

3 February 2020 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has set the unsolicited corporate issuer rating of Autostrade per L'Italia S.p.A. to **BB+ / **WATCH NEW**. The corporate issue rating of Autostrade per L'Italia S.p.A. has also been set to **BB+** / **WATCH NEW**.**

Creditreform Rating (CRA) has downgraded the Long-Term Issuer Rating of Autostrade per L'Italia S.p.A. (ASPI) from BBB to **BB+**. The Credit watch NEW remains in place. The rating for the Long-Term Local Currency Senior Unsecured Issues are downgraded to **BB+** / **watch NEW** as well.

The downgrade of the corporate issuer rating as well as the corporate issue rating of ASPI reflects the ongoing uncertainties with regard to the ASPI concession, which are the result of the collapse of the Polcevera Bridge in Genoa on 14 August 2018. The accident has been investigated ever since, yet the exact cause for the collapse still remains unknown. The publication of the decree law No. 162 of 30 December 2019, also known as the Milleproroghe decree, intensifies the downward pressure on the corporate rating of ASPI. This decree changes the terms and conditions of toll road concessions in Italy, which would make the process of revocation of the concession significantly less costly for the authorities than before.

The concession agreement stipulates that ASPI, in case of termination or revocation of the concession, will be entitled to the net present value of the forecasted operating revenues until expiry of the concession. This amount is then reduced by the forecasted costs, charges, investments and taxes, also discounted at the same market rate to the end term of the concession, reduced by 10% as a penalty in case of a breach of by ASPI of its obligations under the contract, and, minus the financial net borrowings that the grantor would want to assume. The new Milleproroghe decree significantly reduces the amount that ASPI would be entitled to if the concession would be revoked, which poses a large credit and liquidity risk for ASPI and would significantly limit ASPI's ability to meet its financial obligations.

Additionally, the Milleproroghe decree also specifies that revocation of the agreement is not subject to the condition of payment as stipulated in the concession agreement. This means that the concession can be revoked and management can be transferred to ANAS (ANAS is a government owned company that manages Italian motorways) before payment of indemnities are received. Given that ASPI in this case would depend on this payment to meet the remaining financial obligations, this also puts additional downward pressure on the rating.

We would like to point out that although the Milleproroghe decree is currently in force, the effects might only be temporary because if the decree is not converted into a law within two months after publication, the decree will lose its validity. ASPI already communicated that it reserves the right to take legal steps in order to protect its rights under the Italian constitution and EU law. The European Commission in 2006 already established that concession contracts cannot be modified unilaterally.

If the Milleproroghe decree will not be converted into a law, the Group still will most likely continue to face reputational damages, political pressure and might still face significant fines, compensation payouts or a considerable increase in the foreseen investments. It would also be possible that the Group would have to make further concessions in order to retain the right to manage the ASPI concession. All of the factors mentioned above represent substantial risks that have a detrimental impact on the Group's credit profile. Additionally, because CRA cannot determine the final impact of the current events, especially whether or not the Milleproroghe

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decree will be converted to a law, further downgrades remain a possibility. As a result the credit WATCH NEW remains in place.

Appendix

Rating history

The rating history is available under:

<https://www.creditreform-rating.de/de/ratings/published-ratings/>

Table 1: Corporate issuer Rating of Autostrade per L'Italia S.p.A.

Event	Rating date	Publication date	Monitoring period	Result
Update	03.02.2020	www.creditreform-rating.de	Withdrawal of the rating	BB+ / NEW WATCH
Initial rating	26.09.2019	www.creditreform-rating.de	02.02.2020	BBB / NEW WATCH

Table 2: LT LC Senior Unsecured issues issued by Autostrade per L'Italia S.p.A.

Event	Rating date	Publication date	Monitoring period	Result
Update	03.02.2020	www.creditreform-rating.de	Withdrawal of the rating	BB+ / NEW WATCH
Initial rating	26.09.2019	www.creditreform-rating.de	02.02.2020	BBB / NEW WATCH

Regulatory requirements

Regulatory requirements

The present rating¹ is an unsolicited rating. Creditreform Rating AG was not commissioned by the Issuer with the preparation of the rating. The present analysis was prepared on a voluntary basis.

The rating is based on the analysis of published information and on internal evaluation factors. The rating was conducted based on Creditreform Rating AG's "Corporate Ratings" methodology, the "Non-Financial Corporate Issue Rating" methodology, as well as on the "Rating Criteria and Definitions".

The documents submitted and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies. A complete description of Creditreform Rating AG's rating methodologies and Creditreform Rating AG's basic document "Rating Criteria and Definitions" is published on the following internet page:

www.creditreform-rating.de/en/regulatory-requirements/

¹ In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

This rating was carried out by analysts Rudger van Mook (r.vanmook@creditreform-rating.de) and Elena Damijan (e.damijan@creditreform-rating.de), both located in Neuss, Germany. A management meeting did not take place.

On 3 February 2020, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 4 February 2020. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

Please note:

This report exists in an English version only.

Conflict of interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report.

Rules on the presentation of credit ratings and rating outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

Corporate issue rating:

1. Corporate issuer rating incl. information used for the corporate issuer rating
2. Documents on issues / instruments

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a "rating action"; initial release is indicated as "initial rating", other updates are indicated as an "update", "upgrade" or "downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the ESMA website: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

An explanatory statement of the meaning of Creditreform Rating AG's default rates are available in the credit rating methodologies disclosed on the website.