



Press Release

FITCH UPGRADED TO INVESTMENT GRADE THE RATING OF AUTOSTRADE PER L'ITALIA

Rome, 27 October 2022 – The rating agency Fitch Ratings, has moved up 2 notches Autostrade per l'Italia credit rating to 'BBB' (from BB+). The rating has returned to Investment Grade and the outlook assigned is Stable.

The upgrade of the rating to Investment Grade level allows the Company to be more attractive in financing the network development and modernization plans underway, which are essential for the Country's development.

The full text of the rating agency's announcement is attached.

Investor Relations
e-mail: investor.relations@autostrade.it

Media Relations
e-mail: ufficiostampa@autostrade.it

www.autostrade.it

27 OCT 2022

Fitch Upgrades ASPI to 'BBB' Following Clarity on Capital Structure; Outlook Stable

Fitch Ratings - Milan - 27 Oct 2022: Fitch Ratings has upgraded Autostrade per l'Italia SpA's (ASPI) Long-Term (LT) Issuer Default Ratings (IDR) and senior unsecured notes to 'BBB' from 'BB+'. The Rating Outlook is Stable. The Short-Term IDR was also upgraded to 'F3' from 'B'.

RATING RATIONALE

The multi-notch upgrade on the LT IDR reflects ASPI's return to a standalone credit profile commensurate with a strong investment-grade rating. This follows receipt of a business plan approved by the new board following the recent change in ownership and discussions Fitch had with ASPI's new shareholders providing clear visibility on the company's capital structure and financial policy, at least until 2024.

ASPI and its parent Holding Reti Autostrali (HRA) have not been funded with additional debt and we understand there is no plan to re-leverage either of the two companies. Cash upstream from ASPI is capped at the amount of net income and available distributable reserves, which are negligible. Upstream loans would constitute a breach to the concession contract.

Under the shareholders agreement, parties undertook efforts to ensure the capital structure of HRA and ASPI group shall be financed to allow HRA and ASPI group maintain credit metrics that are compatible with investment-grade metrics.

Shareholders have also ruled out significant M&As as focus remains to deliver on ASPI's sizeable capex/maintenance plan. In this context, Cassa Depositi e Prestiti's (CDP; BBB/Stable) shareholding in ASPI and its mission to support Italy's strategic infrastructure provides us comfort that the shareholders would not de-focus from ASPI, at least until ASPI's ambitious capex plan is finalized.

The upgrade of the short-term IDR reflects the 'BBB' LT IDR and 'High Midrange' volume assessment.

KEY RATING DRIVERS

Summary

The 'BBB' Long-Term IDR reflects ASPI's large, mature and strategically located network in Italy as well as its regulatory asset base (RAB)-based price-cap tariff, which provides visibility on future tariff increases. ASPI's debt structure is substantially uncovenanted and unsecured; however, refinancing risk of its non-amortising debt is mitigated by a well-diversified range of bullet maturities, demonstrated solid access to bond markets, and proactive debt management policy.

Fitch-adjusted leverage of between 5.0x-5.5x in the forecast rating horizon is consistent with the 'BBB' rating in the context of criteria guidance for corporate-like toll road issuers and peers.

Rating Approach

We rate ASPI on a standalone basis and its rating does not factor in any potential support from its shareholder base.

In May 2022, the acquisition of the 88% stake of ASPI share capital was finalised by HRA, an investment vehicle owned by CDP Equity (CDPE), Blackstone Infrastructure Partners and the funds managed by Macquarie Asset Management.

CDPE holds a 51% majority stake in HRA, but ASPI's governance is well-balanced and ensures joint control. ASPI's board is composed of 14 directors where no shareholder has the absolute majority. Appointment of key positions at ASPI are equally split and shared, reserved matters are wide in scope and require broad consensus and CDP will account ASPI in its books under the equity method.

Rating Above the Sovereign

Fitch views ASPI's credit profile as being ultimately capped at two notches above the Italian sovereign's 'BBB'/Stable, in view of the historically strong relationship of traffic with Italian consumption, which is offset by the quasi-monopolistic nature of its network and very limited reliance on the Italian banking system.

