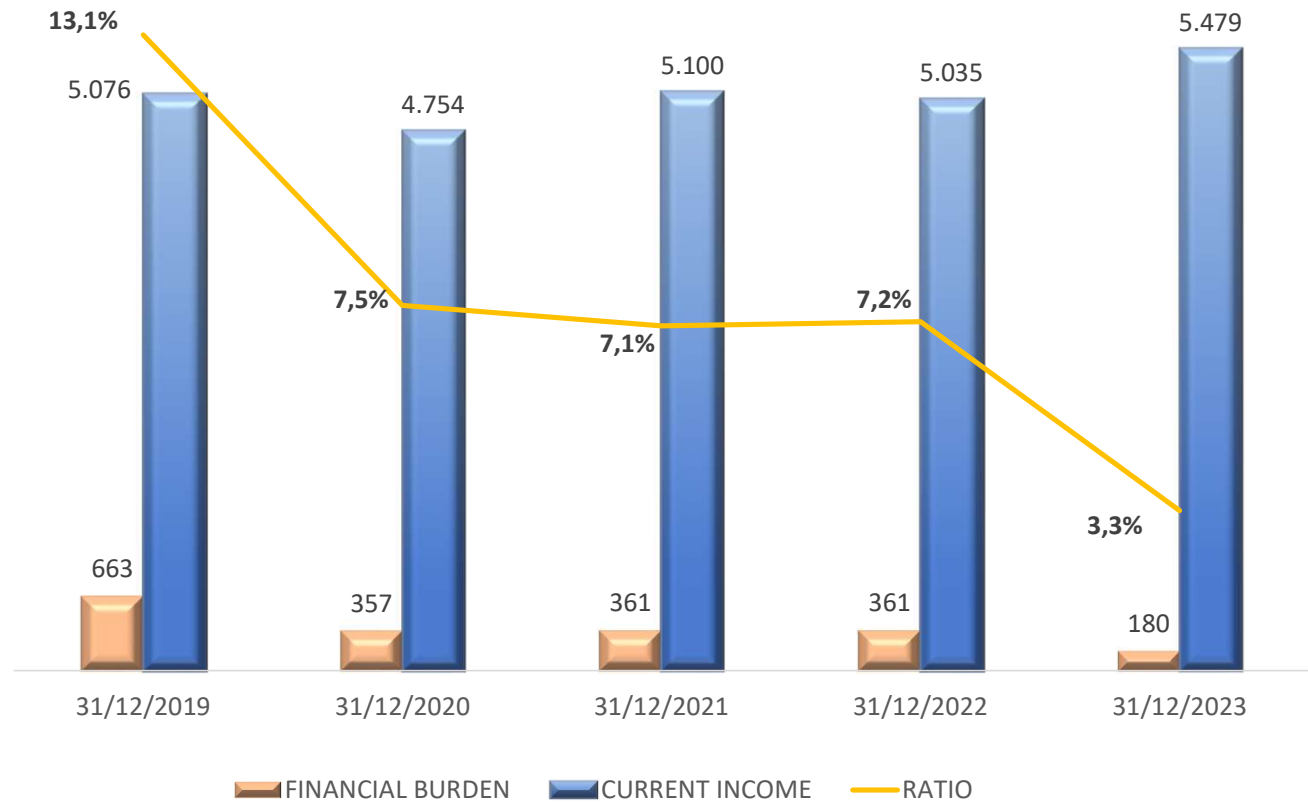
3.4

MUNICIPAL DEBT RATIOS

Financial Burden / Current Income Ratio decreasing



Financial Burden / Current Income (Settled Data)



