



A35 Brebemi

Investor Meeting Presentation

May 31, 2023



Disclaimer



THIS PRESENTATION IS PROVIDED FOR INFORMATION PURPOSES ONLY, AND IS NOT AN OFFER, INVITATION OR A SOLICITATION OF AN OFFER TO BUY OR SELL SECURITIES IN THE UNITED STATES OF AMERICA OR IN ANY OTHER JURISDICTION.

This presentation (including any accompanying oral presentation, question and answer session and any other document or materials distributed at or in connection with this presentation) (collectively, the **"Presentation"**) has been prepared by Società di Progetto Brebemi S.p.A. (the **"Company"**). This Presentation has been prepared solely for the illustration of the Company's results and recent trends as part of the conference call with investors on May 31, 2023 (the **"Investor Meeting"**) and for no other purpose. Under no circumstances may this Presentation be deemed or construed to be an offer to sell, a solicitation to buy or a solicitation of an offer to buy securities of any kind in any jurisdiction.

The information set forth herein is qualified in its entirety by the information set out in the Company's financial statements for the year ended on December 31, 2022. This Presentation contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be used as) the sole basis of any analysis or other evaluation. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Accordingly, none of the Company nor any of its shareholders, directors, officers, agents, employees, representatives or advisers takes any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of the accuracy or completeness of the information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising from this Presentation. The information set out herein may be subject to revision and may change materially. The Company is under no obligation to keep current the information contained in this Presentation and any opinions expressed in it are subject to change without notice. In addition, the information contained herein has been obtained from sources believed to be reliable, but the Company does not represent or warrants that it is accurate and complete and such information has not been independently verified.

This Presentation contains non-International Financial Reporting Standards (**"IFRS"**) industry benchmarks and terms, such as EBITDA, EBIT and EBITDA Margin. Such measures should not be considered as alternatives to other indicators of operating performance, cash flows or any other measure of performance derived in accordance with IFRS. In addition, these measures are used by different companies for differing purposes and are often calculated in ways that reflect the circumstances of these companies. In particular, the methodology used to calculate these operational metrics may differ from that used by other companies, thus limiting their usefulness as comparative measures. Furthermore, the unaudited financial information contained in this Presentation does not take into account any circumstances or events occurring after the period it refers to. This Presentation may include forward looking statements and information that is necessarily subject to risks, uncertainties, and assumptions. In particular, these statements include statements about our outlook, plans, strategies, business conditions, business trends and expectations, prospects or future events and involve known and unknown risks that are difficult to predict. As a result, our actual results, performance or achievements may differ materially from those expressed or implied by these forward-looking statements. In some cases, you can identify forward-looking statements by the use of words such as "believes", "expects", "may", "are expected to", "intends", "will", "will continue", "should", "could", "would be", "seeks", "approximately", "estimates", "predicts", "projects", "aims" or "anticipates", or similar expressions or the negative thereof or other variations thereof or comparable terminology, or by discussions of strategy, plans or intentions or of other statements that do not relate strictly to historical or current matters. Such forward-looking statements are necessarily based upon estimates and assumptions that, while considered reasonable by us and our management, are inherently uncertain and subject to risks, uncertainties, and assumptions. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth above. We caution you not to place undue reliance on any forward-looking statements, which are made only as of the date of this Presentation. We do not undertake or assume any obligation to publicly update any of these forward-looking statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. Moreover, certain percentages of this Presentation have been rounded and accordingly may not add up to 100%. In addition, the unaudited financial information presented in the Presentation has been prepared by management. Our independent auditors have not audited, reviewed, compiled or performed any procedures with respect to such unaudited financial information for the purpose of its inclusion herein and accordingly, they have not expressed an opinion or provided any form of assurance with respect thereto for the purpose of this Presentation. Furthermore, the unaudited financial information does not take into account any circumstances or events occurring after the period it refers to. The unaudited prospective financial information set out above is based on a number of assumptions that are subject to inherent uncertainties subject to change. In addition, although we believe the unaudited financial information to be reasonable, our actual results may vary from the information contained above and such variations could be material. As such, you should not place undue reliance on such unaudited financial information and it should not be regarded as an indication that it will be an accurate prediction of future events.

