Comunicato Stampa

FITCH PONE IN RATING WATCH POSITIVE IL RATING AUTOSTRADE PER L’ITALIA

Roma, 4 giugno 2021 – L’agenzia di rating Fitch, a valle dell’approvazione da parte dell’Assemblea degli azionisti di Atlantia della proposta del Consiglio di Amministrazione per la cessione dell’intera quota detenuta in Autostrade per l’Italia con il voto favorevole dell’86,86% del capitale rappresentato, ha posto in Rating Watch Positive il merito di credito “BB+” di Autostrade per l’Italia; in allegato la nota completa dell’agenzia di rating.

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FitchRatings

RATING ACTION COMMENTARY

Fitch Revises ASPI's Rating Watch to Positive

Fri 04 Jun, 2021 - 12:01 ET

Fitch Ratings - Milan - 04 Jun 2021: Fitch Ratings has revised Autostrade per l'Italia Spa's (ASPI) 'BB+' Long-Term Issuer Default Ratings (IDRs) to Rating Watch Positive (RWP) from Rating Watch Evolving (RWE).

RATING RATIONALE

The rating actions follow the recent resolution of Atlantia's ordinary general meeting (OGM), which we expect to eventually unlock the formalisation of a settlement agreement between ASPI and the grantor. This would finally remove the risk of revocation of the ASPI concession agreement, following disputes over allegations of serious breaches of the ASPI concession agreement due to the collapse of a bridge managed by the company in 2018. The revocation, which we now view as a remote prospect, would have likely resulted in a liquidity event for ASPI and Atlantia under concession rules, as unilaterally amended by law in 2019 (Milleproroghe).

On 31 May 2021, Atlantia shareholders accounting for around 87% of the share capital represented to the OGM their opinion in favour of the binding offer for Atlantia's 88% stake in ASPI made by a consortium of investors headed by the government-owned arm, Cassa Depositi e Prestiti (CDP, BBB-/Stable). Although the opinion is not binding, it is highly likely, in our view, that Atlantia's board of directors on 10 June will accept the offer. This will ultimately trigger the full deconsolidation of ASPI from Atlantia and a new credit profile for the Italian toll road operator.

A new governance structure for ASPI under a state-owned entity is the final pending issue of a four-pillar preliminary agreement reached between Atlantia/ASPI and the Italian government a year ago to settle the dispute following the Morandi bridge collapse in 2018 (See also 'Fitch Revises Rating Watch on Atlantia, ASPI and AdR to Evolving').

As a result, the RWP reflects upward pressures on ASPI's Standalone Credit Profile (SCP), which we believe could be commensurate with a solid 'BBB' category rating. We expect to resolve the watch upon closing of the sale of ASPI, when we should have more clarity on the transaction structure, how the new owners will fund the transaction, their financial and dividend policy as well as potential linkages of ASPI to CDP. This could take place beyond the next six months.

The ratings of ASPI would primarily reflect its large, mature and strategically located network in Italy as well as its regulatory asset base (RAB)-based price-cap tariff, as amended, providing high visibility on future tariff increases. ASPI's current and projected leverage of around 5x - in relation also to the accelerated maintenance and capex - would be slightly above that of other Fitch-rated large toll road networks in EMEA. Compared with French operators, ASPI Group (comprising Autostrade per L' Italia and the rest of its subsidiaries under the consolidated group) has a slightly longer concession maturity (17 years versus on average around 14 years for French operators) but a historically less resilient traffic profile.

Fitch would likely view 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.

KEY RATING DRIVERS

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

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. 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 up to 2019.

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

As part of the settlement agreement, the tariff framework will be replaced by a new model set by the Italian transport authority (ART), which we view as still supportive. The tariff formula will be premised on a RAB-based price cap over five-year regulatory periods and benefiting from a safeguard mechanism aimed at keeping remuneration on already agreed-upon investments unchanged versus the previous concession agreement. The new economic and financial plan as well as amendments to the ASPI concession contract are to be approved, among others, by the relevant government bodies as a condition for the sale of Atlantia's stake in ASPI.

