

29 JAN 2025

Fitch Affirms ASTM at 'BBB-'; Outlook Stable

Fitch Ratings - Milan - 29 Jan 2025: Fitch Ratings has affirmed ASTM S.p.A.'s Long-Term Issuer Default Rating (IDR) at 'BBB-' with a Stable Outlook. A full list of rating actions is below.

RATING RATIONALE

The 'BBB-' rating reflects ASTM's mature and resilient Italian toll road business, solid liquidity and financial profile. The rating also factors in its exposure to a sub-investment-grade country (Brazilian toll roads via Ecorodovias) and engineering, procurement and construction (EPC) activities, which we view as more volatile than the traditional brownfield toll road business.

Under the Fitch rating case (FRC), 2025-2028 Fitch-adjusted leverage is commensurate with the current rating with some volatility within a 5.0x-6.3x range, peaking in 2025 and 2027 at 5.6x and 6.3x, respectively, mainly driven by the expiration of portfolio concessions.

KEY RATING DRIVERS

Large Network, Moderate Volatility: Revenue Risk - Volume - High Midrange

ASTM is the second-largest Italian toll road operator, managing a network of about 1,100km that is critical for the mobility of wealthy northwest Italy. Traffic in vehicle km had a peak-to-trough of 12% in 2012-2013, similar to Autostrade per l'Italia's (ASPI) 11%. The traffic mix is about 75% light vehicles and 25% heavy vehicles.

Ecorodovias owns and controls 12 toll road concessions in Brazil. These concessions expose ASTM to cash flow from a non-investment-grade country, introduces exchange-rate movements and adds traffic volatility. Positively, it provides diversification benefits and extends ASTM's Fitch-adjusted toll road concession life, based on 2023 EBITDA contribution, to about 13 years. Ecorodovias has a concession life of 18 years, while the ASTM Italian perimeter has about 11 years. For an overview of Ecorodovias' main toll roads assets, see "Fitch Afirma Ratings 'AA(bra)' de Emissões da Ecorodovias; Perspectiva Estável" dated 18 July 2024 on www.fitchratings.com.

Inflation- and Capex-Linked Tariff: Revenue Risk - Price - Midrange

ASTM's economic and financial plan, including tariff increases, is subject to approval every five years by the Italian Ministry of Infrastructure and Transport. The regulatory framework links tariff increases to investments and inflation, partially de-linking cash flow generation from traffic performance. For 2025, the grantor decided to freeze tariffs for concessions with an economic plan still under discussion.

Tariff updates in Ecorodovias vary by concession. For some, it is linked to inflation or construction price indices, while for others it is linked to investments and maintenance of roads.

Experienced Operator, Low Complexity: Infrastructure Development and Renewal - Stronger

The network capex plan for ASTM's Italian motorways is about EUR4 billion by the end of all concessions. The overall plan has low complexity and is predominantly self-funded and will be mostly deployed by 2027. The plan has some flexibility, alleviating possible pressure on free cash flow (FCF) generation. We believe ASTM is sufficiently experienced to deliver its capex plan.

Corporate-Type Debt: Debt Structure - Midrange

ASTM's debt is predominantly bullet (about 60%) with some exposure to interest rates (about 40%), and no material structural protection. Its presence in the capital markets is proven, and the group also benefits from well-established relationships with a diversified network of national and international banks. A strong liquidity position, which includes committed undrawn back-up facilities, covers debt maturities beyond 24 months under the updated FRC, mitigating refinancing risk.

Financial Profile

In our updated FRC, Fitch-adjusted leverage, proportionally consolidating Ecorodovias, looks volatile within the range of 5.0x-6.3x, with peaks in 2025 at 5.6x and 2027 at 6.3x. The uneven profile is mainly due to the expiration of some Italian concessions.

Rating Approach

Fitch fully consolidates ASTM's controlled Italian toll road concessions, including Tangenziale Esterna (about 63% of EBITDA as of 2024 FRC) and proportionally consolidates Ecorodovias, with the latter having a fairly low contribution to the group's overall EBITDA of 24% as of 2024 FRC. The EPC segment also provides material EBITDA contribution of 13% as of 2024 FRC.

PEER GROUP

ASTM's peers in Fitch's EMEA rating portfolio are Autostrade per l'Italia SpA (ASPI; BBB/Stable) and Brisa Concessao Rodoviaria, S.A. (Brisa; A/Stable). ASTM has performed broadly in line with ASPI in terms of traffic performance even during the coronavirus outbreak, and has historically shown less volatility than Brisa, although Brisa has had a stronger recovery in recent years.

Compared with domestically focused ASPI, ASTM's Italian toll roads business has a shorter average concession tenor and slightly higher projected leverage. Also, ASTM has a more complex group and debt structure with exposure to more volatile cash flow such as Brazilian toll roads and the EPC business, which also weigh on its debt capacity and credit profile.

ASTM's higher leverage compared with Brisa, and the shorter-term maturity of ASTM's portfolio of concessions and uncovenanted debt structure, underpin its lower rating.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Fitch-adjusted leverage to be sustained above 6.0x.
- An increase in the proportion of more volatile contracting cash flows would lead Fitch to tighten its leverage downgrade sensitivity.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Fitch-adjusted leverage to be sustained below 5.5x.
- A favourable change in the mix of concession and construction businesses may lead Fitch to reassess the leverage trigger and associated debt capacity.

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.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
ASTM S.p.A.	LT IDR	BBB- 	Affirmed	BBB- 
<ul style="list-style-type: none"> ASTM S.p.A./Toll Revenues - Senior Secured Debt/1 LT 	LT	BBB- 	Affirmed	BBB- 
<ul style="list-style-type: none"> ASTM S.p.A./Toll Revenues - Senior Unsecured 	LT	BBB- 	Affirmed	BBB- 

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Debt/1			
LT			

RATINGS KEY OUTLOOK WATCH

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Infrastructure & Project Finance Rating Criteria \(pub.08 Jan 2025\) \(including rating assumption sensitivity\)](#)

[Transportation Infrastructure Rating Criteria \(pub.07 Jan 2025\) \(including rating assumption sensitivity\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

GIG InForM Model, v1.1.0 (1)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

ASTM S.p.A. EU Issued, UK Endorsed

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