


## CREDIT OPINION

8 March 2021

### Update

 Rate this Research

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## ASTM S.p.A.

Update following a rating review for downgrade

### Summary

The credit quality of [ASTM S.p.A.](#) (ASTM, Baa2 under review for downgrade) is underpinned by (1) the strong fundamentals of the group's motorway network, comprising essential transport links in some of the wealthiest regions of [Italy](#) (Baa3 stable); (2) the size and diversification of Ecorodovias Infraestrutura e Logística S.A. (Ecorodovias)' motorway network, which is located in the wealthiest states of [Brazil](#) (Ba2 stable); and (3) the group's balanced financial policy, also reflected in a strong liquidity profile and lack of material funding and refinancing needs.

These strengths are, however, partially offset by (1) political interference in the regulatory environment and tariff framework in Italy; (2) the relatively large investment programme associated with recently awarded toll road concessions in Italy and Brazil; (3) the presence of minority shareholders that create value leakage in the group's structure; and (4) some exposure to higher risk construction and engineering activities.

In addition, ASTM's fundamentals are susceptible to downside risks linked to the consequences of the coronavirus pandemic, which has resulted in a significant reduction in traffic in 2020, particularly in Italy. While we expect traffic to rebound relatively quickly once these restrictions are gradually lifted, during the first half of 2021, there is uncertainty around future political decisions to contain the spread of the virus.

Currently, the credit quality of the ASTM group is subject to negative pressures following the announcement of a debt financed tender offer for 47.6% of ASTM's ordinary shares by its main shareholders, and the consequent delisting of the company. The tender price was set at €25.6 per share, representing a maximum amount of €1.7 billion. If the transaction is completed, the overall leverage of the group would increase significantly and the group's credit metrics would remain below the range considered commensurate for a Baa2 rating, namely a funds from operations (FFO)/debt ratio of at least 17% and a Moody's debt service coverage ratio (DSCR) of at least 1.4x on a sustained basis.

## Credit strengths

- » Strong fundamentals of the Italian motorway network underpins a resilient cash flow profile
- » Ecorodovias' large and strategically located toll road portfolio in Brazil
- » Recent transactions and tender awards will increase EBITDA-weighted average concession life to slightly more than 12 years in 2021
- » Balanced financial policy, strong liquidity position and moderate leverage

## Credit challenges

- » Leverage may increase by €1.7 billion if the tender offer for 47.6% of ASTM's ordinary shares is completed under the proposed terms
- » Substantial traffic declines in 2020 due to the coronavirus outbreak with some uncertainties around the speed of recovery
- » Regulatory environment characterised by some unpredictability and political interference
- » Relatively large investment programme in Italy and Brazil associated with recently awarded toll road concessions
- » Some exposure to higher risk construction and engineering activities

## Rating outlook

The ratings are on review for downgrade reflecting the risks associated with the potential significant increase in ASTM's leverage that may result from a debt financed acquisition of all of ASTM's shares which are not currently owned by ASTM's main shareholders, and the consequent delisting of the company if the acquisition is completed.

## Focus of the review

During the review period, we will consider the likely future capital structure of the group, the group's plans for, and likelihood of deleveraging, and any potential changes to the business strategy of the group including future acquisitions. On the basis of the current terms of the tender offer, any downgrade of ASTM's ratings would likely be limited to one notch.

## Key Indicators

Exhibit 1

### ASTM S.p.A.

	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20 E
Cash Interest Coverage	5.3x	6.2x	7.4x	7.4x	7.0x-8.0x
FFO / Debt	16.9%	22.2%	20.0%	17.5%	13%-15%
Moody's Debt Service Coverage Ratio	1.2x	1.5x	1.3x	1.2x	1.0x-1.2x
RCF / Capex	1.9x	2.0x	1.0x	1.4x	1.0x-1.2x
Moody's Concession Life Coverage Ratio	1.4x	1.7x	1.4x	1.3x	1.2x-1.4x

All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

Estimates represent Moody's forward view; not the view of the issuer. There is greater than usual uncertainty due to the coronavirus pandemic, with a potential for lower outcomes than currently expected.

For definitions of Moody's most common ratio terms please see the accompanying [User's Guide](#).

Source: Moody's Financial Metrics

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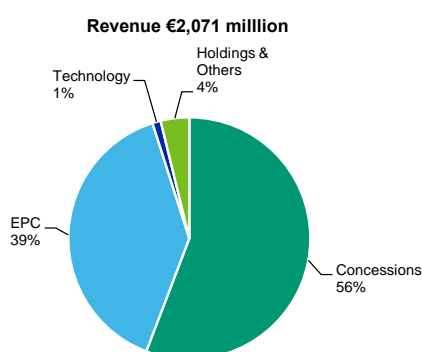
## Profile

ASTM is the second-largest toll road operator in Italy. The company's consolidated domestic network consists of more than 1,200 km of tolled motorways, representing around 23% of the national network. In Italy, ASTM also holds stakes in two additional motorway concessions with a cumulative length of around 50 km (Tangenziale Esterna Milano and Gran San Bernardo Tunnel). In addition, ASTM has a combined 49% stake in Ecorodovias since 2015, which manages about 3,000 km of toll roads in Brazil. ASTM announced a transaction to increase its shareholding in Ecorodovias to 51% and completion of the transaction is expected by H1 2021.

ASTM is also active in the engineering, procurement and construction (EPC) sector. Itinera is the largest subsidiary in this segment and operates in Europe, Southern Africa, Middle East, Latin America and the United States. These activities present higher business risk than toll roads, but allow the group a higher degree of business integration. Even if the contribution of EPC to revenues is relatively high (almost 40%), due to the lower margins of around 6%, the actual EBITDA contribution is limited (around 6%).

