



atlas**Arteria**

# INVESTOR REFERENCE PACK

30 JUNE 2020



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## Important information

### Stapling

Atlas Arteria comprises Atlas Arteria Limited [ACN 141 075 201] (ATLAX) and Atlas Arteria International Limited [Registration No. 43828] (ATLIX). In accordance with its requirements in respect of stapled securities, ASX reserves the right to remove either or both of ATLAX and ATLIX from the official list of ASX if, while the stapling arrangements apply, the securities in one of the entities ceases to be stapled to the securities in the other entity.

### Takeover Provisions

Unlike ATLAX, ATLIX is not subject to takeover provisions of Chapters 6, 6A, 6B and 6C of the Corporations Act. However, as the takeover provisions of the Corporations Act apply to ATLAX and its shareholders, by virtue of the stapling arrangements, the takeover provisions will apply to the holders of Atlas Arteria stapled securities. This is notwithstanding that ATLIX and its shareholders are not subject to the takeover provisions of the Corporations Act.

### Disclaimer

Investments in Atlas Arteria are subject to investment risk, including possible delays in repayment and loss of income and capital invested.

### Forward Looking Statements

This document may contain forward-looking statements including statements with respect to Atlas Arteria's future performance. Due care and attention have been exercised in the preparation of forward-looking statements, however actual results may vary as a result of various factors.

### Advice Warning

The information in this document is given in good faith and derived from sources believed to be accurate at this date but no representation or warranty of accuracy, completeness or reliability is given and no responsibility or liability arising in any other way, including by reason of fraud or negligence for errors or omission herein, is accepted by Atlas Arteria or its officers.

This document is not an offer or invitation for subscription or purchase of, or a recommendation of, securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in Atlas Arteria, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if appropriate.

### Non-IFRS information

This document includes certain financial measures that are not recognised under Australian Accounting Standards (AAS) or International Financial Reporting Standards (IFRS). Such non-IFRS financial measures do not have a standardised meaning prescribed by AAS or IFRS and may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Recipients are cautioned not to place undue reliance on any non-IFRS financial measures included in this document. The non-IFRS information has not been subject to audit or review by the Company's external auditor.

### Atlas Arteria's ongoing commitment to your privacy

We understand the importance you place on your privacy and are committed to protecting and maintaining the confidentiality of the personal information you provide to us. Atlas Arteria's privacy policy is available on the Atlas Arteria website at [www.atlasarteria.com](http://www.atlasarteria.com).

### US Ownership Restrictions

Atlas Arteria's stapled securities (Stapled Securities) are subject to ownership restrictions applying to residents of the United States. The Stapled Securities have not been registered under the US Securities Act of 1933 or the securities laws of any state or other jurisdiction of the United States. In addition, no Atlas Arteria entity has been registered under the US Investment Company Act of 1940 in reliance on an exemption from registration.

Accordingly, the Stapled Securities may not be offered or sold in the United States or to, or for the account or benefit of US Persons except in accordance with an available exemption from, or a transaction not subject to, the registration requirements of the US Securities Act, the US Investment Company Act and applicable US state securities laws.

In order to qualify for an exemption under the US Investment Company Act, the provisions of the constitutions of the Atlas Arteria entities provide that where a holder is an Excluded US Person:

- Atlas Arteria may refuse to register a transfer of Stapled Securities to that Excluded US Person; and
- the Excluded US Person may be requested to sell such person's Stapled Securities and, if the Excluded US Person fails to do so within 30 Business Days they will be divested of such Stapled Securities and receive the proceeds of sale (net of transaction costs including any applicable brokerage, taxes and charges) as soon as practicable after the sale.

In addition, the provisions in the constitutions provide that a holder may be required to complete a statutory declaration in relation to whether they (or any person on whose account or benefit it holds Atlas Arteria securities) are an Excluded US Person. Any holder who does not comply with such a request will be deemed to be an Excluded US Person.

The Stapled Securities are issued on terms under which each holder who is or becomes an Excluded US Person agrees to the above terms and irrevocably appoints Atlas Arteria as that holder's agent and attorney to do all acts and things and execute all documents which Atlas Arteria considers necessary, desirable or reasonably incidental to effect the above actions.

#### Definitions:

- An "Excluded US Person" means a holder of Stapled Securities (or a person who seeks to be registered as a holder of Stapled Securities) whom the directors of Atlas Arteria have determined is a US Person who is not a Qualified Purchaser or holds or will hold Stapled Securities for the account or benefit of any US Person who is not a Qualified Purchaser.
- A "Qualified Purchaser" has the meaning given in Section 2(a)(51) of the US Investment Company Act of 1940 and the rules and regulations of the US Securities and Exchange Commission.
- A "US Person" has the meaning given in Rule 902(k) of Regulation S under the US Securities Act of 1933.



# PURPOSE AND STRUCTURE OF THIS PACK

THE PURPOSE OF THE INVESTOR REFERENCE PACK (THE “IRP” OR THE “PACK”) IS TO PROVIDE INFORMATION SUPPLEMENTARY TO THE INTERIM FINANCIAL REPORT OF ATLAS ARTERIA FOR THE HALF YEAR ENDED 30 JUNE 2020.

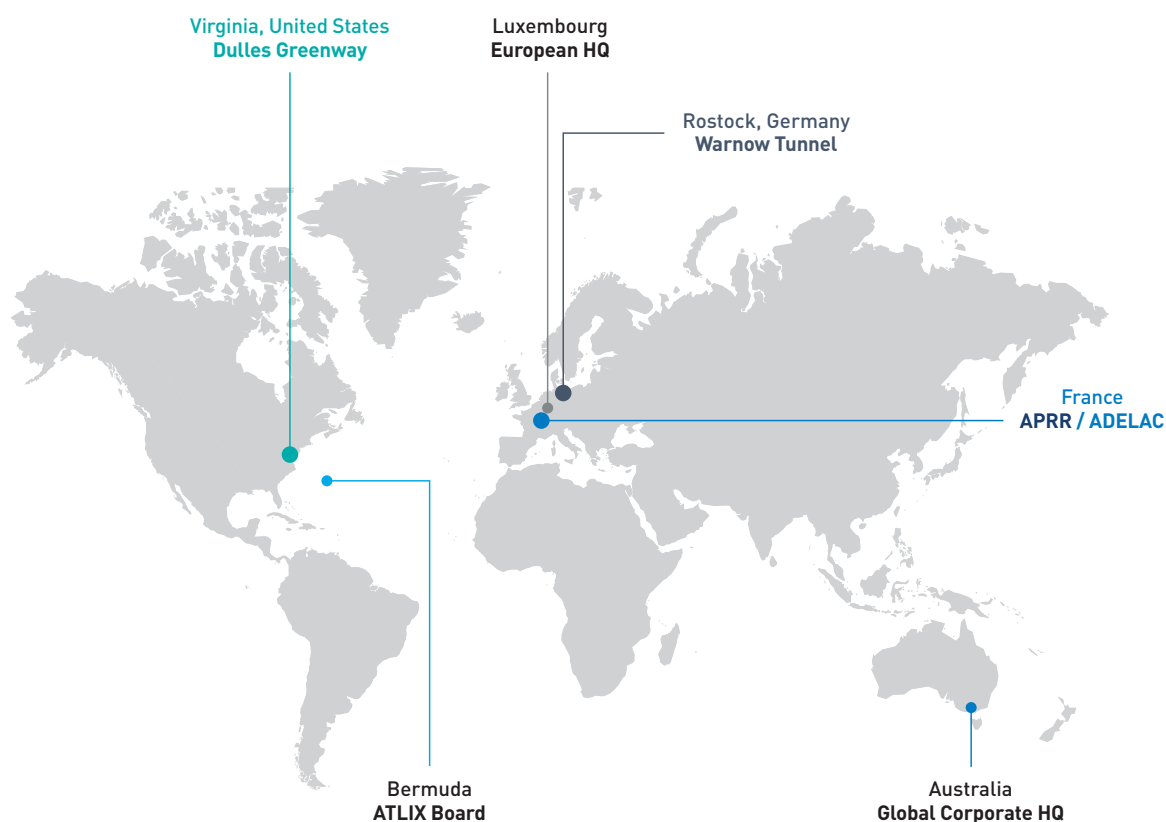
This Pack provides a more detailed analysis of the performance of each business within the Atlas Arteria portfolio.