Today's presenters



Mr. Matteo Milanesi
General Manager



Mr. Alberto Algisi
CFO



Mr. Antonio Comes
Legal Affairs Director

Contents



Introductory Remarks



Brebemi Overview



Traffic Performance



Industrial and logistic developments



Financial Results and Liquidity Position



Credit Ratings and Key Events



Operation and investments



Rebalancing Process

BreBeMi overview

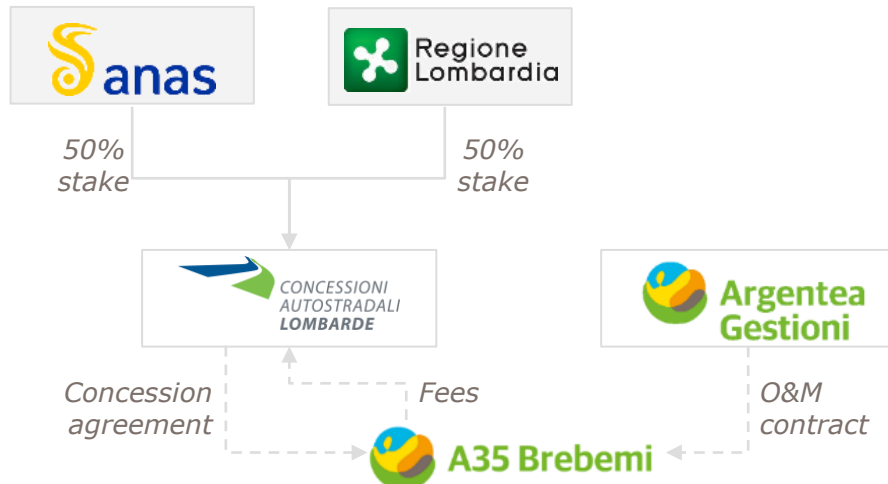
Business Description

- **Società di Progetto BreBeMi SpA** is the concessionaire in charge for the **design, construction and operation** of the **A35 toll road**, connecting Milan, Bergamo and Brescia in Lombardy ("**BreBeMi**")
- The toll road is **strategically** located 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 entered into operation in July 2014, but has become fully operative since November 2017 with the A4 interconnection
- **BreBeMi** is the **first mobility infrastructure** in Italy structured by means of in **Project Financing** (79% debt and 21% equity)
- The **62.1 km long highway** benefits from **high levels of interconnection** with the local road network through **15 access points** and two interchanges with **A4** and **A58**

