



PEOPLE, ENVIRONMENT AND DEVELOPMENT FOR A CHANGING LAND

FITCH REVISES ADR OUTLOOK TO STABLE, FROM NEGATIVE

On 1st December 2022, the rating agency Fitch revised the outlook of Aeroporti di Roma from negative to stable. The credit rating is affirmed at BBB-. The rating action reflects material operational over-performance of the Atlantia Group - so far in 2022 - versus Fitch's expectations.

The full text of the rating agency's announcement is attached.



RATING ACTION COMMENTARY

Fitch Revises Atlantia's and Aeroporti Di Roma's Outlooks to Stable

Thu 01 Dec, 2022 - 2:24 PM ET

Fitch Ratings - Madrid - 01 Dec 2022: Fitch Ratings has revised the Outlook on holding company Atlantia S.p.A.'s EUR10 billion euro medium-term note (EMTN) programme and Aeroporti di Roma S.p.A.'s (AdR) Long-Term Issuer Default Rating (IDR) to Stable from Negative. The ratings are affirmed at 'BB' for Atlantia and 'BBB-' for AdR.

A full list of rating actions is detailed below.

RATING RATIONALE

Atlantia

The rating action reflects material group operational over-performance so far in 2022 versus Fitch's expectations. This leads to a projected leverage profile within the guidance for the 'BB+' consolidated credit assessment after accounting for the imminent use of sizeable cash at Atlantia to fund the voluntary tender offer of its shares (VTO) by Schema Alfa SpA.

The overperformance has created a certain buffer for the rating, which Fitch believes makes the group credit assessment much more sustainable for the current rating than previously assumed.

As a result, the rating of Atlantia notes is affirmed at 'BB', one notch below the 'BB+' consolidated group credit assessment. Fitch will continue to monitor group developments and further review the credit upon receiving the new strategic plan from new shareholders.

AdR

The rating action on AdR mirrors that on Atlantia notes.

The 'BBB-' rating on AdR considers its strong linkages with Atlantia and the latter's consolidated credit assessment of 'BB+' given the porous ring-fencing features of AdR's concession agreement and open access and control. Atlantia has near-full ownership and operational control of AdR and controls its financial and dividends policy. The 'BBB-' rating on AdR considers also the limited insulation of the Rome-based airport from Atlantia, resulting in the IDR being one notch above Atlantia's 'BB+' consolidated credit assessment.

AdR's debt has no material ring-fencing features although the airport's concession agreement provides moderate protection against material re-leveraging of the asset. The Stable Outlook on the entity reflects the corresponding Outlook on Atlantia.

KEY RATING DRIVERS

9M22 Results Exceed Expectations: Atlantia's 9M22 results showed a return of motorway traffic to pre-pandemic levels and strong airport traffic growth since spring, which boosted EBITDA and cash flow generation above our expectations. The strong result was also attributed to the sale of its remaining approx. 15% stake in Hochtief, as part of Atlantia's strategy of rationalising its investment portfolio and selling off non-core investments.

Financial Profile: Atlantia now expects 2022 consolidated revenue and EBITDA to total approximately EUR7 billion and EUR4.4 billion, respectively. Equally, Atlantia expects net financial debt at end-2022 of EUR20.5 billion, to which Fitch has added EUR8.2 billion from the soon-to-be-closed VTO and EUR1 billion for hybrid treatment.

Fitch-adjusted net debt/EBITDA would be around 7x in 2022 and remain broadly at this level until 2024 under the Fitch rating case, which is consistent with Atlantia's 'BB+' consolidated credit assessment.

Fitch will update its projections when a business plan from the new shareholder is available.

VTO Funding: The VTO will be funded with a mix of cash injection (EUR4.5 billion) from new shareholders and debt raised by a pool of financing banks (up to EUR8.2 billion), based on full acceptance from Atlantia's existing shareholders and EUR12.7 billion total payment from the purchaser Schema Alfa.

