



# A4 Holding Acquisition

**September  
2016**



# **Executive Summary**

Rationale

Asset Description

Bid Assumptions

Conclusions

## The Asset

### 235 Kilometers in operation:

**A4 motorway** (146 km)

**A31 motorway** (89 km)

~61% revenues in toll roads and  
39% others

### 2026 Maturity

**RAB system** allowing for top-line growth and predictable cash flows

- 5-year regulatory periods
- ~Double digit returns (nominal pre-tax)

## The Acquisition

**EV: €1,160Mn\* (100%)**  
(5.8x 2016 EV/EBITDA)

**Abertis stake 51.4%**

**Deferred cash payment**  
(€589Mn all-in fully payable in 2023, €5Mn now at closing)

**Equity IRR: ~11%**  
(nominal post-tax)

## The Rationale

### Enhances geographical diversification

Italy to contribute ~6.5% of EBITDA

### Access to Italy

Mature and stable economy  
Potential pipeline of new projects

### Attractive asset base

One of the busiest motorways in Italy  
Opportunities to deploy Abertis' best-practices (opex & capex)

### Platform for future growth

\*NPV of equity value payable in 2023

**Clear value creation consistent with strategy**

- **Abertis** has **acquired** from Intesa, Astaldi and the Tabacchi family a **51.4% stake** in **A4 Holding**, thus controlling the company.
  - **€1,160Mn Enterprise Value (100%)**
  - €591Mn Equity and €569Mn Debt (100%)
  
- **Attractive asset base:**
  - **235 kilometres in operation** which are part of an international corridor in Northern Italy representing a fundamental highway that connects the traffic from Germany and Austria to northern Italy (Milan to Venice) and the Balkan countries
  - Exposure to one of the **wealthiest areas** of the country (Lombardy and Veneto region)
  - **Platform** for future growth
  - Clear and stable **regulatory framework**
  - Opportunities to deploy Abertis' **industrial role**
  
- **Mature macroeconomic** environment



## ▪ **Solid Group Financials**

- **Revenues 2016E ~€544Mn (4,0% CAGR 2016E-2026E)**

- ~61% toll roads, 39% others

- **EBITDA 2016E ~€200Mn (10,5% CAGR 2016E-2026E)**

- ~89% toll roads, 11% others

## ▪ **Clear Value Creation**

- **~11% Equity IRR, nominal post tax**

- Deferred payment in 2023

## ▪ **Sizeable investment**

- **Does not require any capital increase** in Abertis

- It will **not have any impact on Abertis' dividend** policy

- **No expected impact on Abertis' rating**

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- **Geographical diversification**

- Access to a **new market**
- The region benefits from one of Italy's **highest GDPs** and **income per capita** (Milan-Venice)
- Stable and **reliable regulatory framework**
- **Key** infrastructure **asset** in Europe (strategic domestic and international corridor in northern Italy)

- **Stable macroeconomic environment**

- The **Italian economy** shows good **stability** in times of crisis
- Historical **traffic figures** showed **resilience to cyclical slowdown** when compared to other European assets (Revenues at A4 grew 4% CAGR between 2007-2015)
  - Italian toll-road traffic at the end of 2015 was circa 5.5% lower compared to 2010 levels, with further recovery in 2016

- **Attractive asset base**

- In the last decade **tariffs increased** approximately 35% with **stable traffic volumes**
- **Brownfield project** with proven traffic and in operation since 1956
- **Greenfield expansion** to be agreed with the granting authority
- **Opportunity to deploy best practices on opex and capex management**