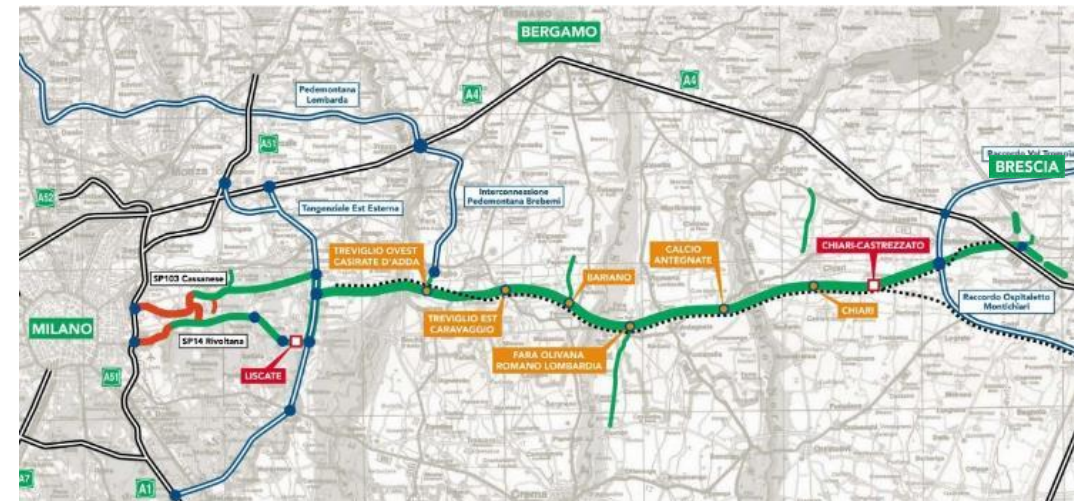
Group Structure



Contractual Framework



A35 Route Overview



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

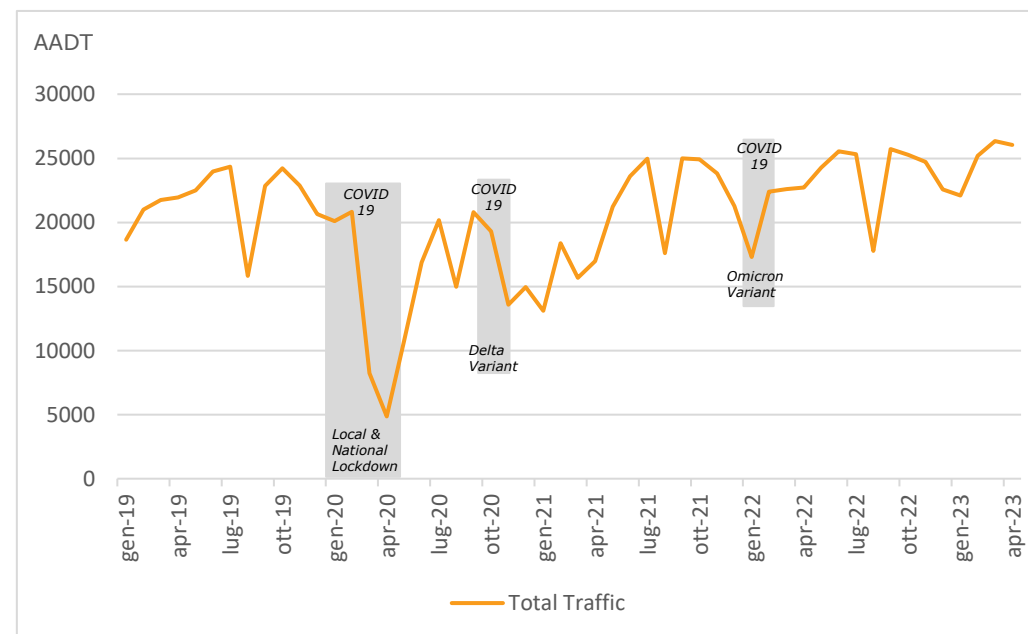
Traffic performance

2023 Average daily traffic	Total Vehicles	
Month	AADT	Δ% vs 2022
January 2023	22,112	27.8%
February 2023	25,193	12.4%
March 2023	26,350	16.6%
April 2023	26,045	14.6%
Ytd - April Δ%	24,909	17.4%

Total traffic ramp-up continues during 2023:
+ 17.4% vs 2022
+ 19.6% vs 2019

2022 Average daily traffic	Total Vehicles	
Month	AADT	Δ% vs 2021
January 2022	17,300	31.9%
February 2022	22,414	21.9%
March 2022	22,605	44.1%
April 2022	22,729	33.9%
May 2022	24,282	14.4%
June 2022	25,554	8.2%
July 2022	25,334	1.4%
August 2022	17,771	0.9%
September 2022	25,730	2.9%
October 2022	25,279	1.4%
November 2022	24,725	3.8%
December 2022	22,575	6.0%
Ytd - December Δ%	23,012	12.0%

Full recovery of traffic post pandemic:
+12% vs 2021
+ 6% vs 2019

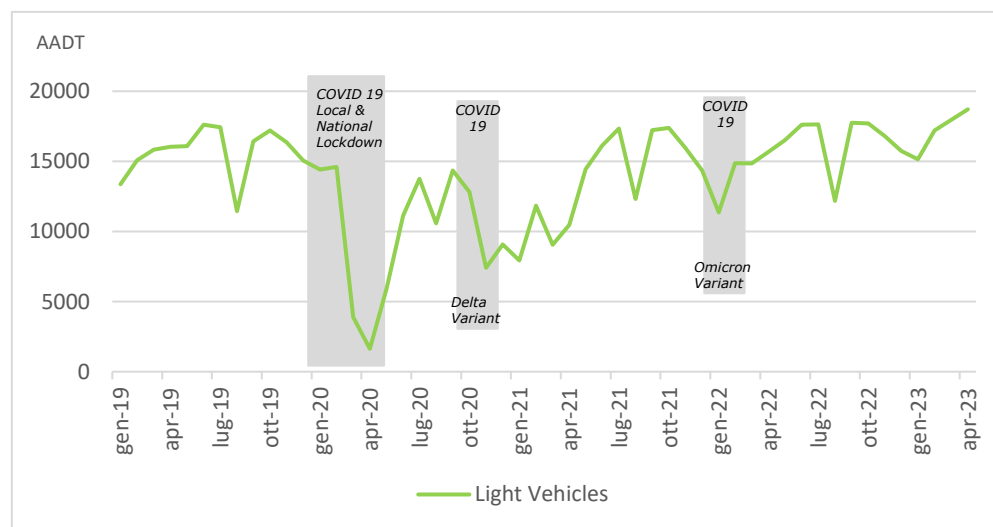


Traffic volumes since January 2019 shows:

