



Comunicato Stampa

**MOODY'S PONE UNDER REVIEW PER UN DOWNGRADE  
ATLANTIA, AUTOSTRADE PER L'ITALIA E AEROPORTI DI ROMA**

Roma, 22 agosto 2018 – Atlantia informa che Moody's ha posto "under review per un downgrade" i rating di Atlantia, Autostrade per l'Italia e Aeroporti di Roma.

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

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**Rating Action: Moody's reviews for downgrade Atlantia's, Autostrade per l'Italia's and Aeroporti di Roma's ratings**

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22 Aug 2018

London, 22 August 2018 -- Moody's Investors Service (Moody's) has today placed under review for downgrade the Baa2 senior unsecured rating and the (P)Baa2 rating of the euro medium-term note (EMTN) programme of Italian motorway and airport infrastructure company Atlantia S.p.A. (Atlantia), and the Baa1 issuer rating, the Baa1 senior unsecured ratings and the (P)Baa1 senior unsecured EMTN programme rating of toll road operator Autostrade per l'Italia S.p.A. (ASPI).

Moody's also placed under review for downgrade the Baa1 senior unsecured and senior secured ratings and the (P)Baa1 senior unsecured EMTN programme rating of Aeroporti di Roma S.p.A. (ADR), reflecting the linkages between the company's credit quality and that of the wider Atlantia group.

A full list of affected ratings is provided towards the end of this press release.

**RATINGS RATIONALE**

The rating action reflects the heightened downside risks to the Atlantia group's credit profile stemming from the recent developments surrounding the collapse of the Morandi bridge, on 14 August 2018, located on the A10 motorway managed by ASPI, which caused a high number of casualties.

On 20 August 2018, ASPI received a letter from the Italian government formally requesting the company to provide a report, within 15 days, detailing the maintenance measures implemented on the Morandi bridge.

Following receipt of the report, should material non-performance in respect of ASPI's maintenance obligations emerge, the government has indicated its intention to start the process to terminate ASPI's concession. The A10 road is not managed through a standalone contract, but is included in ASPI's main concession contract, which covers 2,855 km out of the total 3,020 km managed by ASPI and generates 94% of ASPI group's EBITDA. Termination of the concession contract would therefore have a significant negative impact on ASPI and Atlantia, as around two thirds of Atlantia's consolidated EBITDA is generated by ASPI. We note however that a termination scenario would also trigger compensation requirements, as further discussed in the following paragraphs.

Recent developments and the financial implications of the incident increase downside risks on Atlantia's and ASPI's credit profiles, while additional costs linked to the incident will put additional strain on credit metrics, at a time when Atlantia's credit profile is already stretched due to the ongoing acquisition of the toll road operator Abertis S.A. (not rated). With regard to ADR, the review for downgrade reflects the linkages between its credit quality and that of the wider Atlantia group and the absence of specific creditor protection features that would insulate ADR from the wider group.

ASPI's concession agreement provides a procedure for early termination in the event of material and continued non-performance by ASPI. In the event that material and continued non-performance is assessed, the Italian Ministry of Infrastructure and Transport (MIT) must issue a notice to ASPI requiring the company to rectify the non-performance within a specific timeframe or provide the reasons for the non-performance. If the reasons provided by ASPI are deemed not acceptable or the non-performance is not rectified within the specific timeframe, MIT may commence proceedings to terminate the concession.

The above procedures are a preliminary phase in which ASPI is given notice of the breach and formally requested to cure it within a specific timeframe, which cannot be less than 90 days. During this time, ASPI can present its position and objections. If the breach continues or ASPI's objections are rejected, the MIT is required to set out another time period of not less than 60 days within which the concessionaire can cure the breach. If the breach is not cured, the MIT, together with the Ministry of Economy and Finance, may issue a decree declaring the termination of the concession. In addition to material non-performance, termination of the concession may also be initiated relatively quickly by decree, based on the general interest. In the event of a termination of ASPI's concession, assets would revert back to the grantor, the MIT.

ASPI's concession contract stipulates that compensation for termination of the agreement would need to be paid in all circumstances on the basis of the net present value of the expected cash flows until the end of the term of the concession, net of costs, liabilities, investments and projected taxes, less the outstanding net financial debt that the grantor may wish to assume. This compensation would be reduced by 10% and additional damages should the cause of termination be a breach of ASPI's obligation under the concession. According to the provisions of the concession, the company would continue to manage the motorway assets until payment of the compensation is received.

There is no precedent in the Italian framework of such circumstances and it is likely that the amount of compensation under a termination scenario would have to be negotiated, which could potentially lead to protracted discussions, initiation of a court case and delays in the actual receipt of the compensation. 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 (EUR8.2 billion outstanding under ASPI's EMTN programme). The magnitude of any downgrade under such termination scenario would depend on the timing and size of any compensation payment that may be received by ASPI in relation to outstanding debt.