This Pack is prepared on a different basis from the Atlas Arteria Interim Financial Report, which is prepared in accordance with Australian Accounting Standards. The information contained in this Pack does not and cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of Atlas Arteria for the half year as in the Interim Financial Report. This Pack should be read in conjunction with the Interim Financial Report which is available on the Atlas Arteria website.



# OVERVIEW OF OPERATIONS

The diagram below shows the locations of Atlas Arteria's operations as at 30 June 2020.



# BUSINESS PORTFOLIO

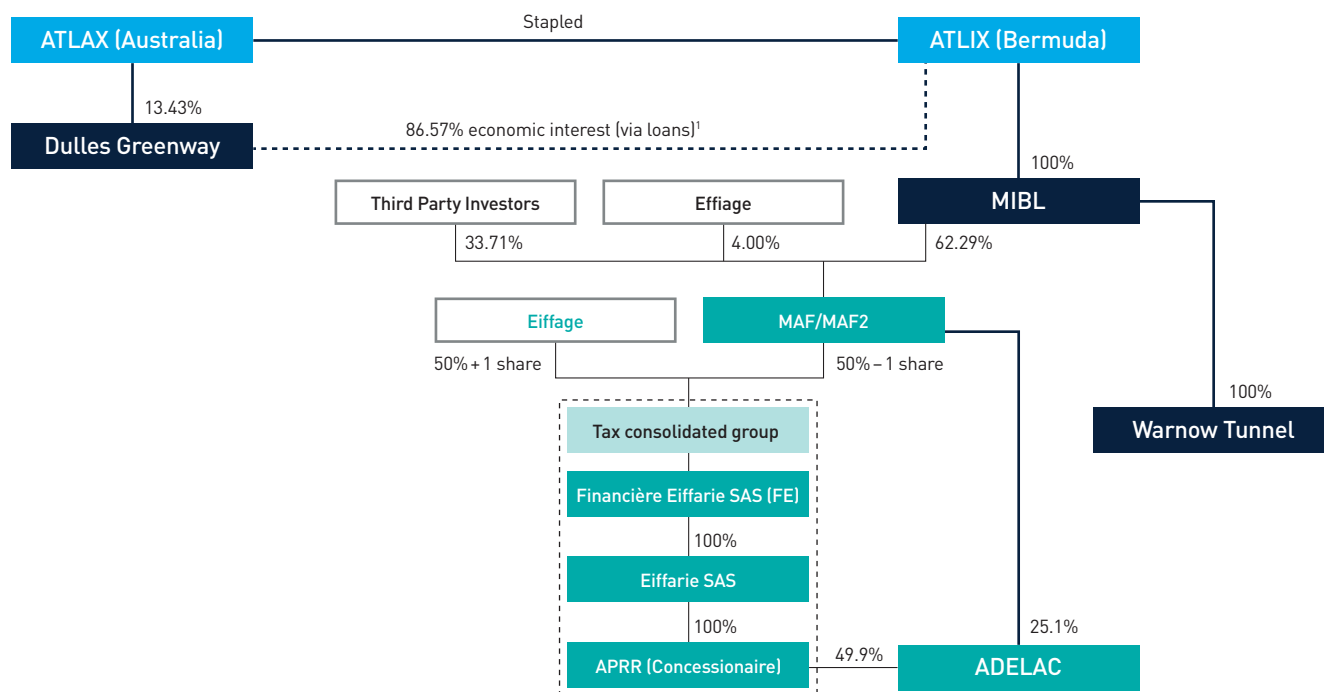
**Table 1 – Atlas Arteria's portfolio of businesses and percentage interests as at 30 June 2020**

Asset	Reporting currency	Date of concession end	Economic interest
<b>APRR/AREA</b>	€	November 2035 (APRR) September 2036 (AREA)	31.14%
<b>ADELAC</b>	€	December 2060	31.17%
<b>Dulles Greenway</b>	US\$	February 2056	100.00%
<b>Warnow Tunnel</b>	€	September 2053	100.00%

# CORPORATE STRUCTURE

Atlas Arteria is a stapled security listed on the Australian Securities Exchange. Stapled securities are two or more securities that are quoted and traded as if they were a single security. An Atlas Arteria stapled security consists of a share in Atlas Arteria Limited ("ATLAX") and a share in Atlas Arteria International Limited ("ATLIX").

**Figure 1 – Atlas Arteria structure overview as at 30 June 2020**



1. ATLIX's 86.57% economic interest in Dulles Greenway represents two subordinated loans secured against the non-Atlas Arteria limited partner interests in Toll Road Investors Partnership II ("TRIP II").

# 1. CORPORATE CASH FLOW

**Table 2 – Aggregated cash flow statement of Atlas Arteria**

A\$m	H1 2020	H1 2019	H1 2018
<b>Cash flow received from operating businesses</b>			
APRR Group	206.8	123.4	103.7
Warnow Tunnel	–	–	–
Dulles Greenway	–	–	–
Net cashflows from previously held investments	–	–	–
<b>Other operating cash flows:</b>			
Manager, adviser base fees and performance fees	(3.0)	(19.1)	(17.3)
Atlas Arteria internalisation costs	–	(2.1)	(5.9)
Payments to suppliers and employees	(14.9)	(8.7)	(3.0)
Interest income on corporate cash balances	1.9	0.7	0.3
Other net amounts received	0.3	0.3	0.2
<b>Net Atlas Arteria operating cash flows</b>	<b>191.1</b>	<b>94.5</b>	<b>78.0</b>
<b>Investing and financing cash flows</b>			
Payments for & capital contributions to investments (including transaction costs)	(1,275.4)	–	–
Proceeds from the issue of securities (net of transaction costs)	412.3	–	–
Proceeds from borrowings (net of transaction costs)	–	–	534.7
Repayment of borrowings (including transaction costs)	(571.3)	–	(465.2)
Interest paid on borrowings	(5.2)	(5.4)	(10.5)
Payment for purchase of derivative financial instruments	–	–	(4.8)
Purchase of fixed assets	(0.1)	(0.1)	–
Distributions	–	(102.5)	(80.4)
<b>Total investing and financing cash flows</b>	<b>(1,439.7)</b>	<b>(108.0)</b>	<b>(26.2)</b>
<b>Net increase/(decrease) in cash assets</b>	<b>(1,248.6)</b>	<b>(13.5)</b>	<b>51.8</b>
<b>Cash assets at beginning of the period</b>	<b>1,387.6</b>	<b>92.8</b>	<b>41.6</b>
Exchange rate movements	2.1	0.3	(3.1)
<b>Cash assets at the end of the period, comprising:</b>	<b>141.1</b>	<b>79.6</b>	<b>90.3</b>
– Available cash	137.8	76.3	88.4
– Restricted cash	3.3	3.3	1.9
<b>Distributions paid to Atlas Arteria securityholders (cents per share)</b>	<b>–</b>	<b>15.0</b>	<b>12.0</b>

The aggregated cash flow statement shows Atlas Arteria's corporate cash flows, including distributions from its investments, corporate operating costs, and financing cashflows including debt and equity raised and invested (including financing and transaction costs). Cash flows within subsidiary businesses are not included. As a result, the aggregated Atlas Arteria cash flows shown in the Investor Reference Pack and the Atlas Arteria Consolidated Statement of Cash Flows shown in the Interim Financial Report will differ.