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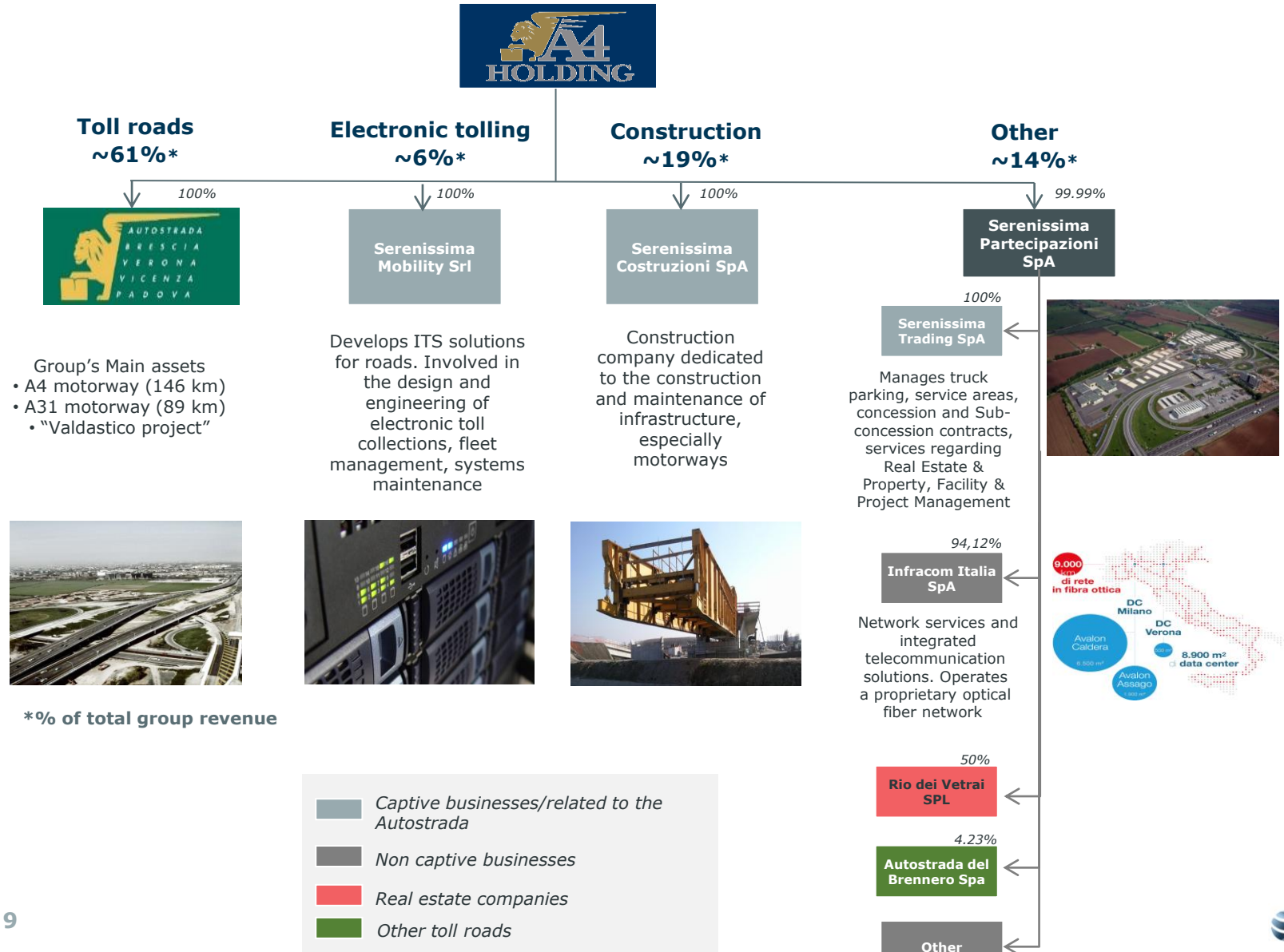
Bid Assumptions