The concessionaire bears traffic risk during each of the five-year plan while a revenue-sharing mechanism is in place to limit upside. Crucially, the framework provides long-term visibility on tariff increase, currently set at 1.64% p.a. until end of concession.

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

ASPI's EUR6 billion capex plan until 2024 is large-scale, with limited flexibility but it is of generally low-to-medium complexity and is remunerated at an adequate rate of return under the agreed economic and financial plan. Similarly, maintenance plan is high at EUR2.5 billion in 2020-2024 and with no-to- limited flexibility.

Short-and-long-term maintenance needs, timing and capital planning are highly defined and we expect dialogue with authorities 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 in material structural protection. The majority of the debt is made up of capital-market instruments, as only around 15% of gross debt is with CDP and European Investment Bank (AAA/Stable), which has in the past provided funding to ASPI 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.

At end-March 2021, parent company Atlantia unconditionally guaranteed around 35% of ASPI's EUR11.1 billion gross debt, a legacy of the previous funding structure for ASPI.

Nevertheless, upon closing of the transaction with the consortium, Atlantia is expected to release its guarantee following a consent solicitation process from ASPI lenders. This is a condition for the transfer of ASPI's shares to the consortium.

ASPI's liquidity position is sound. Cash and committed lines cover debt maturities until end-2022 under Fitch's rating case (FRC).

PEER GROUP

Compared with other large toll road network peers in EMEA, ASPI has slightly higher leverage than APRR (A-/Stable) and a weaker business, but with longer concession maturity. Compared with Vinci SA (A-/Stable), ASPI has materially higher leverage despite its concession tenor being slightly longer. Finally, Brisa Concessão Rodoviária's (A-/Stable) rating reflects a creditor-protective debt structure providing financial flexibility to maintain net debt/EBITDA within 4.5x.

RATING SENSITIVITIES

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

Completion of the settlement agreement between ASPI and the Italian government clearly leading to the formal settlement of the dispute started in August 2018, coupled with the sale of ASPI to third parties.

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

Failure to reach a formal agreement on the ASPI dispute or a material change to the terms agreed with the government in July 2020.

Material and adverse developments from the ongoing criminal investigations of the bridge collapse may escalate tensions between parties. This could lead to a multiple-notch downgrade, especially if there are doubts on the size and timely payment of compensation.

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.

TRANSACTION SUMMARY

Asset Description

ASPI is the concessionaire of Autostrade per l'Italia and holding company of the ASPI consolidated group. Autostrade per l'italia is its key concession and cash-generating asset, making up 95% of the group's managed 3,020 km network. The main concession expires in December 2038.

FINANCIAL ANALYSIS

ASPI's leverage profile is uneven, peaking at the two ends of the rating horizon, due to Covid-19 effects and an accelerated debt-funded capex plan. Under our FRC, which does factor any flexibility in the capex and only some flexibility in dividend distribution, net debt-to-EBITDA is estimated at around 5x in 2021-2025, warranting, in our view, a solid investment-grade (IG) rating on a standalone basis.

Under our severe downside case, ASPI's leverage would slightly increase by 0.5x, but still remaining commensurate, in our view, with a strong IG rating on a standalone basis.

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

RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Autostrade per l'Italia SpA	LT IDR	BB+ Rating Watch Positive	Rating Watch Revision	BB+
	ST IDR	B Rating Watch Positive	Rating Watch Revision	B
• Autostrade per l'Italia SpA/Debt/1 LT	LT	BB+ Rating Watch Positive	Rating Watch Revision	BB+

VIEW ADDITIONAL RATING DETAILS

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APPLICABLE CRITERIA

Infrastructure and Project Finance Rating Criteria (pub. 24 Mar 2020) (including rating assumption sensitivity)

Toll Roads, Bridges and Tunnels Rating Criteria (pub. 26 Jun 2020) (including rating assumption sensitivity)

Parent and Subsidiary Linkage Rating Criteria (pub. 26 Aug 2020)

APPLICABLE MODELS

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

Corporate Monitoring & Forecasting Model (COMFORT Model), v7.9.0 (1)

ADDITIONAL DISCLOSURES

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Autostrade per l'Italia SpA	EU Issued, UK Endorsed

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Infrastructure and Project Finance Europe Italy

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