## 2. BUSINESS OVERVIEW AND PERFORMANCE

### 2.1 APRR and AREA

#### 2.1.1 Business background

APRR is a 2,318km motorway network located in the east of France. The APRR Group consists of the APRR concession, the AREA concession, and a minority stake in the ADELAC concession. APRR provides intercity road connections between major cities within its network including Paris and Lyon, which are critical connections for light vehicles, as well as a primary freight route for French and European road freight.

Tolls escalate annually in February by a percentage of French CPI, plus supplemental increases as agreed with the French State primarily as a result of APRR funded capex projects. The current toll escalation formulae are shown below and the applicable tolls are presented on the APRR website<sup>1</sup>.

**Table 3 – APRR toll escalation**

	APRR	AREA
2020-2021	70% x CPI + 0.448%	70% x CPI + 0.649%
2022-2023	70% x CPI + 0.25%	70% x CPI 0.26%
2024+	70% x CPI	70% x CPI

The APRR concession expires in 2035, and the AREA concession in 2036. A map of the APRR and AREA networks is shown below.



1. [http://www.aprr.fr/fr/preparation\\_au\\_voyage/itine-raires/tarifs\\_aprr.pdf?FileID=pdf%2ftarifs\\_aprr.pdf](http://www.aprr.fr/fr/preparation_au_voyage/itine-raires/tarifs_aprr.pdf?FileID=pdf%2ftarifs_aprr.pdf)



## 2. BUSINESS OVERVIEW AND PERFORMANCE

### 2.1.2 Business performance

Consolidated accounts are prepared by APRR using International Financial Reporting Standards ("IFRS").

**Table 4 – APRR Traffic and Consolidated Profit and Loss**

€m unless otherwise stated	H1 2020	H1 2019	% ch on prior	H1 2018
– Light Vehicle traffic, VKT millions	6,322	9,585	(34.0%)	9,723
– Heavy Vehicle traffic, VKT millions	1,699	1,977	(14.1%)	1,961
<b>Total Traffic, VKT millions</b>	<b>8,021</b>	<b>11,562</b>	<b>(30.6%)</b>	<b>11,684</b>
– Toll road operations revenue	905.5	1,215.0	(25.5%)	1,199.3
– Other revenue	28.8	35.8	(19.6%)	35.4
– Construction services (IFRIC 12)	125.3	201.6	(37.9%)	133.8
<b>Total Revenue</b>	<b>1,059.6</b>	<b>1,452.4</b>	<b>(27.0%)</b>	<b>1,368.5</b>
Other operating income (expenses)	1.2	2.4	(51.5%)	0.9
Purchases and external charges	(45.5)	(53.6)	15.1%	(53.0)
Construction services (IFRIC 12)	(125.3)	(201.6)	37.9%	(133.8)
Employee benefit expenses	(102.1)	(106.1)	3.8%	(105.0)
Taxes (other than income tax)	(105.1)	(138.2)	24.0%	(138.7)
<b>EBITDA</b>	<b>682.9</b>	<b>955.3</b>	<b>(28.5%)</b>	<b>939.0</b>
<b>EBITDA margin (excl. IFRIC 12)</b>	<b>73.1%</b>	<b>76.4%</b>	<b>(3.3%)</b>	<b>76.0%</b>
Depreciation and amortisation	(223.3)	(212.0)	(5.3%)	(203.4)
Provision for maintenance	(8.4)	(23.5)	64.3%	(17.7)
<b>Operating profit</b>	<b>451.2</b>	<b>719.8</b>	<b>(37.3%)</b>	<b>717.8</b>
Income from cash and cash equivalents	2.2	2.6	(15.4%)	2.7
Gross finance costs	(51.5)	(62.2)	17.2%	(78.4)
Other financial income (expenses)	(1.2)	(1.6)	25.0%	(1.0)
Share of profit (loss) of associates (incl. ADELAC)	0.2	0.5	(60.0%)	0.3
Income tax expense	(128.9)	(211.3)	39.0%	(221.0)
<b>Profit (loss) for the period from continuing operations</b>	<b>271.9</b>	<b>447.8</b>	<b>(39.3%)</b>	<b>420.4</b>

**Table 5 – APRR profit to Atlas Arteria cash flow waterfall**

€m unless otherwise stated	2020	2019		2018	
	H1 2020	H2 2019	H1 2019	H2 2018	H1 2018
<b>APRR Consolidated Net Profit After Tax (NPAT)</b>	<b>271.9</b>	<b>426.9</b>	<b>447.8</b>	<b>408.8</b>	<b>420.4</b>
APRR Consolidation Adjustments	(37.9)	(10.9)	(77.0)	(27.9)	(20.2)
<b>APRR dividend</b>	<b>234.0</b>	<b>416.0</b>	<b>370.8</b>	<b>380.9</b>	<b>400.2</b>
Eiffarie/FE level tax refund/(payment)		13.6	(7.4)	–	42.0
Eiffarie interest		(3.8)	(5.1)	(5.2)	(5.8)
Eiffarie debt amortisation reserving for next period		–	(70.0)	(60.0)	(60.0)
Other Eiffarie/FE costs (incl. refinance fees) and changes in working capital		(6.8)	0.1	0.2	(0.4)
<b>Cash available for distribution from FE</b>	<b>419.0</b>	<b>288.3</b>	<b>288.3</b>	<b>315.9</b>	<b>375.9</b>
Atlas Arteria indirect ownership <sup>1</sup>		31.14%	25.0%	25.0%	25.0%
Cash available for distribution at Atlas Arteria share		130.5	72.1	79.0	94.0
ADELAC distribution to MAF		–	–	–	–
Cash withheld at MAF at Atlas Arteria share		(4.1)	(0.8)	(1.8)	(4.3)
<b>Atlas Arteria distribution from MAF 2</b>	<b>126.4</b>	<b>71.3</b>	<b>71.3</b>	<b>77.2</b>	<b>89.7</b>
EUR/AUD exchange rate at date of transfers		0.611	0.621	0.626	0.615
<b>Atlas Arteria distribution from MAF2 (AUD)</b>	<b>206.8</b>	<b>114.8</b>	<b>114.8</b>	<b>123.4</b>	<b>145.7</b>
<b>Paid to Atlas in:</b>	<b>H2 2020</b>	<b>Mar-20</b>	<b>Sep-19</b>	<b>Mar-19</b>	<b>Sep-18</b>

Cash flows in the H1 2020 period are not included as they are yet to be finalised and approved by the relevant boards.

