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ASX RELEASE

Atlas Arteria provides distribution guidance and is well positioned for future growth

Atlas Arteria (**ASX:ALX**) today announced results for the six months ended 30 June 2020 (H1 2020).

Strong focus on the safety of our people and customers guided response to COVID-19 pandemic

- Operations maintained throughout lockdowns
- Prioritised support for team members, healthcare workers and communities

Profitable underlying performance, despite COVID-19 movement restrictions

- Net profit after tax (excluding notable items) of \$9.1 million (H1 2019: \$88.2 million)
- Statutory net loss after tax of \$123.0 million (H1 2019: loss of \$87.6 million), affected by notable items:
 - Dulles Greenway impairment of \$152.0 million (US\$100 million) as at 30 June 2020
 - Non-cash foreign exchange gains of \$15.3 million on significant transactions during the period
 - Final management fees of \$2.1 million paid to Macquarie for the management of interests in APRR

Reinstatement of distributions reflects resilience in APRR's financial performance

- H1 2020 distribution guidance of 11 cents per security¹

Strong traffic recovery in Europe following easing of COVID-19 movement restrictions

- Traffic impacted by Government mandated movement restrictions associated with COVID-19
- From mid-May traffic rebounded strongly in France and Germany as restrictions were eased
- Traffic on Dulles Greenway continues to be affected by lower commuter travel

Significant strategic milestone achieved with completion of the APRR transaction

- Completed the previously announced transaction to increase Atlas Arteria's ownership interest, and share of profits, in APRR together with enhanced governance rights from 2 March 2020

Strengthened balance sheet, enhancing flexibility and resilience to support future growth

- Oversubscribed \$495 million equity raising, together with the cancelled H2 2019 distribution, allowed for the repayment of holding company debt
- Significant liquidity of around \$216 million at the corporate level post receipt of \$75 million from the Security Purchase Plan on 2 July and no debt covenant constraints
- Post half year end, a Security Sale Facility was established for US Retail Securityholders to facilitate future access to US capital markets

¹ The distribution remains subject to continued business performance, movements in foreign exchange rates, and other future events.

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Commenting on the results, Atlas Arteria CEO Graeme Bevans said:

“Our team has demonstrated agility and strong leadership in managing the business through the extraordinary challenges of COVID-19, and has maintained their steady focus on the safety and wellbeing of our people and customers.”

“While traffic in all markets was impacted by government mandated movement restrictions, traffic in France, our key market, has rebounded strongly since lockdown restrictions were eased.”

“We have made excellent progress on our strategic objectives in our first full year with internal management. We increased our ownership interest in APRR, improved our governance rights and have removed all external managers. We have enhanced the bench strength of our management team and progressed our sustainability agenda across all key priorities.”

“Although we are still in uncertain times, Atlas Arteria’s balance sheet has never been stronger. The corporate balance sheet had around \$216 million in liquidity following receipt of the \$75 million from the Security Purchase Plan in early July. With no corporate debt, we have ample liquidity, strong cash flows from improving traffic at APRR, and are well placed to pursue growth opportunities as they arise.”

APRR traffic rebounds following easing of COVID-19 movement restrictions

APRR traffic numbers were down 30.6% in H1 2020 (vs H1 2019), resulting in a 25.3% decline in revenue to \$1,566.0 million (€934.3 million) and a 28.5% decline in EBITDA to \$1,144.7 million (€682.9 million). With lock down measures implemented in France from the middle of March, APRR traffic numbers fell by as much as 83% compared to the same periods in the prior year. However, traffic rebounded strongly following the easing of restrictions from 11 May, returning to 2019 levels by the middle of August.

APRR is a fundamental and essential part of the road and logistics network in France. The team at APRR has managed the business very well through the COVID-19 pandemic to date and remains focused on the safety of its people and customers. Business continuity plans were implemented, and operations continued largely as normal. Construction activities that were put on hold in mid-March have now all resumed, with capex spend for H1 2020 of \$256.5 million (€153 million, compared to €232 million in H1 2019).

APRR has a strong balance sheet, with S&P reaffirming its 'A-/A-2' long-term and short-term issuer credit ratings and stable outlook in April. As at 30 June 2020, APRR had approximately €1.1 billion cash on hand and a €2.0 billion undrawn revolving credit facility.

Warnow Tunnel traffic continues its strong performance

The state of Mecklenburg-Vorpommern saw very few COVID-19 cases and as a result, restrictions in the state and the City of Rostock were eased more quickly than in other parts of Europe. While traffic in March and April was impacted by movement restrictions, it recovered strongly following the easing of restrictions and in the final week in June was only 4.8% below 2019 levels. For the period between 1 July and the middle of August, traffic returned to growth at +2.9% on 2019 levels, and continues to benefit from roadworks on surrounding roads.

Dulles Greenway revalued to reflect current operating conditions

Reflecting the impact of COVID-19 on operating conditions since March, Dulles Greenway's H1 2020 revenue was down 40.7% to \$40.0 million (US\$26.3 million), while EBITDA was down 46.8% to \$29.0 million (US\$19.1 million).

