



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)

*NPV of equity value payable in 2023

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

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**

Executive Summary

Rationale

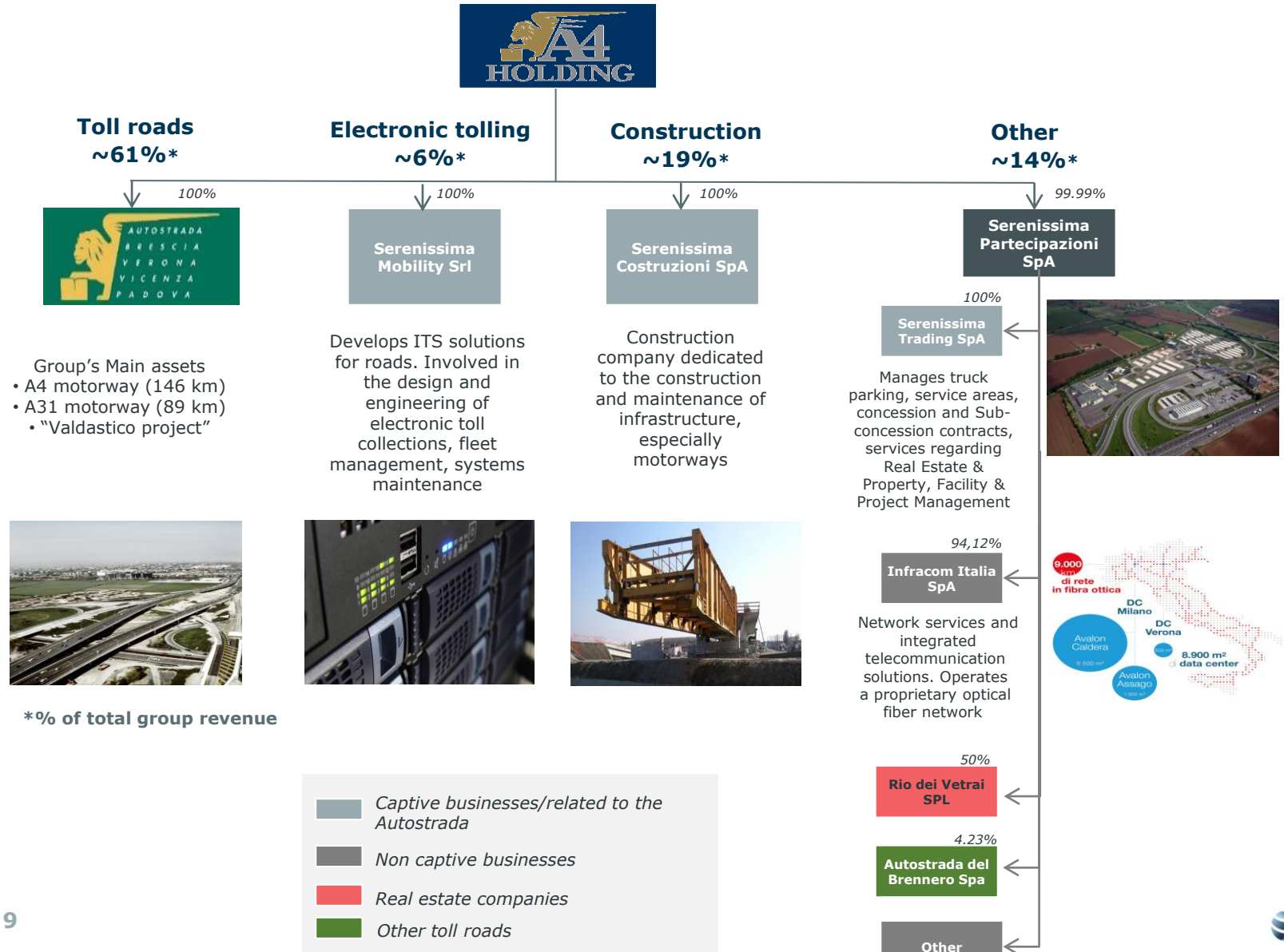
Asset Description

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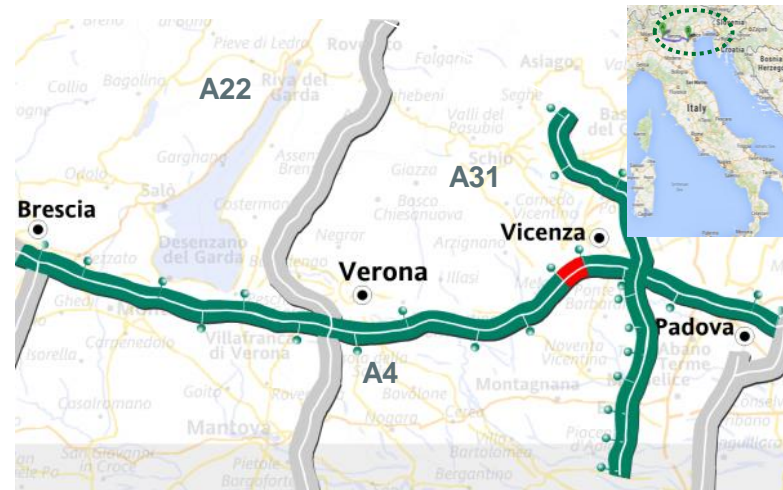
A4 Holding – Group Description



