

PRESS RELEASE

FITCH RATINGS REVISED OUTLOOK ON BREBEMI'S NOTES TO NEGATIVE, AFFIRMED THE RATING AT "BBB-"

Brescia, 8 May 2025 – Fitch Ratings has revised the Outlook on Società di Progetto Brebemi S.p.a.'s senior secured notes to "Negative" from "Stable" and affirmed the rating at "BBB-".

The full text of the rating agency's announcement is provided below.

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07 MAY 2025

Fitch Revises Outlook on Brebemi's Notes to Negative; Affirms at 'BBB-'

Fitch Ratings - Milan - 07 May 2025: Fitch Ratings has revised the Outlook on Società di Progetto Brebemi S.p.A.'s senior secured notes to Negative from Stable and affirmed the rating at 'BBB-'.

RATING RATIONALE

On 25 March 2025, the Italian Court of Auditors rejected the registration of Resolution 62/2024 issued by the Interministerial Committee for Economic Planning and Sustainable Development (CIPESS) about the concession rebalancing of Brebemi, a toll road linking Milan and Brescia. The refusal halted the approval process of the new regulatory framework, leading to a longer period of regulatory uncertainty and the potential for an extended tariff freeze, which is generally applied when economic and financial plans are under discussion.

In this context, Fitch's updated Rating Case incorporates no tariffs increases through 2026, which puts pressure on short-term credit metrics, which together with limited visibility on the evolution of medium-term tariffs, underpin the Negative Outlook.

Class A1 and A2 Ratings

The class A1 and A2 notes' 'BBB-' ratings reflect the favourable northern Italy catchment area and a regulatory asset base pricing system sustaining revenue growth. Fitch's updated Rating Case anticipates a tariff freeze in 2025-2026, followed by a partial tariff recovery in 2027. As a result, we expect the senior debt service coverage ratio (DSCR) to stay below 1.4x until 2026, but average 1.41x between 2025 and 2030.

Class A3 Rating

The repayment of the class A3 zero coupon notes relies on the Concessioni Autostradali Lombarde's (CAL) obligation to pay the terminal value (TV) in a timely manner by their 2042 legal maturity. CAL is contractually bound to pay the TV by 2042 under the current concession framework. The credit assessment of its obligation is notched down from Fitch's internal assessment of the Region of Lombardy. A cash sweep mechanism caps class A3 accretion at EUR760 million, but the TV payment from CAL remains the sole pledged funding source for the full repayment of the notes at maturity.

A proposed regulatory financial plan, if approved, envisages an extension of the concession to December 2046, which would delay payment of the TV. The class A3 notes could be amended to accommodate this extension or refinanced at maturity. Refinancing risk would be mitigated by material cash flow generation in the extended years as reflected by the strong project life coverage ratio above

2x on the potential refinancing date. The rating would be unchanged due to the cross-default provisions with the class A1/A2 notes in the debt documentation.

KEY RATING DRIVERS

Revenue Risk - Volume - Midrange

Favourable Location, Limited History: Brebemi links the wealthy and densely populated Milan and Brescia areas. The road opened to traffic in 2014 but remains in ramp-up due to the effect of the pandemic and the delayed opening of connecting roads. We expect ramp-up to continue until 2027. Brebemi has a balanced user profile of commuters and heavy vehicles.

Toll rates are relatively high on a euro/km basis compared with the competing A4 motorway, but only moderately higher for a full trip. Large future annual tariff increases could lead to lower traffic, despite the economic strength of the Lombardy region and its familiarity with tolling.

Revenue Risk - Price - Midrange

Regulatory Asset-Based Pricing: The price-cap mechanism allows a pre-defined return (weighted-average cost of capital) on the asset base and recovery of operating costs and depreciation of assets, including a residual TV at concession maturity. The regulatory and legal environment has been supportive so far, providing contractual rebalancing, which included public grants, robust tariff increases and an extension of the concession tenor alongside a TV.

Infrastructure Dev. & Renewal - Stronger

New Road, Minimal Maintenance Needs: Brebemi is a new asset, with minimal infrastructure renewal needs over the concession's life. The fixed-price operations and maintenance agreement covers a modest capex component, which is expected to be sufficient. No heavy maintenance capex is envisaged in the concession. We expect additional capex to be eligible for remuneration, based on guidelines set by the transport authority in an updated business plan.

