



A35 Brebemi

June 2022 Investor Meeting Presentation

01 June 2022



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Today's presenters



Mr. Francesco Giovan Maria Bettoni
Chairman



Mr. Matteo Milanesi
General Manager



Mr. Alberto Algisi
CFO



Mr. Antonio Comes
Legal Affairs Director

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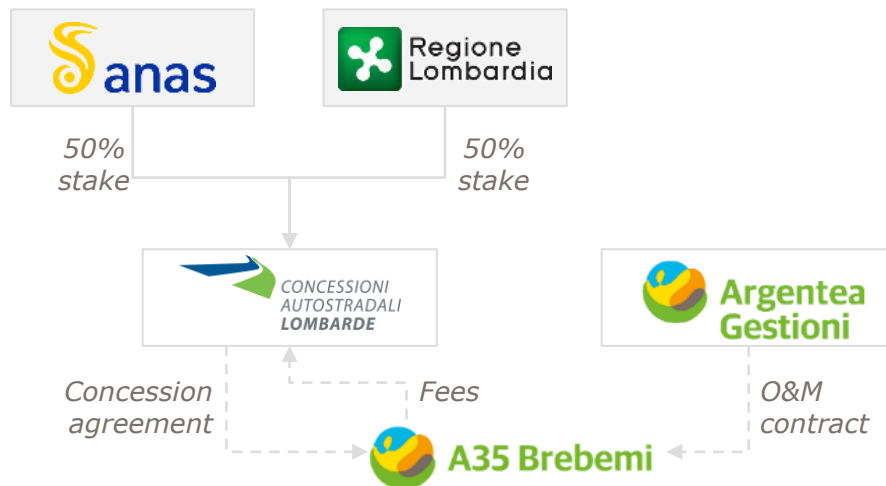
Rebalancing Process

BreBeMi at a glance

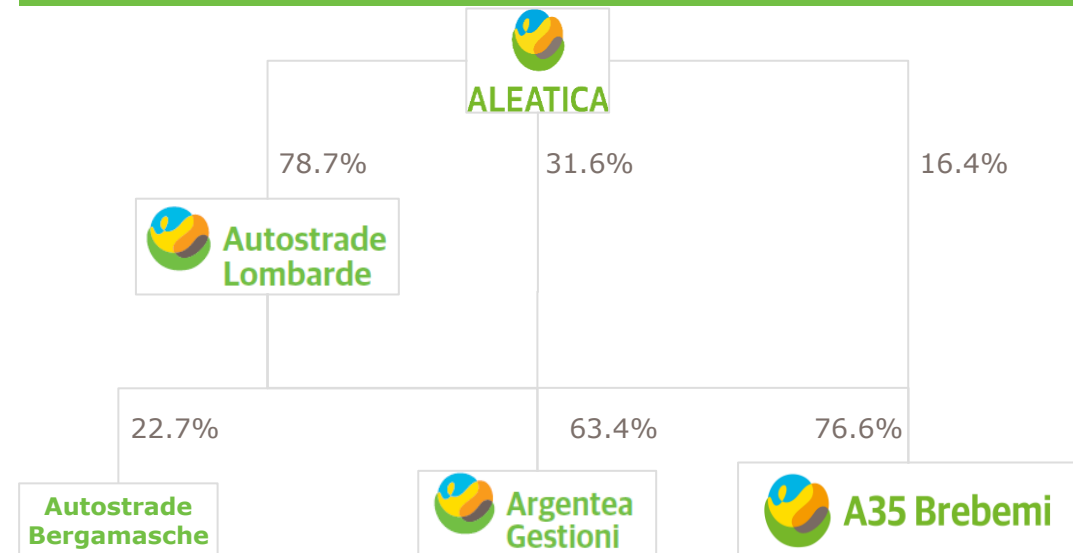
Business Description

- **Società di Progetto BreBeMi SpA** ("BreBeMi" or the "Company" or the "Issuer") is the concessionaire for the **design, construction and operation** of the **A35 toll road**, connecting Milan, Bergamo and Brescia in Lombardy
- The toll road is **strategically positioned** in the centre of the **Northern Italy's highway network**, connecting, in particular, the **A58 eastern ring-road of Milan** ("A58") to the **A4 Turin-Trieste** motorway ("A4")
- Created in **1999** with the purpose of **improving traffic management in the area**, BreBeMi highway aims to ease the traffic burden and reduce severe congestions experienced in the A4 motorway
- **BreBeMi** is the **first mobility infrastructure** in Italy structured in **Project Financing** style (79% debt and 21% equity)
- The **62.1km long highway** benefits from **high levels of interconnection** with the local road network through **15 access points** and two interchanges with **A4** and **A58**