Exhibit 2

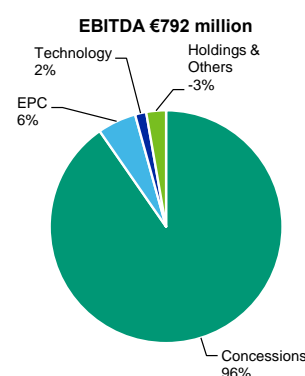
**Construction and other activities represents 40% of revenues...**  
ASTM 2019 revenue breakdown



Source: Company and Moody's Investors Service

Exhibit 3

**... but only 8% of EBITDA of the group**  
ASTM 2019 EBITDA breakdown

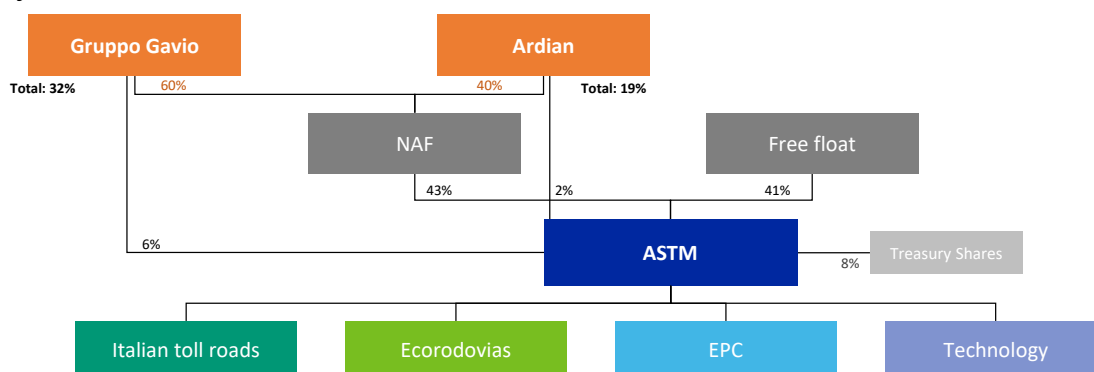


Source: Company and Moody's Investors Service

Gruppo Gavio is ASTM's main shareholder, owning a total stake of approximately 32%, mostly through the holding company Nuova Argo Finanziaria S.p.A. (NAF), in which it has a 60% ownership. Gruppo Gavio entered in 2018 into a strategic partnership with private equity investment company Ardian aimed at reinforcing the group's capital structure and at strengthening the position of ASTM within the global infrastructure sector. Ardian holds 40% of NAF and a 2% direct stake in ASTM, accounting in total for around 19% participation in ASTM. Around 41% is free float. Around 41% is free float.

Exhibit 4

**Simplified ASTM's shareholder structure**  
As of February 2021



Source: Company

## Detailed credit considerations

### Strong business profile underpinned by the size and location of the Italian network

ASTM's consolidated operating network currently consists of over 1,200 km of tolled roads, comprising several essential transport links. ASTM's motorways are mainly located in the north-west of Italy, connecting major cities within the area and providing access between provincial and rural areas. The fundamentals of the service area and the competitive environment are favourable, because ASTM 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.

The traffic profile of ASTM's 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. In 2019, freight traffic accounted for approximately 26% of total ASTM's traffic. The main contributor to traffic volumes is SATAP, concessionaire for the A4 Turin-Milan and A21 Turin-Alessandria-Piacenza motorways, accounting for 40% of ASTM's consolidated traffic volumes in 2019. The second-largest contributor is SALT, concessionaire for the A12 Livorno Sestri, A11 Viareggio Lucca and A15 Fornarola-La Spezia, accounting for approximately 26% of total traffic.

In July 2020, ASTM was awarded the tender for the acquisition of the 19.3% stake in Società Italiana Traforo Autostradale del Frejus S.p.A. (SITAF), increasing ASTM's ownership to 67.2%. SITAF is the owner of the concession, expiring in 2050, for the design, construction and management of the Frejus tunnel (about 13 km long) and the connector to the tunnel, the A32 Turin-Bardonecchia motorway (73 km long). With this acquisition, the group is gaining control of an essential infrastructure link connecting Italy and France with a relatively stable regulatory framework. With the consolidation of SITAF, ASTM will increase its average concession life by around 3 years.

Some of ASTM concessions have expired (SATAP A21, SALT A12, ATIVA (A5/A4)) or will expire this year (ADF A10). The government decided to aggregate these four concessions in two tenders, each with a 11.5 years tenor. The tender for the concession of the motorway sections 'A21 - A5/A4' was launched in late 2019. The tender for 'A12 - A11' was launched at the beginning of this year. The awarding process has been subject to delays due to the coronavirus disruption, but in November 2020 ASTM was formally and definitely awarded with both concessions. These tenders will additionally increase ASTM's average concession life by more than 3 years. While in January 2021 the Lazio Administrative Court rejected the appeal filed by ASTM in 2019 against the exclusion of the group in the pre-qualification process of the 'A21 - A5/A4' tender, ASTM has appealed the decision to the Council of State. We expect the legal process around the awarding of this concession to take several months before conclusion. The current credit quality of ASTM reflects our expectation that the group will manage the awarded concessions.

Overall, we expect that FY2021 the EBITDA-weighted average concession life for ASTM's Italian motorways will be close to 13 years.

Exhibit 5

**Overview of ASTM's concession**  
**As of December 2020**

Concessions	Stake	Extension (Km)	EBITDA (2019, € mln)	Maturity	Estimated Terminal Value (€ mln)	Location
SATAP A4	99.87%	130	220	Dec-26	852	Piedmont / Lombardy
SATAP A21	99.87%	168	133	Jun-17	134	Piedmont
SALT A12	95.23%	155	123	Jul-19	278	Liguria
SALT A15	95.23%	101	66	Dec-31	-	Emilia-Romagna
ADF A10	73.00%	113	102	Nov-21	180	Liguria
ADF A6	73.00%	131	35	Dec-38	-	Piedmont
SAV A5	71.28%	60	46	Dec-32	-	Valle d'Aosta
AP A21	51.00%	100	30	Feb-43	-	Lombardy
SITAF	67.20%	94	92	Dec-50	-	Piedmont
ATIVA (A5/A4)	72.34%	156	77	Aug-16	172	Piedmont
AT-CN A33	65.00%	55	3	Dec-31	345	Piedmont
<b>Total</b>		<b>1,262</b>	<b>€ 927</b>			

EBITDA as reported by the company. Expired SATAP A21, SALT A12, ATIVA currently managed *in prorogatio*. Terminal value amounts reflect the cross financing agreement for AT-CN A33/ SATAP A4 and the tenders for A21-A5/A4 and A12-A11.

