

CREDIT OPINION

26 June 2019

Update

✓ Rate this Research

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SIAS - Società Iniziative Autostradali e Servizi S.p.A.

Update following merger announcement and Baa2 rating affirmation

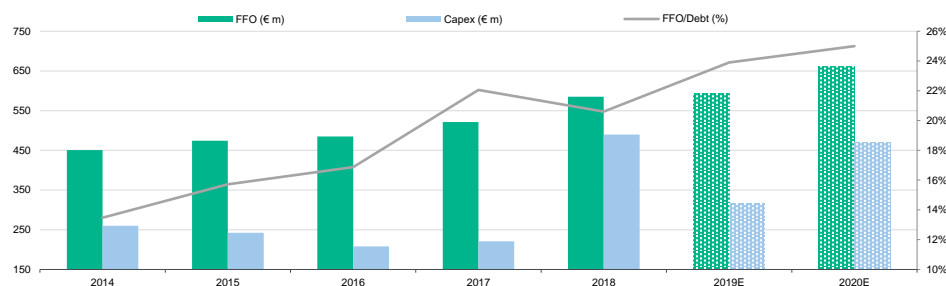
Summary

The credit quality of SIAS - Società Iniziative Autostradali e Servizi S.p.A. (SIAS, Baa2 stable) takes into account the current standalone profile of the company, as well as the implications of the recently announced merger with its holding company ASTM S.p.A. (ASTM).

Post transaction, the credit quality of the combined SIAS/ASTM group will be underpinned by 1) the size of SIAS's motorway network, comprising essential transport links; 2) the resilient cash flow profile of its toll roads operations; (3) the group's balanced financial policy, reflected in a moderate leverage position, strong liquidity profile and lack of material funding and refinancing needs; (4) the commitment to a prudent development of activities outside core motorway operations. These strengths are partially offset by (1) a regulatory environment and tariff framework related to motorway activities characterised by some unpredictability, delays and political interference; (2) the relatively material investment needs associated with toll road operations; (3) the short remaining weighted average life of SIAS's motorway concessions (approximately seven years as of YE 2018); and (4) the increasing exposure to higher risk construction and engineering activities currently part of ASTM, although the evolution of their contribution to the overall group will be mainly a function of future growth targets and timing of potential cessation of the management of SIAS's expired motorway concessions.

Exhibit 1

The SIAS/ASTM merger is not expected to result in a significant detrimental impact on credit metrics



Notes: (i) This represents Moody's forward view, not the view of the issuer; (ii) Based on 'Adjusted' financial data incorporating Moody's Global Standard Adjustments for Non-Financial Corporations; (iii) 2020E ratios for SIAS/ASTM post merger.
 Source: Company, Moody's Investors Service

Credit Strengths

- » Resilient cash flow from a sizeable motorway network
- » Balanced financial policy, strong liquidity position and moderate leverage
- » Commitment to prudent development of activities outside motorway operations post merger

Credit Challenges

- » Regulatory environment characterised by some unpredictability and political interference
- » Short weighted average concession life
- » Increased contribution from higher risk activities post merger
- » Potential exposure to Italian sovereign pressures

Rating Outlook

The outlook is stable, reflecting the expectation that the SIAS/ASTM group will continue to exhibit a significant exposure to lower risk toll road operations, while construction and engineering activities will remain comparatively small. The stable outlook also reflects the expectation that the financial profile of the group will remain consistent with the current rating, with Funds From Operations (FFO)/Debt of at least 20%. This ratio guidance, which is tighter than SIAS's peers in light of its shorter concession maturities and the associated limitations on debt capacity, is expected to be revised upwards as average remaining concession life further reduces and/or exposure to higher risk activities, such as construction or engineering operations, increases. The outlook is also in line with that of the Government of Italy (Baa3 stable).

Factors that Could Lead to an Upgrade

In addition to an improvement in the Italian sovereign rating, a material strengthening of key credit metrics from current levels (i.e. FFO/Debt in the high twenties in percentage terms), coupled with a continued improvement in traffic trends and a consistent and timely application of tariff and regulatory principles, allowing for toll increases consistent with approved financial plans, full recovery of past tariff deficits and of any residual value at concession maturity, would be needed to exert upward pressure on SIAS's rating.

