

07 April 2020 – Neuss, Germany

Rating Action / Update:

Creditreform Rating AG has confirmed the corporate issuer rating and corporate issue rating of Abertis Infraestructuras S.A. at BBB. The WATCH UNW was withdrawn and the outlook was set at Negative.

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Creditreform Rating (CRA) has set the outlook of the unsolicited corporate issuer rating of Abertis Infraestructuras S.A., as well as the unsolicited corporate issue rating of the long-term local currency senior unsecured notes issued by Abertis Infraestructuras S.A. at negative and has withdrawn the rating supplement Watch UNW. The corporate issuer and issue rating are confirmed at BBB.

The reasons for the withdrawal of the Watch UNW is the assessment of the audited financial statements of Abertis Infraestructuras S.A. for the financial year 2019. The impact of the extraordinary dividend and debt take-over, in combination with the reverse merger with Abertis Participaciones S.A.U. that took place to simplify the structure of the acquisition of Abertis by Atlantia, ACS and Hochtief, did not have any further negative effects on the corporate issuer rating.

Subsequently, CRA set the outlook at negative, as we expect a deterioration in earnings due to a decrease in average daily traffic (ADT) during the business year of 2020 and a decrease in GDP in Abertis' key markets as a result of the COVID-19 crisis.

Current relevant factors for the rating

The following considerations were of specific relevance for the rating assessment:

- No further negative effects on the corporate issuer rating of Abertis following the debt takeover of Abertis Holdco S.A. and reverse merger with Abertis Participaciones S.A.U.
- Abertis almost offsets its loss of the 2021 ACESA concession by acquiring 50.1% of Red de Carreteras de Occidente (RCO), one of the biggest toll road operators in Mexico.
- Deterioration in earnings expected following the COVID-19 crisis.
- Strong operative performance during the business year 2019.

Rating result

The current rating attests Abertis Infraestructuras S.A. a highly satisfactory level of creditworthiness, which represents a low to medium default risk.

The factors contributing to the rating of Abertis are its high degree of geographical diversification, based on a broad portfolio of long-term concession agreements, which generate relatively stable strong cash flows from its operations.

Outlook

The rating supplement Watch UNW was withdrawn because the debt transfer with Abertis Holdco S.A. did not have any further impact on the rating of the Group's financials. Subsequently, the outlook of the corporate issuer rating was set at negative, as we expect a significant reduction in average daily traffic in 2020 and a decrease in GDP in Abertis' key markets as a result of the COVID-19 crisis, which we expect to put pressure on the Group's earnings.

ESG-criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of Abertis Infraestructuras S.A., we have not identified an ESG factor with significant influence.

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here:

https://www.creditreform-rating.de/pub/media/global/page_document/The_Impact_of_ESG_Factors_on_Credit_Ratings.pdf

Best-case scenario BBB
Worst-case scenario: BBB-

Best-case scenario

In our Best-case-scenario for one year, we assume a rating of BBB. We hold the view that with the expected drop in average daily traffic resulting from the COVID-19 pandemic, an upgrade is unlikely in the short to medium term.

Worst-case scenario

In our Worst-case scenario for one year, we assume a rating of BBB-. This could be the case if the financials of the Group were to deteriorate, for example due to a reduction in traffic and/or an increase in operating costs following the COVID-19 crisis. A further downgrade resulting from the COVID-19 crisis cannot be excluded. The exact extent of the adverse effects of the COVID-19 crisis cannot be adequately estimated at this moment, as it will depend on the severity and duration of the crisis in Abertis' key markets.

Please note:

The scenarios are based on the information available at the time of the rating. Within the forecast horizon, some circumstances could occur that would lead to a rating change out of the indicated range.

Business development and outlook

During the business year 2019, the Group showed strong operating performance against the backdrop of an increase in average daily traffic of 1.9% in comparison with 2018. The Group generated revenues of EUR 5,361 million, an increase of 2% (2018: EUR 5,255), EBITDA of EUR 3,873 million (2018: EUR 3,724 million) and an EAT of EUR 323 million (2018: 1,681 million). The increase in revenues was mainly due to a rise in average daily traffic and the full consolidation of the Spanish Autopistas Trados 45 after Abertis acquired a 1% stake, raising its stake to a controlling stake of 51%. These positive effects were partially offset by negative currency effects and the expiry of a concession with the company Via Norte in May 2018. EBITDA increased, mainly due to the abovementioned factors and implemented efficiency measures. EBIT came in at EUR 1,168 million (2018: EUR 2,346 million), a significant decrease due to the increase in amortization following the revaluation of administrative concessions that was reassessed in the context of the reverse merger with Abertis Participaciones S.A.U. Consequently, EAT of the Group also decreased. The EAT in 2019 also was lower compared to 2018 due to a non-recurring capital gain in 2018 resulting from the sale of 34% of Cellnex(+ EUR 526 million).