- Impact of national COVID-19-related lockdowns in Italy is evident
- 2022 Asset usage resilient to adverse macroeconomic context and geopolitical uncertainties (Ukraine war, inflation, energy prices)
- Seasonal traffic performance is in line with historic trend and asset usage
- Changes in the tolling system at Castagnato barrier implemented from January 2023 supported traffic volumes

Traffic performance (cont'd)

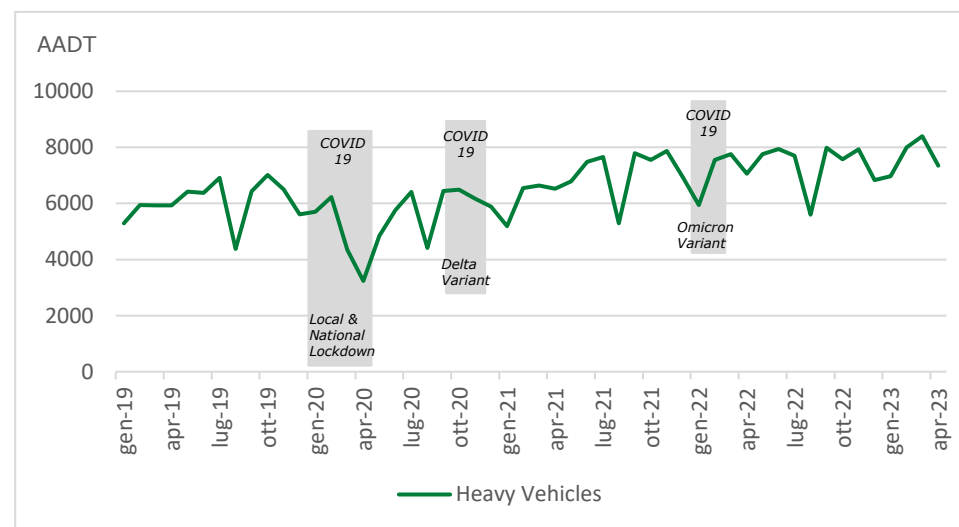
Light Vehicles Monthly Traffic



2023 Average daily traffic	Light Vehicles (LV)	
Month	AADT	Δ% vs 2022
January 2023	15,145	33.3%
February 2023	17,204	15.7%
March 2023	17,957	21.0%
April 2023	18,701	19.3%
Ytd - April Δ%	17,241	21.8%

- 2022 LV traffic recovered to 2019 pre-pandemic levels (+0.4%)
- LV traffic volumes during 2023 (YTD April) + **21.8% vs 2022**
- Q1 2022 LV traffic has been affected by Covid restrictions

Heavy Vehicles Monthly Traffic



2023 Average daily traffic	Heavy Vehicles (HV)	
Month	AADT	Δ% vs 2022
January 2023	6,968	17.3%
February 2023	7,988	5.8%
March 2023	8,393	8.2%
April 2023	7,344	4.1%
Ytd - April Δ%	7,668	8.5%

- HV traffic volumes outperformed 2022 and 2019 thanks to Economic growth and new initiatives
- 2022 HV traffic levels +**20.4% vs 2019**
- 2023 (YTD April) + **8.5% vs 2022**