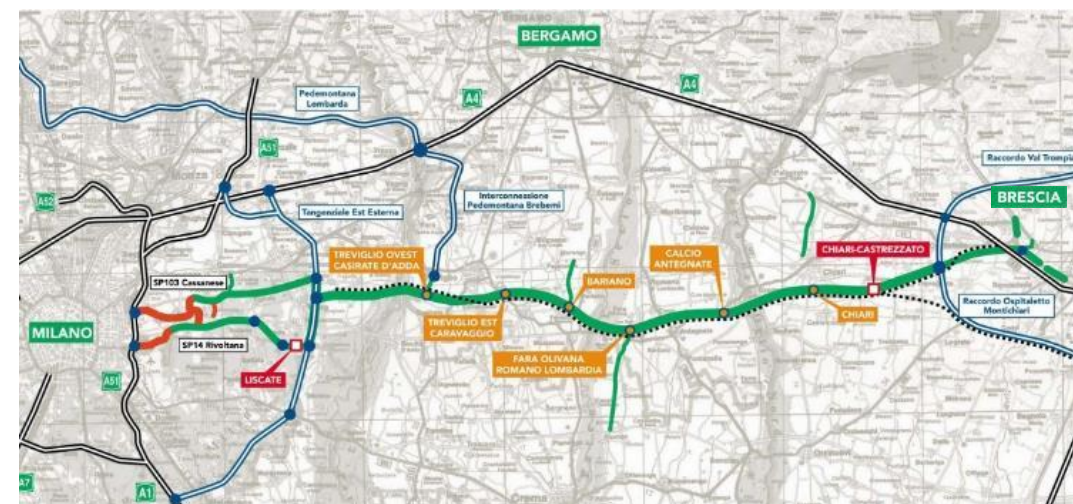
Contractual Framework



Group Structure



A35 Route Overview



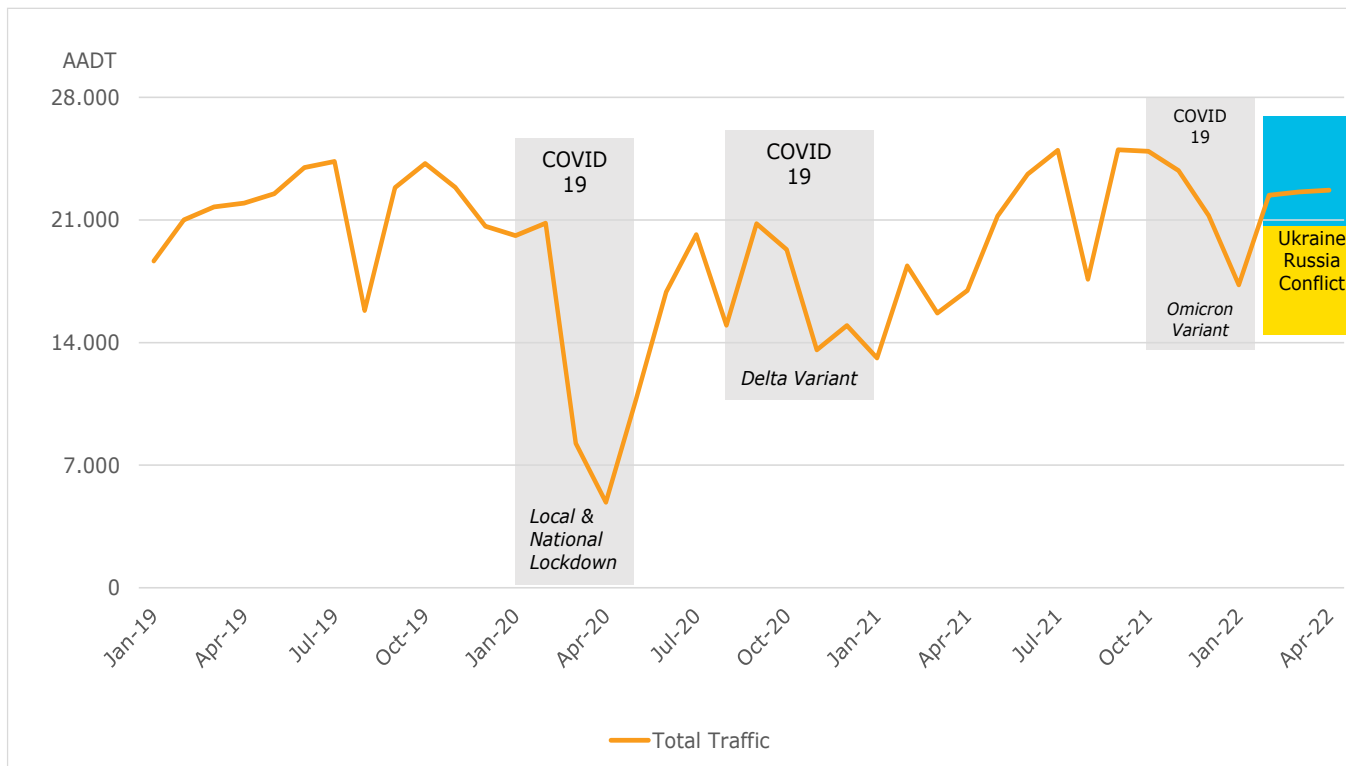
- Exit/access points (#2)
- Interconnections with other motorways (#15)
- Exit/access points with junctions (#6)
- Routes of BreBeMi project