On 11 October 2019, Abertis announced that it had entered into an agreement with Goldman Sachs Infrastructure Partners (GIP). Abertis will acquire a 50.1% stake in Red de Carreteras de Occidente (RCO), one of the biggest toll road operators in Mexico. The Group operates five concessions, which manage a total of 876 km through 8 toll roads. Abertis will consolidate RCO in

its financial statements. We see the takeover of RCO as positive, as it increases the Group's geographical diversification and concession portfolio. Moreover, it almost completely replaces the loss in EBITDA from the ACESA concession that will expire in 2021. The take-over is still subject to regulatory approvals, and Abertis will pay approximately EUR 1,500 million for the 50.1% stake, largely financed by available cash flow and the rest from available existing committed bank facilities. The deal is expected to close in the first half of 2020.

Table 1: Financials of Abertis Infraestructuras S.A. | Source: Abertis Infraestructuras S.A. Annual report 2019, standardized by CRA

Abertis Infraestructuras S.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IAS, Group)	CRA standardized figures ¹	
	2018	2019
Sales (million EUR)	5,574	5,770
EBITDA (million EUR)	3,724	3,873
EBIT (million EUR)	2,346	1,169
EAT (million EUR)	1,835	323
EAT after transfer (million EUR)	1,681	352
Total assets (million EUR)	25,759	37,863
Equity ratio (%)	17.95	21.10
Capital lock-up period (days)	27.30	30.13
Short-term capital lock-up (%)	56.15	62.28
Net total debt / EBITDA adj. (factor)	4.94	7.02
Ratio of interest expenses to total debt (%)	4.66	3.34
Return on Investment (%)	10.15	2.78

The equity ratio of the Group currently stands at 21.10% (2018: 17.95%) and is generally sufficient. The increase in the equity ratio could be achieved through the revaluation of the Group's assets in the context of the reverse merger with Abertis Participaciones S.A.U. We would like to point out that without the revaluation of the Group's assets, the Group's equity ratio would be clearly negative, following the debt transfer and extraordinary dividend to Abertis Holdco S.A.

Due to ongoing uncertainties regarding the COVID-19 crisis and its impact on the average daily traffic in Abertis's key markets, we expect a deterioration in earnings for the 2020 business year. Furthermore, we also expect a decrease in GDP in the key markets, lowering our expectations for future performance. At the moment it is not possible to assess the extent the adverse impact the COVID-19 crisis will have on the performance of Abertis, as this will largely depend on its duration and severity.

¹ For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally-generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

Appendix

Rating history

The rating history is available under:

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

Table 2: Corporate issuer rating of Abertis Infraestructuras S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Update	07.04.2020	www.creditreform-rating.de	Withdrawal of the rating	BBB / Negative
Initial Rating	14.06.2017	23.06.2017	14.05.2018	BBB+ / stable

Table 3 LT LC senior unsecured issues by Abertis Infraestructuras S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Update	07.04.2020	www.creditreform-rating.de	Withdrawal of the rating	BBB / Negative
Initial rating	24.08.2018	30.08.2018	25.09.2019	BBB+ / Watch UNW

Regulatory requirements

The present rating is an unsolicited rating in the regulatory sense. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

Unsolicited Corporate Issuer / Issue Rating	
With Rated Entity or Related Third Party Participation	No
With access to Internal Documents	No
With Access to Management	No

The rating was conducted based on the following information.

List of documents
Accounting and controlling
<ul style="list-style-type: none"> Annual reports 2016 - 2019 Presentation highlights results 2019
Finance
<ul style="list-style-type: none"> Prospectus EMTN-programme 6.03.2019
Additional documents
<ul style="list-style-type: none"> Common merger plan Press releases Presentation RCO acquisition Corporate presentation Abertis 2019 Macro-economic research

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

Rating Methodology	Version Number	Date	Website
Corporate Ratings	2.3	29.05.2019	https://www.creditreform-rating.de/pub/media/global/page_document/Rating_Methodology_Corporate_Ratings_2.3.pdf
Non-Financial Corporate Issue Ratings	1.0	October 2016	https://www.creditreform-rating.de/pub/media/global/page_document/Rating%20Methodology%20Non-Financial%20Corporate%20Issue%20Ratings.pdf
Rating Criteria and Definitions	1.3	January 2018	https://www.creditreform-rating.de/pub/media/global/page_document/CRAG_Rating_Criteria_and_Definitions_v1_3_01-2018.pdf

The documents contain a description of the rating categories and a definition of default.

The rating was carried out by the following analysts:

Name	Function	Email-Adress
Rudger van Mook	Lead-Analyst	r.vanmook@creditreform-rating.de
Elena Damijan	Analyst	e.damijan@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Email-Address
Artur Kapica	PAC	a.kapica@creditreform-rating.de

On 7 April, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 8 April 2020. There has not been a subsequent change to the rating.

The rating will be monitored until it is withdrawn by Creditreform Rating AG. 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.

ESG factors

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report, under "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found here:

https://www.creditreform-rating.de/pub/media/global/page_document/The_Im-pact_of_ESG_Factors_on_Credit_Ratings.pdf

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.

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct, which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

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