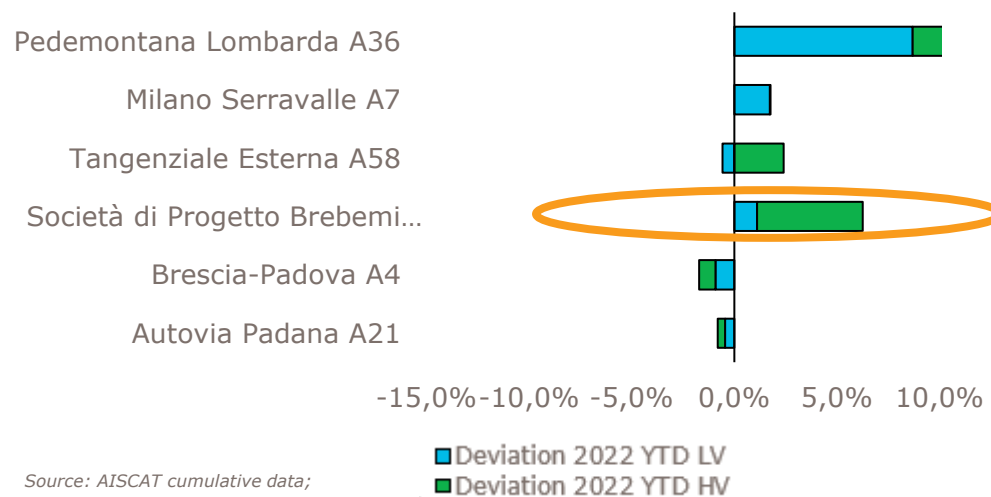
Traffic on BreBeMi and in Lombardy

Traffic Volumes for main Lombardy Concessionaires (by number of Vehicles)

2022 vs 2021 DELTA%

Total General Network	+ 10.7%
Total Lombardy Concessionaires	+ 11.1%
Società di Progetto BreBeMi A35	+ 13.3%

Traffic volumes deviation from the aggregate value for Lombardy concessionaires (2022 vs 2021)



- Through 2022, BreBeMi outperformed most of its peers for both heavy and light vehicles
- BreBeMi's robust traffic volumes for heavy vehicles can still be attributed to economic drivers and industrial / distribution activities in close proximity to the motorway
- Logistic and commercial centres have contributed to robust heavy vehicles performance

Industrial and logistic developments

Lombardy is the main area of origin and destination for goods in Italy

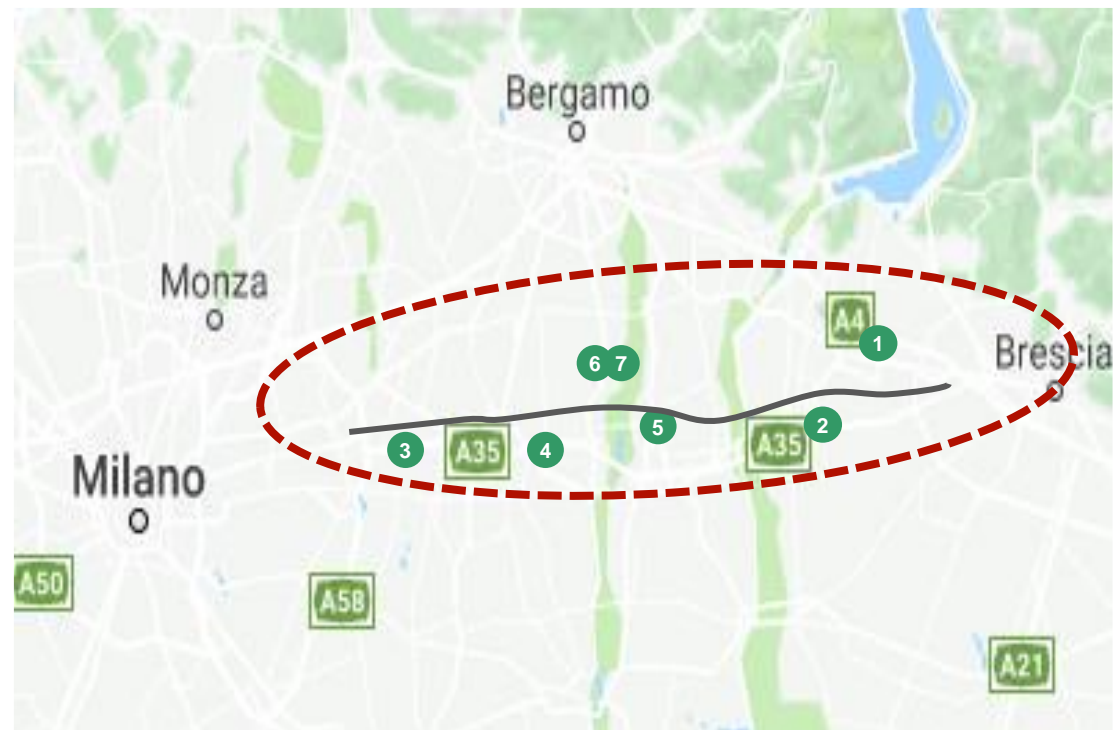
According to a recent research, 12.3% of the logistic settlements in the province of Bergamo (No. 125) are along A35 BreBeMi, as well as 68.4% of the new projects under construction (No. 13 out of 19)⁽¹⁾