Source: Company, Moody's Investors Service

**Ecorodovias' large toll road portfolio located in strong service areas of Brazil**

Ecorodovias is one of Brazil's largest infrastructure groups focused on motorway concessions. The group manages around 3,000 kilometers of toll roads through 10 concessions, located in the south-east of Brazil. Ecorodovias also operates and maintains a port company located in the port of Santos, Ecoporto, which is the fifth largest port operator in Brazil.

Ecorodovias benefits from large and strategically located concessions, representing a high-quality asset base in Brazil. The group's assets are positioned at the main channels for the transportation of exports and import of goods and close to the main ports of the country. The group has a significant presence in the most important commercial centers of Brazil and benefits from a diversified user base, as is typical for large networks. The combined traffic profile of its toll roads is well balanced, with around 50% in freight traffic and 50% in leisure and commuter traffic. Two of its main concessions, Ecovias and Ecopistas ([Conc. das Rodovias Ayrton Senna e Carvalho Pinto](#), Ba2 stable), provide essential transport services in the state of São Paulo, which is one of the largest and wealthiest states in the country. Ecovias is also a direct link to the port of Santos, the largest port in Latin America.

The EBITDA-weighted average concession life of Ecorodovias' portfolio was almost 10 years as of September 2020, with maturities ranging from 2021 to 2049. With the start of operations of Ecovia do Cerrado in November 2020, we expect that average concession life of Ecorodovias group will remain between 10-11 years until 2023, which supports the long-term cash flow profile of the group.

Exhibit 6

## Overview of Ecorodovias' concession

Concession	Extension (Km)	EBITDA* (2019, BRL mln)	Maturity	Location	Type of concession	Regulator
Ecovias	177	780.4	Jun-2026	São Paulo	State	ARTESP
Ecopistas	144	218.3	Jun-2039	São Paulo	State	ARTESP
Ecovia	137	209.6	Nov-2021	Parana	State	AGEPAR
Ecocataratas	387	245.8	Nov-2021	Parana	State	AGEPAR
Ecosul	457	237.6	Mar-2026	Rio Grande do Sul	Federal	ANTT
Eco101	476	82.4	May-2038	Espirito Santo	Federal	ANTT
Ecoponte	26	80.6	May-2045	Rio de Janeiro	Federal	ANTT
Eco135	364	119.5	Jun-2048	Minas Gerais	State	SETOP
Eco050 (MGO)	437	70.3	Jan-2044	Minas Gerais / Goiás	Federal	ANTT
Ecovias do Cerrado (BR-364/365)	437	-	Jan-2050	Minas Gerais / Goiás	Federal	ANTT
<b>Total</b>	<b>3,042</b>	<b>\$ 2,045</b>				

\* EBITDA as reported by the company, it excludes construction revenue and cost, provision for maintenance and provisions related to the Leniency agreement and the agreements with former executives.

Source: Company, Moody's Investors Service

Since 2015 ASTM has a combined 49% stake in Ecorodovias. In July 2020, the group announced an agreement with Primav Construções (the other main shareholder of Ecorodovias) to dissolve the co-control structure and to capitalize Ecorodovias, such that ASTM will ultimately own 51% of the Brazilian group. Hence, ASTM will start to consolidate Ecorodovias after the completion of the transaction, which is expected by Q1 2021. Because Ecorodovias has higher leverage than ASTM, the transaction will result in weaker financial ratios for ASTM consolidated group. However, Ecorodovias will provide the overall group with higher diversification, because economic cycles in Brazil and Italy are broadly uncorrelated. Post transaction, the contribution from Ecorodovias to the consolidated EBITDA of the group is expected to be around 25%-30%.

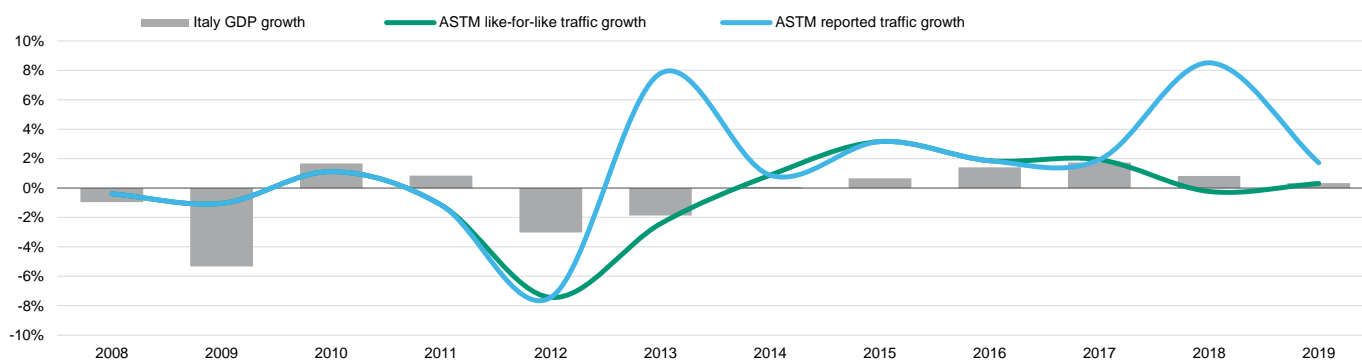
## Coronavirus outbreak and uncertain traffic recovery prospects weigh on the Italian motorway performance

Before the coronavirus outbreak, ASTM had exhibited a relatively stable traffic profile since 2014. In the last five years to 2019, traffic in ASTM's network increased by 7.2% on a like-for-like basis and by 18.2% when considering the incorporation of Autovia Padana in 2018. The pace of growth started, however, to decelerate in 2018 on the back of more muted economic conditions and a slowdown in consumer demand in Italy.

Exhibit 7

## Traffic growth in ASTM's Italian network decelerated before the coronavirus outbreak

## Year-over-year total traffic change vs Italian GDP growth



Like-for-like traffic excludes traffic growth related to new concessions and significant perimeter changes.

Source: Company and Moody's Investors Service

Since March 2020, traffic across ASTM's Italian network has been severely impacted by the travel restrictions and lockdown measures imposed by the government in response to the rapid and widening spread of the coronavirus, in particular in the Northern regions of Italy. During April traffic levels sharply declined to around 80% with respect to the previous year, but as restrictions started to be lifted in May and June traffic quickly rebounded throughout the summer season.