Notwithstanding the scenario of a termination, the severity of the incident and the high number of casualties which followed the collapse of the Morandi bridge heightens regulatory and political risks for ASPI and exposes the group to the risk of protracted litigation and sizeable external claims and legal costs, potentially beyond the modest protection levels provided by its insurance policies, while reconstruction costs and timing remain uncertain at this stage. In this context, we note however that ASPI announced its commitment to finalise reconstruction of the bridge within eight months from receipt of necessary authorisations. According to ASPI's concession agreement, the MIT could also seek to impose penalties subject to a cap of EUR150 million (i.e. less than 4% of 2017 ASPI's revenues). More generally, and considering the immediate political reactions to the incident, we note that ASPI may 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 be subject to pressures to contribute to the costs linked to the state of emergency declared in the aftermath of the incident, while operational and maintenance costs linked to the management of ASPI's motorway network could also increase. As such, the full extent of the financial impact of the incident remains difficult to estimate at this stage, also considering that the causes of the bridge collapse remain unknown.

Notwithstanding the potential costs linked to the incident, which would weigh on Atlantia's and ASPI's credit metrics, we also note that the group has some flexibility to implement measures aimed at mitigating the detrimental financial impact, under the scenario of a continued management of ASPI's concession. With EUR3.7 billion of EBITDA as of YE 2017 (of which EUR2.5 billion generated by ASPI), Atlantia remains a sizeable group and offsetting measures could contemplate asset disposals, the management of dividend distributions, or the introduction of new equity capital.

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

In light of the current review for downgrade, upward rating pressure on Atlantia, ASPI and ADR's ratings is highly unlikely in the near future.

Downward rating pressure would materialise if the collapse of the Morandi bridge appeared likely to result in a detrimental impact on the group's credit metrics. In the context of the Abertis acquisition, Moody's had indicated that, post-transaction, Atlantia would need to exhibit and maintain an FFO/Debt ratio of at least 12% by 2019 to support the current ratings. Moody's had also previously indicated that, in the context of the acquisition, downward rating pressure would also result 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. However, Moody's cautions that, should the consequences of the collapse of the Morandi bridge result in a significantly heightened exposure to political risk and a detrimental impact on the regulatory framework applicable to Atlantia's Italian motorway operations, the ratios guidance considered commensurate for the current rating may be reviewed upwards.

Significant downward pressure would also materialise as a consequence of a termination of ASPI's concession or materially detrimental government actions linked to a termination scenario, with the magnitude of any downgrade depending on the potential size and timing of any compensation.

In addition, downward pressure on Atlantia, ASPI and ADR's ratings could also materialise as a consequence of (1) substantial negative pressure on the government of Italy's sovereign rating (Baa2 under review for downgrade); or (2) a material change in the terms and conditions of key concessions or political interference.

## PRINCIPAL METHODOLOGIES

The principal methodologies used in rating Atlantia S.p.A. were Privately Managed Airports and Related Issuers published in September 2017 and Privately Managed Toll Roads published in October 2017. The principal methodology used in rating 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 this methodology.

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 almost EUR3.7 billion in 2017. When completed, the acquisition of Abertis will enable the group to have operations in 15 countries with a combined 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 EUR2.5 billion in 2017.

Aeroporti di Roma S.p.A. is the concessionaire for the Rome airport system, which reported total passenger volumes of 47 million in 2017. ADR reported EBITDA of approximately EUR550 million in 2017.

## LIST OF AFFECTED RATINGS

Placed on Review for Downgrade

..Issuer: Atlantia S.p.A.

....Senior Unsecured MTN Program, currently (P)Baa2

....Backed Senior Unsecured Regular Bond/Debenture, currently Baa1

....Senior Unsecured Regular Bond/Debenture, currently Baa2

..Issuer: Autostrade per l'Italia S.p.A.

....LT Issuer Rating, currently Baa1

....Senior Unsecured MTN Program, currently (P)Baa1

....Senior Unsecured Regular Bond/Debenture, currently Baa1

....Backed Senior Unsecured Regular Bond/Debenture, currently Baa1

..Issuer: Aeroporti di Roma S.p.A.

....Senior Unsecured MTN Program, currently (P)Baa1

....Senior Unsecured Regular Bond/Debenture, currently Baa1

....Underlying Senior Secured Regular Bond/Debenture, currently Baa1

Outlook Actions:

..Issuer: Atlantia S.p.A.

....Outlook, changed to Rating Under Review from Negative

..Issuer: Autostrade per l'Italia S.p.A.

....Outlook, changed to Rating Under Review from Negative

..Issuer: Aeroporti di Roma S.p.A.

....Outlook, changed to Rating Under Review from Negative

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