Traffic Volumes Growing

Traffic Volumes Compared

2021 Average daily traffic	Light Vehicles (LV)			Heavy Vehicles (HV)			Total Vehicles		
Quarter	AADT	Δ% vs 2020	Δ% vs 2019	AADT	Δ% vs 2020	Δ% vs 2019	AADT	Δ% vs 2020	Δ% vs 2019
Quarter 1; 2021	9,528	(13.5%)	(35.4%)	6,110	11.8%	7.0%	15,639	(5.1%)	(23.5%)
Quarter 2; 2021	13,686	119.9%	(17.4%)	6,927	50.1%	11.0%	20,613	90.2%	(9.7%)
Quarter 3; 2021	15,607	21.2%	3.4%	6,899	20.0%	17.0%	22,506	20.8%	7.2%
Quarter 4; 2021	15,896	62.3%	(1.9%)	7,445	20.5%	16.8%	23,341	46.1%	3.4%
Ytd - December Δ%	13,702	37.2%	(12.5%)	6,849	24.4%	13.1%	20,551	32.7%	(5.4%)

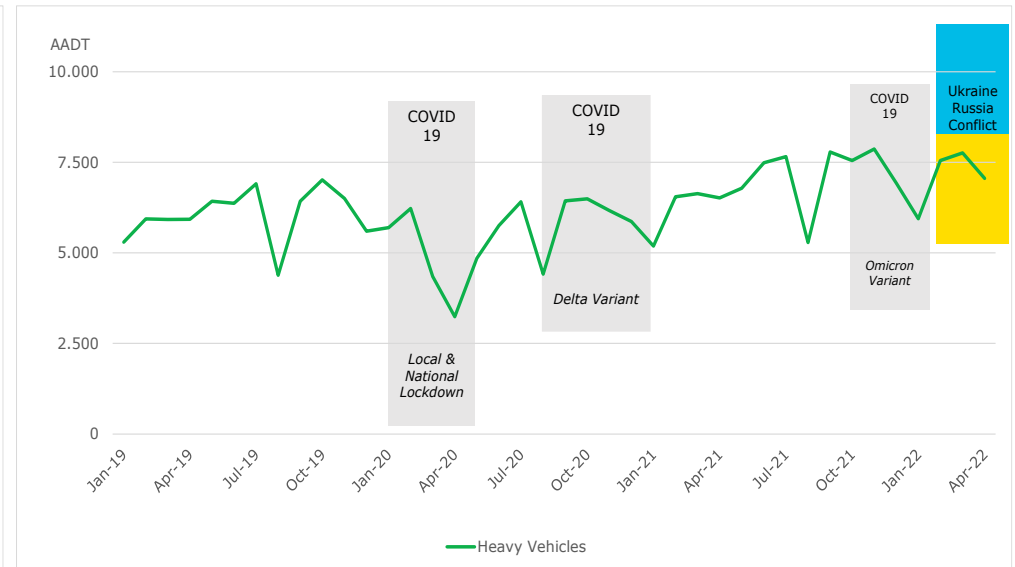
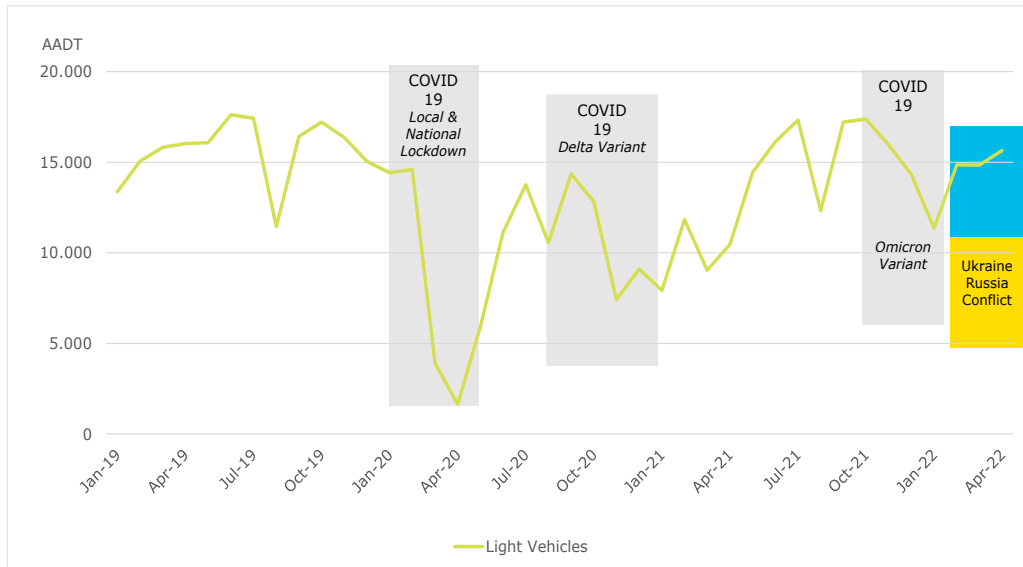
2022 Average daily traffic	Light Vehicles (LV)			Heavy Vehicles (HV)			Total Vehicles		
Month	AADT	Δ% vs 2021	Δ% vs 2019	AADT	Δ% vs 2021	Δ% vs 2019	AADT	Δ% vs 2021	Δ% vs 2019
January 2022	11,357	43.3%	(15.1%)	5,942	14.5%	12.3%	17,300	31.9%	(7.3%)
February 2022	14,864	25.6%	(1.4%)	7,550	15.3%	27.1%	22,414	21.9%	6.7%
March 2022	14,846	64.1%	(6.2%)	7,759	16.9%	31.0%	22,605	44.1%	4.0%
April 2022	15,672	49.8%	(2.3%)	7,057	8.3%	19.1%	22,729	33.9%	3.5%
Ytd - April Δ%	14,155	45.0%	(6.1%)	7,066	13.7%	22.6%	21,221	32.8%	1.9%



- The table shows the improving traffic performance when compared to prior years
 - Total traffic volumes during 2022 (YTD April) have increased by 1.9% compared to the first four months of 2019 and 32.8% when compared to the first four months of last year
- The chart demonstrates overall traffic volumes since January 2019:
 - The impact of national lockdowns in Italy is evident
 - As of the date hereof, The Ukraine – Russia conflict and the consequential impact on energy prices has had minimal impact on LV
 - Seasonal traffic performance in line with asset usage

Robust Light & Heavy Vehicle Data

Light and Heavy Vehicle Monthly Traffic (2019 to date)



- Heavy Vehicle traffic volumes continue to strongly grow boosted by economic growth and new logistic initiatives
- Light Vehicle traffic volumes proved to be more sensitive to lockdowns but continue to recover to pre-pandemic levels