3.4

MUNICIPAL DEBT RATIOS

Debt / Inhabitant Ratio

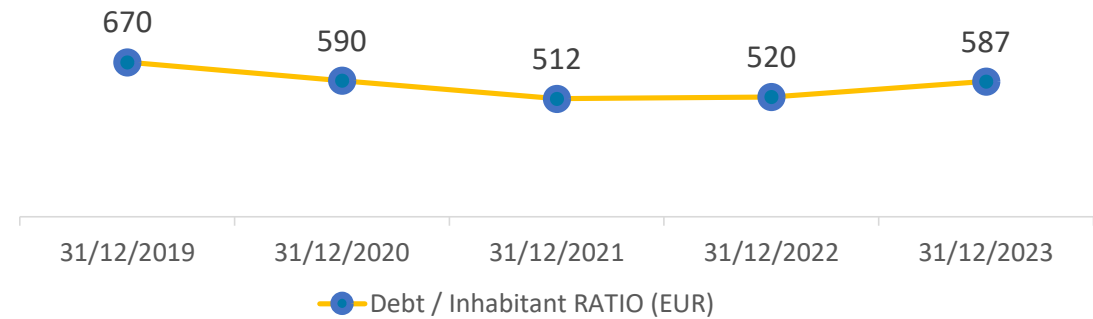


Debt / Inhabitant Ratio

Data in € mn

	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
CONSOLIDATED DEBT (EDP Criteria)	2,233	1,950	1,680	1,738	1,960
	01/01/2020	01/01/2021	01/01/2022	01/01/2023*	01/01/2023*
City of Madrid Inhabitants (INE)	3,334,730	3,305,408	3,280,782	3,340,176	3,340,176

