

ASTM S.p.A.

"2017 Full Year Results Call"

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OPERATOR: So I'd like to remind you of ASTM/SIAS all of the participants can only listen. After the initial presentation, you will have the opportunity of asking questions. And now the focus to Giuseppe Agogliati, Investor Relator of SIAS. Mr. Agogliati, please.

GIUSEPPE AGOGLIATI: Yes. Good morning to all investors and journalists present here. At this conference on the Full Year Results 2017 ASTM/SIAS, journalists can only listen. Now I'd like to introduce myself. My name is Giuseppe Agogliati, Investor Relator of SIAS and Rubegni CEO of ASTM, and Pierantoni, CEO of SIAS and the Financial Director, Mr. Viviano will be illustrating the presentation that you have found on our website, and then we will be available to answer your questions.

So let's start off from the financial data that you find on Page 5. Please focus your attention on the growth achieved by our companies still preserving a very sound financial profile. We will start off by talking about SIAS. SIAS has an EBITDA €704 million growing by 7%.

Net profit improves remarkably also, but not only to the effect connected to the sales of parking spaces, disposing assets not strategic assets for the companies growth, but achieving an interesting capital gain. We should underline also that for the SIAS Group, the EBITDA increases more than proportionately vis-à-vis revenues thanks to the efficiencies achieved. Faced with a cash generation which is very important the dividend per share increases respecting the indications supplied during the presentation of the Strategic Plan in July 2017. All this having a leverage which is inferior two times for our listed companies.

If we pass on to the next slides, we can clearly see the growth trend as you can see on all of the various economic components despite the highway traffic is distant from the peak achieved in 2007 the

margins...improvement in margins is due to the focus on efficiencies thanks to the management of the Group.

On Page 8 and 9 you find a presentation of our stock; I will not dwell on these whilst I would like you to look at Page 10 to see how our A Milan Torino A4 has confirmed its leading role in the portfolio of the Group's concession, showing a growth in EBITDA which is the most relevant one.

On the next page you find the trend of the traffic performance with the recovery dynamics envisaged by our estimates are 2021, 2022 still preserving a prudential growth estimate for 2018 equal to 1.3% which for us is the basic scenario sitting here which is currently underway.

If we go to Slide 12, you see the CAPEX plan on the basis of the approved financial plans envisages investments for 2018, 2021 for €1 billion 236 million considering the cost financing on A4 ASTI CUNEO.

On the next slide you can see the structure of SIAS's debt and the pro forma you see the ratio between insurer's debt and the Group debt, which is practically at 77% after the issuance of the last bond 550 million with 2021 deadline and the coupon which is indicated here.

I also like to show you that Moody's and Fitch have confirmed their positive judgment on the SIAS Group. Still for debt in the next slides, we show the linear profile, here you see the limited dependence from the banking system pro forma has a maximum of six years and 80% at a fixed rate. The average cost of SIAS's debt is at a position after the issuance that I mentioned before, slightly below 3%.

Ecorodovias Page 17 you find the Group's structure that you are familiar with and we have seen we have included also the concessions over the

period. So the 150 kilometers awarded take the total network to 2,640 kilometers.

We go on to Page 19 you have here a proof of our attention to cost has led to excellent results in Brazil supported by a dynamic of traffic recovery for 2017. And finally for Ecorodovias we'd like to underline that the last three concessions acquired have taken to an extension of four years in duration, seventeen years and five months. Now obviously we are working to also obtain extensions of the concessions which are about to expire.

Let me now focus on constructions. These are Itinera numbers with 2017 we have completed the turnaround process. 2018 will experience a major growth of revenues, thanks to the capacity of getting contract on foreign markets. The backlog amount abroad is higher than the Italian one. So as a result, now please note that the Itinera growth is very much instrumental to the accretion of a one company where Itinera will play the P&C role which is key for the competitive edge on green fields.

Let me now move on to Chapter 4 strategic plan update which we have delivered last July. It is key for us to provide to the market an indication a sign of what we have achieved so far according to the Strategic Plan. So Page 25, now this is what has been decided and the results were far sighted from a growth and geographic diversification.