The EUR8.2 billion debt may be repaid via extraordinary distributions from Atlantia or from a merger involving Schema Alfa and Atlantia, depleting the sizable cash balance at Atlantia that has been boosted by the sale of its ASPI majority stake earlier this year.

Rating Approach: We assess Atlantia based on its consolidated credit assessment. This approach considers Atlantia's majority stakes in other subsidiaries, operational control, as well as limited restrictions on subsidiaries' debt. The consolidated approach also considers Atlantia's access to the cash flow generation of most subsidiaries through control of their dividend and financial policies and therefore its ability to re-leverage these assets if needed.

The rating of Atlantia's notes reflects its higher probability of default in relation to that of its consolidated credit profile, due to structural subordination. Based on Atlantia's EUR3.5 billion in gross debt and expected dividends from subsidiaries, we rate Atlantia's debt one notch below the consolidated credit assessment. We believe that Atlantia's robust interest coverage, fairly good financial flexibility, and liquidity mitigate its high leverage and the restrictions on access to major subsidiary Abertis's cash.

For an overview of Atlantia's credit profile, including key rating drivers, see 'Fitch Revises Atlantia's Rating Watch to Positive', published on 4 June 2021 on www.fitchratings.com.

Fitch has maintained its 'Stronger' assessment of Revenue Risk (Volume) for Atlantia, following the publication of its new Transportation Infrastructure Rating Criteria.

For an overview of AdR's credit profile, including key rating drivers, see 'Fitch Revises Aeroporti di Roma's Rating Watch to Positive' published on 4 June 2021 on www.fitchratings.com.

Fitch has revised its assessment of revenue risk (Volume) to 'High Midrange' from 'Midrange' for AdR, following the publication of its new Transportation Infrastructure Rating Criteria.

RATING SENSITIVITIES

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

Atlantia

--A material increase in Atlantia's debt from our current expectation, deterioration in Atlantia's liquidity to below the next 12 months of debt maturities, or a reduction in group balance-sheet flexibility, could lead to a widening of the notching on Atlantia's notes rating from the consolidated group credit assessment

--A sustained move towards large-scale, debt-funded acquisitions leading to a re-leverage sustainably above 7.5x net debt/EBITDA under the Fitch rating case. Fitch may re-assess this trigger and associated debt capacity if the business risk profile or average concession tenor adversely changes.

ADR

--Negative credit reassessment of Atlantia's consolidated profile, provided the strength of linkages with the parent remains unchanged.

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

Atlantia

--Greater visibility on future growth plans, capital structure, financial policy as well as governance at Abertis combined with consolidated net debt-to-EBITDA consistently below 6.5x under the Fitch rating case.

AdR

--Positive reassessment of Atlantia's consolidated credit profile, provided the strength of linkages with the parent remains unchanged.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Sovereigns, Public Finance and Infrastructure 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.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This 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. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

RATING ACTIONS

ENTITY / DEBT ⇅	RATING ⇅			PRIOR ⇅
Atlantia S.p.A.				
Atlantia S.p.A./Debt/2 LT	LT	BB Rating Outlook Stable	Affirmed	BB Rating Outlook Negative
Aeroporti di Roma S.p.A	LT IDR	BBB- Rating Outlook Stable	Affirmed	BBB- Rating Outlook Negative
	ST IDR	F3	Affirmed	F3

/Debt/1 LT

LT BBB- Rating Outlook Stable

BBB- Rating

Outlook

Negative

Affirmed

[VIEW ADDITIONAL RATING DETAILS](#)

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APPLICABLE CRITERIA

[Parent and Subsidiary Linkage Rating Criteria \(pub. 01 Dec 2021\)](#)

[Transportation Infrastructure Rating Criteria \(pub. 16 May 2022\) \(including rating assumption sensitivity\)](#)

[Infrastructure & Project Finance Rating Criteria \(pub. 20 Jul 2022\) \(including rating assumption sensitivity\)](#)

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

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Aeroporti di Roma S.p.A

EU Issued, UK Endorsed

Atlantia S.p.A.

EU Issued, UK Endorsed

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