(*) INE as of January 1st, 2023



3.4

MUNICIPAL DEBT RATIOS

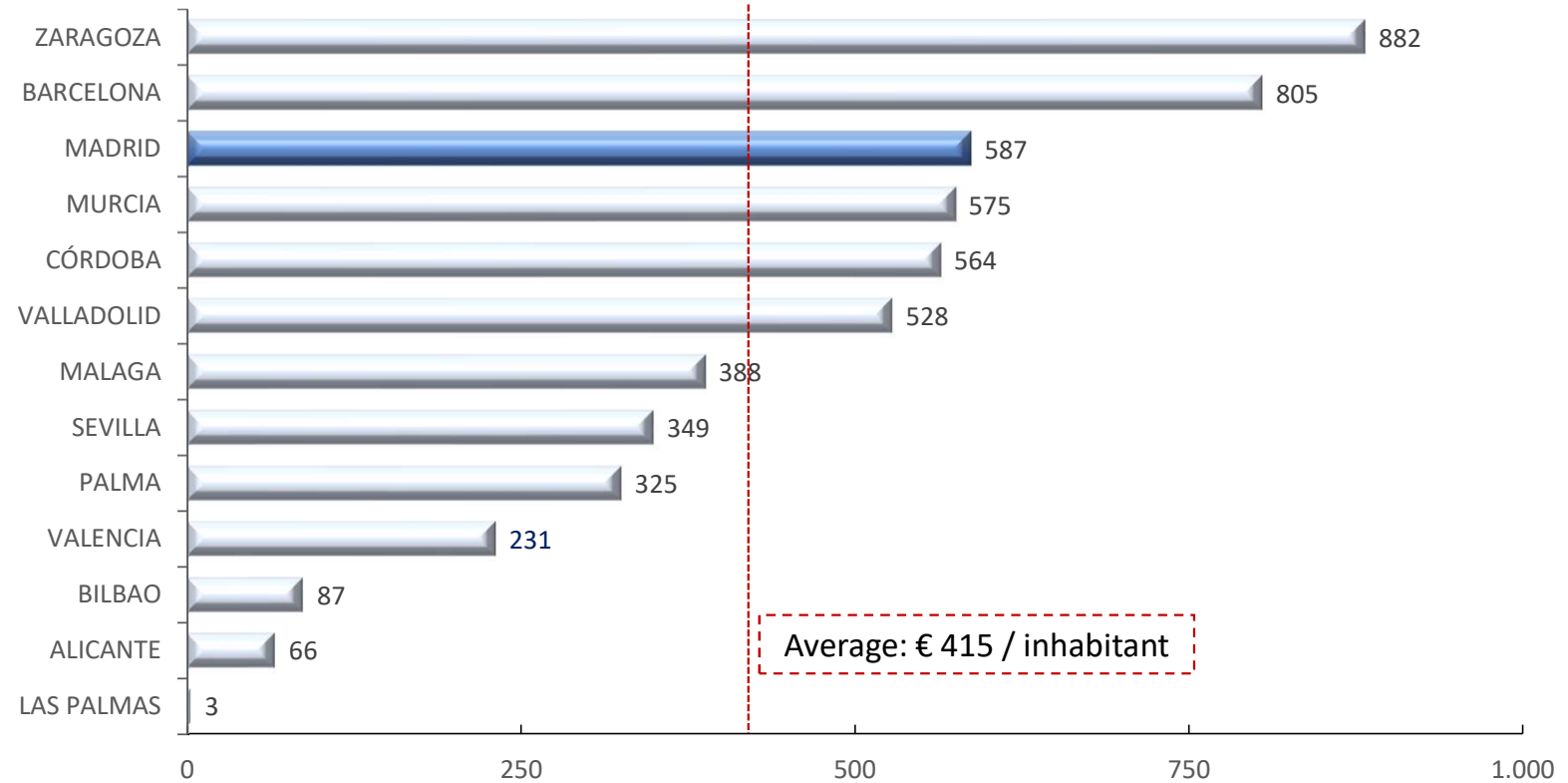
Debt / Inhabitant Ratio



Debt / Inhabitant Ratio, Main Cities

As of December 31st, 2023

€ per inhabitant



3.4

MUNICIPAL DEBT RATIOS

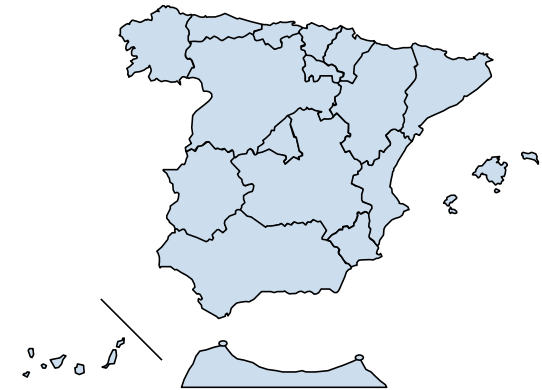
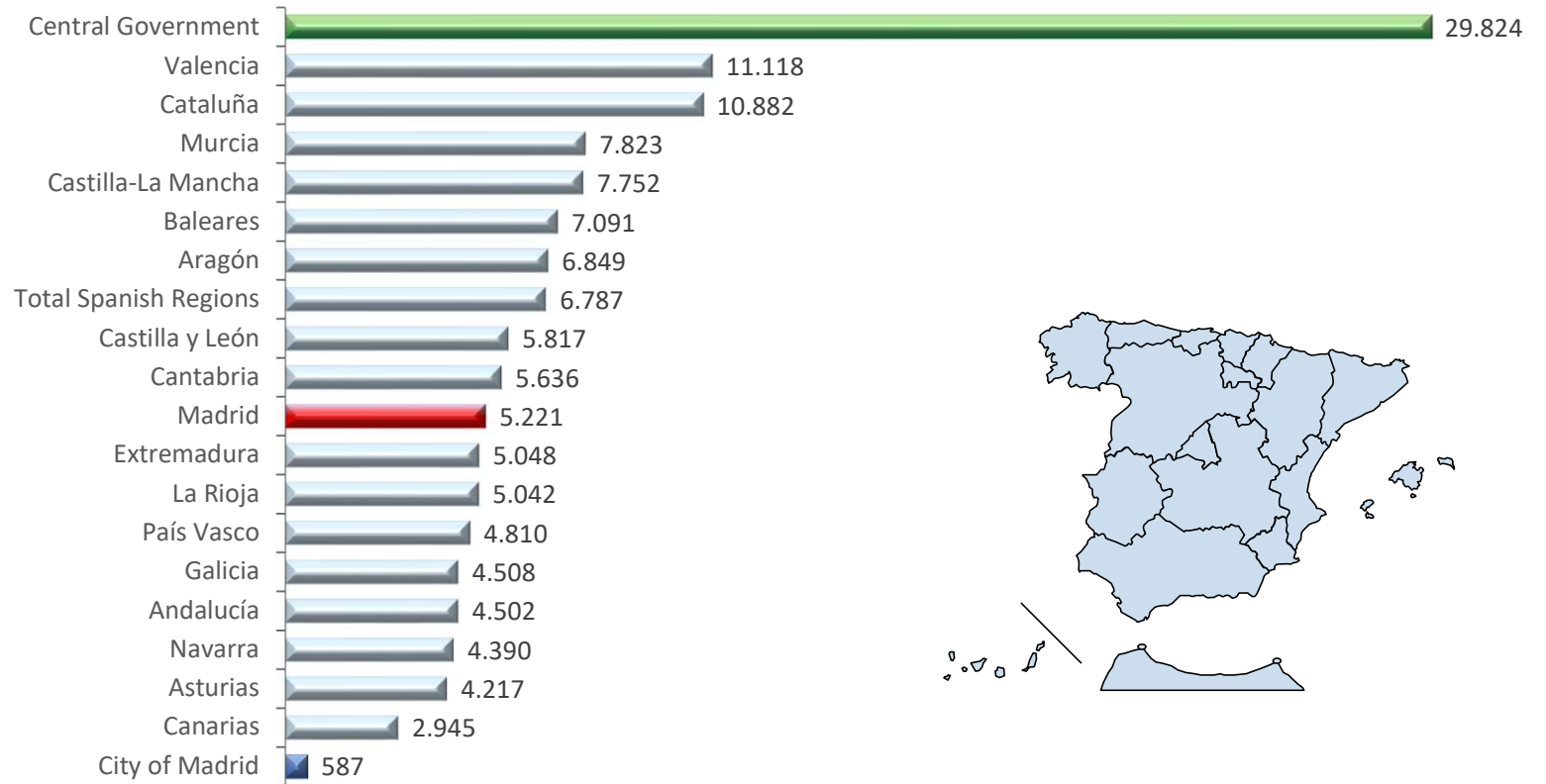
Debt / Inhabitant Ratio comparison