1. Ownership percentages reflect Atlas Arteria's ownership at the date of the distribution payment.



## 2.1.3 Financing and debt

**Table 6 – Debt metrics**

€m	30-Jun-20	31-Dec-19	30-Jun-19
<b>APRR</b>			
Gross debt	8,338.7	8,650.7	8,083.5
Cash	1,136.4	1,639.2	998.9
Net debt	7,202.3	7,011.5	7,084.6
Actual Net debt/EBITDA (default if >7.0x)	4.31x	3.60x	3.75x
Actual EBITDA/Interest (default if <2.2x)	15.35x	16.42x	14.88x
Hedging %	94.7%	90.1%	89.4%
Corporate credit rating			
– S&P	A- (stable)	A- (stable)	A- (stable)
– Fitch	A- (stable)	A- (stable)	A- (stable)
<b>APRR and Eiffarie</b>			
Gross debt	9,408.7	9,720.7	9,223.5
Cash	1,137.4	1,653.3	1,005.7
Net debt	8,271.3	8,067.4	8,217.8
Actual Net debt/EBITDA	4.95x	4.20x	4.35x
Hedging %	83.9%	80.1%	78.4%

**Table 7 – APRR debt facilities**

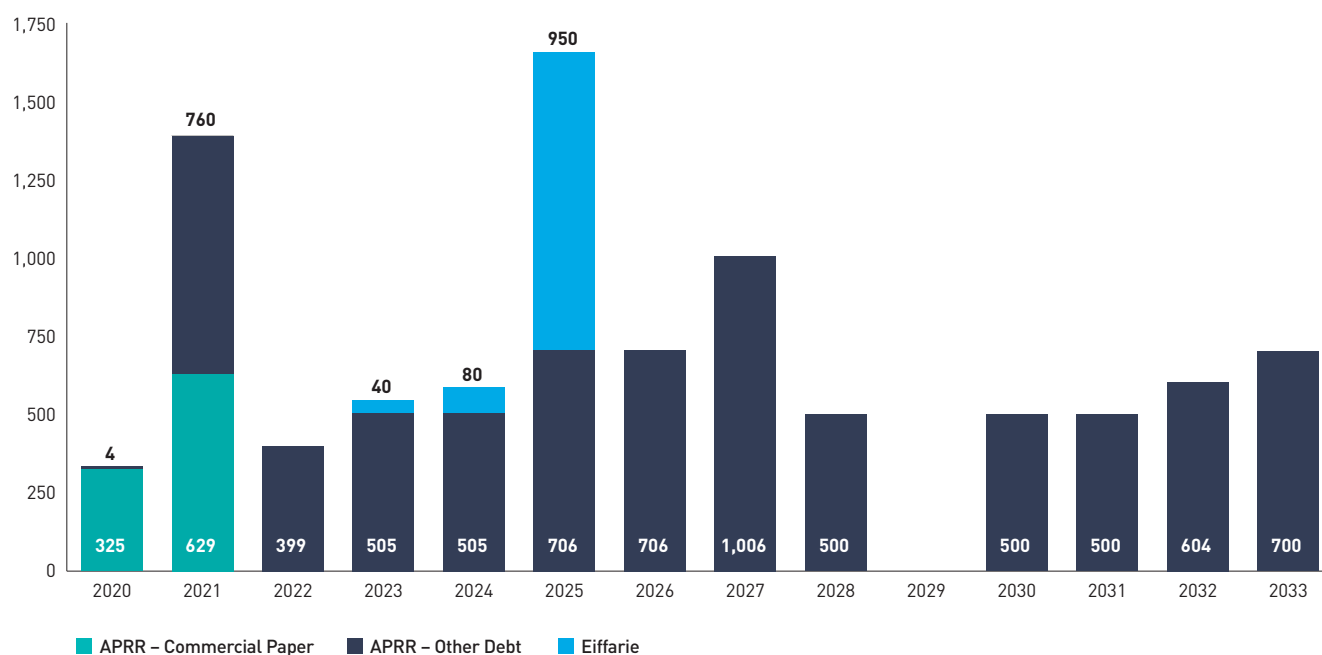
€m	30-Jun-20	31-Dec-19	Details
Euro Medium Term Note (“EMTN”) public bonds – fixed	6,800	6,300	Fixed rate coupon bonds ranging from 0% to 2.25%, with maturities from 2021 to 2033. €500m was repaid in January 2020 and €1,000m issued in two tranches in H1 2020: (1) €500m in January 2020 with a 0% coupon maturing in 2023 (2) €500m in April 2020 with a 1.25% coupon maturing in 2027.
EMTN bonds – floating	–	500	The final €500m floating rate bond was repaid in January 2020.
European Investment Bank Loan	375	375	Comprises a €100m fixed rate loan maturing in 2022 and €275m floating rate loans maturing in 2022.
EMTN index linked bonds	158	158	Comprises of bonds maturing in 2021 and 2032 with coupons of 3.3% and 0.34% respectively. Principal indexed at French CPI.
Caisse Nationale des Autoroutes (“CNA”) debt	42	42	Outstanding CNA debt is fixed rate with a fixed amortisation profile to 2027.
Maurice-Lemaire Loans	21	20	€7m zero interest with the remainder being index linked.
Commercial Paper	954	1,200	Short term fixed interest rate borrowings.
<b>Total drawn debt facilities</b>	<b>8,348</b>	<b>8,595</b>	
Other	57	112	Includes €45m in accrued interest and €12m in other items.
IFRS adjustment	(67)	(56)	Drawn debt balances are presented above under French GAAP and reflect face value of debt. Gross debt as per APRR consolidated accounts reflects IFRS adjustments which result in carrying values of debt lower than face value.
<b>Gross APRR debt</b>	<b>8,339</b>	<b>8,651</b>	Total carrying value of debt reflected in the APRR consolidated accounts.
Revolving Credit Facility (“RCF”)	2,000	1,800	Refinanced in February 2020, increasing from €1,800m to €2,000m. The new facility is currently undrawn, maturing in 2025 with a further 2 year extension option to 2027. Margin of 22.5bps above the greater of EURIBOR and 0%, and a commitment fee of 35% of the margin for undrawn balances.

## 2. BUSINESS OVERVIEW AND PERFORMANCE

**Table 8 – Other APRR related debt facilities**

€m	30-Jun-20	31-Dec-19	Details
Eiffarie term loan	1,070	1,070	Refinanced on 20 February 2020 with a margin of 62.5bps above the greater of Euribor and 0%, maturing in February 2025 with a further 2 year extension option to February 2027. No amortisation required until 2023 with amortisation proposed to be €40m in 2023 and €80m in 2024.
MIBL term loan	–	350	Repaid the €350m MIBL term loan in full on 22 June 2020.

**Figure 3 – APRR and Eiffarie debt maturity profile at 30 June 2020 (€m)**



## 2.2 ADELAC

### 2.2.1 Business background

ADELAC, otherwise known as the A41 north, is a 20km two lane motorway which connects Annecy in France and Geneva in Switzerland, offering fast transit for commuters and facilitating leisure traffic between Geneva and the French Alps.

