

## RATING ACTION COMMENTARY

# Fitch Downgrades ASTM to 'BBB' on Sovereign Rating Action

Thu 30 Apr, 2020 - 14:59 ET

Fitch Ratings - Madrid - 30 Apr 2020: Fitch Ratings has downgraded Italian toll road operator ASTM S.p.A.'s rating to 'BBB' from 'BBB+'. The Outlook is Stable. A full list of rating actions is at the end of this rating action commentary.

The rating action follows the downgrade of Italy's sovereign rating (see "Fitch Downgrades Italy to 'BBB-'; Outlook Stable" dated 28 April 2020).

## KEY RATING DRIVERS

ASTM can be rated above the sovereign as its rating does not factor in any central government support. The maximum one-notch difference with the sovereign's rating reflects ASTM 's exposure to the domestic economy and the group's growing but still moderately frequent issuance on capital markets.

We will continue to monitor developments in the Italian operating environment and their potential knock-on effect on traffic as well as any potential adverse change of the Italian regulatory framework.

ASTM is the second-largest Italian toll road operator, managing around 20% of the national network. It operates a portfolio of nine majority/fully-owned and fully consolidated concessions and has minority equity interests in few Italian/Brazilian toll road concessions/joint ventures accounted under the equity method. Its operations are predominantly focused on Italy. ASTM is ultimately owned by the Italian Gavio family (controlling stake) and since September 2018, by Ardian Infrastrutture (minority stake). The group has marginal (around 5% EBITDA) exposure to the construction and engineering businesses, which are cyclical and volatile in nature.

## RATING SENSITIVITIES

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

- Positive rating action on Italy would lead to similar action on ASTM, assuming that its Standalone Credit Profile is unchanged.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

- We could downgrade the rating if we expect Fitch-adjusted leverage to be sustained above 4.8x over the next three to five years. The agency may re-assess this ratio trigger and associated debt capacity, should the average remaining concession life further decrease or, equally, should the mix of concession and construction businesses change adversely;
- A sustained move toward debt-funded acquisitions of higher-risk assets;
- A material adverse change in creditor-protective Italian regulatory framework or in the terms and conditions of ASTM key concessions; and
- Negative rating action on the sovereign







### BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Public Finance 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>.

### 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.

#### RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
ASTM S.p.A.	LT IDR	BBB 	Downgrade	BBB+ 
● ASTM S.p.A./Debt/1 LT	LT	BBB 	Downgrade	BBB+ 
● ASTM S.p.A./Debt/2 LT	LT	BBB 	Downgrade	BBB+ 

[VIEW ADDITIONAL RATING DETAILS](#)

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**APPLICABLE CRITERIA**

[Infrastructure and Project Finance Rating Criteria \(pub. 24 Mar 2020\) \(including rating assumption sensitivity\)](#)

[Toll Roads, Bridges and Tunnels Rating Criteria \(pub. 24 Mar 2020\) \(including rating assumption sensitivity\)](#)

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ASTM S.p.A.

EU Issued

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