Traffic on BreBeMi and Lombardy

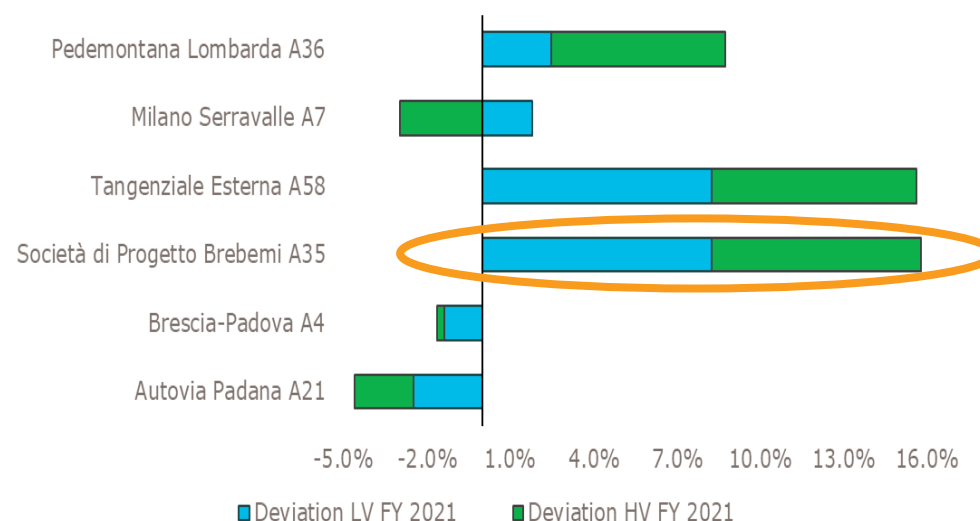


Traffic Volumes for main Lombardy Concessionaires

Traffic in Millions of Vehicles km	Total Vehicles
Main Lombardy Concessionaires	$\Delta\%$ 2021 vs 2020
Autovia Padana A21	21,5%
Brescia-Padova A4	23,8%
Società di Progetto Brebemi A35	32,6%
Tangenziale Esterna A58	32,2%
Milano Serravalle A7	26,4%
Pedemontana Lombarda A36	29,4%
Total Lombardy Concessionaires $\Delta\%$	24,9%
Other Italian Concessionaires $\Delta\%$	22,7%
Total General Network $\Delta\%$	22,9%

Source: AISCAT cumulative data;

Traffic volumes deviation from the aggregate value for the Lombardy concessionaires (2021 vs 2020)



- Also through 2021, BreBeMi out-performed most of its peers for both heavy and light vehicles
- BreBeMi's robust traffic volumes for heavy vehicles can be attributed to certain economic drivers and more industrial / distribution activities in close proximity to the motorway
- In particular, logistic and commercial centres have contributed to robust heavy vehicle performance.
- New logistic and commercial settlements have become operative or announced during the last 12 months:
 - Large scale retail logistics venue, operated by MD Discount, and located in Cortenuova (BG) – 182,000sqm - operative
 - E-commerce logistics venue, operated by Cortilia, and located in Cassina de Pecchi (MI) – 17,000sqm - operative
 - E-commerce Logistics venue, operated by Amazon, and located in Civate al Piano (BG) – 156,000 sqm - operative
 - Three retail and logistics areas in Calvenzano (BG) – under construction
 - Logistics area in Caravaggio (BG) – 95.000 sqm – under construction

2021 Key Financial Figures

€ million (unless otherwise indicated)	31-Dec-21	31-Dec-20	Change %
Revenues	97.3	72.8	33.7%
EBITDA	65.0	41.5	56.4%
<i>EBITDA margin (%)</i>	66.7%	57.1%	9.6%
Depreciation and Amortisation	13.1	12.3	6.5%
EBIT	51.8	29.3	77.0%
<i>EBIT margin (%)</i>	53.2%	40.2%	13.0%
Net interest expense	136.8	154.0	(11.2%)
EBT	(85.0)	(124.7)	(31.9%)
Tax expense	18.9	29.0	(34.8%)
Net Results	(66.1)	(95.8)	(31.0%)