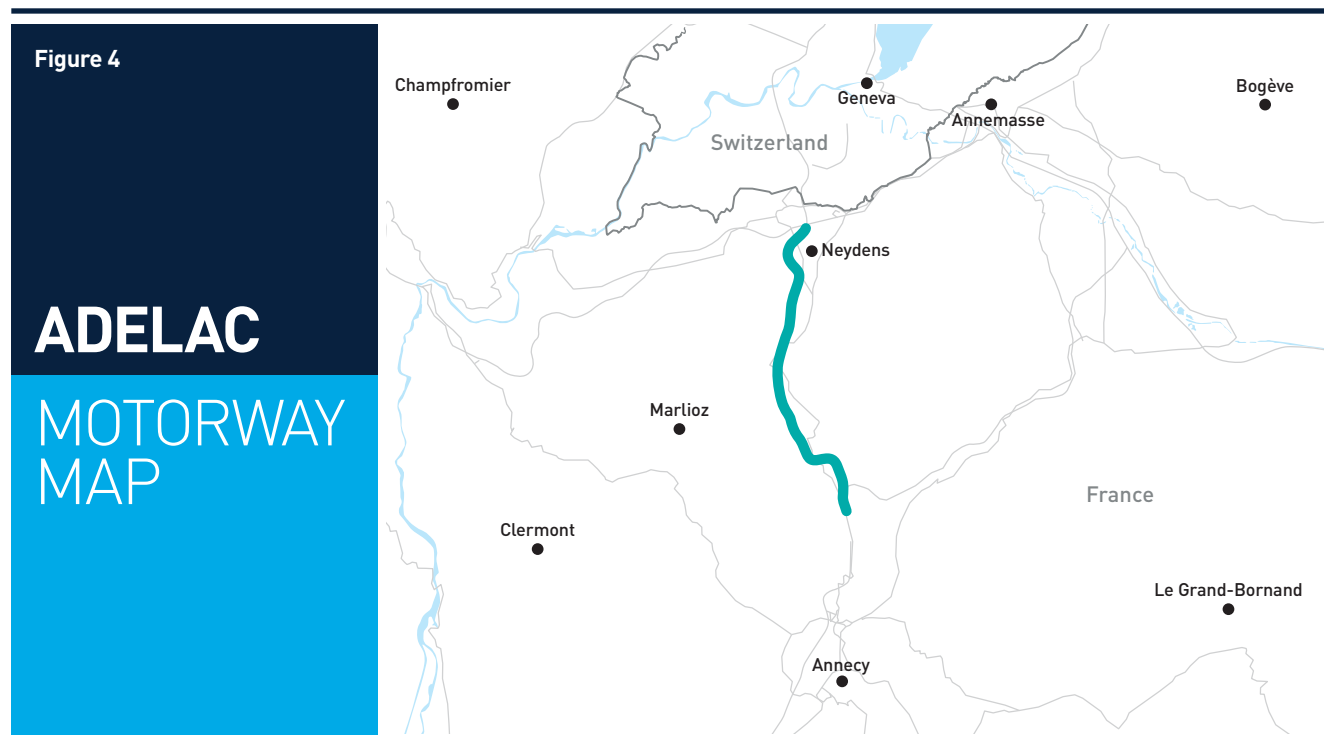
The road provides a continuous motorway connection to the A41 (south) and the A40 (west), part of the APRR network. APRR is the operator of the ADELAC Concession.

Tolls increase each year in February by French CPI plus a fixed percentage under the concession contract. The current toll escalation formulae are shown below and the applicable tolls are presented on the ADELAC website<sup>2</sup>.

**Table 9 – ADELAC toll escalation**

Until 2020	CPI + 1.7%
2021-2030	CPI + 1.0%
2030+	CPI

The ADELAC concession expires in 2060.



2. [https://www.liane-autoroute.com/le\\_reseau\\_liane/les\\_tarifs](https://www.liane-autoroute.com/le_reseau_liane/les_tarifs)

## 2. BUSINESS OVERVIEW AND PERFORMANCE

### 2.2.2 Business performance

Consolidated accounts are prepared by ADELAC using French GAAP.

**Table 10 – ADELAC profit and loss**

€m unless otherwise stated	H1 2020	H1 2019	% ch on prior	H1 2018
<b>Total traffic (trips millions)</b>	<b>3.41</b>	<b>5.31</b>	<b>(35.8%)</b>	<b>5.42</b>
<b>Average Daily Traffic (ADT)</b>	<b>18,745</b>	<b>29,348</b>	<b>(36.1%)</b>	<b>29,961</b>
– Toll road operations revenue	18.3	27.9	(34.5%)	27.9
– Other revenue	0.1	0.1	45.1%	0.1
<b>Revenue</b>	<b>18.4</b>	<b>28.0</b>	<b>(34.3%)</b>	<b>28.0</b>
Purchases and external charges	(2.6)	(3.7)	29.3%	(3.6)
Taxes (other than income tax)	(0.9)	(1.2)	21.3%	(1.2)
<b>EBITDA</b>	<b>14.8</b>	<b>23.1</b>	<b>(35.8%)</b>	<b>23.3</b>
EBITDA margin	80.7%	82.6%	(1.8%)	83.1%

### 2.2.3 Financing and debt

**Table 11 – Debt metrics**

€m unless otherwise stated	30-Jun-20	31-Dec-19	30-Jun-19
Gross debt	717.2	721.8	726.5
Cash	13.3	12.5	12.9
Net debt	703.9	709.3	713.7
Net debt/EBITDA	18.1x	15.1x	15.5x
EBITDA/Interest	2.20x	2.66x	2.61x
Hedging %	85.4%	85.3%	85.2%

Gross debt is exclusive of shareholders loans from related entities (AREA) which totalled €22.1m as at 30 June 2020 (€21.5m as at 31 December 2019). Dividends from ADELAC to APRR and MAF2 can only commence following repayment of these shareholder loans.

**Table 12 – ADELAC debt facilities**

€m	30-Jun-20	31-Dec-19	Details
Term facility	717.2	721.8	Margin over Euribor of 1.70% to June 2021, 1.90% to June 2026, 2.10% thereafter. Maturity in July 2030 with cash sweep mechanism with minimum repayment profile. Swap paying fixed rate at 0.85% maturing in 2035.