Main industrial and logistic sites which entered into operation in 2022 in the BreBeMi catchment area:

- 1 June 2022: 22,000 sqm logistic area in Ospitaletto (BS), specialized in trade of household appliances and hi-tech
- 2 Sept 2022: 20,000 sqm logistic area in Castrezzato (BS)

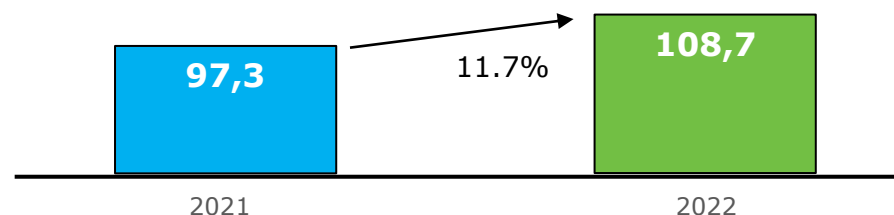
Other relevant projects announced or under development:

- 3 25,000 sqm logistic area in Calvenzano (BG), specialized in e-commerce, retail and pharma
- 4 27,000 sqm logistic area in Isso (BG)
- 5 48,000 sqm logistic area in Calcio (BG) created by a leading logistic operator
- 6 58,000 sqm warehouse area in Cortenuova (BG) realized by retail operator
- 7 300,000 sqm feasibility study for the construction of the Bergamo intermodal hub in Cortenuova (BG)

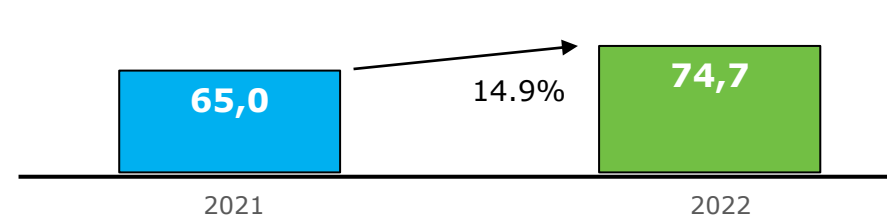


2022 Key Financial Figures

Revenues (€ million)



EBITDA (€ million)



€ million (unless otherwise indicated)	31 Dec 2022	31 Dec 2021	Change %
Revenues	108,7	97,3	11.7%
EBITDA	74,7	65,0	14.9%
<i>EBITDA margin (%)</i>	68,7%	66,7%	
Depreciation and Amortisation	14,1	13,1	7.3%
EBIT	60,6	51,8	17,0%
<i>EBIT margin (%)</i>	55,8%	53,2%	
Net interest expense	111,1	136,8	(18.8%)
EBT	(50,5)	(85,0)	(40.6%)
Tax expense	10,5	18,9	(44.7%)
Net Results	(40,0)	(66,1)	(39.4%)

€ million (unless otherwise indicated)	31-dic-22	31-dic-21	Change
Cash and Cash Equivalents	141,4	131,1	10,4
Net Financial Position	(2.122,7)	(2.241,4)	118,7

Highlights

- 2022 revenues, although tariff frozen, increased by 11.7% to Euro 108,7 mio exceeding latest PEF forecast by Euro 3,1 mio
- EBITDA margin increased by 100 bps to 68.7%
- EBITDA rose to Euro 74,7 mio outperforming also 2019 pre-pandemic level by Euro 14,9 mio
- Opex are in line with PEF forecast although inflationary pressure
- 2022 O&M CPI adjustment at Projected CPI (4.3%) below 2022 CPI index (11.6%)
- Reduction in Net Interest expenses mainly generated by value adjustment of derivatives (Euro 20,2 mio)
- Cash interests paid in 2022 Euro 46,5
- Euro 9,8 mio invested mainly in residual expropriation costs
- Cash available for debt service generated from operations was 88 mio
- Stronger cash position than 2022 +10,4 mio

Cash Flow and Liquidity Management

Financial Ratios

Financial Ratio	Default Ratio	Distributions Lock-Up	30-Jun 22	31-Dec 22
BLCR	1.10	1.30	2.03	2.11
Historic DSCR	1.05	1.25	1.23	1.27
Projected DSCR	1.05	1.25	1.29	1.26
Total Debt CLCR	N/A	1.3	1.58	1.61

