



Comunicato Stampa

FITCH ASSEGNA “POSITIVE OUTLOOK” AD AUTOSTRADE PER L’ITALIA

Roma, 10 maggio 2022 - L’agenzia di rating Fitch, a valle del completamento dell’acquisizione dell’88,06% del capitale sociale della Società da parte di Holding Reti Autostradali, in data 9 maggio 2022 ha risolto il Rating Watch Positive riconfermando il merito di credito ‘BB+’ di Autostrade per l’Italia e assegnando ai rating outlook positivo.

In allegato la nota completa dell’agenzia di rating.



RATING ACTION COMMENTARY

Fitch Affirms ASPI at 'BB+' on Change of Control; Positive Outlook

Mon 09 May, 2022 - 11:31 ET

Fitch Ratings - Milan - 09 May 2022: Fitch Ratings has affirmed Autostrade per l'Italia SpA's (ASPI) Long-Term Issuer Default Ratings (IDR) and senior unsecured notes at 'BB+' and removed the ratings from Rating Watch Positive (RWP). The Outlook is Positive. A full list of rating actions is below.

RATING RATIONALE

The rating actions follow the sale of 88.06% of ASPI previously held by Atlantia S.p.A. (BB/Negative) to a consortium of investors, grouped into a newly-established vehicle (Holding Reti Autostradali; HRA), and consequent change of control. This event has ultimately removed the risk of revocation of the ASPI concession agreement, following disputes with the grantor over allegations of serious breaches of the concession. The revocation would have likely resulted in a liquidity event for ASPI.

At closing, HRA was fully equity funded, with no impact on ASPI's capital structure. Fitch views positively ASPI's shareholders' undertaking to procure and maintain a capital structure compatible with investment grade metrics, as enshrined in the shareholders agreement. Nevertheless, we still lack details as to the desired evolution of the capital structure at both ASPI and HRA, which ultimately constrains ASPI's current rating.

The 'BB+' 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 of future tariff increases. ASPI's debt structure is substantially uncovenanted and unsecured where 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.

The Positive Outlook reflects upward rating pressures, the magnitude of which will depend on shareholders' decisions upon the company's business plan, capital structure and financial policy. Fitch understands these have yet to be formally approved by the new board of directors.

The 'B' Short-Term IDR reflects the 'BB+' Long-Term IDR.

KEY RATING DRIVERS

On 5-May, a Cassa Depositi e Prestiti (CDP BBB/Stable) led consortium, including Macquarie managed funds and Blackstone Infrastructure Partners (Consortium), grouped into HRA, which has taken control of ASPI. The acquisition is the final step of an almost four-year long dispute with the Italian government, and more importantly, marks the depart of ASPI from the Atlantia group, which used to guarantee a portion of ASPI's debt.

Despite the amicable solution reached with the government, ASPI will bear scars from the dispute, namely the EUR3.4 billion settlement agreement, of which EUR1.4 billion had already been spent at end-2021. Additionally, ASPI remains subject to liabilities, albeit minor, stemming from the recently-settled criminal trial and ongoing civil actions in relation to the Polcevera viaduct. However, Fitch continues to view ASPI's cash flow generation as of high quality and potentially commensurate with a solid 'BBB' category rating.

CDP holds a 51% majority stake, 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.

CDP's investment in ASPI via its private equity division fits perfectly into its mission of investing in Italy's strategic infrastructure, such as the already deployed investments into the gas, electricity and fibre networks. CDP's investment in ASPI is entirely based on economic and financial considerations, consistent with its investment policy enshrined in its by-laws.

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

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 to 2019. Last year, ongoing relaxation of restrictive measures supported a material traffic pick up, which has recovered the majority of 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 benefiting 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 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. 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 the consortium, all of ASPI's debt is now non-recourse and unguaranteed.

ASPI's liquidity position is somewhat limited. Cash and committed lines cover debt maturities until end-2022 under Fitch's rating case (FRC), which assumes a EUR3.2 billion capex plan as well as a 100% dividend pay-out in 2022 and 2023.

Financial Summary

ASPI's Fitch-adjusted leverage at December 2021 is 4.5x, but under the FRC net debt-to-EBITDA is estimated to increase to a range of 5.0x-5.5x in 2022-2024, mostly in relation to a ramp up in capex.

PEER GROUP

Compared with other large toll road network peers in EMEA, ASPI has slightly higher leverage than Brisa Concessão Rodoviária (A-/Stable) and a similar business risk profile, but with longer concession maturity. Brisa Concessão Rodoviária's (A-/Stable) 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:

Downward pressures could materialise in case of material and adverse developments from the ongoing civil actions leading to additional uncertainties on future indemnities/issuer liabilities. The rating could also be pressured in case of material and adverse political intervention.

We could revise the Outlook to Stable if management's policy on capital structure is consistent with the current rating.

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

An upgrade would be contingent upon increased visibility of the company's business plan, capital structure and financial policy of ASPI and HRA.

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>.

FINANCIAL ANALYSIS

The FRC assumes traffic to recover the 2019 level only next year, while tariff will increase at 1.61% yoy from 2023; it also includes EURO.1 billion of liabilities potentially to be paid in relation to the Polcevera viaduct. The capex plan is aligned with that agreed in the economic and financial plan and our case assumes a 100% dividend policy.

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 Outlook Positive	BB+ Rating Watch Positive
		Affirmed	
	ST IDR	B Affirmed	B Rating Watch Positive
Autostrade per l'Italia SpA/Debt/1 LT	LT	BB+ Rating Outlook Positive	BB+ Rating Watch Positive
		Affirmed	

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FITCH RATINGS ANALYSTS

Paolo Alessi

Senior Director

Primary Rating Analyst

+39 02 879087 299

paolo.alessi@fitchratings.com

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

francisco.rojo@fitchratings.com

Danilo Quattromani

Managing Director

Committee Chairperson

+39 02 879087 275

danilo.quattromani@fitchratings.com

MEDIA CONTACTS**Athos Larkou**

London

+44 20 3530 1549

athos.larkou@thefitchgroup.com

Additional information is available on www.fitchratings.com**PARTICIPATION STATUS**

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APPLICABLE CRITERIA

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

[Infrastructure and Project Finance Rating Criteria \(pub. 23 Aug 2021\) \(including rating assumption sensitivity\)](#)

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)

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Infrastructure and Project Finance Europe Italy