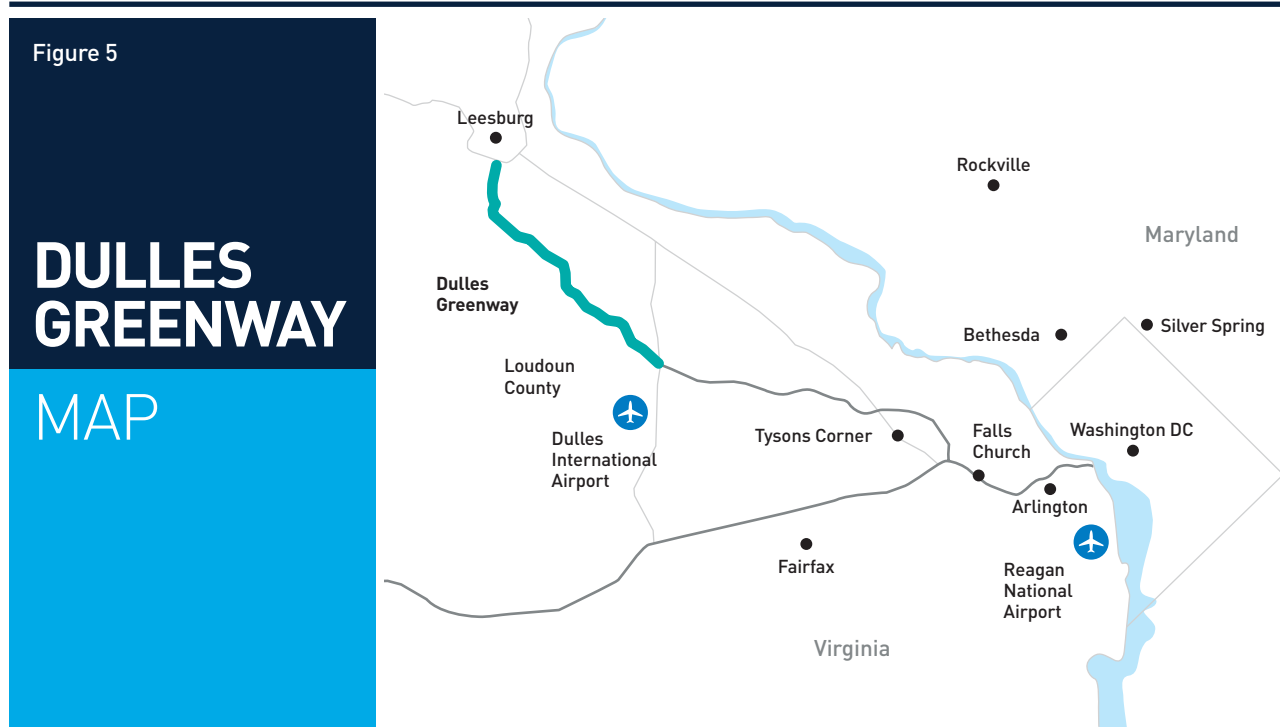
## 2.3 Dulles Greenway

### 2.3.1 Business background

Dulles Greenway is a 22km tolled motorway in northern Virginia, USA, which runs from Dulles International Airport to the town of Leesburg. Dulles Greenway is part of a key route in one of the fastest growing and most affluent counties in the United States. As Loudoun County continues to grow, it is anticipated that Dulles Greenway will be well positioned to provide capacity, a quality service and attract a greater share of future corridor growth, with the ability to expand to meet future demand.

Atlas Arteria holds an estimated 100% economic interest in Dulles Greenway. Tolls can be charged on Dulles Greenway until 2056. Tolls are set on application to the Virginia State Corporation Commission. From 1 Jan 2020 onwards the SCC will determine the toll rates under the legislative framework that was used prior to 1 Jan 2013 in accordance with Section §56-542D, where the SCC shall "have the duty and authority to approve or revise the toll rates charged by the operator". Toll rates should be set at a level that:

1. "is reasonable to the user in relation to the benefit obtained"; and
2. "will not materially discourage use of the roadway by the public"; and
3. "will provide the operator with no more than a reasonable rate of return as determined by the SCC".



## 2. BUSINESS OVERVIEW AND PERFORMANCE

### 2.3.2 Business performance

Consolidated accounts are prepared by Dulles Greenway (or TRIP II) using US GAAP. For comparative purposes revenue has been recognised in accordance with ASC605 rather than ASC606 which was adopted by the Dulles Greenway for its statutory accounts from January 2019. Other modifications to the application of US GAAP have been noted in the tables below.

**Table 13 – Traffic, Revenue and EBITDA**

US\$m unless otherwise stated	H1 2020	H1 2019	% ch on prior	H1 2018
<b>Total traffic (trips millions)</b>	<b>5.17</b>	<b>8.90</b>	<b>(41.8%)</b>	<b>9.10</b>
<b>Average Daily Traffic (ADT)</b>	<b>28,430</b>	<b>49,146</b>	<b>(42.2%)</b>	<b>50,284</b>
Toll revenue net of VIP cash back	26.2	44.2	(40.8%)	44.4
Other revenue	0.2	0.2	(16.5%)	0.2
<b>Revenue</b>	<b>26.3</b>	<b>44.4</b>	<b>(40.7%)</b>	<b>44.6</b>
Operating expenses	(7.2)	(8.5)	14.8%	(8.7)
<b>EBITDA</b>	<b>19.1</b>	<b>35.9</b>	<b>(46.8%)</b>	<b>35.9</b>
EBITDA margin	72.6%	80.9%	(8.3%)	80.4%

Operating expenses in the table above exclude project improvement expenses and easement accruals (which are otherwise considered as operating expenses under US GAAP). Project improvement expenses are shown separately in the table below.

**Table 14 – Dulles Greenway cash flows**

US\$m unless otherwise stated	H1 2020	H1 2019	H1 2018
<b>Cash flows from operating activities:</b>			
<b>EBITDA</b>	<b>19.1</b>	<b>35.9</b>	<b>35.9</b>
Movements in working capital and other items	(0.4)	(0.4)	(0.0)
Capex: Project Improvement Expenses	(0.1)	(0.4)	(0.6)
Capex: DTR Connector	(2.5)	(5.7)	(1.2)
Capex: West end project	(0.4)	–	–
Interest income	0.9	2.0	1.1
Interest expenses	(1.2)	(1.2)	(1.2)
Scheduled accreted interest payments on zero-coupon bond redemptions	(18.4)	(34.7)	(31.9)
<b>Net cash provided by (used in) operating activities</b>	<b>(3.0)</b>	<b>(4.4)</b>	<b>1.9</b>
<b>Cash flows from investing activities:</b>			
Sales/Purchases of fixed assets	(0.2)	(0.0)	(0.2)
<b>Net cash provided by (used in) investing activities</b>	<b>(0.2)</b>	<b>(0.0)</b>	<b>(0.2)</b>
<b>Cash flows from financing activities:</b>			
Distributions paid to Atlas Arteria	–	–	–
Scheduled principal payments on zero-coupon bond redemptions	(9.6)	(16.2)	(17.6)
<b>Net cash from (used) in financing activities</b>	<b>(9.6)</b>	<b>(16.2)</b>	<b>(17.6)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(12.8)</b>	<b>(20.7)</b>	<b>(15.9)</b>
Cash at the beginning of period	215.4	203.8	183.1
<b>Cash at the end of period</b>	<b>202.6</b>	<b>183.1</b>	<b>167.3</b>
– Cash reserved for debt service/debt reserves	101.9	111.3	117.8
– Cash reserved for capital expenditure	9.8	19.0	19.5
– Other cash reserve requirements	11.6	11.4	10.9
– Cash available for distribution if lockup tests are met	79.2	41.4	19.1
<b>Distributions paid to Atlas Arteria</b>	<b>–</b>	<b>–</b>	<b>–</b>

## 2.3.3 Financing and debt

**Table 15 – Debt metrics**

US\$m unless otherwise stated	30-Jun-20	31-Dec-19	30-Jun-19
Gross debt	1,057.7	1,053.4	1,022.1
Cash	202.6	215.4	183.1
Net debt	855.1	838.0	839.0
Net debt/EBITDA	15.2x	11.4x	11.4x
Actual MCR (lock up if <1.25x) <sup>1</sup>	n.a.	1.20x	n.a.
Actual ACR (lock up if <1.15x) <sup>1</sup>	n.a.	1.20x	n.a.
Corporate credit rating			
– S&P	BBB- (creditwatch negative)	BBB- (stable)	BBB- (stable)
– Moody's	Ba1 (stable)	Ba1 (stable)	Ba1 (stable)
– Fitch	BB- (negative)	BB (negative)	BB (negative)