Factors that Could Lead to a Downgrade

Following the SIAS/ASTM merger, ratings could come under downward pressure as a result of (1) a deterioration of the sovereign and macroeconomic environment in Italy; (2) a weakening in the group's financial profile (i.e. FFO/Debt below 20% on a sustained basis); (3) a deterioration in the group's liquidity position or material reduction of cash balances held; (4) a material change in the terms and conditions of key motorway concessions, significant political interference over due toll increases or other public intervention that negatively affects the overall group's business or financial profile; (5) evidence of reliance on the receipt of terminal values associated with maturing toll road concessions in the context of the group's debt maturity requirements; or (6) a growth strategy resulting, for example, in large-scale debt-funded acquisitions, significant investments in activities other than motorway concessions and/or material exposure to businesses exhibiting a higher risk profile.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moody's.com for the most updated credit rating action information and rating history.

Key Indicators

Exhibit 2

	31/12/2018	31/12/2017	31/12/2016	31/12/2015	31/12/2014
Cash Interest Coverage	7.2x	6.2x	5.3x	4.9x	4.6x
FFO / Debt	20.6%	22.1%	16.9%	15.7%	13.5%
Moody's Debt Service Coverage Ratio	1.3x	1.5x	1.2x	1.3x	1.2x
RCF / Capex	1.0x	2.0x	1.9x	1.6x	1.3x
Concession Life Coverage Ratio	1.5x	1.6x	1.4x	1.4x	1.3x

Note: All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. For definitions of Moody's most common ratio terms please see the accompanying [User's Guide](#).

Source: Moody's Financial Metrics

Profile

SIAS is the second-largest toll road operator in Italy. The company's consolidated domestic operating network currently consists of just over 1,000 km of tolled motorways, operated through nine concessions. In Italy, SIAS also holds stakes in four additional motorway concessions with a cumulative length of almost 295 km (ATIVA, SITAF, Tangenziale Esterna Milano and Gran San Bernardo Tunnel). In addition, through their combined indirect stake of just over 49% in Ecorodovias (Ba2 negative), SIAS and ASTM are also involved in the management of 2,649 km of toll roads in Brazil. Gruppo Gavio is SIAS's main shareholder, owning a stake of approximately 70%, mostly through its holding company ASTM (61.7%). Following the finalisation of the planned merger with ASTM, SIAS will also be increasingly involved in construction, engineering and technology operations. Based on YE 2018 financials, the combined SIAS/ASTM group exhibits revenues of just over EUR1.7 billion and EBITDA of EUR771 million.

Detailed Credit Considerations

Business profile underpinned by size and location of the network

SIAS's consolidated operating network currently consists of just over 1,000 km of tolled roads, corresponding to approximately 16% of Italy's motorways, and comprising several essential transport links, mainly located in the north-west of Italy, connecting major cities within the area and providing access between provincial and rural areas. From March 2018, SIAS formally started managing the 25-year concession for the motorway A21 Piacenza-Cremona-Brescia (ACP) and the junction to Fiorenzuola D'Arda (PC). The 88.6 km stretch, which was awarded to SIAS in 2015 following a tender process, has a significant strategic importance for SIAS, being the continuation of the motorway stretch Torino-Alessandria-Piacenza, operated by its subsidiary SATAP S.p.A.

The fundamentals of the service area and the competitive environment are favourable as SIAS provides essential transport services to some of Italy's most economically active regions. Road transportation is dominant in the area, as it is better suited to meet the mobility requirements of a country with a widespread population gravitating around small and medium-sized provincial centres, a fragmented commercial and industrial structure and many regions with mountainous/hilly terrain. Car ownership in Italy is the highest in Europe and close to US levels.

Resilient cash flow profile and improved traffic performance after prolonged macro-driven slump