Debt Structure - 1 - Stronger

Fully Amortising, Adequate Protections: The debt structure comprises about EUR1.9 billion of senior debt. Senior amortising debt (EUR1.2 billion) is composed of a bank loan, the class A1 and A2 notes and a restructured swap, and is almost entirely hedged to 100% fixed rate, with adequate protections (robust forward-and-backward looking lock-up and no re-leverage undertakings). However, Brebemi only has a six-month debt service reserve account and a back-ended repayment profile.

The class A3 notes (EUR0.7 billion) rely partially on project cash flows via a two-phase cash sweep mechanism, although full repayment currently depends on the timely payment of the TV by a new concessionaire or in case of delay by the grantor. The notes rank pari passu with the senior amortising debt and have no unilateral enforcement action until 2040 when non-payment of interest becomes an event of default.

Financial Profile

Under Fitch's updated Rating Case, the senior DSCR will remain at about 1.30x in 2025-2026 and then average 1.41x between 2025 and 2030, primarily due to pressure on metrics from the expected zero tariff increases in 2025 and 2026. Fitch's Rating Case projects a return to a mid-single digit tariff increase from 2027.

PEER GROUP

Brebemi is comparable with Salerno Pompei Napoli S.p.A. (SPN; BBB/Negative) and the North Carolina Turnpike Authority (NCTA; BBB+/Stable).

SPN and Brebemi have similar regulatory asset base-based concession frameworks, although the former's traffic profile is well-established in a very densely populated area, while the latter is in ramp-up and exposed to competition. However, Brebemi has minimal capex requirements, compared to SPN, which has investment needs running up to 2030. The debt structures of both projects are fully amortising and strongly covenanted, supporting their 'Stronger' assessments. The minimum loan life coverage ratio for SPN is 1.42x with an average and minimum DSCR of 1.45x and 1.2x, respectively. Brebemi's DSCR remains below 1.4x until 2026 but will average 1.41x between 2025 and 2030.

Like Brebemi, NCTA provides peak period time savings for commuters in a well-developed roadway network in a wealthy and industrialised catchment area, with competition from larger nearby facilities. NCTA had a successful ramp-up phase with growth continually exceeding sponsor expectations, despite the low local familiarity with toll roads. NCTA further benefits from a backstop from the US state of North Carolina to cover operating expenses if revenues are insufficient, creating a gross pledge of revenues for debt. NCTA's current mandatory average DSCR of 1.5x through 2027 is limited by the completion of an extension of the asset. Lifetime scheduled DSCRs under the rating case average 2.0x.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- Lack of visibility on future tariff increases leading to a senior DSCR sustainably below 1.4x in Fitch's Rating Case.
- We view the grantor's obligation to pay the TV as ranking below the Region of Lombardy's direct debt and the class A3 notes' rating could move in tandem with Fitch's internal assessment of the region. A change in the assessment of CAL's credit linkage with the region could also widen the notching.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

Newly approved tariff increases leading to a senior DSCR sustainably above 1.4x in Fitch's Rating Case could lead to a revision of the Outlook to Stable.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Societa di Progetto Brebemi			

ENTITY/DEBT	RATING	RECOVERY	PRIOR
S.p.A.			
<ul style="list-style-type: none"> Societa di Progetto Brebemi S.p.A./Toll Revenue LT - Senior Secured Debt/ 1 LT 			
<ul style="list-style-type: none"> EUR 15 mln Floating 6 Month LT EURIBOR bond/ note XS2059870373 	BBB- 	Affirmed	BBB- 
<ul style="list-style-type: none"> EUR 934 mln 3.375% LT bond/ note XS2059870969 	BBB- 	Affirmed	BBB- 
<ul style="list-style-type: none"> Societa LT 			

ENTITY/DEBT	RATING	RECOVERY	PRIOR
di Progetto Brebemi S.p.A./Toll Revenues - Senior Secured Note/ 1 LT			
• EUR 558 mln Zero bond/ note 22-Jan-2042 IT0005388019	LT	BBB- 	Affirmed BBB- 

RATINGS KEY OUTLOOK WATCH

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

Applicable Criteria

[Infrastructure & Project Finance Rating Criteria \(pub.08 Jan 2025\) \(including rating assumption sensitivity\)](#)

[Transportation Infrastructure Rating Criteria \(pub.07 Jan 2025\) \(including rating assumption sensitivity\)](#)

Applicable Models

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Third-party Model, v ([08 January 2025](#))

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Societa di Progetto Brebemi S.p.A. EU Issued, UK Endorsed

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