Large Network, Moderate Volatility - Revenue Risk (Volume): High Midrange

Fitch has revised its assessment of revenue risk (volume) to 'High Midrange' from 'Midrange' following the publication of its new Transportation Infrastructure Rating Criteria, which assesses volume risk on a five-point scale.

ASPI is the largest Italian toll road operator, managing a network of around 3,000 km in Italy. The network is critical for the mobility of the whole country and is exposed to limited competition. The network's user profile is mainly made up of stable commuter and medium-to long-distance traffic.

Volumes have shown moderate volatility with a 11% peak-to-trough change in 2007-2013, mainly due to a collapse of domestic consumption in response to austerity measures in 2012. Recovery thereafter remained subdued and below the 2007 peak, reflecting a lacklustre economic environment in Italy in the period to 2019. Last year, ongoing relaxation of restrictive measures supported a material traffic pick up, which has now substantially recovered the 2020 pandemic-induced losses.

RAB-Based Price Cap - Revenue Risk (Price): Midrange

The new concession addendum and five-year economic and financial plan are fully in force following registration by the Court of Auditors in March 2022. As part of the settlement agreement, the tariff framework has been replaced by a new model, which we view as still supportive.

The new tariff formula, set on the basis of the Italian transport authority (ART) methodology, is premised on a RAB-based price cap over five-year regulatory periods and benefits from a safeguard mechanism aimed at keeping remuneration on already agreed-upon investments unchanged versus the previous concession agreement. The concessionaire bears traffic risk during each of the five-year plans, and a revenue-sharing mechanism is in place to limit upside from the second regulatory period. Crucially, the framework provides long-term visibility on tariff increase, currently set at a price cap of 1.61% per year until the end of the concession.

We note that under the new framework, ASPI is fully exposed to temporary spikes in inflation as the new tariff formula captures the budgeted inflation assumed under the five-year regulatory plan (the current regulatory period ends in 2024). However, Fitch believes this is mitigated by the RAB-based nature of the tariff mechanism and remains more focused on the weighted average cost of capital threshold at every tariff re-set.

Large Scale Debt-funded Programme - Infrastructure Development and Renewal: Midrange

ASPI's capex plan is large-scale with limited flexibility and is remunerated at an adequate rate of return under the economic and financial plan. Similarly, the maintenance plan is high and with limited to no flexibility.

Short-and-long-term maintenance needs, timing and capital planning are well defined and we expect dialogue with the grantor to be constructive. ASPI has high levels of excess cash flow but access to external funding is key to delivering on its ambitious plan.

Unsecured with Limited Protection - Debt Structure: Midrange

ASPI's debt is typical of a corporate with unsecured and predominantly non-amortising debt, at fixed-rates, and lacking material structural protection. The majority of debt is made up of capital market instruments, as less than 20% of gross debt is with CDP and European Investment Bank (AAA/Stable), which have provided funding to ASPI in the past on favourable terms. Refinancing risk is mitigated by a well-diversified range of bullet maturities, a proactive and prudent debt management policy and access to banks and capital markets.

Following the effectiveness of the bondholders' extraordinary resolution in November 2021 and sale of ASPI to HRA, all of ASPI's debt is now non-recourse and unguaranteed.

Liquidity has strengthened since last review, in a sign of the focus management has on mitigating refinancing risk. Under the Fitch Rating Case (FRC), which assumes a EUR2.8 billion capex plan as well as a 100% dividend pay-out in 2022 and 2023, total liquidity would cover the next 15 months' debt maturities.

Financial Summary

ASPI's Fitch-adjusted leverage at December 2021 is 4.5x and we expect traffic recovery this year to sustain a further deleverage to 4.2x in 2022. However, under the FRC net debt-to-EBITDA is estimated

to increase to a range of 5.0x-5.5x in 2023-2024, mostly due to acceleration in the capex roll out, commitment to a 100% dividend payout policy amid subdued traffic patterns and lingering cost inflation.

PEER GROUP

Compared with other large toll road network peers in EMEA, ASPI has slightly higher leverage than Brisa Concessão Rodoviária (BCR; A-/Stable) and a similar business risk profile, but with longer concession maturity. BCR's rating reflects a creditor-protective debt structure providing financial flexibility to maintain net debt/EBITDA within 4.5x.