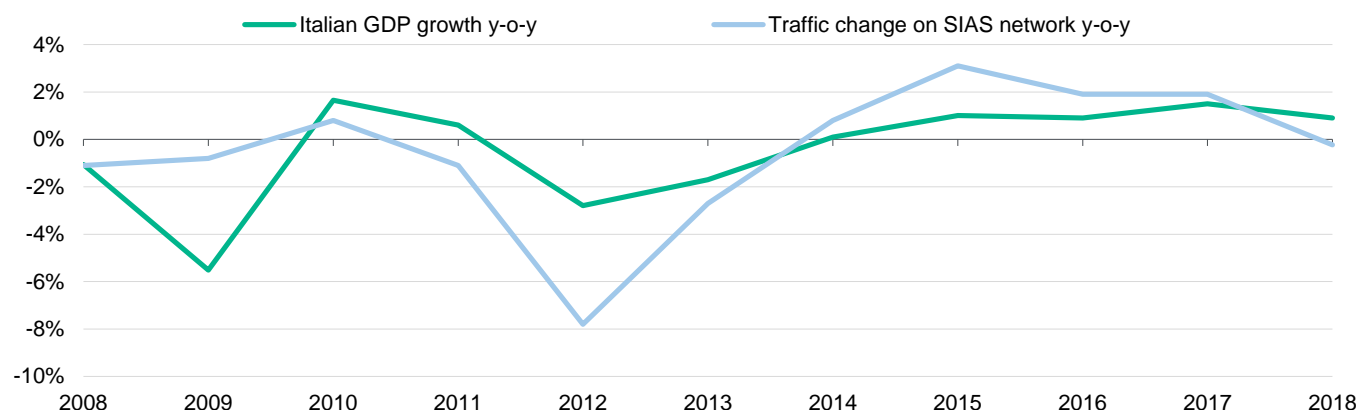
In common with other rated European toll road operators, SIAS reported falling traffic volumes vs. its 2007 peaks, experiencing material declines, mostly concentrated between the end of 2011 and 2012, on the back of an increasingly difficult domestic macroeconomic environment. In 2014, after a cumulated 10.5% contraction in 2012-13, traffic picked up with a small 0.8% increase year-on-year. In 2015, SIAS reported a 3.1% increase in traffic, confirming the positive trend, followed by a +1.8% in 2016, which also benefitted from an additional day's traffic due to the 2016 leap year effect. The recovery continued throughout 2017, with traffic volumes increasing by an additional 1.9% (the real variation would be higher adjusting for the leap year effect), reflecting somewhat improved macroeconomic conditions and business sentiment. Despite the weak traffic performance during the financial crisis, SIAS has historically exhibited a relatively resilient cash flow profile, as demonstrated by the trend in FFO/Debt metrics.

More recently, in 2018, SIAS reported a traffic increase of 8.55% vs. 2017 (on a like-for-like basis traffic decreased by 0.23%). The 2018 results are supported by the positive impact deriving from the first-time consolidation of ACP into the SIAS-managed network. The

2018 traffic contraction reported on a like-for-like basis is mostly explained by the adverse weather conditions that characterised in particular the first half of the year, which predominantly impacted light vehicle traffic, while heavy vehicle traffic performance was more positive (+2% on a like-for-like basis in 2018). In the first three months of 2019, SIAS reported a stronger traffic growth (+10.9% vs. the corresponding period in 2019; +3% on a like-for-like basis).

Exhibit 3

Strengthening traffic trends in recent years although key macroeconomic indicators in Italy remain subdued



Note: 2018 traffic reported on a like-for-like basis.

Source: Company, Moody's Investors Service

The traffic profile of SIAS's service area is robust as its managed network exhibits a generally diversified traffic base, with a mixture of commuter and leisure traffic, long-distance journeys and commercial traffic. We see the varied users' profile as a supporting feature of the company's credit positioning. On a group level, in 2018, heavy goods vehicles accounted for approximately 25% of total traffic. The main contributor to traffic volumes is SATAP, concessionaire for the A21 Turin-Alessandria-Piacenza and A4 Turin-Milan motorways, accounting for 41% of SIAS's overall traffic volumes in 2018. The second-largest contributor is SALT (A12 Livorno Sestri, A11 Viareggio Lucca and A15 Fornarola-La Spezia), accounting for approximately 26% of overall traffic. SIAS's traffic concentration on some corridors reduces the degree of diversification that is normally a credit positive feature of large motorway networks, but this is mitigated by the fact that SIAS's stretches are characterised by diversified traffic and limited competition.

Some history of political interference impacting due toll increases

SIAS operates its Italian motorway network under nine concession agreements. The tariff mechanisms on SIAS's concessions follow a cost recovery plus capital remuneration principle, with tariffs reflecting a regulated rate of return on new investments and, in some concessions, on the existing capital base. To avoid tariff discontinuities, tariff increases originating from capital remuneration factors are smoothed over the relevant tariff period under a financial neutrality principle. Traffic risk, i.e., the difference between the planned traffic curve on which tariffs are calculated and the actual traffic level, is however entirely borne by the concessionaire during each five-year tariff period.

Whilst SIAS benefits from a generally supportive regulatory framework, the latter was first affected by unfavourable political intervention in 2014, when approved toll increases on SIAS's SAV concession were capped to a nominal 5% increase. Similarly, the government limited SIAS's 2015 tariffs increases to 1.5%, in the context of broader discussions related to a plan for the integration of SIAS's concessions submitted to EU authorities. The plan provided for a lengthening of the new aggregated concession maturity, in exchange for higher investments, which might have benefitted SIAS, whose current average remaining concession life is shorter than its peers.