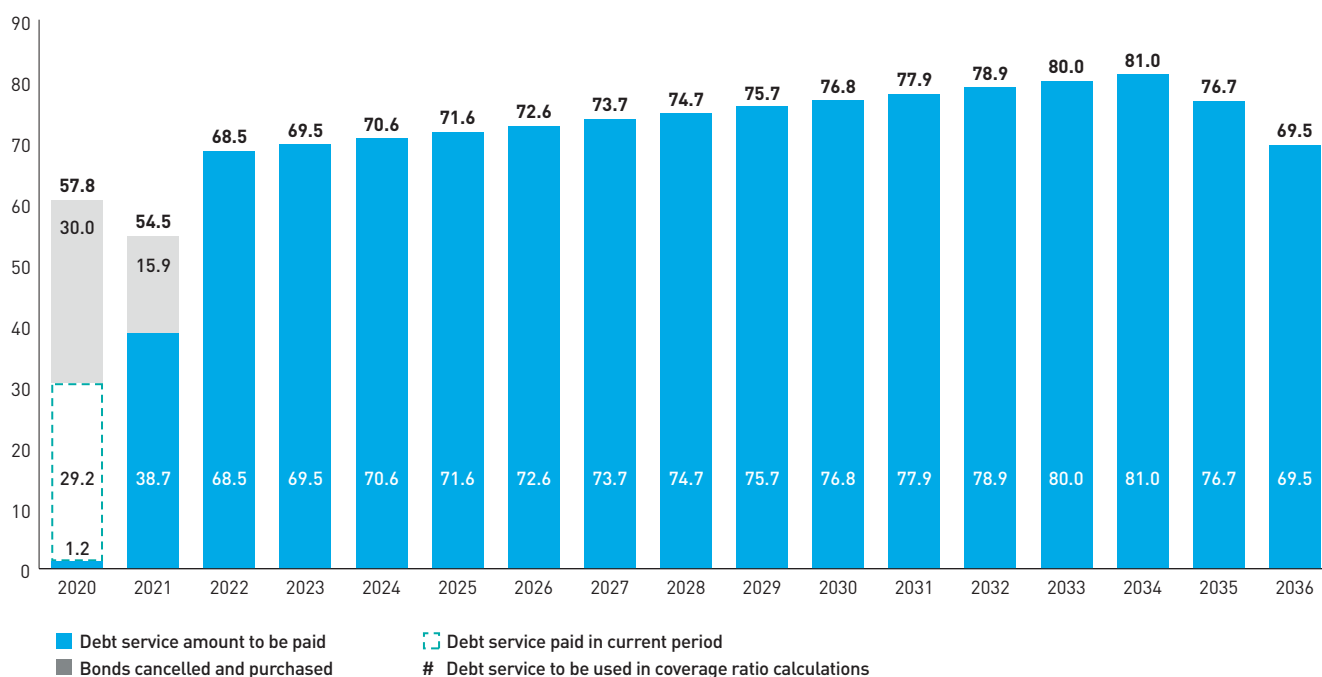
1. Lock up test is only conducted annually at the end of each year and therefore ratios are not presented at 30 June 2019 and 30 June 2020.

**Table 16 – Dulles Greenway debt facilities**

US\$m	30-Jun-20	31-Dec-19	Details
Senior Current Interest Bonds Series 1999A	35.0	35.0	Current interest bond, semi-annual coupon at 7.13% pa interest rate maturing on 15 February 2035.
Senior Zero Coupon Bonds Series 1999B	482.7	478.7	Zero coupon bonds, 7.30% pa embedded interest rate on remaining bonds, mature over a range of dates from 2003 to 2035.
Senior Accreting Interest Bonds 2005A	6.5	20.9	Accreting interest bonds, 5.43% pa interest rate, compounded semi-annually, legal maturity in 2045 – with early redemption scheduled between 2006 and 2021.
Senior Accreting Interest Bonds 2005B	127.3	123.7	Accreting interest bonds, compounded semi-annually, 5.70%, legal maturity in 2043 – with early redemption scheduled between 2022 and 2035.
Senior Zero Coupon Bonds Series 2005C	406.3	395.1	Zero coupon bonds, yield to maturity ranging from 5.50% to 5.65%, with maturities between 2036 and 2056.
<b>Total debt</b>	<b>1,057.7</b>	<b>1,053.4</b>	

## 2. BUSINESS OVERVIEW AND PERFORMANCE

**Figure 6 – Debt service profile (2020-2036) as at 30 June 2020 (US\$m)**



The chart above presents the maturity profile for debt outstanding as at 30 June 2020 and also provides the total debt service (principal and accrued interest) payable each year to 2036. The debt service profile extends to 2056.

There are two distribution tests, being the Minimum Coverage Ratio (MCR) and the Additional Coverage Ratio (ACR) which are both tested annually at 31 December and calculated in accordance with the table below. If the MCR is not met, distributions from Dulles Greenway are in lock up for 12 months. Where the ACR is not met, distributions from Dulles Greenway are in lock up for 36 months.

The debt service which is included in the MCR and ACR calculations includes the bonds that were repurchased and cancelled, net of the percentage of the discount at which they were acquired (US\$0.2m in 2019, US\$2.7m in 2020).

**Table 17 – Distribution tests as at year end 31 December**

US\$m	2019	2018	2017
Toll Revenues	89.3	90.4	91.7
Operating Expenses	(16.5)	(17.0)	(17.2)
<b>Net Toll Revenues used for Minimum Coverage Ratio (A)</b>	<b>72.8</b>	<b>73.4</b>	<b>74.6</b>
Net Transfers to Improvement Fund and Operating Reserve Fund	–	(0.4)	(1.5)
<b>Net Toll Revenues used for Additional Coverage Ratio (B)</b>	<b>72.8</b>	<b>73.0</b>	<b>73.1</b>
1999A	(2.5)	(2.5)	(2.5)
1999B	(41.6)	(39.8)	(38.1)
2005A	(16.9)	(19.7)	(22.4)
2005B/2005C	–	–	–
Reduction in debt service used in coverage ratio for bond buy back discount	0.2	–	–
<b>Total Debt Service (C)</b>	<b>(60.8)</b>	<b>(62.0)</b>	<b>(63.0)</b>
<b>Minimum Coverage Ratio (A ÷ C) – 1.25x requirement</b>	<b>1.20x</b>	<b>1.18x</b>	<b>1.18x</b>
<b>Additional Coverage Ratio (B ÷ C) – 1.15x requirement</b>	<b>1.20x</b>	<b>1.18x</b>	<b>1.16x</b>



## 2.4 Warnow Tunnel

### 2.4.1 Business background

The Warnow Tunnel is a 2 kilometre toll road with two lanes in each direction, including a 0.8 kilometre tunnel under the Warnow River. It opened to traffic in September 2003 and allows users to cross under the Warnow River which divides Rostock. Most of the residential areas are located on the western side and most of the industrial areas are on the eastern side of the river. This includes the Rostock Port, a roll on roll off freight and passenger ferry port for Baltic shipping, a bulk port, and a Cruise Ship Terminal.

Tolls may be escalated annually and are subject to the approval of the Ministry of Energy, Infrastructure and State Development for the State of Mecklenburg-Vorpommern. Toll increases are linked to pre-tax equity IRR of the concession (see table below). Applicable toll prices for 2020 are presented on the Warnow Tunnel website<sup>3</sup>.

**Table 18 – Warnow Tunnel toll escalation**

Pre tax IRR <17%	Tolls may rise at a rate higher than inflation
Pre tax IRR 17-25%	Tolls linked to inflation
Pre tax IRR >25%	Tolls remain fixed

Atlas Arteria has a 100% interest in the concessionaire Warnowquerung GmbH & Co. KG, the concessionaire partnership, and its general partner. The concession expires in 2053.



3. <https://warnowquerung.de/en/prices/>.

## 2. BUSINESS OVERVIEW AND PERFORMANCE

### 2.4.2 Business Performance

Consolidated accounts are prepared by Warnow Tunnel using German GAAP. Modifications to the application of German GAAP have been noted in the tables below.