Point 1, Item 1 is the stabilization of the regulatory framework with the full recovery of the lack of tariffs in the previous year. And then cost financing standing second. Talking about growth the share swap with Banca Intesa on the external Tangenziale [indiscernible] and BreBeMi has highlighted a major growth opportunity with a duration to 2065 [ph]. Well some shows the international...revenues were moved from 27% on

to 70% in 2018. And we have a further to see opportunities on the key three markets of United States, so the early signs of interest will take place earlier on we believe.

Let me go back to the Italian situation, finally Autovia Padana is now part of our consolidation scope as of March the 1st and after nine months, signing the...a concession of the MIT, the concession has been passed over to our Group to prove how complex the bidding process is and then the transfer of the assets from one to the other concession company.

The second pillar on Page 26, the efficiency, streamline is simplification and synergies. The sales group have applied to meet the approval of the Torino Savona Autostrada dei Fiori [ph] merger and CISA in SALT as well. Construction, ABC has been merged in Itinera we have sold the businesses, this businesses like parking places, participation in Torino Milano and logistics in Brazil, they have been dismissed. We have continued the rationalization of the cost basis with the implementation of savings for €86 million all along the entire life of concessions another €100 million have been put under analysis.

Strategic partnerships and this is item 3, [indiscernible] has provided and delivered authorization for the [indiscernible] 49% of Autovia Padana we are now exploring industrial and financial partners in the US P3 scheme.

Final pillar by importance is the growth of shareholders remuneration moving very much in line or out-beating out-performing the strategic plan assumption.

Now, our Financial Manager and our CEO will talk about the outlook for 2018 and then we will get back to your questions.

ALBERTO RUBEGNI: Good morning Stefano Viviano, good morning to all of you. This year with a view to improving again the results and the outlook of the Group out of the market we have decided for the first time to provide an outlook on 2018 for the first time. Now this should be a help to you all to provide a better assessment and evaluation on our companies.

Expected revenues now please do consider that they are not consolidated but aggregated. ASTM will grow another you know, between 25% and 30% that is the range of growth expected. Part of this growth will be related and connected to the growth of revenues originated from construction in Italy, as well as in the United States with [indiscernible].

SIAS now, the growth will stay quite conservative between 5% and 8%. Regarding EBTIDA, EBITDA will grow between 5% and 7% for the ASTM Group and 4% to 6% in the case of SIAS. Now please do allow for the fact that these growth rates are net of the holding costs which this year accounted for €9 million and cannot be estimated easily but should be you know considered next year. The other thing is that with this kind of growth the leverage will remain basically the same unchanged and still below 1.9 times.

So we are now ready for the Q&A session and your questions or any clarifications. Now please you know, let's get into this stage. The operator is now starting the Q&A session.

Q&A

OPERATOR: And the first question comes from Enrico Bartoli from MainFirst.

ENRICO BARTOLI: Good morning. I have a few questions. First on the regulatory framework, can we have an update on the status of the approval of cost

Financing of the Torino, Milano Asti-Cuneo or do you expect any risk for approval following the recent political developments and fact? Again second question, you have announced that you have been signing the financial plans and schemes so the regulatory current period on a few concessions if I am correct the next regulatory period will start in 2019, what is the level of visibility that you have? What is the level of risk which you say you know, there is...so the approval for the upcoming international plans? The third question is on results, can you, you know, show the impact of synergies of cost of OPEX of SIAS in 2017, and can you elaborate please the outlook what you are doing the actions for 2018? Thank you.

COMPANY REPRESENTATIVE: Yes, thank you very much. I would like to answer your first two questions, first is the regulatory framework for cost Financing Asti-Cuneo. On this we are only practically waiting for the formalization of the European decision that we believe should be arising in the days subsequent to Easter immediately following Easter because all of the procedures times are now completed and the agreement has been reached between the national government and the European Commission and so it's just a matter of you know, overcoming this formal phase of publication of the decision. We see no risks; we don't even see risks that you were asking. With respect to the political picture that will you know, unfold itself in the next few weeks in Italy because the European decision I mean because it's particularly it's a decision, it's a procedure that's been started by the previous government so it's a mandate process that's started, it is then completed with the publication on the European Gazette and then subsequently the rules of the game are practically those because in Italy...Italy, has asked the European Union to express its decision on this and it will express itself and we shall stick to what will be expressed.