The continued delays and uncertainties related to the discussions around the aggregation plan resulted in the submission, in June 2015, of updated financial plans by SIAS which did not incorporate any aggregation scenario but, in line with indications received by the Italian Government and the Grantor (Ministry of Transport and Infrastructure, MIT) reflected a limitation of toll increases (and therefore investments), also including the recovery of unearned past tariff increases.

Pending the approval of updated financial plans, the 2016 increase in applicable tolls on the majority of SIAS's concessions were suspended (except for the SATAP A4 Torino Milano for which the financial plan was previously approved and the tariff increase was +6.5% as of 1 January 2016). In January 2017, toll increases on some, but not all, of the SIAS-managed stretches resumed. However, 2017 tariff adjustments did not generally reflect updated financial plans for the period 2014-18 associated with the individual concessions, given that the approval of such plans remained pending.

In 2018, toll increases granted to SIAS's concessions broadly reflected, with some limited exceptions, the applicable regulatory formulae, a key difference from previous years when approved toll increases were lower than the levels the regulatory formulae would have suggested. The resumption of toll increases followed a period of intense discussions between SIAS and MIT. These discussions culminated in the announcement that SIAS had signed additional deeds to the existing agreements related to the SIAS-owned concessionaires ADF, CISA, SALT, ATS and SAV, thus finalising the approval of updated financial plans covering the 2014-18 regulatory period and rate of return levels (WACC) for the period, after years of uncertainties. The approved 2018 toll increases partially reflected the gradual recovery of unearned toll revenues resulting from the limitation of past due toll increases resulting from political intervention.

In 2019, toll increases granted to SIAS broadly reflected applicable financial plans, with some limited deviations for the ACP concession (2.75% requested vs. 0.1% granted; appealed with the Administrative Tribunal). SIAS also reported that recovery of past unearned toll increases has now been completed (with the exception of the ACP concession). SIAS is currently in the process of updating 2019-23 financial plans for the ADF, CISA, ATS and SAV concessions, which will be submitted to MIT by 30 June 2019. The timing of approval of the updated financial plans remains currently uncertain.

Exhibit 4

Toll increases have historically been characterised by political interference

	2015	2016	2017	2018	2019
SATAP A4	1.50%	6.50%	4.60%	8.34%	0.00%
SATAP A21	1.50%	0.00%	0.85%	1.67%	0.00%
SALT	1.50%	0.00%	0.00%	2.10%	0.00%
CISA	1.50%	0.00%	0.24%	0.00%	1.86%
ADF	1.50%	0.00%	0.00%	0.98%	0.71%
ATS	1.50%	0.00%	2.46%	2.79%	2.22%
SAV	1.50%	0.00%	0.00%	0.00%	0.00%
ACP					0.10%
Weighted average requested toll increases	7.60%	5.38%	6.54%	n.a.	n.a.
Weighted average actual toll increases	1.50%	1.48%	1.42%	3.02%	0.42%

Note: Excluding AT-CN concession for which no toll increases were due. In 2019, the due toll increase for the SALT concession (6.1%) was converted into terminal value (€6.5 million).

Source: Company, Moody's Investors Service

Whilst the above developments are generally credit positive for SIAS, following the significant uncertainties and delays which have affected the company in recent years, Moody's believes that the risk of political interference has increased again in the context of the reactions to the incident in Genoa, which involved the collapse of a bridge, causing 43 fatalities. Whilst SIAS is not involved in the incident, did not manage the collapsed bridge and is not target of any investigation in respect of contractual breaches, recent developments mean that there is increased political scrutiny on the sector, which could potentially result in renewed pressures. However, the fact that SIAS manages nine separate concessions and that these concessions have been awarded to the company, in some cases recently, following a European tender procedure, mitigate some of the potential pressures.

In addition to the above, there are some uncertainties in respect of the resolution of the long-dated issue linked to the rebalancing of the financial plan related to the AT-CN concession. Under an initial agreement with MIT, which was also approved by the European Commission in 2018, SIAS would complete investments on the AT-CN stretch (€350 million), partially financed and remunerated through a four-year extension of the SATAP A4 concession maturity to 2030 and an additional terminal value (TV) recognised on the SATAP A4 concession (capped at a multiple of 1.6x of 2030 cumulative EBITDA related to the SATAP A4 and AT-CN concessions). The

maturity of the AT-CN concession would have been amended to 2030. The increased pressures on the sector following the Genoa incident, however, mean that the extension of motorway concessions has become politically less acceptable. In this context, Moody's understands that SIAS and MIT have reached a new preliminary agreement whereby investments on the AT-CN stretch (€350 million) would be remunerated through a more sizeable TV on the SATAP A4 concession, while the maturity of the AT-CN concession would remain in line with the original 23.5 years from completion of works.