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# Asset Description

## A4 Holding – Group Description

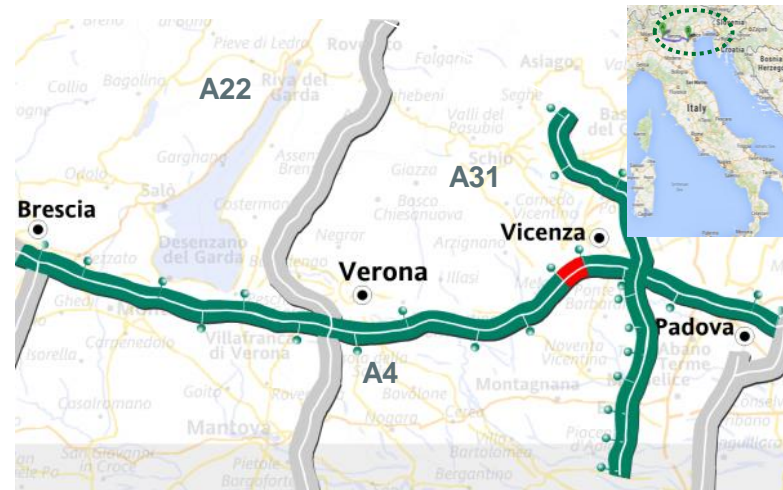


\*% of total group revenue

## Asset Description

### A4 Holding – Core Toll Road Assets (A4 and A31)

- **Autostrada Brescia-Verona-Vicenza-Padova consisting of 2 toll roads:**
- **A4 “La Serenissima” (Brescia-Padova):** is a **146 km** brownfield highway in operation since 1956. It is **one of the busiest motorways in Italy**, with an ADT of ~91,000 vehicles. The highway consists of 2 separate roads each with 3 lanes.
- **A31 (Valdastico):** is a **89 km** highway in its ramp-up phase with an ADT of more than 12,000 vehicles. It has separate roadways each with 2 lanes. Currently there are two sections in operation:
  - Vicenza-Piovene-Rocchette (36 km in operation since 2005)
  - Valdastico Sud stretch (53 km in operation since 2015)
- **A31 Nord: The north “Valdastico Project”** part of which has been agreed by regional authorities and central government in Italy. Detailed design and execution is expected to occur over the next years

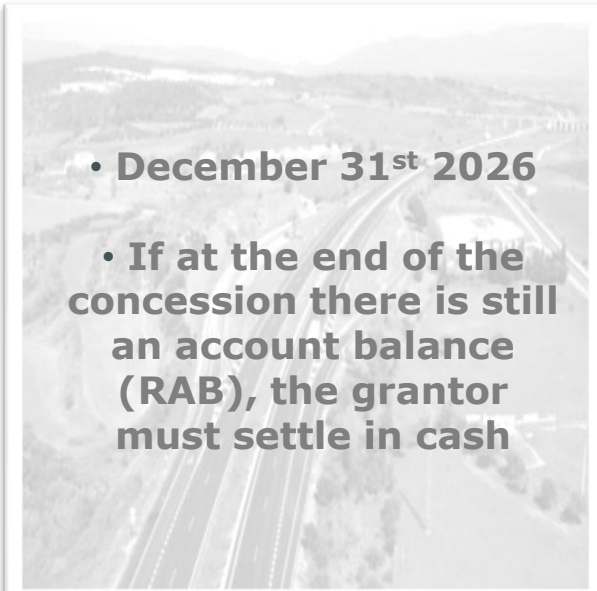


**A quality asset at a strategic location**

### Tariff formula

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- **Guaranteed return for the executed capex (RAB)**
  - **Guaranteed return for the future capex**
  - **CPI**

### Concession term

- 
- **December 31<sup>st</sup> 2026**
  - **If at the end of the concession there is still an account balance (RAB), the grantor must settle in cash**