Debt / Inhabitant Ratio, Spanish Regions

As of December 31st, 2023

€ per inhabitant



3.4

MUNICIPAL DEBT RATIOS

Very low
Debt / GDP Ratio

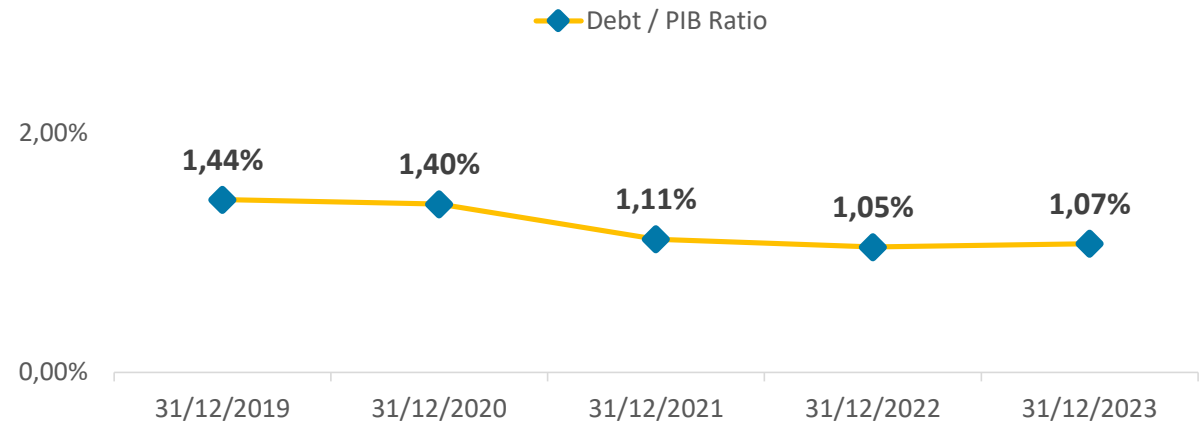


Debt / GDP Ratio

DBT / GDP PERFORMANCE CITY OF MADRID

Data in € mn

	31/12/2019	31/12/2020	31/12/2021	31/12/2022	31/12/2023
Consolidated Debt (PDE Criteria)	2,233	1,950	1,680	1,738	1,960
City of Madrid GDP (Municipal Accounting)	154,887	138,855	151,002	166,185	182,489