- The Company still maintains a solid cash position
- Forward looking and historic ratios have recovered in 1.25x range.
- A Distributions Lock-Up is no longer in place as the Historic and projected DSCR is above Lock-Up level

Cash Position and Debt Service

- Available cash as at of April 30, 2023: **EUR 160,3 million**
 - **83,2** free cash on bank accounts
 - **37,5** Funded Debt Service Reserve Account
 - **27,5** Funded Maintenance Reserve Account
 - **11,5** cash on Expropriation accounts that can be used only to pay residual expropriation costs
 - **0,6** estimated cash at toll gates
- We expect that the payments falling due in the next two interest periods (*i.e.* June 30, and December 31, 2023) will be covered by free cash and cash generated by operations

Imminent debt service requirements (June 2023 - June 2024): amount in Euro million

▪ Senior Debt	78,2
▪ June 30, 2023	38,0
▪ December 31, 2023	40,2
▪ Junior Debt	72,9
▪ June 30, 2023	59,0
▪ December 31, 2023 ⁽¹⁾	13,9
▪ Total:	151,1

⁽¹⁾ Subject to June 30, 2023 Distribution Lockup test

Fitch Ratings

- **BB+**
- **Negative Outlook**
- **Last review: October 27, 2022**
- **Previous rating: BB+ Stable Outlook**

Fitch Ratings comments:

- Negative Outlook reflects the ongoing delay in traffic ramp up and recent regulatory interference in the 2022 tariff setting
- 2022 traffic is expected to be 2% above pre-pandemic level compared with the 41% forecast in the traffic study commissioned in 2019
- Brebemi's proposed 2022 tariff increase of 4.49% has been put on hold
- Under the updated Fitch rating case, the DSCR remains around 1.1x until 2025
- Expecting normalised and mature traffic volumes by 2026 – 2027 when the DSCR stabilises at around 1.3x for some years and then grows materially

Morningstar DBRS

- **BB (high)**
- **Stable Trend**
- **Last review: June 13, 2022**
- **Previous rating: BBB (Low) Stable Trend**

Morningstar DBRS comments:

- The ratings downgrade reflects a delay in traffic recovery returning to 2019 levels.
- DBRS expects light vehicles to return to pre-pandemic levels in H1 2024
- Trend change to Stable from Negative reflects higher visibility and the Italian macroeconomic outlook's expected recovery as COVID-19 pandemic eases
- The rating downgrade consider DBRS Morningstar's view that the minimum debt service coverage ratio (DSCR) across the forecast horizon has now decrease to 1.11 times in 2024.

Distribution Lock-up (April 2023)

- No Distribution Lock-up is in place anymore based on the December 31, 2022 Compliance Certificate

April 27, 2023 - Ordinary Shareholders' Meeting appoints the new Board of Directors

- The Board of Directors now consists of eight members
- Members will remain in office until approval of the Financial Statements ending December 31, 2025
- Joaquin Gago De Pedro was appointed as Chairman of the Board of Directors which determined the remuneration for the members of the Board of Directors

Tariff Levels

- On October 12, 2022, the Company addressed the Grantor for a tariff adjustment for 2023
- On January 4, 2023, the Ministry of Infrastructures and Transport communicated that the conditions for a tariff adjustment as of January 1, 2023 were not met
- The Company filed an appeal against this decision on February 21, 2023. A hearing on the appeal is yet to be held

User Discounts

- 20% Best Price discounts on motorway tolls have ceased in October 2022.
- However, 30% Green Vehicles discounts were extended throughout 2023

Issue of Participative Financial Instruments ("PFSs"):

- On March 24, 2023, the Board of Directors of the Company approved the issuance of the third tranche of 40,000,000 PFSs to be offered for subscription to all its shareholders
- These PFSs were issued on April 19, 2023
- As of today, the aggregate notional value of PFSs issued is EUR 253,000,000
- Restated Net Equity as at December 31, 2022 is EUR 100,4 million including of PFSs' issuance*

Junior Notes Interest and Principal paid:

- As at December 31, 2022, the Principal Amount Outstanding of the Junior Notes is EUR 189,267,393.90
- The unpaid Interest Amount on June 30, 2022 (EUR 5,808,484.78), has been capitalized effective from January 1, 2023