Traffic has experienced a significant and sustained reduction as a result of COVID-19, down 41.8% for H1 2020 compared with H1 2019 (and 46.5% down on 2019 levels for the period between 1 July and the middle of August). Given this, and uncertainty about the timing and nature of a broader US pandemic and economic recovery, the Boards of ATLIX and ATLAX have impaired their respective investments in Dulles Greenway by a total of \$152.0 million (US\$100.0 million) as at 30 June 2020. As previously disclosed, Dulles Greenway is not expected to pass either its one-year or three-year lock up tests as at 31 December 2020.

Liquidity within the business remains strong, with US\$203 million in cash across both restricted and unrestricted reserve accounts, including US\$79.2 million of locked up cash, that would be available for distribution to Atlas Arteria but for the lock-up tests not being passed.

The recent appointment of a new CEO, Ms Renée Hamilton, an experienced infrastructure and transportation leader, has materially strengthened the management team and will provide important leadership as we review the options to improve performance.

Public hearings are now complete for the SCC rate case and a decision is expected by early 2021.

Progress on Strategy – Completion of the APRR Transaction

On 2 March 2020, Atlas Arteria completed the acquisition of the further 6.14% indirect interest in APRR and ADELAC, and secured direct governance rights in respect of interests in these businesses. As part of the acquisition, new shareholder agreements were negotiated with Atlas Arteria's co-investors in the APRR structure, and all remaining management agreements with Macquarie Group companies were terminated. A new short-term transitional services agreement is in place for which no fees are payable and which is expected to end by September 2020.

Creating a strong, flexible and resilient balance sheet to support growth

On 28 May 2020 Atlas Arteria undertook an equity raising to restructure its balance sheet, enhance resilience in uncertain times and provide additional capacity for growth. The equity raising consisted of a fully underwritten \$420 million Institutional Placement (Placement) and a non-underwritten Security Purchase Plan which subsequently raised \$75 million.

In the context of uncertainty resulting from the COVID-19 pandemic, the H2 2019 distribution was cancelled and cash relating to this distribution, together with the proceeds from the Placement were used to repay the only remaining holding company debt facility within the Atlas Arteria structure. The equity raising and subsequent repayment of the \$571 million (€350 million) debt facility on 22 June 2020, positions Atlas Arteria with a more flexible balance sheet to pursue near term growth opportunities as they arise, particularly in France where it is anticipated that the French government will look for 'shovel ready' projects to stimulate the French economy.

Reinstatement of distributions

Following the cancellation of the H2 2019 distribution in May 2020, Atlas Arteria is pleased to reinstate distribution guidance for H1 2020 of 11 cents per security. Consistent with previous guidance, the distribution reflects the business cashflows that Atlas Arteria expects to receive from APRR as a result of its financial performance in H1 2020. Atlas Arteria remains well placed from a liquidity perspective. The distribution remains subject to continued business performance (particularly in light of COVID-19), movements in foreign exchange rates, and other future events.

- ENDS -

Investor conference call details

A briefing for analysts and investors will be held today by Graeme Bevans (CEO) and Nadine Lennie (CFO) at 11:00am Australia Eastern Standard Time. To join the briefing the following two options are available:

Option 1 – Conference Call

With the increased volume of conference call participants, we encourage those wishing to dial into the briefing, to please pre-register for the call through the following link:

<https://s1.cconf.com/diamondpass/10008685-invite.html>. Once registered, you will receive an individual passcode and PIN allowing for direct access to the briefing.

Alternatively, at the time of the results call, dial your respective local number below and provide the Conference ID: 10008685 to the operator. Please be aware that there may be a short wait before an operator can assist:

AUSTRALIA TOLL-FREE	1800 558 698
AUSTRALIA TOLL/INTERNATIONAL	+61 02 9007 3187
UNITED STATES	(855) 881 1339
UNITED STATES LOCAL NEW YORK	(914) 202 3258

Option 2 – Live Webcast

The live webcast will be accessible on the Company's "Investor Relations" page at <https://www.atlasarteria.com/investor-centre>. For those wishing to access the webcast please register in advance: <https://edge.media-server.com/mmc/p/6kucmcwb/>

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This announcement has been authorised for release by the Boards of Atlas Arteria International Limited and Atlas Arteria Limited.

About Atlas Arteria

Atlas Arteria (ASX:ALX) is a global owner, operator and developer of toll roads, creating value for our investors over the long-term through considered and disciplined management. The roads we own, operate and develop benefit communities through reduced travel time, greater time certainty, reduced fuel consumption and carbon emissions.

Today the Atlas Arteria Group consists of four businesses. We currently own a 31.14% interest in the APRR toll road group in France. Adjacent to the APRR business is the smaller ADELAC business which connects to APRR in south-east France. Together APRR and ADELAC comprise a 2,318km motorway network located in the East and South East of France. In the US, we have 100% of the economic interest in the Dulles Greenway, a 22km toll road in the Commonwealth of Virginia. In Germany, we own 100% of the Warnow Tunnel in the north-east city of Rostock.

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