The increase in coronavirus cases since the end of the summer has dimmed recovery prospects for toll road traffic and a slowdown in traffic recovery was already in evidence at the end of September. Traffic volumes have decreased again in the last quarter of 2020, driven by local restrictions and travel bans reintroduced by the Italian government since the beginning of November. However, we expect toll road traffic to rebound again relatively quickly once these restrictions are gradually removed during the first half of this year.

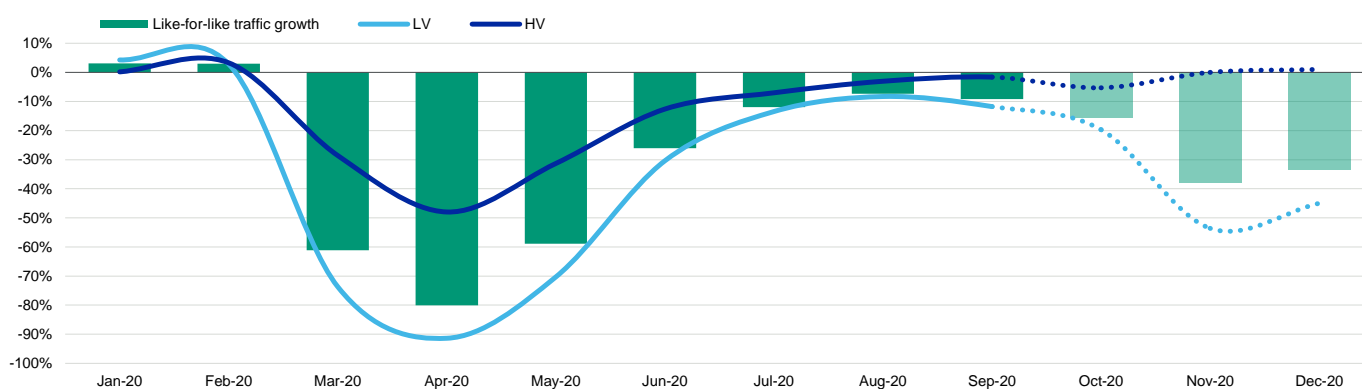
Heavy goods vehicle (HV) traffic has been less affected by lockdown measures than light vehicle (LV) traffic, and we expect this picture to persist, providing important support to toll revenues. Notably, ASTM traffic has a higher proportion of HV traffic than its European peers, accounting for around 26% of total traffic in 2019, as other means of transportation in Italy are not as competitive. We anticipate that LV traffic will be more exposed to travel restrictions and will recover gradually because (1) working from home is mandatory where possible or will remain a common practice until the spread of the virus is contained; and (2) leisure travel between some cities or regions is not allowed or will continue to be strongly discouraged by the government.

Overall, we expect toll road traffic on ASTM's Italian motorway network to decline on a like-for-like basis by around 28% in 2020 and to remain around 10% below 2019 levels in 2021. Nevertheless, the recovery in traffic volumes this year will largely depend on future political decisions to contain the spread of coronavirus, the availability and roll out of a vaccine or effective treatment, and the economic prospects of Italy.

Exhibit 8

#### Traffic performance on ASTM's Italian network reflects evolution of restrictive measures imposed by the government

Like-for-like traffic changes from a year earlier since the beginning of 2020



The first national lockdown was in place since early March until mid-May.

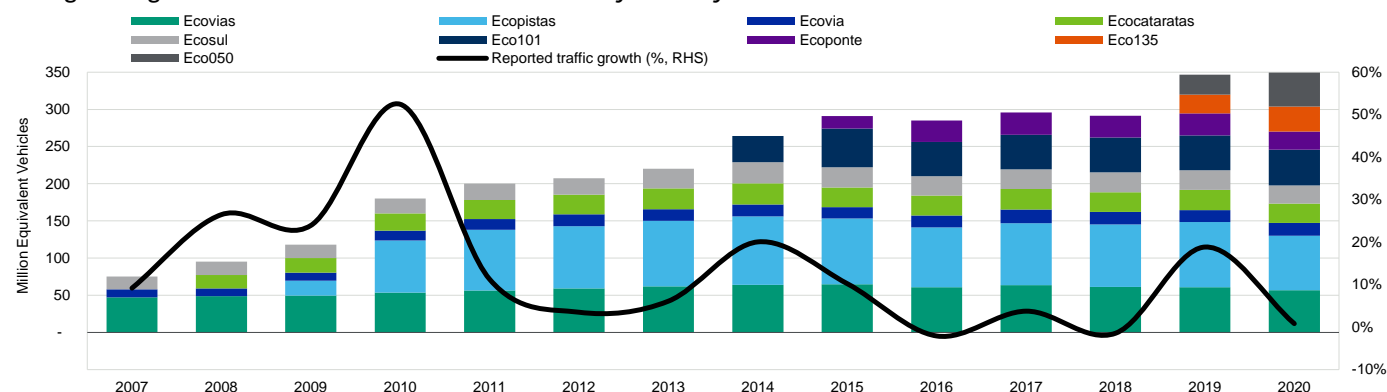
Source: Company and Moody's Investors Service estimates

#### Relatively resilient operating performance of Ecorodovias' network during the coronavirus crisis

Aligned with the group's strategy to expand its presence in the toll road business and extend the remaining life of its portfolio, Ecorodovias has been actively adding new assets into its portfolio. Traffic volumes has been growing with new concessions, in particular with the start of operations of Eco135 and Eco050 in 2019, of Ecofonte in 2015 and Eco101 in 2014. On a like-for-like basis, traffic performance has closely followed the GDP growth in Brazil. This is driven by the high proportion of HV traffic in Ecorodovias' network and the fact that HV traffic is mainly driven by the agriculture business, which is the principal contributor of Brazilian exports.

In 2019, reported traffic volumes increased by around 19%. However, on a like-for-like basis traffic increased by 1%, with LV traffic increasing by 2.7% and HV traffic decreasing by 1%, which was in line with the 1.1% growth in Brazilian GDP that reflected a persistently weak macroeconomic environment.