Acquisition process:

- During 2022, shareholder Aleatica S.A.U. further consolidated its stake in the Autostrade Lombarde Group by acquiring a total of:
 - 19,446,135 shares of the Company, increasing its shareholding from 16.43% to **21.91%**;
 - 40,366,575 shares of Autostrade Lombarde S.p.A., increasing its shareholding from 78.71% to **87.34%**

Operation and Investments

The O&M Contractor (Società Argentea Gestioni) provides day to day O&M services on behalf of BreBeMi

Operation of the motorway

- Toll collection, highway cleaning, grass cutting, surveillance, salt spreading, snow clearance

Major maintenance

- In 2022, planned maintenance consisted of 13 km of resurfacing works



EV Charging Station

- 8 plug-in recharging stations for 300 KW electric/hybrid vehicles were installed in April 2023
- The charging stations, currently in operation, are located within the two service areas and are managed by EWIWA



Electric Road System (ERS) Technology:

- Tests on the Wireless Power Transfer test facility have successfully taken place during 2022
- Agreements to test the system with Orio al Serio Airport and the Transport and Mobility Company of the city of Genoa were finalised in 2022
- In December 2022, an agreement was signed with the Joint Research Centre (JRC) of the European Commission. Measurements of electromagnetic field levels will be scheduled early 2023 to verify compliance with European regulations.




Sensor installation for remote bridge control:

- EUR 1,8 million of the EUR 450 million Safe Roads Program (within the Recovery Plan) were allocated to A35 BreBeMi
- Sensor will be installed in four viaducts on A35 BreBeMi
- Work expected to start in H1 2023 and will be completed by December 2023



- The regulatory concession period expired on December 31, 2020, according to a determination made by Concessioni Autostrade Lombarde S.p.A. (“**CAL**” or the “**Grantor**”) (the original deadline was October 13, 2021).
 - Negotiation with the Grantor lasted until June 2022 and mainly focused on the determination of the applicable WACC rate
 - The new PEF agreed in principle with the Grantor in June 2022 envisaged:
 - the extension of the Concession Terms until December 31, 2046 (+7years)
 - the recovery of 2020 Covid losses
 - a tariff increase by 4.49% yearly (5.61% from 2023 to 2026, in order to recover 2022 lost tariff increase)
 - an increase of Terminal Value from 1,205 mio to 1,450 mio, as well as Euro 419 mio final balance of Poste Figurative
 - WACC 8.10% applied on the current Regulatory Asset Base
 - obtaining internal approvals, as well as consent from the Noteholders in July 2022
 - 2022 Economic and Financial Plan and Draft Addendum No. 4 submitted in August 2022 to the Ministry of Infrastructures and in September 2022 to the Transport and to the Italian Transport Authority (“**ART**”)
 - ART is required to provide its relevant approval opinion
 - In the context of the approval process, in February 2023 ART has requested for certain amendments to the Economic and Financial Plan, inter alia, reviewing the increase of Terminal Value and the determination of Poste Figurative
-
- Currently a potential Restated PEF, proposed by the Grantor, is under discussion between the Company and the Grantor. The expected new Rebalance PEF agreement should maintain the concession extension by 7 years, the Addendum n. 3 Terminal Value amount up to Euro 1,205 mio, the Covid losses recovery, as well as the agreed WACC rate at 8.10%
 - Amendment to TV and *Poste Figurative* are expected to be compensated by a limited adjustment in the annual tariff

- 
- Finalization of the discussion with CAL/ART
 - Internal approvals and Board resolutions of the Company/CAL
 - Delivery of the new assumptions pursuant to Clause 9.25(c) of the Common Term Agreements, 10 business days prior to the signing of the relevant agreement with CAL
 - Signing of the new agreement and of the new Draft Addendum No. 4
 - The new agreement with the Grantor will be therefore subject to an approval procedure involving several government bodies. In particular:
 - i. the approval by Ministry of Infrastructures and Transport, Ministry of Finance, ART and NARS (a government internal authority)
 - ii. issuance by the CIPE (Government Committee for Economic Planning) of a specific resolution approving Draft Addendum No. 4
 - iii. issuance of the Interministerial Decree by the Ministry of Infrastructures and Transport and Ministry of Finance approving the Draft Addendum No. 4 and
 - iv. the registration, by the Corte dei Conti of the aforementioned Interministerial Decree

Questions?