So we are just waiting for the formalization to be completed. To the rest of the regulatory framework, we believe that the fact that in September of last year, the additional acts have been signed for the period with the chief obviously a resolution at this autumn together with this finally. They have given stability to the regulatory framework, which has always been stable by the way and also to its implementation and from the size that we are receiving now, the intention is there to get to the approvals for the subsequent regulatory period, timely, within obviously the times included in the chief resolutions that say that we need to approve plans and the update of the five year plans by June of the following year to the deadline and the ministry has given us practically a reassurance of the fact that it won't still stick to this date because at this point frankly there we don't see any impediments in this respect.

OPERATOR: On the other questions?

ANALYST: The question, my name is Viviane [ph] for the question on synergies. This year at the level of the income statement we have growth synergies vis-à-vis, the deadline 2016, which exceeds €10 million about 12, €4 million derived practically from the financial part and €8 instead derived from the operational part?

COMPANY REPRESENTATIVE: They are net with respect to the balance sheet data that on certain items may show increases, for instance, cost of staff or personnel where you already have posted the values connected to the incentives that have been awarded. So the effect from that specific item will start only from the current year, we have also said that the savings on the concessions i.e. €86 million. So the dividend for the average life of the concessions of our group I mean you will see what the annual savings will be like vis-à-vis the 2016 deadline.

We have already identified and we are about to analyze and a part has already been analyzed about €100 million of further savings for life net value and a part of this indicatively another €10 million will be coming from financial charges and instead the rest goes to operational efficiencies, cost of debt has been reduced at the end of the year, it was about 3, 28% following the new operation of bond issuance the cost of debt has been decreased by another 30 basis points. And we shall be seeing this exist to over the next few years compared to 2016 the balance sheet has 15 million less financial charges. Half of them come from the debt reduction basically in particular by the reimbursement in June of last year of the convertible and the rest of the rise instead from the efficiencies to a large extent and also from the rates movement, the fluctuation of rates.

OPERATOR: Next question by Roberto Letizia, Equita SIM.

ROBERTO LETIZIA: Yes, good morning. I wanted to focus your attention on Ecorodovias for one moment and to talk about one of the negative components of its performance, which is obviously the stock one. I'm not referring to the performance? The hypothesis or the capital increase with the expansion of the group. Can you confirm that currently for the concessions that have been awarded, Ecorodovias does not need a capital increase, that this assumption only applies if the company has other networks in the next tenders only in this case talking about the reorganization of the company apart from the steps that have already been finalized, you have indicated in your presentation. What should we expect as far as the asset swap is concerned if the construction of ACM Ecorodovias [ph] in SIAS? Can you give us an update of how things are going in this respect, what time horizon should we expect to see? On this end what modality and also the evolution of the traffic in the first quarter both directly and for abroad and then also a comment on the evolution as the margins of Itinera that has decreased the EBITDA margin of the group has dropped in 2017. I

wanted to underline what this means and what level of EBITDA margin we should instead be expecting for the next two or three years. So maybe you can give us some follow-up on this? Thank you.

COMPANY REPRESENTATIVE: Thank you, Rubini [ph]. As far as the capital increase is concerned of Ecorodovias for those which are the concessions that we currently have that we have awarded, there is no need for a capital increase. We are 135 [ph] has spread over the 30 years all of the various acquisition charges as far as the north, it's being passed on to 2019, the start of the concession because of delays of a constructor in delivering the works and we don't see practically any problems at the level of debt. So evidently a big round of new concessions will be starting from 2019 and here obviously it depends on what type of concessions there will be.