**Table 19 – Traffic, Revenue and EBITDA**

€m unless otherwise stated	H1 2020	H1 2019	% ch on prior	H1 2018
<b>Total traffic (trips millions)</b>	<b>2.13</b>	<b>2.35</b>	<b>(9.1%)</b>	<b>2.24</b>
<b>Average Daily Traffic (ADT)</b>	<b>11,725</b>	<b>12,967</b>	<b>(9.6%)</b>	<b>12,358</b>
Revenue	5.9	6.4	(7.3%)	5.9
Operating expenses	(1.6)	(1.4)	(14.4%)	(1.3)
<b>EBITDA</b>	<b>4.3</b>	<b>4.9</b>	<b>(13.5%)</b>	<b>4.5</b>
EBITDA margin	72.5%	77.7%	(5.2%)	77.3%

Current and historical operating expenses have been updated to exclude provisions and any maintenance capital expenditure.

**Table 20 – Warnow Tunnel cashflows**

€m unless otherwise stated	H1 2020	H1 2019	H1 2018
<b>Cash flows from operating activities:</b>			
EBITDA	4.3	4.9	4.5
HTMC expenses	(0.1)	(0.2)	(0.0)
Movements in working capital and other items	(1.6)	(0.7)	(0.1)
Net interest income/(expenses)	(1.5)	(1.7)	(1.8)
<b>Net cash provided by (used in) operating activities</b>	<b>1.0</b>	<b>2.4</b>	<b>2.6</b>
<b>Cash flows from investing activities:</b>			
Purchases of fixed assets	(0.0)	(0.0)	(0.2)
<b>Net cash provided by (used in) investing activities</b>	<b>(0.0)</b>	<b>(0.0)</b>	<b>(0.2)</b>
<b>Cash flows from financing activities:</b>			
Repayments of borrowings	(2.0)	(2.8)	(2.6)
Payment into capital reserves	–	–	–
Distributions paid to Atlas Arteria	–	–	–
<b>Net cash from (used) in financing activities</b>	<b>(2.0)</b>	<b>(2.8)</b>	<b>(2.6)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1.0)</b>	<b>(0.5)</b>	<b>(0.1)</b>
Cash at the beginning of period	5.7	5.1	4.3
<b>Cash at the end of period</b>	<b>4.8</b>	<b>4.6</b>	<b>4.2</b>
Debt balance at the end of the period	145.1	150.6	156.0
<b>Distributions paid to Atlas Arteria</b>	<b>–</b>	<b>–</b>	<b>–</b>

## 2.4.3 Financing and Debt

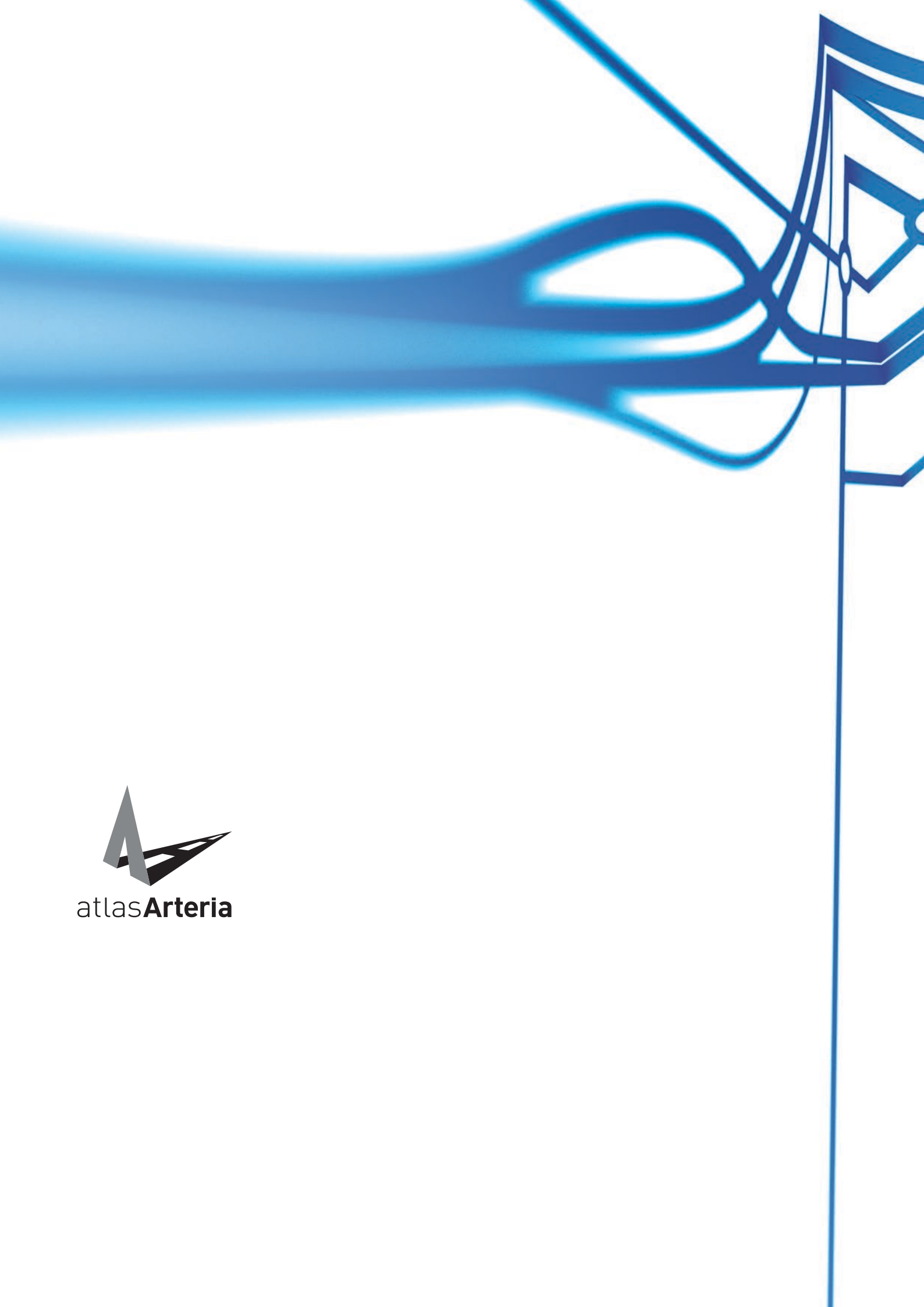
**Table 21 – Debt metrics**

€m	30-Jun-20	31-Dec-19	30-Jun-19
Gross debt	145.1	146.7	150.6
Cash	4.8	5.7	4.6
Net debt	140.4	140.9	146.0
Net debt/EBITDA	14.54x	13.66x	14.54x
EBITDA/Interest	2.98x	3.07x	2.88x
DSCR (default if <1.05x)	2.44x	1.64x	2.11x
Hedging %	28.4%	28.7%	28.9%

Debt balances need to be zero before Warnow Tunnel can pay distributions.

**Table 22 – Warnow Tunnel debt facilities**

€m	30-Jun-20	31-Dec-19	Details
Tranche I	41.1	42.0	Margin of 0.75% over Euribor with maturity of 31 December 2029 with a fixed amortisation schedule. Fixed interest rate swap at 4.07% with maturity in line with Tranche I.
Tranche II	8.3	9.3	Margin of 3.00% over Euribor. Facility term to 15 September 2053 (concession end) under full cash sweep.
Tranche III	95.7	95.3	Margin of 1.50% over Euribor. Facility term to 15 September 2053 (concession end) under full cash sweep. Capitalisation of interest until Tranche II is fully repaid.
<b>Total debt</b>	<b>145.1</b>	<b>146.7</b>	



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