The latest preliminary agreement in respect of the SATAP A4/AT-CN cross financing results in an increased significance of delayed compensation for SIAS through TV payments, which Moody's views negatively. A very limited track record exists in Italy in respect of timely monetisation of terminal values and agreement around actual levels of such due payments, which could impact the ability of the concessionaire to raise funds to refinance maturing debt or support investments, particularly where such funding relies on the monetisation of TVs in later years. More positively, however, we note that SIAS would continue to manage the concession until receipt of the TV payment, while monetisation of this TV would also allow SIAS to recover investments implemented on the AT-CN stretch.

It is unclear if this new agreement would need to be approved by the European Commission. In order to become effective, this agreement must be incorporated into the relevant concessions through additional deeds approved by the MIT and the Ministry of Economics and Finance via Interministerial Decree, and subsequently registered by the Court of Auditors. Estimates provided in 2018 in the context of the European Commission approval of the initial cross-financing agreement indicate that a unilateral revocation of the AT-CN concession would imply a compensation to the concessionaire in the range of €500-750 million¹.

Exhibit 5

Overview of SIAS's concession maturities

Concession	Maturity	2018 EBITDA (€ m)	Regulatory WACC (nominal post-taxes)	Estimated TV (€ m)
SATAP A4	Dec-26	213	5.45%	TBC - potentially significant
SATAP A21	Jun-17	128	-	118
SALT	Jul-19	128	5.21%	264
ADF	Nov-21	99	5.21%	78
CISA	Dec-31	64	5.02%	-
SAV	Dec-32	47	5.43%	-
ATS	Dec-38	37	4.87%	-
AT-CN	Dec-30	3	6.30%	-
ACP	Feb-43	23	6.77%	-

Note: Expired SATAP A21 currently managed *in prorogatio*. TV amounts reflect company's estimates as of December 2018. WACC levels for SATAP A4 (under approval) and ACP (approved) refer to regulatory period 2018-22. For remaining concessions WACC levels refer to expired regulatory period 2014-18.

Source: Company, Moody's Investors Service

In the context of regulatory uncertainties, Moody's also notes the proposal, by the Italian Transport Authority (Autorità Regolazione Trasporti, ART), to amend the applicable tariff formula for Italian motorway concessions. The full financial impact of these changes is unclear, but the new system would be less favourable than the existing framework. There are however doubts over the enforceability of a revised toll formula for the existing concessionaires (please also refer to Moody's publication "[Italian toll roads - Proposed tariff framework increases regulatory uncertainties, a credit negative](#)"). For SIAS, only some concessions would potentially be affected, namely CISA and SAV (for which a re-balancing tariff mechanism applies), as well as ATS and ADF. This is because the remaining concessions have expired (SATAP A21) or are about to expire (SALT), although the company continues to manage them, or because concession contracts have recently been concluded following a European tender process (ACP). While SIAS's SATAP A4 and AT-CN concessions would also be affected by proposed changes, Moody's expects that the discussions currently ongoing between SIAS and the grantor in respect of the cross financing between the two concessions would override the proposed changes to the toll formula.

Cash flow generation and strong liquidity position support capital expenditure

We expect that the cash flow generation resulting from the positive traffic performance will support SIAS's relatively sizeable capital expenditure (capex) requirements and enable the company to continue to exhibit a financial profile consistent with the current credit profile. The company's 2019-21 investment plan assumes, on average, in excess of €370 million of annual capex. Investments are

mostly directed towards the SATAP A4, CISA and AT-CN concessions (on the assumption that the SATAP A4/AT-CN cross financing is implemented). Capex requirements compare with a historical FFO in the range of €480-580 million over the period 2016-18.

SIAS has historically maintained large cash balances on balance sheet, partly due to the pre-funding strategy implemented by the company in the context of its capex plan, but also reflecting good cash flow generation and SIAS's balanced financial policy. We consider SIAS's strong cash position as a credit positive feature, which supports the current credit profile. SIAS reported FFO/Debt of 20.6% as of year-end 2018 but, on a net debt basis, the metric would be a much stronger 31.1%.