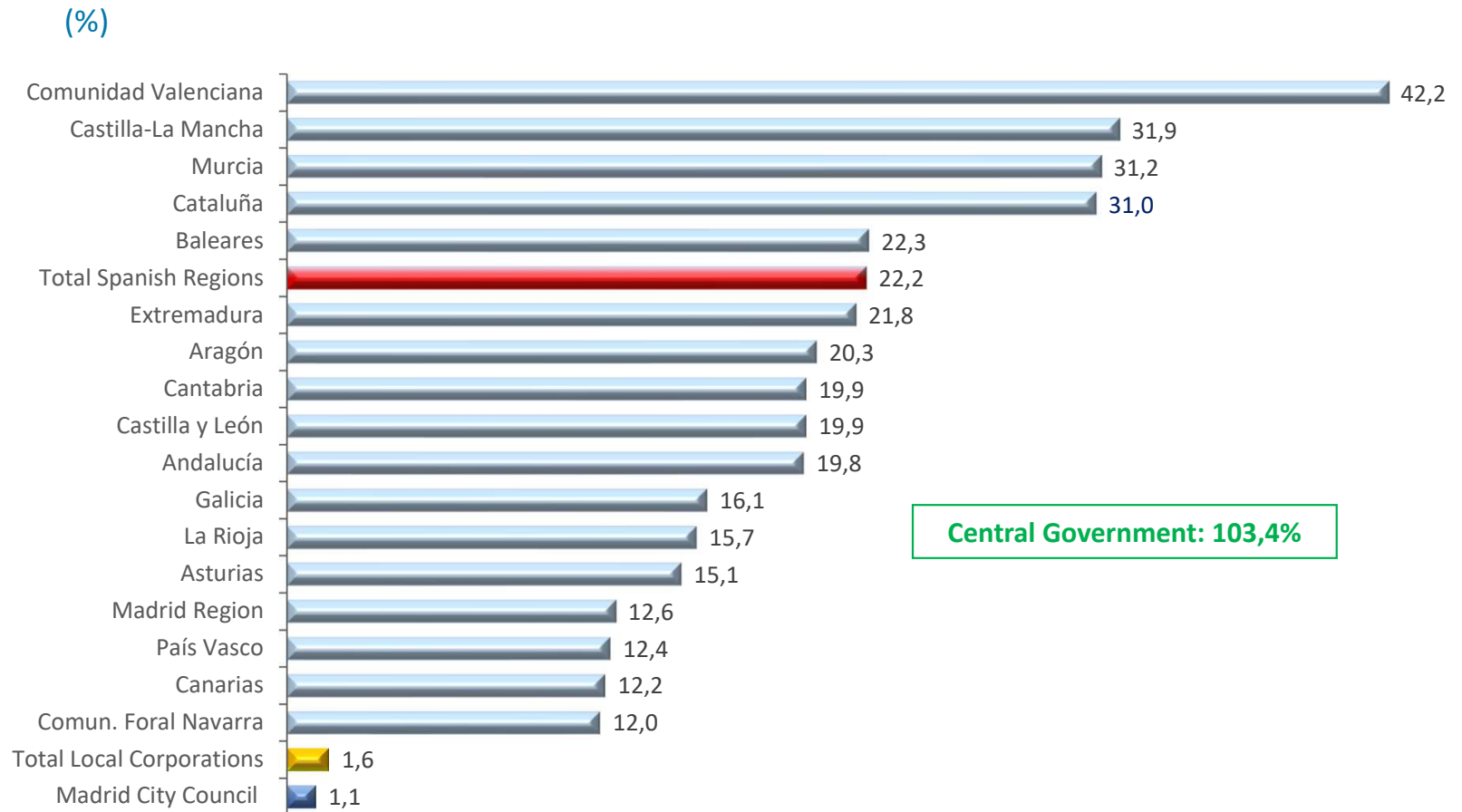
3.4

MUNICIPAL DEBT RATIOS

Debt / GDP Ratio Comparison



Debt / GDP Ratio, Spanish Regions As of December 31st, 2023



3.5

CITY OF MADRID RATING REPORTS

Moody's Rating
Baa1
Positive Outlook

Moody's Rating Report - May 2024

Moody's ratifies the economic and financial solvency of the City of Madrid. Moody's confirms the "Baa1" long-term rating with a positive outlook for the City of Madrid

- Moody's maintains the rating of the City of Madrid at the same level as that of the Kingdom of Spain and the Autonomous Community of Madrid
- Moody's rating shows that the City's economy is solid, accompanied by good financial management and prudent budget planning
- The City's GDP growth has always exceeded the national average; in 2023 it did so by 50bps to reach 3%, and its GDP per capita is one of the highest in Spain and Europe
- The credit profile of the City of Madrid reflects not only low debt levels but also a good liquidity profile. The financial position of the City of Madrid reflects a positive history of solid gross savings

Ctrl + click to access the link: [Información financiera - Rating - Ayuntamiento de Madrid](#)

3.5

CITY OF MADRID RATING REPORTS

DBRS rating

A

Positive Outlook

DBRS Rating Report - June 2024

DBRS upgraded the outlook for the City of Madrid from stable to positive and confirmed the “A” rating for the City of Madrid

- DBRS maintains the rating of the City of Madrid at the same level as that of the Kingdom of Spain and the Autonomous Community of Madrid
- DBRS considers the City's financial results to be solid and its financial outlook for 2024 to be positive, even though the municipality continues with its fiscal policy of progressively reducing tax rates
- The credit profile of the City of Madrid reflects not only low debt levels but also a good liquidity profile
- The City of Madrid has strengthened its environmental policies in recent years, which have enhanced the respect for human rights
- The broad access to quality healthcare positively impacts social factors, and the general financial reports that are published have strengthened the governance and transparency of the City

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Financial Policy Area

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City of Madrid

July 2024

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MADRID