### Regulatory framework

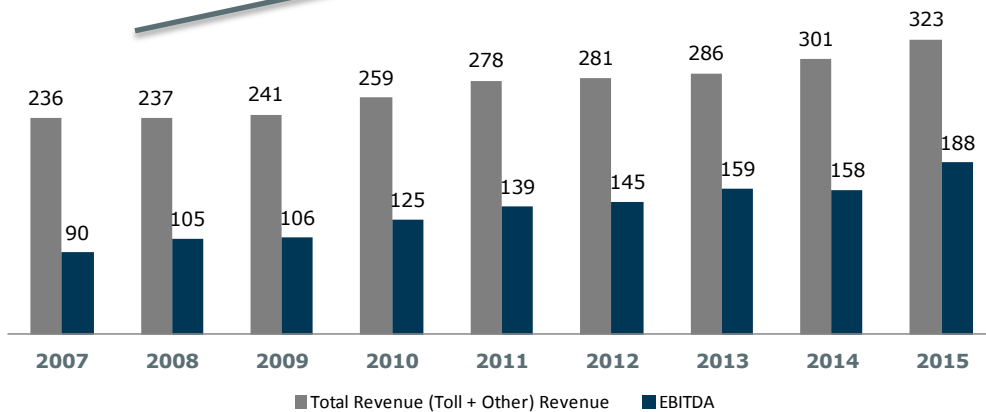
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- **Safe and stable with a long track record for toll roads**

# Asset Description

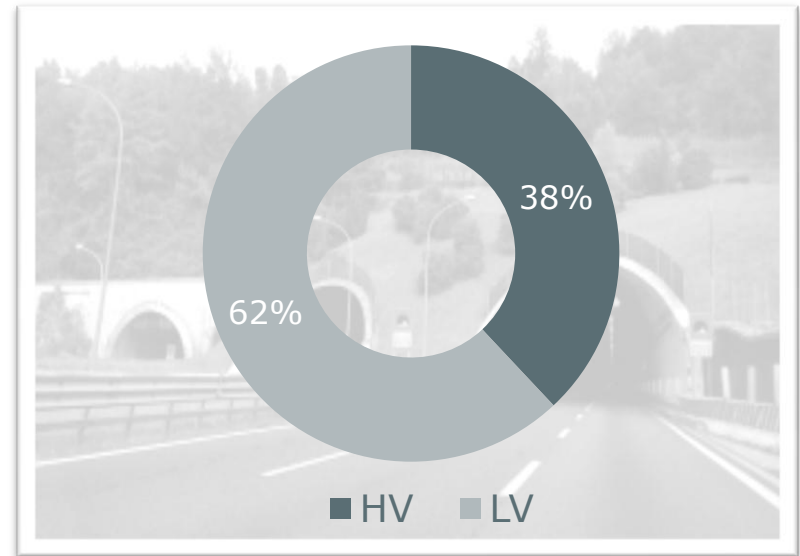
## A4 + A31 Historical Total Revenues and EBITDA

(MM€)

**Total Revenues +4,0% CAGR**  
**EBITDA +9,7% CAGR**



### Breakdown Toll Revenues 2015



**Resilient revenues despite crisis**

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# Bid Assumptions Traffic, Revenues, Opex and Capex

## Traffic

CAGR	LV	HV	Total
2010-15	0.0%	-0.4%	-0.1%
2015-20	1.5%	2.1%	1.7%
2020-26	0.9%	1.5%	1.0%

## Toll Revenues\*

CAGR	% Growth
2010-15	4.2%
2015-20	7.1%
2020-26	7.9%

\*Any tariff variation have an impact in the RAB

## Opex

CAGR	% Growth
2015-20	2.3%
2020-26	1.2%

## Capex

Total Capex	MME
2015-20	Maintenance: 158 Expansion*: 1,210
2021-26	Maintenance: 26 Expansion*: 1,655

\*Approved PEF and estimates

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- **Clear Value creation**
  - **Attractive equity IRR**
  - **Conservative assumptions** which provide upside
- **Attractive Asset Base**
  - **Brownfield project** with proven traffic
  - Toll rates formula with **guaranteed return** for the executed capex (RAB)
  - Stable **legal framework**
- **Commitment and Delivery**
  - Access to a **target market**
  - Creates a new **platform for growth**
    - Abertis becomes an incumbent in Italy
  - Compliance with ALL **Golden Rules**