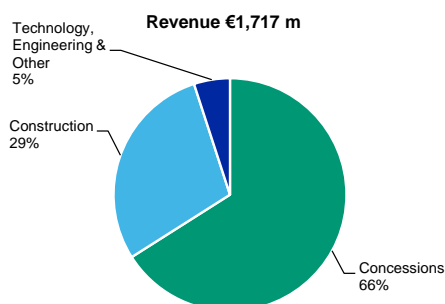
Merger with ASTM results in increased exposure to higher risk activities with a limited impact on financial profile

On 13 June, SIAS and its holding company ASTM announced their integration. As part of the transaction, which is expected to complete by year end, SIAS will merge into its holding company ASTM, with the objective of simplifying the current group structure and streamline decisional processes and operations, thus generating cost and industrial synergies. Prior to finalisation of the merger, ASTM will launch a voluntary tender offer on 5% of SIAS's share capital at a price of €17.50 per share, thus resulting in a cumulative outflow of just below €200 million. The transaction will also trigger withdrawal rights granted to ASTM's dissenting shareholders, due to the planned changes in the company's by-laws, which could result in a potential additional outflow capped at €50 million. Following completion of the voluntary tender offer and finalisation of the merger, the current shareholding group of ASTM will maintain a combined ownership of at least 50% plus one share of the new SIAS/ASTM entity, with the remaining being free-float.

Whilst, following the transaction, SIAS will increase its exposure to higher risk activities currently at the ASTM level, compared to its motorway operations, the contribution from the construction and engineering segments will remain relatively small in the context of the overall group. The transaction will result in a limited detrimental impact on SIAS's key credit metrics vs. pre-transaction levels, while the combined group will continue to exhibit a healthy liquidity position.

Exhibit 6

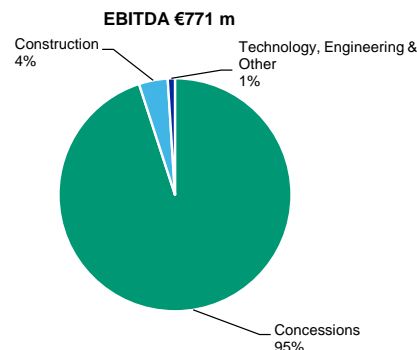
Construction and other activities representing a third of revenues...
Combined SIAS/ASTM 2018 revenue breakdown



Source: Company, Moody's Investors Service

Exhibit 7

... But only 5% of EBITDA of combined group
Combined SIAS/ASTM 2018 EBITDA breakdown



Source: Company, Moody's Investors Service

Exposure to Ecorodovias through minority stake credit neutral for now

In May 2016, ASTM and SIAS closed the transaction, with CR Almeida Engenharia e Construcões (CR Almeida, unrated), for the acquisition of a 64.1% share in a newly created special purpose vehicle owning a 64% share in Ecorodovias (a Brazilian industrial group focused on motorway concessions) and a 55% share in VEM ABC (VEM, a greenfield project to build and operate a monorail system in Brazil). The initial acquisition was followed by a further increase in the stake held. As a result of the transactions, ASTM and SIAS currently indirectly control just over 49% of Ecorodovias's capital. Ecorodovias manages approximately 2,649 km of toll roads in Brazil. Ecorodovias Concessões e Serviços S.A. (Ba2 stable) is the holding company for the group.

The amount cumulatively disbursed by SIAS for its share of the acquisition was in excess of €200 million. The investment is currently classified as an equity participation and is not expected to result in additional cash contributions from SIAS or produce material dividend flows over the medium term. Whilst the investment in Ecorodovias remains relatively small, we caution that material

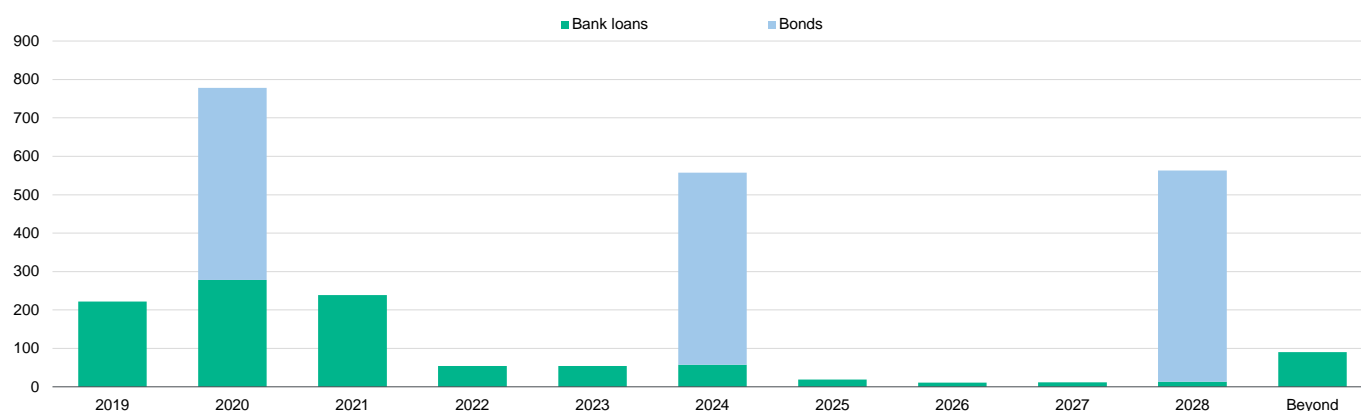
additional exposure to Brazilian operations and commitments resulting in additional cash outflows for SIAS could put pressure on the company's credit quality.