€ million (unless otherwise indicated)	31-Dec-21	31-Dec-20	Change
Cash and Cash Equivalents	131.1	124.2	6.9
Net Financial Position	(2,242.3)	(2,305.5)	63.2

- Revenues rose by 33.7% year on year, exceeding the 32.7% increase in traffic volumes and exceed the latest PEF Forecast by 5.5%
- Ebitda recovered to EUR 65 mln, an increase of EUR 23.5 mln (+56.4%) compared to 2020 and is close to pre-pandemic levels (+8.7% compared to 2019).
- The reduced net interest expense reflects, primarily, the value adjustment of existing derivative instruments (EUR 10.5 mln), the reduction on Shareholder Loans interest expenses and a reduction (year on year) in the release to the profit & loss account of cash flow hedge reserves relating to derivatives that were terminated as a result of the refinancing transaction.
- Financial charges accrued and paid during 2021 amounted to EUR 45.2 mln (EUR 49.5 mln during 2020)
- A further Euro 2.2 mln was invested primarily in residual expropriation costs
- The liquidity position was stronger than the previous year, reflecting improved cash flow generation and the retention of liquidity within BreBeMi

Cash Flow and Liquidity Management



Cash Position and Debt Service

The Company maintains a good cash position:

- Available cash as at of 30 April 2022: EUR 141.7 million ("mln")
 - EUR 65.3 mln free cash on bank accounts
 - EUR 0.6 mln estimated cash at toll gates
 - EUR 33.4 mln Funded Debt Service Reserve Account
 - EUR 26.2 mln Funded Maintenance Reserve Account
 - EUR 16.2 mln cash on Expropriation accounts that can be used only to pay residual expropriation costs
- We expect that the payments falling due in the next two interest periods (i.e. 30 June and 31 December 2022) will be covered by free cash and cash generated by operations

Imminent debt service requirements (June 2022 – June 2023):

▪ Senior debt:	EUR 106.0 mln
▪ 30 June 2022	EUR 33.4 mln
▪ 31 December 2022	EUR 35.6 mln
▪ 30 June 2023	EUR 37.0 mln
▪ Junior Debt	EUR 54.9 mln
▪ 30 June 2022 ⁽¹⁾	EUR 0 mln
▪ 31 December 2022 ⁽²⁾	EUR 44.9 mln
▪ 30 June 2023 ⁽²⁾	EUR 10.0 mln
▪ Total:	EUR 160.9 mln

⁽¹⁾ According to 31 December 2021 Compliance Certificate Distribution Lockup apply

⁽²⁾ Subject to 30 June 2022 Distribution Lockup test and including capitalised amount

Financial Ratios

Financial Ratios	Default Ratio*	Distributions Lock-Up*	30-Jun-20	31-Dec-20	30-Jun-21	31-Dec-21
BLCR	1.10	1.30	2.01	2.02	2.09	1.90
Historic DSCR	1.05	1.25	1.95	1.13	1.12	1.27
Projected DSCR	1.05	1.40	1.30	1.15	1.32	1.32
Total Debt CLCR	N/A	1.30	1.58	1.57	1.62	1.49

* As applicable

- BreBeMi's forward-looking financial ratios continue to recover steadily.
- The Projected DSCR remains below lock-up levels.
- The June 2020 STID Proposal approved a covenant holiday for the testing of certain financial ratios until and including the 30 June 2021 Interest Payment Date.

Credit Ratings

Fitch Ratings

- Rated BB+: Stable Outlook
- Fitch released the 'BB+: Stable Outlook' rating on 5 October 2021
- In relation to the Class A1 and A2 notes, Fitch commented that:
 - *"BB+ ratings reflect the favourable northern Italy catchment area and a regulatory asset base (RAB) based pricing system sustaining revenue growth*
 - *The ratings also consider our view that the pandemic will likely delay the project ramp-up phase compared with initial projections."*
- In relation to the Class A3 notes, Fitch commented that *"the credit profile of the class A3 notes is similar to that of the senior fully amortising debt, but ultimately linked to the creditworthiness of [the grantor's] obligation to pay terminal value in a timely manner"*
- Fitch further noted that *"We expect traffic to continue well on its recovery path remaining 10% below 2019 this year and fully recovering in 2022. From 2023, traffic ramp up should continue leading to mature and stabilised traffic from 2026 onwards"*