If there will be Greenfield concessions and here the initial capital probably can be supported for another concession to the...obviously, the capital structure, obviously if the group still want to increase its presence in Brazil, then at that point we will have to start a...obviously, various forms of capitalization for the company but with a concession in the portfolio and also with the extensions that we are negotiating for the time being there is no need for a capital increase. You need to consider that we are also considering logistics and we believe that in 2019 we might dispose of [indiscernible] where we are going towards negotiations practically of the current concession.

As far as the question concerning contacts with the Almeida family, we have already communicated in Brazil what the situation is like currently. We have a co-control situation, we find ourselves in a situation with our shareholders, our strategic plan envisaged that 2021, so in about three to four years practically the possible consolidations in the accounts for the stakes, so we don't have all of this growth. We are now assessing what

market situation is like even if we have seen that for 2019, the estimate is the growth of GDP of 3% which means that traffic could increase remarkably and reduction should go, inflation should go down by 2550 and also the cost of debt could be decreased by 2550 basis points. So, this could have the whole situation of the company improve.

Regarding margins, the day is to exit the Italian market; this is the market which has negative margins. So Itinera has done a great job to become more globalized. And if we compare the EBITDA of Itinera with the American one they are all around 5% to 6%, they run at this level. But, whether you compare this to north European situations and American and you look at the financial situations that they have, they have, you know, Itinera 20 million debt for instance, after acquiring Almar [ph] making this a major financial effort.

We believe that Itinera should act as a vehicle to only creates value on the Greenfield and also the major key global players are very much, you know, had in towards these goals having PMC or these contracts. So, the importance is, you know, being present on the North of Europe in Norway concessions are coming up. They should be industrially commerciable and also in the United States, so that as [indiscernible] was saying to have one company thus maximizing leveraging the profit of the concession companies and constructors as well.

For these things the numbers of the companies need to be carefully investigated in terms of EBITDA results but also very much proportional to the net financial position. So, Itinera we would not want that to go up. Itinera should be present on the market, Itinera should act as a company that can work on the market and the competitive is one of the pillars for the growth of Greenfield concessions. So, it should be competitive with a leading edge, we are not obviously underestimating outstanding results. In

the United States the company is doing great, the company that we have acquired is doing great, really competing, you know, on certain projects, there are no problems there.

Although, I remember if there was traffic, traffic that was another question on traffic. Well, the evolution of traffic net lease is very positive in Brazil. We are seeing the beginnings, things seem to improve. There was a time in February which was, you know, not really outstanding but things should stay, improve and to 2018 in Brazil what is recovering very much is traffic, just like in Italy industrial traffic is recovering. There is what we see major improvement in Italy as well as in other countries.

We have heavy traffic main values relative to what happening in 2016 and 2013 in the first two months. We had seen an improvement of heavy traffic by 4.5%, this is quite promising, it means that the economy is improving in the Northwest part of the country with major, you know, growth of heavy traffic. In Brazil, we expect a 2.5% growth rate, these are the expected numbers.

ANALYST: What about also light traffic for the two months in Italy.

COMPANY REPRESENTATIVE: Well, yes, we have all the numbers, the light traffic has been down by 0.9%, but when you, you know, add the heavyweight with the lightweight traffic, the heavyweight feels much higher, all in all the overall increase is 2.5% the lightweight traffic has been suffering from the fact that in January and February we have had those, you know, major snowfalls, heavy snowfalls, blocking for a number of days certain traffic areas that had a major impact, but together they were up 2.7% over the corresponding and similar period of last year. Despite the very bad weather conditions, 2% to 3% are highly conservative number we believe that, you know, more can be done.

ANALYST: Another question please? In the previous results, we have the perception that in depreciation and amortization item we had €40 million of non-recurring write-downs for A21 it is still so? I mean the profit of the EBIT in reality is negatively impacted by this nonrecurring component?

COMPANY REPRESENTATIVE: Yes, it is still like this with a specification it's no longer depreciation but amortization practically so the €40 million still have an impact on the result that are throughout the year and so basically throughout the year and so they go as amortization so you have a delta between of about €320 million and please consider a very important fact that is the next year and here we already have a first effect of efficiency connected to the management of A21.