Liquidity Analysis

SIAS's liquidity position is strong. At the end of 2018, SIAS reported €963 million of cash and cash equivalents, also reflecting the issuance of a €550 million bond in February 2018. SIAS's liquidity is also backed by €50 million of revolving credit facilities, as well as €290 million and €127 million of available term loans earmarked to finance SATAP's and ACP's capex plans, respectively.

SIAS adopts a prudent financial policy with ample stocks of cash available to cover the upcoming debt maturities. More generally, we estimate that SIAS's cash availability and internal cash flow generation will cover all the company's cash needs.

Exhibit 8
SIAS's debt maturity profile
As of YE 2018 (€ million)



Note: Pro forma maturity profile, including €100 million refinancing related to AT-CN already finalised. Excluding bank overdrafts.

Source: Company, Moody's Investors Services

Structural Considerations

Under its EMTN programme, SIAS has the option to issue either secured or unsecured notes. Secured notes benefit from a first-ranking security interest over the intercompany loans that will be used by SIAS to downstream the proceeds of the secured notes to its operating subsidiaries, depending on their specific requirements. Also, the company requires secured lenders providing funds to SIAS to become part of an intercreditor agreement, applying in case of a default and assuring that the proceeds arising from the enforcement of each pledged intercompany loan is shared pro rata and pari passu among all the holders of secured notes and the other classes of secured creditors of SIAS.

We believe that the secured notes issued under SIAS's EMTN program effectively rank pari passu with creditors at the operating subsidiaries level. As a result, we maintain a Baa2 rating on SIAS's EMTN senior secured notes, which is in line with our assessment of the group's consolidated credit strength. Moody's also recently equalised senior unsecured ratings at the Baa2 level, reflecting the removal of the previous notching adjustment for structural subordination. SIAS has progressively concentrated the group's funding at the holding company level, with a consequent reduction of the proportion of external debt located at operating companies. The proposed merger between SIAS and ASTM is expected to result in a continuation of the trend of debt concentration at the new holding company level.

SIAS's EMTN programme includes the option of converting the secured notes into unsecured notes when the ratio of holding company debt-to-consolidated debt reaches at least 85% (it was approximately 81% as of December 2018).

Rating Methodology and Scorecard Factors

SIAS's rating reflects our assessment of the group's overall business profile and financial performance, in line with our Rating Methodology for Privately Managed Toll Roads, published in October 2017.

Exhibit 9

Rating Methodology Grid

Privately Managed Toll Roads Industry Grid [1][2]			Current FY 31/12/2018	Moody's 12-18 Month Forward View As of June 2019 [3]
Factor 1 : Asset Type and Service Area (25%)	Measure	Score		Measure Score
a) Asset Type		Aa		Aa
b) Competing Routes		Aa		Aa
c) Economic Resilience of Service Area		A		A
Factor 2 : Traffic Profile and Performance Trends (15%)				
a) Traffic Profile		A		A
b) Track Record and Stability of Tolled Traffic		Baa		Baa
c) Traffic Density		A		A
Factor 3 : Concession and Regulatory Framework (10%)				
a) Ability and Willingness to Increase Tariffs		Baa		Baa
b) Protection Provided by the Concession and Regulatory Framework		Baa		Baa
Factor 4 : Financial Policy (10%)				
a) Financial Policy		Baa		Baa
Factor 5 : Coverage and Leverage (40%)				
a) Cash Interest Coverage	7.2x	Aa	7.0x-9.0x	A
b) FFO / Debt	20.6%	A	21%-25%	A
c) Moody's Debt Service Coverage Ratio	1.3x	Ba	1.3x	Ba
d) RCF / CAPEX	1.0x	Ba	1.0x-1.3x	Ba/Baa
e) Concession Life Coverage Ratio	1.5x	B	1.4x-1.6x	B
Rating:				
Indicated Rating from Grid Factors 1-5		Baa2		Baa2
Rating Lift		0		0
a) Indicated Rating from Grid		Baa2		Baa2
b) Actual Rating Assigned		Baa2		

Notes: [1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] As of 31/12/2018; [3] This represents Moody's forward view (post merger), not the view of the issuer.