Morningstar DBRS

- Rated BBB (low) with Negative Trend
- Ratings confirmed on 9 June 2021 and removed from Under Review with Negative Implications (where they were placed on 18 June 2020)
- Morningstar DBRS commented that:
 - *"BreBeMi's ratings are supported by the: (1) strong economic fundamentals of the service area, (2) sound contractual and regulatory framework, (3) low service complexity and performance standard risk, (4) minimum DSCR in the medium term supporting the credit profile, and (5) an experienced management team"*
 - *"Against this backdrop, on 30 April 2021, DBRS Morningstar also confirmed the Republic of Italy's ratings at BBB (high)/R-1 (low) with Negative trends"*

Key Events since November 2021

Investor Meeting: a Summary



▪ **Levels of tariff**

- Tariff increase for the 2022 financial year of 4.49% (determined according to the agreed formula) was requested on October 11 2021
- On December 31 2021, the Ministry of Transport & Mobility notified the Grantor that the request was not deemed admissible as a result of the fact that the PEF Rebalancing is still to occur;
- BreBeMi filed a petition in the Lazio Regional Administrative Court on 28 February 2022 against the position taken by the Ministry

▪ **Issue of Participative Financial Instruments (“PFSs”):**

- On 28 March 2022 the Board of BreBeMi approved the issuance of the third tranche of 65,000,000 PFSs to be offered for subscription to all shareholders in compliance with their option rights against cash payments to the Company of EUR 1 for each PFS. These PFSs were issued on 22 April 2022.
- The cash payment may also be carried out through the use and voluntary offsetting of a shareholders’ receivables from the Company in proportion to the principal amount by the Company as of 31 December 2021.
- Following the latest issuance, the aggregate notional value of PFSs issued is EUR 213,000,000.
- EUR 100.4 mln restated Net Equity as at 31 December 2021 including of PFS issuance⁽¹⁾

▪ **Continued discussions with the grantor on PEF rebalancing.**

- Further details in the following slides

▪ **Distribution Lock-Up (April 2022):**

- Notification to bondholders following the submission of the 31 December 2021 Compliance Certificate.

▪ **Junior Notes Interest and Principal paid:**

- Interest and Principal amounts due on 31 December 2019 and 30 June 2020 were paid in a timely manner.
- Principal and interest were capitalised following application of the Restricted Payment Condition, at the Interest Payment Dates of 30 June and 31 December 2021. The Issuer decided to exercise its option to capitalize the relevant PIK Interest Amount in accordance with the Finance Documents.
- As of 31 December 2021, the Principal Amount Outstanding of the Junior Notes is EUR 177,735,190.86. The unpaid Interest Amount on 30 June 2021 (EUR 5,449,357.01), has been capitalized with effect starting from 1 January 2022.

⁽¹⁾ Net Equity as at 31 December 2021 including EUR 65 mln PFS and not including the Cash Flow Hedge Reserve which is of a transitional nature, pursuant to Art. 2426, paragraph 1 bis of the Italian Civil Code.

O&M Activities and Investments

The O&M Contractor (Società Argentea Gestioni) provides day to day operational and maintenance services on behalf of BreBeMi. These services include:

