



Comunicato Stampa

## **MOODY'S RISOLVE LA "REVIEW FOR DOWNGRADE" E CONFERMA I RATING DI AUTOSTRAD E PER L'ITALIA CON OUTLOOK NEGATIVO**

Roma, 28 gennaio 2019 – Autostrade per l'Italia informa che Moody's ha concluso oggi la procedura di "review per un downgrade" avviata lo scorso 22 agosto, mantenendo il rating 'Baa2' del programma EMTN di Autostrade per l'Italia con outlook negativo.

L'agenzia di rating ha confermato anche il rating issuer 'Baa2' della società Autostrade per l'Italia con outlook negativo.

Il comunicato stampa dell'agenzia di rating è di seguito allegato.

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**Rating Action: Moody's confirms Atlantia's Baa3 rating; outlook negative**

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**Autostrade per l'Italia's and Aeroporti di Roma's Baa2 ratings also confirmed with negative outlook**

London, 28 January 2019 -- Moody's Investors Service (Moody's) has today confirmed the Baa3 senior unsecured rating and the (P)Baa3 rating of the senior unsecured euro medium-term note (EMTN) programme of Atlantia S.p.A. (Atlantia), holding company for the group's motorway and airport infrastructure businesses. Concurrently, Moody's confirmed the Baa2 issuer and senior unsecured ratings, and the (P)Baa2 senior unsecured EMTN programme rating, of toll road operator Autostrade per l'Italia S.p.A. (ASPI). Moody's also confirmed the Baa2 senior unsecured and underlying senior secured ratings and the (P)Baa2 senior unsecured EMTN programme rating of airport operator Aeroporti di Roma S.p.A. (ADR). The outlook on all ratings is negative.

This rating action concludes the review for downgrade initiated on 22 August 2018.

**RATINGS RATIONALE**

The rating action reflects Moody's view that, whilst uncertainties continue to weigh on the Atlantia group's credit profile, the time elapsed since the August 2018 collapse of the Polcevera viaduct in Genoa and subsequent events including the recent correspondence received by ASPI from the grantor, the ministry of Transport and Infrastructure (MIT), mean that the risk of government commencing a termination procedure in respect of the ASPI concession in the immediate term, which was the main driver for the review for downgrade, has somewhat lessened.

Moody's notes that ASPI received a request from MIT, on 20 December 2018, to provide further information, including on the suitability and adequacy of the systems adopted to monitor the Polcevera viaduct as well as an assessment of the potential causes of the bridge collapse. ASPI will need to provide the requested information within 120 days from the date of the letter. While the request indicates that MIT's own investigations on the incident are ongoing, it also suggests that the grantor has so far not identified any immediate trigger for a concession termination.

Notwithstanding the above, the negative outlook on the ratings reflect the persistent residual uncertainties in respect of the future of the ASPI concession and the ultimate consequences of the collapse of the Polcevera viaduct on the Atlantia group's financial and business risk profile. While the causes of the incident remain unknown, some government officials continue to indicate that termination of the ASPI concession remains an objective, should material non-performance in respect of the company's obligations under the concession emerge. Given the severity of the incident, the Atlantia group remains also susceptible to heightened regulatory and political pressures, as also evidenced by the six-months toll freeze announced for 2019 on ASPI's network, and exposes the group to the risk of a more confrontational stance from the concession grantor, protracted litigations and sizeable external claims and legal costs, potentially beyond the modest protection levels provided by its insurance policies.

More generally, and considering the political reactions to the incident, we note that ASPI may also be required and/or may decide that it is in its commercial interest to make payments beyond the contractual liabilities under the terms of the concession agreement and will remain subject to pressure to contribute to the costs linked to the consequences of the incident, while operational and maintenance costs related to the management of ASPI's motorway network could also increase as a result of regulatory pressures. The full extent of the potential financial impact of the incident remains therefore difficult to estimate at this stage.

Notwithstanding the persistent downside risks linked to the collapse of the Polcevera viaduct, the Baa2 consolidated credit profile of the Atlantia group continues to positively reflect (1) its large size and the focus on the toll road and airport sectors; (2) the strong fundamentals of the group's toll road network, which, following the acquisition of Abertis is increasingly diversified and comprise essential motorway links mostly located in Spain, France, Chile, Brazil and Italy; (3) the reasonably established regulatory framework for its toll road operations, albeit characterised by some instances of political interference; and (4) a track record of relatively prudent financial policies. These factors are balanced by (1) the group's fairly complex structure following the

Abertis Infraestructuras S.A. (Abertis) acquisition; (2) the material increase in consolidated debt leverage post-transaction; (3) the shorter average concession life of the combined Atlantia-Abertis group compared with the Atlantia profile pre-transaction. Atlantia's Baa3 rating is positioned one notch below the group's consolidated credit profile, reflecting the structural subordination of the creditors at the holding company. ASPI's and ADR's Baa2 ratings remain in line with the consolidated credit profile of the Atlantia group.