Source: Moody's Financial Metrics

Appendices

Exhibit 10

Peer Comparison Table

(in EUR million)	SIAS Baa2 Stable			SANEF / HIT Baa1 Stable / Baa3 Stable			Brisa Baa2 Stable			ASPI Baa2 Negative		
	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE
	Dec-16	Dec-17	Dec-18	Dec-16	Dec-17	Dec-18	Dec-16	Dec-17	Dec-18	Dec-16	Dec-17	Dec-18
Revenue	1,296.5	1,357.9	1,413.2	1,733.8	1,806.3	1,902.8	523.1	565.3	610.5	3,726.4	3,707.9	3,836.0
EBITDA	684.7	714.8	753.8	1,094.8	1,143.6	1,178.2	361.1	399.0	438.5	2,199.3	2,470.5	1,939.0
EBITDA margin %	52.8%	52.6%	53.3%	63.1%	63.3%	61.9%	69.0%	70.6%	71.8%	59.0%	66.6%	50.5%
Funds from Operations (FFO)	484.7	521.6	584.8	640.3	662.0	689.4	235.1	281.5	306.6	2,132.9	1,758.3	1,783.6
Total Debt	2,871.6	2,350.6	2,842.4	5,793.8	6,399.0	5,770.5	2,201.2	2,404.1	2,057.4	12,601.9	12,537.9	10,847.9
Cash Interest Coverage	5.3x	6.2x	7.2x	3.6x	3.7x	4.1x	3.4x	4.7x	6.1x	5.9x	5.1x	5.4x
FFO / Debt	16.9%	22.2%	20.6%	11.1%	10.3%	11.9%	10.7%	11.7%	14.9%	16.9%	14.0%	16.4%
FFO / Net Debt	22.9%	27.3%	31.1%	12.4%	13.1%	12.9%	11.3%	14.4%	16.9%	22.7%	18.3%	19.7%
RCF / Net Debt	18.9%	22.8%	25.6%	8.5%	7.9%	-2.1%	-6.0%	7.5%	8.6%	14.4%	-1.3%	13.7%
RCF / Capex	1.9x	2.0x	1.0x	2.3x	1.6x	-0.4x	-4.7x	7.6x	9.6x	1.4x	-0.2x	1.9x

Notes: [1] all metrics are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. [2] SANEF/HIT metrics refer to HIT consolidated.

Source: Company, Moody's Investors Service

Exhibit 11

SIAS's Adjusted Debt breakdown

(in EUR million)	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18
As Reported Total Debt	1,411.7	1,295.8	1,118.5	1,062.6
Pensions	33	35	32	32
Leases	19	19	18	21
Hybrid Securities	8	3	0	0
Non-Standard Public Adjustments	1,544	1,518	1,181	1,726
Moody's Adjusted Total Debt	3,017	2,872	2,351	2,842
Cash & Cash Equivalents	(954)	(758)	(441)	(963)
Moody's Adjusted Net Debt	2,063	2,114	1,909	1,879

Notes: all metrics are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations. Analyst Adjustments mainly refer to the reclassification to debt of financial liabilities reflected as other liabilities in SIAS's accounts.

Source: Moody's Financial Metrics

Exhibit 12

SIAS's Adjusted EBITDA breakdown

(in EUR million)	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18
As Reported EBITDA	668	684	758	783
Unusual Items - Income Statement	0	0	(34)	(20)
Pensions	(0)	(3)	(0)	(1)
Leases	6	6	6	7
Non-Standard Public Adjustments	1	(3)	(14)	(15)
Moody's Adjusted EBITDA	676	685	715	754

Notes: all metrics are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations

Source: Moody's Financial Metrics

Exhibit 13

SIAS's Adjusted FFO breakdown

	FYE Dec-15	FYE Dec-16	FYE Dec-17	FYE Dec-18
(in EUR million)				
As Reported Funds from Operations (FFO)	448	459	496	556
Leases	6	6	5	6
Non-Standard Public Adjustments	20	20	20	22
Moody's Adjusted Funds from Operations (FFO)	474	485	522	585

Notes: all metrics are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations

Source: Moody's Financial Metrics

Ratings

Exhibit 14

Category	Moody's Rating
SIAS - SOCIETA INIZIATIVE AUTOSTRAD.	
Outlook	Stable
Senior Secured -Dom Curr	Baa2
Senior Unsecured MTN -Dom Curr	(P)Baa2

Source: Moody's Investors Service

Endnotes

¹ For additional details please see http://ec.europa.eu/competition/state_aid/cases/271507/271507_2003046_107_2.pdf.

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