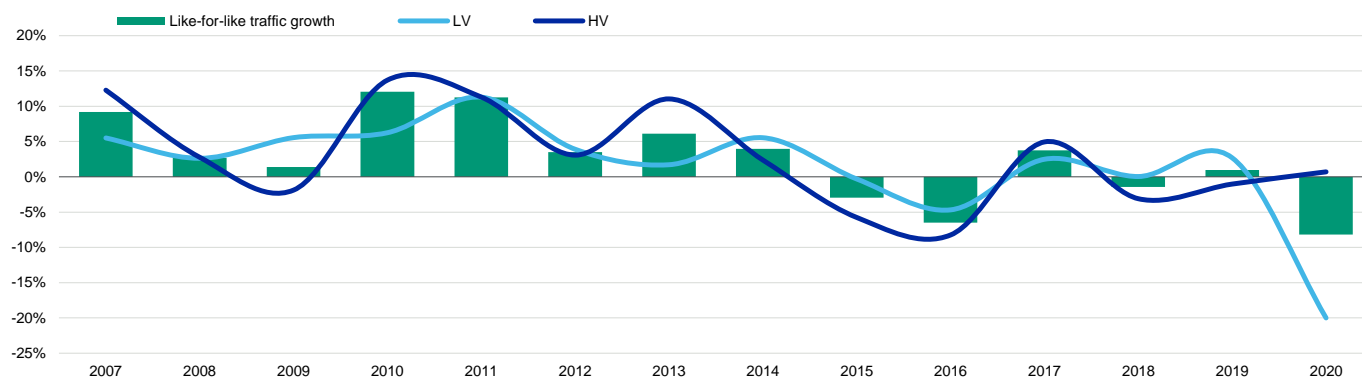
Exhibit 9

**Strong traffic growth in Ecorodovias' network has been mainly driven by new concessions**

Equivalent paying vehicle is a basic unit of reference in toll collection statistics on the Brazilian market. Light vehicles, such as automobiles, correspond to an equivalent vehicle unit. Heavy vehicles such as trucks and buses are converted to equivalent vehicles by a multiplier applied to the number of axles per vehicle, as established in the terms of each concession agreement.

Source: Company, Moody's Investors Service

Exhibit 10

**Since the economic crisis in Brazil in 2015-2016, traffic performance (on a like-for-like basis) has been sluggish****Like-for-like annual traffic changes**

Like-for-like traffic excludes traffic growth related to new concessions and significant perimeter changes.

Source: Company, Moody's Investors Service

In 2020, traffic performance on Ecorodovias' motorway network has been less impacted by the coronavirus pandemic because the Brazilian government has not imposed travel bans or severe restrictions. While LV traffic has declined due to social distancing, remote working and other public health measures, HV traffic has continued to operate at levels close to those in 2019, since agricultural and industrial activities continued to operate as normal. In 2020, traffic on a like-for-like basis decreased by around 8%.

Overall, we expect toll road traffic on Ecorodovias' network to remain around 5% below 2019 levels in 2021, mainly driven by a weaker macroeconomic outlook in Brazil for the this year. However, the recovery in traffic volumes will rely on political decisions in respect to the containment of the virus and its economic impact, as well as on the availability and roll out of a vaccine or effective treatment.

**History of political interference and delays impacting due toll increases in Italy**

The tariff mechanism applicable to ASTM's Italian concessions incorporates a cost recovery plus capital remuneration principle, with applied tolls reflecting a regulated rate of return on new investments and existing asset base (RAB). 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 entirely borne by the concessionaire during each five-year tariff period.



The relevant applicable tariff formula is included in each individual concession contracts. While the regulatory framework incorporates well-established concepts, ASTM has historically been subject to regulatory uncertainties and delays in the approval of the economic and financial plans (EFP) and in the corresponding tariff adjustments.

In June 2019, the Italian Transport Authority (ART) approved the new tariff framework applicable to all new and existing toll roads concessions. The new framework will incorporate a RAB-based mechanism with a price cap formula and a regulated rate return, but there are some inputs, such as the efficiency factor, that will need to be agreed with the grantor. All the main Italian concessionaires have appealed the new framework before the respective tribunal courts but the legal process is still ongoing.<sup>1</sup>

At the end of December 2019, with the approval of the Decree Law 162/2019, the government froze tariff increases for 2020 and requested all concessionaires for which the regulatory period was expired to present an updated EFP in accordance with the new tariff framework. Overall, the impact of the new tariff mechanism should be relatively limited for ASTM, given that the existing RAB will continue to earn the same rate of return and only new investments will be remunerated at a lower rate, consistent with the current lower cost of debt. Nevertheless, the EFP submitted by ASTM (and all other toll road operators in Italy) has not yet been approved by the grantor.

In 2021 most of the Italian toll roads have again fail to receive the tariff increases they are entitled to under their concession agreements. The government has decided to freeze again tariff increases for this year with the approval of the Decree Law 183/2020, which currently states that the grantor should review the EFP of the concessionaires by July 2021.

Exhibit 11

#### Toll increases have historically been characterised by political interference

	2015	2016	2017	2018	2019	2020	2021
SATAP A4	1.50%	6.50%	4.60%	8.34%	0.00%	0.00%	0.00%
SATAP A21	1.50%	0.00%	0.85%	1.67%	0.00%	0.00%	0.00%
SALT A12	1.50%	0.00%	0.00%	2.10%	0.00%	0.00%	0.00%
SALT A15	1.50%	0.00%	0.24%	0.00%	1.86%	0.00%	0.00%
ADF A10	0.00%	0.00%	0.00%	0.98%	0.71%	0.00%	0.00%
ADF A6	0.00%	0.00%	2.46%	2.79%	2.22%	0.00%	0.00%
SAV A5	1.50%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ACTN A33	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AP A21					0.10%	4.88%	3.20%
ATIVA						0.00%	0.00%
SITAF							1.54%
<b>Weighted average actual toll increases</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>2.9%</b>	<b>0.4%</b>	<b>0.4%</b>	<b>0.4%</b>

For AT-CN A33 concession no toll increases were due given the cross-financing agreement was under discussion. In 2019, the due toll increase for the SALT A12 concession of around 6.1% was converted into terminal value (€6.5 million).