Whilst not the current base case, Moody's cautions that any formal notification of non-compliance with its concession obligations and the commencement of a termination procedure would be a significant credit negative for ASPI and, in turn, Atlantia, given ASPI's significance in the context of the wider group's credit profile and the linkages between the two entities. Such scenario would further increase uncertainties and expose the group to the risk of lengthy litigation procedures and sizeable fines.

ASPI's concession provides for a specific procedure for early termination in the event of material and continued non-performance and includes details on the calculation methodology of the associated compensation due to the company. Whilst termination under the terms of ASPI's concession agreement would trigger compensation requirements, there is no precedent in the Italian framework of such circumstances. It is likely that the amount of compensation for ASPI would have to be negotiated, which could potentially lead to protracted discussions, initiation of a court case and delays in the payment. This is a significant risk because the compensation linked to a potential termination would be the source to meet potential bondholders' claims in light of the voluntary put option granted under ASPI's bond documentation in the event of a concession termination. According to the provisions of the concession, ASPI would continue to manage the motorway assets until payment of the compensation is received.

In light of the protracted uncertainties, Moody's will also continue to monitor the liquidity and financial flexibility exhibited by the Atlantia group, the continued ability to access new funding, as well as measures aimed at preserving cash to mitigate the financial impact of the bridge collapse.

#### RATIONALE FOR THE NEGATIVE OUTLOOK

The outlook on Atlantia's, ASPI's and ADR's ratings is negative, reflecting the persistent uncertainties and the risks associated with the potential consequences of the collapse of the Polcevera viaduct on the group's credit profile.

#### WHAT COULD CHANGE THE RATING UP/DOWN

In light of the current negative outlook, upward rating pressure on Atlantia's, ASPI's and ADR's ratings is highly unlikely in the near future. The rating outlook could be stabilised if there was clarity in respect of the consequences of the collapse of the Polcevera viaduct on the group's credit quality, which would not result in a material detrimental impact on its business and financial profile.

Downward pressure on Atlantia's and ASPI's ratings would materialise if the collapse of the Polcevera viaduct appeared likely to result in significant increased costs or loss of revenues leading to a financial profile no longer consistent with ratios guidance (i.e. consolidated ratio of Funds From Operations (FFO)/Debt weakening to significantly and permanently below 12%). This ratio guidance may be increased if political risks appear to be crystallising or if the incident appears likely to result in a further detrimental impact on the regulatory framework applicable to Atlantia's Italian motorway operations.

Significant downward pressure would also materialise as a consequence of the start of a termination of ASPI's concession or materially detrimental government actions linked to a termination scenario, with the magnitude of any downgrade also depending on the potential size and timing of any compensation. In addition, downward pressure on Atlantia's and ASPI's ratings could also materialise as a consequence of (1) a material change in the terms and conditions of key concessions or political interference; (2) a deterioration in the liquidity profile of the group; or (3) further negative pressure on the government of Italy's sovereign rating (Baa3 stable). In the context of Atlantia's acquisition of Abertis, Moody's had also previously indicated that downward pressure on Atlantia's rating would stem from a substantial change in the business risk profile of the combined group as a result of significant involvement in higher risk and/or greenfield projects.

With regard to ADR, further contained negative rating pressure on Atlantia's credit profile may not immediately result in a downgrade of ADR's rating, reflecting Moody's view that there is some delinkage from the wider group's credit quality deriving from ADR's debt structure and terms, as well as protections included in ADR's concession contract. Nevertheless, Moody's cautions that significant negative pressures on Atlantia's credit profile could still result in downward pressures on ADR's rating. More generally, negative pressure on ADR's rating would also result from (1) a weakening of the company's financial profile, with FFO/Debt below the high

teens in percentage terms; (2) evidence of political interference, inconsistent implementation of the tariff-setting framework or material changes in the terms and conditions of ADR's concession; or (3) further negative pressure on the Italian sovereign rating.

#### PRINCIPAL METHODOLOGIES

The principal methodology used in rating Atlantia S.p.A. and Autostrade per l'Italia S.p.A. was Privately Managed Toll Roads published in October 2017. The principal methodology used in rating Aeroporti di Roma S.p.A. was Privately Managed Airports and Related Issuers published in September 2017. Please see the Rating Methodologies page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

Atlantia S.p.A. is the holding company for a group active in the infrastructure sector. Its main subsidiaries include Autostrade per l'Italia S.p.A., Aeroporti di Roma S.p.A., and Azzurra Aeroporti S.r.l. (holding company for Aéroports de la Côte d'Azur, the latter rated Baa2 stable). The group's total EBITDA amounted to approximately EUR2.9 billion in the nine months to September 2018. Following the completion of the acquisition of Abertis in Q4 2018, the group now has operations in 15 countries with a combined annual EBITDA of more than EUR7 billion.

Autostrade per l'Italia S.p.A. is the country's largest operator of tolled motorways, which together with its subsidiaries, manages a network of 3,020 km of motorways under long-term concession agreements granted by the Italian government. The company generated EBITDA of almost EUR2 billion in the nine months to September 2018.

Aeroporti di Roma S.p.A. is the concessionaire for the Rome airport system, which reported total passenger volumes of 37 million as of Q3 2018. ADR reported EBITDA of approximately EUR450 million in the nine months to September 2018.

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