



Comunicato Stampa

## **FITCH RIVEDE AL RIALZO IL RATING DI AUTOSTRADE PER L'ITALIA CHE RITORNA INVESTMENT GRADE**

Roma, 27 ottobre 2022 - L'agenzia di rating Fitch Ratings, ha elevato di due notch a 'BBB' (da 'BB+') il merito di credito di Autostrade per l'Italia che ritorna Investment Grade. L'outlook sul rating è stabile.

Il miglioramento del rating a livelli Investment grade consentirà alla Società di essere maggiormente attrattiva nel finanziamento dei piani di sviluppo e ammodernamento della rete in corso di realizzazione, fondamentali per lo sviluppo del Paese.

In allegato la nota completa dell'agenzia di rating.

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# 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](http://www.fitchratings.com/esg).

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**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"><li>Autostrade per l'Italia SpA/ Debt/ 1 LT</li></ul>	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](#)

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