Source: Company and Moody's Investors Service

#### Sizable investment programme in Italy and Brazil associated with recently awarded toll road concessions

ASTM's Italian motorway has a sizable capital expenditure (capex) programme. The company's 2021-2025 investment plan assumes on average €600 million of annual capex versus the average €300 million executed between 2015-2019. Investments are mostly directed towards the two new awarded toll road concessions and SITAF. In addition, significant capex is related to the completion of the AC-TN A33 stretch.

We expect that operating cash flow generation and cash balances will support capex plans for the Italian motorways. ASTM has historically maintained a large cash position on balance sheet, partly due to the pre-funding strategy of its capex plan, but also reflecting good cash flow generation and ASTM's balanced financial policy.

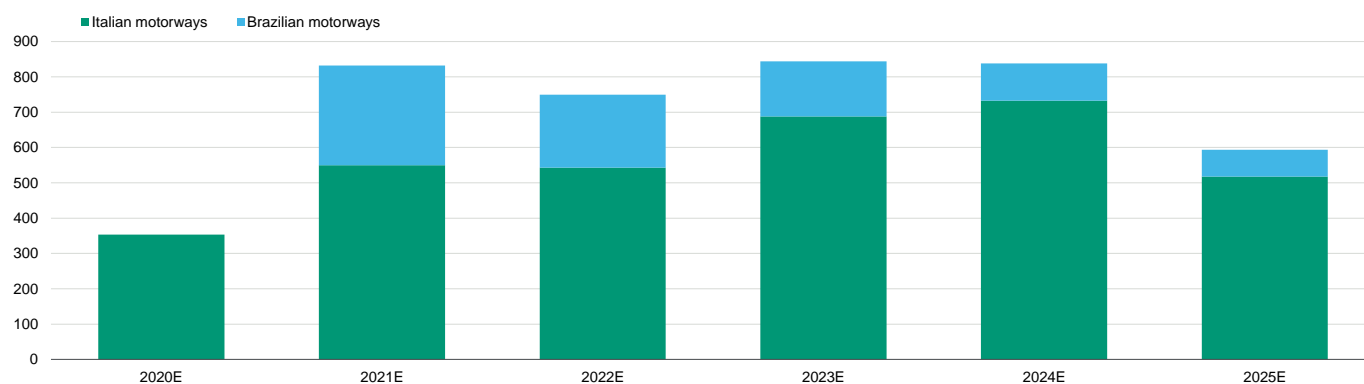
Investment programme of Ecorodovias for the period 2021-2025 is expected to amount around BRL5.3 billion, equivalent to approximately €850 million, with the bulk of the capex concentrated in 2021 and 2022. Investments are mainly driven by committed capex on recently awarded concessions Eco135, Eco050 and Ecovias do Cerrado. In addition, Eco101, which was awarded in 2012, still require somewhat large mandatory investments.

We expect that Ecorodovias will finance its investment programme on a standalone basis, through cash flow generation, but also through access to the local capital markets. The sizable capex plan for the Brazilian motorways will limit the ability of Ecorodovias to reduce its financial leverage over the coming years.

Exhibit 12

### ASTM's capex plan is likely to remain sizable because of recently acquired concessions

In € million



From 2021 onwards, data includes the consolidation of SITAF and Ecorodovias

Source: Company and Moody's Investors Service

### Leverage may increase by €1.7 billion if the tender offer is completed under the proposed terms

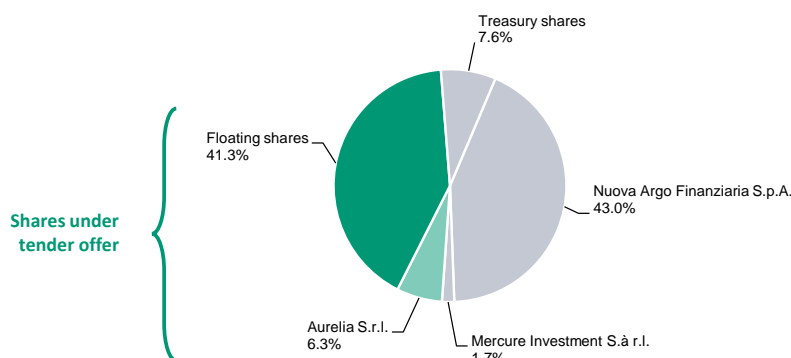
On 20 February 2021, NAF 2 S.p.A. (NAF 2) announced a voluntary tender offer for 47.6% of ASTM's ordinary shares. NAF 2 is a newly incorporated company fully owned by Nuova Argo Finanziaria S.p.A. (NAF), which is in turn owned by ASTM's main shareholders, Gruppo Gavio (with a 60% ownership of NAF through Aurelia S.r.l.) and the private equity company Ardian (with 40% ownership of NAF through Mercure Investment S.à r.l.).

The tender offer covers all of ASTM's floating shares, representing 41.3% of total shares; and all the shares directly owned by Aurelia S.r.l., representing 6.3%, for which there is already a commitment to sell in place.

Exhibit 13

### ASTM's current shareholding structure

NAF 2's tender offer covers 47.6% share of ASTM



Source: Company

The tender price was set at €25.6 per share, representing a maximum amount of €1.7 billion. NAF 2 intends to finance the proposed transaction by debt and has already received a letter of commitment from a bank for the total maximum amount of the offer plus an additional commitment to refinance any bank loan that ASTM may eventually be required to repay upon the completion of the transaction.

In the event of a 100% acceptance of the offer, NAF will become the sole shareholder of ASTM. Given the absence of specific creditor protection features that would isolate ASTM from NAF, and the potential merger between ASTM and NAF 2, the additional debt used for this transaction will have a negative impact on ASTM's financial profile. If the €1.7 billion of debt remains outstanding, the group's credit metrics would remain below the range currently considered commensurate for a Baa2 rating, namely a funds from operations (FFO)/debt ratio of at least 17% and a Moody's debt service coverage ratio (DSCR) of at least 1.4x on a sustained basis. However, the extent of any permanent increase in leverage will depend on the final acceptance rate of the offer and NAF / ASTM's future leverage policies, which are unclear at this stage.

If the transaction is concluded, Gruppo Gavio, after the transfer of some shares, will hold an equity interest equal to 50.5% in NAF and hence ASTM, remaining the controlling shareholder; while Ardian will hold a 49.5% stake in NAF and ASTM. The shareholders' agreement between Aurelia and Mercure will be amended solely to take into account the fact that ASTM will cease to be listed.