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

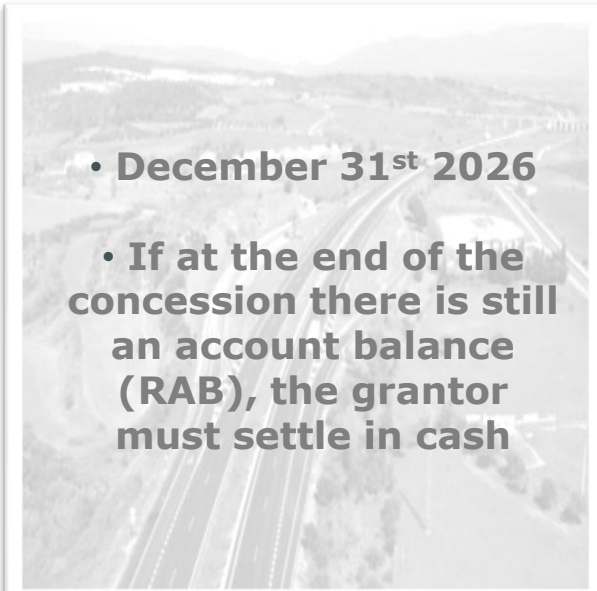


A quality asset at a strategic location

Tariff formula

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

Concession term

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

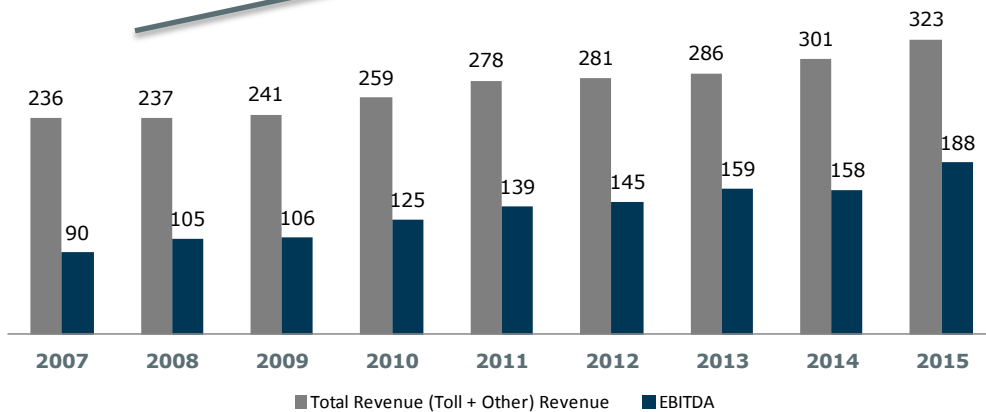
Regulatory framework

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

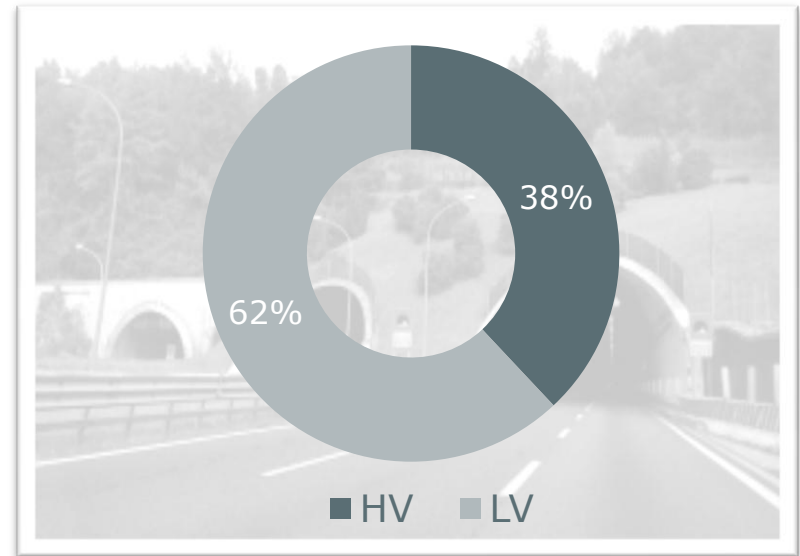
Asset Description A4 + A31 Historical Total Revenues and EBITDA

(MME)

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



Breakdown Toll Revenues 2015



Resilient revenues despite crisis



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Traffic, Revenues, Opex & 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**