The fact that there will no amortization that this year we have only taken for the end of 2017 for six months only instead they will no longer be present in 2018 and this only that this delta between EBIT and EBITA will go down to about 270 million bearing in mind also the amortization for 1012 of AUTOVIA PADANA.

OPERATOR: The next question is by Matteo Ravelli from [indiscernible]. Please.

ANALYST: Yes, good morning. The financial structure please. I was wondering if you consider the current level of net debt over EBTIA optimal and in case if you are thinking that this may be increased in the next few years and also if you think that you will be making new extraordinary investments. Can you give us some idea what areas you consider optimal or if you are starting maybe the payment of an extraordinary dividend.

COMPANY REPRESENTATIVE: Well, first of all, we will always try to carry out more and more efficiencies from the point of view of financial charges. This is a fact.

This has already been scheduled and planned. It is already in a contract, important ones that will have an effect on the income statement and already from next year. From the point of view of the financial structure, we think that the financial structure is optimal. It is very conservative. Strategic plan that the market knows about that has as a target the 2.4 times EBITA at 2021.

So the guidance for the next year is absolutely in line with the current levels. Now, clearly, the 2.4 on the strategic plan also considers the aggregation of the aggregate numbers of also of Ecorodovias plus what we had...two initiatives that we had explained last year, one is a small one, one is a medium sized one in the US where basically we have present debt but not yet an EBITDA so this also included an assumption of a bid starting from 2020 and relative EBITDA and the relative indebtedness connected to this. Okay, thank you very much.

OPERATOR: I would like to remind you that if you want to ask a further question, you can enter “*” followed by “1” on your phone. The next question is a follow up by Roberto Letizia from Equita SIM.

ROBERTO LETIZIA: Just a follow up question. The dividend of this year considering that the profit is very high, is very good means a payout which is practically very low. We are talking about 35% payout on the 2017 profit so the outlook on profits for next year seems to be very positive because if I see the growth of EBITDA that you have given us the estimate with the reduction of financial charges and above all the reduction in depreciation that you have just mentioned. We are talking about \$50 million less depreciation only. The level of profit for next year will be once again very, very good.

So is there is room to increase dividends apart from the preliminary indications that you have given us sort of to have higher level of payout

which is a bit more attractive to investors and in this respect also the very last question, what is the level of expected tax rate for next year considering the 25% of this year?

COMPANY REPRESENTATIVE: Thank you very much Roberto for your question. The payout that we are thinking in terms of SIAS, the payout can be considered at 40% this year, net of the extraordinary items, so basically the capital gains from the disposals of parking and Ferrovie Nord Milano at the level where ASTM is 30% as you were saying.

The growth I would dwell first of all on the very important growth for the dividend per share. For every individual share, it's grown by more than 9% the level of SIAS and by more than 4% at the level of ASTM. Here too, we have a target disclosed to the market because 7% of CAGR 2017-2021 which is the one present in the strategic plan, I mean we are flexible as you can see in the sense that this year too we have increased the level of SIAS where we have the availability also of the results for the SPA so as to increase also beyond the value of the CAGR for 2021 so from 7% to 10%. On ASTM, we have had to stay at 4% because we have distributed basically 100% of the results of the holding ASTM SPA. We don't have a formal statement on the payout objective for the Holdings. For the concessionary Companies, we have it and it's 80% for every individual. Concession Company and SIAS and ASTM have always stayed around 45% and we believe this to be a minimum but you know a consistent level even for the future.

Yes, the tax rate please? The tax rate...yes, as far as the tax rate is concerned, last year it was 27%. This year, you know that has been lowered...the IRES has been lowered so it's gone down to 24. The actual tax rate last year was 28% with the IRES 27. This year it is 21% with an

IRES which is instead 24% so benefits from all the results that have been achieved. 21% IRES.

At the moment, there are no further questions that have been booked. So I would like to thank you all very much for your presence here, see you soon and have a nice day. Thank you very much. We are obviously very happy. We would be happy to, you know to answer further questions through email on a one-to-one basis. Thank you very much.