The offer aims to delist ASTM and to pursue a reorganisation of the group, but the main shareholders have not provided any additional details in terms of ASTM's future business or acquisition strategy. ASTM's debt documentation does not contain any change of control clause. However, ASTM might be required under its bank loans to obtain approval or waivers from its lenders prior to delisting.

More generally, given that the main shareholders will remain the same, we don't expect a significant change in the financial policy or governance of the group.

## ESG considerations

The rapid and widening spread of the coronavirus outbreak, the deteriorating global economic outlook, falling oil prices, and asset price declines, are creating a severe and extensive credit shock across many sectors, regions and markets. The combined credit effects of these developments are unprecedented. In particular, the toll road sector has been significantly affected by the shock given its exposure to travel restrictions and sensitivity to consumer demand. We regard the coronavirus outbreak as a social risk under its ESG framework, given the substantial implications for public health and safety. As a result of the pandemic, already existing trends of lifestyle changes may accelerate, such as increase in remote working and teleconferences that could negatively impact traffic volumes and reduce profits for toll roads.

## Liquidity Analysis

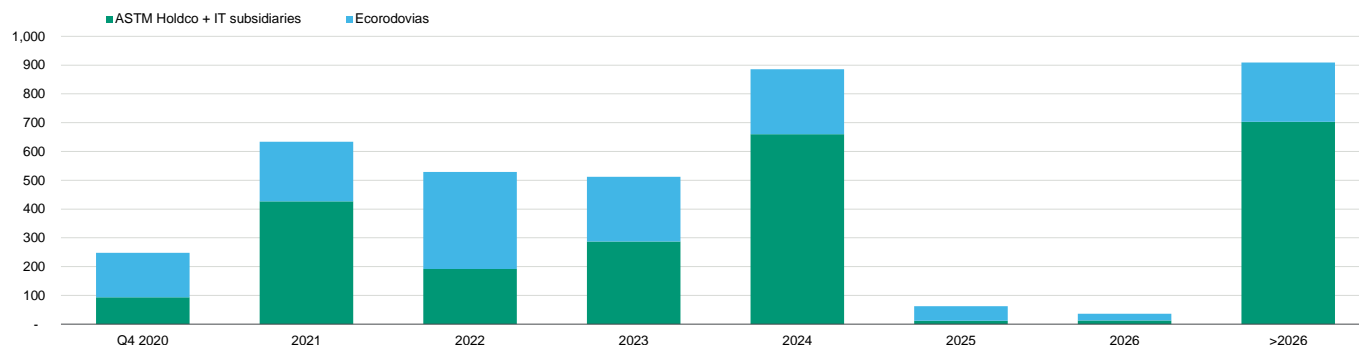
As of September 2020, ASTM's liquidity position was supported by €1,448 million of cash and cash equivalents (net of the 2010-2022 bond fully repaid on 26 October 2020). In addition, ASTM has a €250 million committed revolving credit facility, €50 million expiring in 2021 and the remainder in 2023; a €350 million available term loan maturing in 2026 and a €100 million capex facility for Autovia Padana expiring in 2033. The group has also prefunded the increase in shareholding in SITAF with a €230 million bank loan maturing in 2025 and the transaction to consolidate Ecorodovias with a €370 million bank loan maturing in 2023.

Overall, we estimate that ASTM's liquidity availability and internal cash flow generation should allow the company to cover all cash requirements, including investments and debt repayments, for at least the next 12-18 months. We consider ASTM's strong cash position as a credit positive feature, which supports the current credit profile and we expect that ASTM will maintain a prudent financial policy.

Ecorodovias has an adequate liquidity profile. Over the last year, the group has been successful in extending its maturity profile and improving its liquidity. As of September 2020, the group had around BRL2.3 billion of cash, which should allow the group to cover its debt repayments until the end of 2021. We expect Ecorodovias to continue to successfully access the debt markets to meet its refinancing and investment needs in view of the increasing capital spending for the new concessions.

Exhibit 14

**Pro-forma ASTM's debt maturity profile, including Ecorodovias group**  
**As of September 2020 (€ million)**



Pro-forma maturity profile, excluding ASTM bond 2010-2020 fully repaid on 26 October 2020.

Source: Company, Moody's Investors Services

Given the detrimental impact on earnings stemming from the current travel restrictions, we expect some reduction in the headroom against the financial covenants that are in some of ASTM's bank debt documents. Nevertheless, we expect ASTM to continue to maintain adequate headroom against its default covenants in the next 12-18 months. Notably, the majority of ASTM group's debt is not subject to any financial covenant.

### Structural Considerations

Under its EMTN programme, ASTM 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 ASTM 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 ASTM 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 ASTM.

We believe that the secured notes issued under ASTM's EMTN program effectively rank pari passu with creditors at the operating subsidiaries level. As a result, we maintain a Baa2 rating on ASTM's EMTN senior secured notes, which is in line with our assessment of the group's consolidated credit strength. We equalised senior unsecured ratings at the Baa2 level, reflecting the progressively concentration of the group's funding at the holding company level, with a consequent reduction of the proportion of external debt located at operating companies. We expect the group to maintain the trend of debt concentration for its Italian operations at the holding company level.

ASTM'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 87% as of October 2020, after repayment of bond 2010-2020).

## Rating Methodology and Scorecard Factors

ASTM's rating reflects our assessment of the group's overall risk business profile and financial performance, in line with our rating methodology for [Privately Managed Toll Roads](#), published in December 2020.

Exhibit 15

### Rating methodology scorecard

ASTM S.p.A.