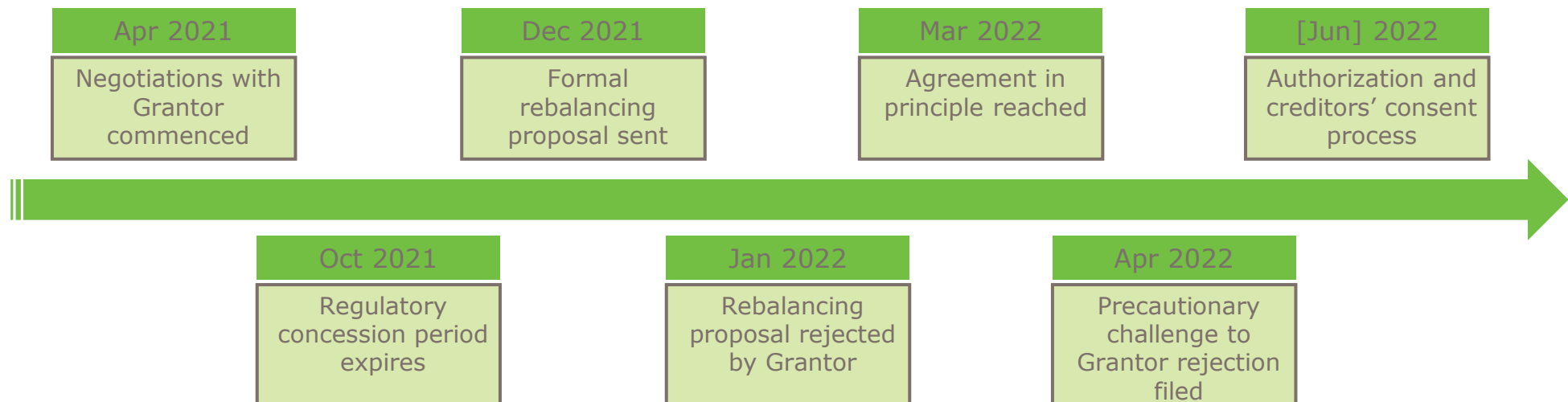
- Operation of the motorway infrastructure, including toll collection, highway cleaning, grass cutting and surveillance.
- Provision of winter-services (e.g. salt spreading and snow clearance).
- Emergency repairs.
- Planned maintenance, including (during 2021) 18km of resurfacing works.

BreBeMi continues to invest in technology to enhance operating efficiency and the sustainability of the road. Examples include:

- Creating a Wireless Power Transfer testing facility designed to optimise efficient inductive charging of electric vehicles.
- Implementing the European Electronic Toll Service (i.e. a European Union initiative to ensure the inter-operability of electronic toll services across the entire EU motorway network aimed at improving traffic flows and reducing congestion).

Rebalancing of the Economic & Financial Plan

- **Discussions continue with regard to the rebalancing of the Economic and Financial Plan (“PEF Rebalancing”)**
 - Under Art 11 of the Concession Agreement, a PEF Rebalancing must occur at the end of each Regulatory Period (or upon the occurrence of an Extraordinary Event), also in accordance with the CIPE Resolution.
 - The Regulatory Period that ran from October 2016 through October 2021 has now expired.
 - A formal rebalancing proposal was shared with the Concessioni Autostradali Lombarde (the “**Grantor**”) on 23 December 2021; the proposal contemplated an extension of the termination date of the Concession Agreement and included a new traffic study that took into consideration the changed macroeconomic framework.
 - The proposal was rejected by the Grantor on 31 January 2022; however, the Issuer and the Grantor have continued the discussion and in March 2022 have reached an agreement in principle on the key items of the rebalancing process.
 - To protect the Issuer’s position, the Issuer has referred the Grantor’s rejection decision to the Civil Court of Brescia on 4 April 2022.
- **The currently expected steps are summarised on the following slide**



Rebalancing of the Economic & Financial Plan

- **The expected PEF Rebalancing agreement in principle:**

- Extension of the Concession terms.
- Increase of the Terminal Value as well as a final balance of Poste Figurative to be recovered at the end of the concession period.
- Recovery of 2020 Covid losses.
- Tariff increase in line with current PEF (i.e. 4.49% per year) plus recover the 2022 4.49% tariff increase that was not obtained following the decision of the Ministry of Transport and Sustainable Mobility as a result of the fact that the PEF Rebalancing is still to occur.

- **Next step to agree to a PEF Rebalancing: we require consent from the Noteholder.**

- Delivery of the assumptions according to Clause 9.25(c) of the Common Term Agreement 10 business days prior to the signing of the agreement with CAL.
- If the PEF rebalancing occurs through the lever of the extension of Concession Agreement a Class A3 Noteholder Entrenched Right would arise and the matter would need to be voted upon.
- After having obtained all the internal approvals and the consent from the lenders the agreement with the Grantor will become effective and can be sent to public bodies for the approval procedures.

Key Dates

- Next Interest Payment Date (“IPD”): 30 June 2022
- Next Quarterly Traffic Figures update: by 14 July 2022
- Compliance Certificate due in relation to June 2022 IPD: by 20 October 2022
- Next Periodic Investor Report due: by 20 October 2022

Questions?