Compared with Abertis Infraestructuras SA (BBB/Negative), ASPI performed better than the Spanish network managed by Abertis. However, thanks to its more geographically diversified portfolio of assets, Abertis showed overall higher resilience during the economic downturns (6%) than ASPI (at around 10%), which justifies its 'Stronger' Volume risk assessment. The concession tenor remaining for Abertis (12 years) is lower than the one of ASPI (17 years).

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

An increase in the FRC projected consolidated net debt/EBITDA above 5.7x on a sustained basis.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

A decrease in the FRC projected consolidated net debt/EBITDA below 5.0x on a sustained basis.

Best/Worst Case Rating Scenario

International scale credit ratings of Sovereigns, Public Finance and Infrastructure issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of three notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

CREDIT UPDATE

Very Robust Traffic Recovery

YTD September traffic across the ASPI network continued recovery to 98% of 2019 levels. This is broadly aligned with other EU-rated toll road networks -- except France, which is already above 2019 -- and better than our expectations for ASPI of 94% in May review.

LV road users have shrugged off the indirect effects of the Russian-Ukraine conflict of soaring energy and high gasoline and food prices, especially during the summer months when the traffic level was consistently above 2019. Heavy vehicle traffic remains on a positive trend, a sign of the essentiality of goods transported and ecommerce demand surge.

New RCFs Gradually Replacing CDP Facility

Management is focusing on replacing the EUR0.6 billion RCF with CDP, which expired this month and we understand target is to have in place between EUR1.5 billion and EUR1.7 billion RCFs on a recurring basis.

FINANCIAL ANALYSIS

The Fitch Base Case (FBC) assumes 2022 traffic to remain 3% below 2019, but to contract next year (-1%) driven by a declining consumer spending in Italy. 2024 traffic would then grow and be substantially back to 2019, mirroring the updated GEO assumptions on Italy. Fitch assumes tariff to grow in the range of 1.4% and 1.5% in 2023 and 2024, and sees such increases very sustainable, especially in the current inflationary environment.

Inflation would weigh on opex and capex. However, while the former would bring some margin pressures, increase in capex would be recovered through tariffs from the following regulatory periods (Support Decree). Capex spending would be around EUR1.8 billion per annum while dividend payout is set at 100% net income. Under such hypothesis, Fitch adjusted net det/EBITDA would climb to 5.4x and 5.1x in 2023 and 2024, respectively, from 4.2x this year.

The FRC takes a slightly more conservative approach on traffic and cost of new debt so that 2023 and 2024 Fitch adjusted net det/EBITDA would be 5.5x and 5.3x, respectively.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

Fitch Ratings Analysts

Paolo Alessi

Senior Director

Primary Rating Analyst

+39 02 3055 3102

Fitch Ratings Ireland Limited Sede Secondaria Italiana Via Morigi, 6 Ingresso Via Privata Maria Teresa, 8

Milan 20123

Francisco Rojo

Associate Director
Secondary Rating Analyst
+34 91 076 1983

Shyamali Rajivan

Director
Committee Chairperson
+44 20 3530 1733

Media Contacts





Athos Larkou

London
+44 20 3530 1549
athos.larkou@thefitchgroup.com

Stefano Bravi

Milan
+39 02 9475 8030
stefano.bravi@fitchratings.com

Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Autostrade per l'Italia SpA	LT IDR	BBB 	Upgrade	BB+ 
	ST IDR	F3	Upgrade	B
<ul style="list-style-type: none">Autostrade per l'Italia SpA/ Debt/ 1 LT	LT	BBB 	Upgrade	BB+ 

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◊
NEGATIVE	⊖	◊
EVOLVING	◊	◆
STABLE	○	

Applicable Criteria

[Infrastructure & Project Finance Rating Criteria \(pub.20 Jul 2022\) \(including rating assumption sensitivity\)](#)

[Transportation Infrastructure Rating Criteria \(pub.16 May 2022\) \(including rating assumption sensitivity\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

GIG InForM Model, v1.1.0 [\(1\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Autostrade per l'Italia SpA EU Issued, UK Endorsed

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a

central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a

report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2022 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

Endorsement policy

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes,

pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.