Privately Managed Toll Roads Industry [1][2]			Current FY 31/12/2019		Moody's Forward View of Dec-2022 As of December 2020 [3]	
Factor 1 : Asset Type and Service Area (25%)	Measure	Score	Measure	Score	Measure	Score
a) Asset Type	A	A	A	A	A	A
b) Competing Routes	Aa	Aa	Aa	Aa	Aa	Aa
c) Economic Resilience of Service Area	A	A	A	A	A	A
<b>Factor 2 : Traffic Profile and Performance Trends (15%)</b>						
a) Traffic Profile	A	A	A	A	A	A
b) Track Record and Stability of Tolerated Traffic	Baa	Baa	Baa	Baa	Baa	Baa
<b>Factor 3 : Concession and Regulatory Framework (10%)</b>						
a) Ability and Willingness to Increase Tariffs	Ba	Ba	Ba	Ba	Ba	Ba
b) Protection Provided by the Concession and Regulatory Framework	Ba	Ba	Ba	Ba	Ba	Ba
<b>Factor 4 : Coverage and Leverage (40%)</b>						
a) Cash Interest Coverage	7.4x	Aa	4x-6x	A - Baa	4x-6x	A - Baa
b) FFO / Debt	17.5%	A	12%-15%	A - Baa	12%-15%	A - Baa
c) Moody's Debt Service Coverage Ratio	1.2x	B	1.3x-1.5x	Ba	1.3x-1.5x	Ba
e) Concession Life Coverage Ratio	1.3x	B	1.4x-1.8x	Ba - B	1.4x-1.8x	Ba - B
<b>Factor 5 : Financial Policy (10%)</b>						
a) Financial Policy	Baa	Baa	Baa	Baa	Baa	Baa
<b>Rating:</b>						
Indicated Outcome before Notching Adjustments		Ba1		Baa2 - Baa3		Baa2 - Baa3
<b>Notching Adjustments</b>		-		-		-
<b>a) Scorecard-Indicated Outcome</b>		Ba1		Baa2 - Baa3		Baa2 - Baa3
<b>b) Actual Rating Assigned</b>				Baa2		Baa2

[1] All ratios are based on 'Adjusted' financial data and incorporate Moody's Global Standard Adjustments for Non-Financial Corporations.

[2] As of December 2019. Historical ratios does not reflect the increase in average concession life due to recent transactions and new tender awards. Hence, the scorecard reflects a weaker historical outcome than it should be over the coming years.

[3] Forward-looking quantitative factor metrics are based on our views for the year 2022. This represents Moody's forward view, not the view of the issuer.

Source: Moody's Financial Metrics

## Appendices

Exhibit 16

### Peer Comparison Table

(in EUR million)	ASTM Baa2 Negative			SANEF S.A. Baa1 Negative			Brisa Concessao Rodoviaria S.A. Baa2 Stable			Autostrade per l'Italia S.p.A. Ba3 Developing		
	FYE	FYE	LTM	FYE	FYE	FYE	FYE	FYE	FYE	FYE	FYE	LTM
	Dec-18	Dec-19	Jun-20	Dec-17	Dec-18	Dec-19	Dec-17	Dec-18	Dec-19	Dec-18	Dec-19	Jun-20
Revenue	1,938	2,361	2,244	1,806	1,903	1,991	565	611	648	3,836	3,842	3,243
EBITDA	785	746	539	1,145	1,180	1,238	399	438	464	2,394	2,068	999
EBITDA margin %	40.5%	31.6%	24.0%	63.4%	62.0%	62.2%	70.6%	71.7%	71.7%	62.4%	53.8%	30.8%
Funds from Operations (FFO)	627	586	425	704	758	831	276	307	327	1,784	1,502	1,035
Total Debt	3,137	3,357	3,422	2,970	2,856	2,552	2,404	2,057	1,951	10,848	10,145	11,743
FFO Interest Coverage	7.4x	7.4x	5.7x	7.1x	7.7x	8.5x	4.6x	6.1x	7.2x	5.4x	5.4x	4.2x
FFO / Debt	20.0%	17.5%	12.4%	23.7%	26.6%	32.6%	11.5%	14.9%	16.8%	16.4%	14.8%	8.8%
FFO / Net Debt	30.6%	27.2%	19.7%	27.0%	28.9%	32.7%	14.1%	16.9%	19.0%	19.7%	17.6%	9.6%
RCF / Capex	1.0x	1.4x	1.2x	1.1x	0.6x	1.1x	6.0x	9.6x	6.1x	1.9x	1.9x	1.8x
RCF / Net Debt	25.9%	22.7%	19.7%	10.4%	6.6%	12.4%	5.8%	8.6%	7.9%	13.7%	13.8%	9.6%

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

Source: Company, Moody's Investors Service

Exhibit 17

### ASTM's adjusted debt breakdown

(in EUR million)	FYE Dec-17	FYE Dec-18	FYE Dec-19	LTM Jun-20
<b>As Reported Total Debt</b>	1,119	1,233	1,447	1,503
Pensions	32	40	44	44
Leases	18	45	0	0
Non-Standard Public Adjustments	1,181	1,819	1,866	1,875
<b>Moody's Adjusted Total Debt</b>	2,351	3,137	3,357	3,422

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 ASTM's accounts.

Source: Moody's Financial Metrics

Exhibit 18

### ASTM's adjusted EBITDA breakdown

(in EUR million)	FYE Dec-17	FYE Dec-18	FYE Dec-19	LTM Jun-20
<b>As Reported EBITDA</b>	758	797	659	469
Unusual Items - Income Statement	(34)	(25)	0	0
Pensions	(0)	(1)	(3)	2
Leases	6	15	0	0
Non-Standard Public Adjustments	(14)	(2)	91	68
<b>Moody's Adjusted EBITDA</b>	715	785	746	539

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 19

## ASTM's adjusted FFO breakdown

	FYE	FYE	FYE	LTM
(in EUR million)	Dec-17	Dec-18	Dec-19	Jun-20
As Reported Funds from Operations (FFO)	496	592	564	401
Leases	5	13	0	0
Non-Standard Public Adjustments	20	22	22	24
<b>Moody's Adjusted Funds from Operations (FFO)</b>	<b>522</b>	<b>627</b>	<b>586</b>	<b>425</b>

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 20

Category	Moody's Rating
<b>ASTM S.p.A.</b>	
Outlook	Rating(s) Under Review
Senior Secured -Dom Curr	Baa2 <sup>1</sup>
Senior Unsecured MTN -Dom Curr	(P)Baa2 <sup>1</sup>

[1] Placed under review for possible downgrade on February 26 2021

Source: Moody's Investors Service

## Endnotes

- <sup>1</sup> In November 2020, the Veneto Administrative Court approved the appeal against the new model presented by [Concessioni Autostradali Venete - CAV S.p.A.](#) (Baa1 negative), the remaining appeals by other concessionaires are still ongoing.

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