

25 February 2021

ASX RELEASE

Continued delivery against strategy, building resilience and capacity for growth

Atlas Arteria (ASX:ALX) today announced results for the year ended 31 December 2020.

- Agile and effective response to COVID-19 pandemic underpinned by strong focus on the safety of our people and customers
 - Seamless operations maintained throughout lockdowns
 - Improved LTIFR results
 - Prioritised support for team members, healthcare workers and communities
- Traffic in all jurisdictions was impacted by COVID-19 movement restrictions but recovered strongly in Europe as restrictions eased, while traffic at Dulles Greenway remained subdued
- Statutory net loss after tax of \$55.8 million (2019: loss of \$9.8 million)
- Excluding notable items as follows, a net profit after tax of \$69.6 million (2019: profit of \$178.2 million):
 - Dulles Greenway impairment of \$143.9 million (US\$100 million) taken at 30 June 2020
 - Non-cash foreign exchange gains of \$13.8 million on significant transactions during 2020
 - Final management fees of \$2.1 million paid to Macquarie
- Delivered against strategic objectives to build sustainable cashflows and long-term value for securityholders
 - Successfully increased Atlas Arteria's ownership interest, in APRR from 25% to just over 31%, increasing our share of profits and enhancing governance rights
 - Continued to develop a long-term pathway to increase the value proposition of the Greenway for all stakeholders, and worked with the Virginia State Corporation Commission (SCC) to achieve an outcome under the current rate case submission
 - Contractual close for a new capital structure at Warnow Tunnel in February 2021, diversifying Atlas Arteria's sources of cash flow
 - Opened up the US market as a future source of institutional capital through a buyback of US retail securityholders
- 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 at the corporate level (~\$127 million on a pro forma basis) post the capital restructure at Warnow Tunnel
- Distribution of 11 cents per security for H1 2020 and guidance of 13 cents per security for H2 2020
- A review of FY2020 Operations is provided below

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Atlas Arteria CEO Graeme Bevans said:

“Our roads provide critical infrastructure that connect communities. Our teams responded to the disruption caused by COVID-19 by maintaining seamless operations in a rapidly changing environment, and remaining focused on the safety of our staff, customers and the communities in which we operate.”

“While traffic in all markets was impacted by government mandated movement restrictions, our European networks in particular have demonstrated resilience. Traffic in our European businesses rebounded strongly as movement restrictions were withdrawn with heavy vehicles in particular performing well throughout the year. Traffic on the Dulles Greenway remained subdued given the high proportion of commuter-based traffic serviced by that road.”

“Despite the disruption during 2020, the team at Atlas Arteria continued to successfully deliver against our strategy to build sustainable cash flows for our securityholders. Having closed the APRR transaction in March, we then launched an equity raise in May and repaid the corporate debt facility, positioning us to navigate an uncertain environment from a position of strength, and support APRR for future growth. In September, we removed all US based retail securityholders from our register, to facilitate access to US institutional capital markets. We continued to develop a long-term pathway to increase the value proposition of the Greenway for all stakeholders, and worked with the SCC to achieve an outcome under the current rate case submission. In February 2021 we reached contractual close for a capital restructure at the Warnow Tunnel. This will see the existing debt refinanced allowing flexibility for distributions to be paid to Atlas Arteria rather than swept to lenders.”

“Following the performance of the APRR business in H2 2020, we are pleased to provide distribution guidance of 13 cents per security. The distribution guidance reflects the business cashflows that Atlas Arteria expects to receive from APRR as a result of its financial performance in H2 2020. The distribution remains subject to continued business performance (particularly in light of COVID-19), movements in foreign exchange rates, and other future events.”

“Although we are still in uncertain times, Atlas Arteria’s balance sheet is very well positioned. Our corporate costs will be higher in 2021 with increases in insurance costs a particular driver and some investment in capability to unlock value from our existing businesses. We currently have no corporate debt, ample liquidity, strong cash flows from APRR and Warnow Tunnel and are well placed to face the uncertainties of 2021 and pursue growth opportunities as they arise.”

“I would like to take this opportunity to thank all our people from the front-line workers to management for their persistence, resilience and strength through an historical period. We are also grateful to our securityholders for their continued support during the year.”

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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 Australian Eastern Daylight Time. To join the briefing the following two options are available:

Option 1 – Conference Call

We encourage those wishing to dial into the briefing, to please pre-register for the call through the following link: <https://s1.c-conf.com/DiamondPass/10011686-jd786g.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: 10011686** to the operator. Please be aware that there may be a short wait before an operator can assist:

AUSTRALIA TOLL-FREE	1 800 558 698
AUSTRALIA TOLL/INTERNATIONAL	+61 02 9007 3187
UNITED STATES	(855) 881 1339
UNITED STATES LOCAL NEW YORK	(914) 202 3258

Option 2 – Live Webcast

For those wishing to access the webcast please register in advance: <https://edge.media-server.com/mmc/go/atlas-arteria-hyr20/>. The live webcast will be accessible on the Company's "Investor Relations" page at <https://www.atlasarteria.com/investor-centre>.

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This announcement has been authorised for release by Clayton McCormack, General Counsel and Company Secretary.

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.

Review of FY 2020 Operations

Summary Financial Performance

	2020	2019	Difference (%)
Atlas Arteria Key Financial Metrics (A\$m)			
Net Profit After tax (pre notable items)	69.6	178.2	(61.0%)
Net Profit After tax	(55.8)	(9.8)	(468.2%)
Corporate Liquidity	193.7	1,387.6	(86.0%)
Total Assets	5,219.0	5,675.5	(8.0%)
Total Liabilities	1,634.6	2,331.9	29.9%
Net Operating Cash Flows	282.7	188.9	49.7%
Distribution per share (dps)	24.0 ¹	30.0	(20.0%)
Key Financial Metrics by business unit			
APRR Group (€m)			
Total Traffic (VKT millions)	19,413	24,581	(21.0%)
Toll Revenue	2,100.4	2,534.5	(17.1%)
EBITDA	1,549.5	1,942.0	(20.2%)
NPAT	628.3	874.7	(28.2%)
Total Liquidity	3,125.6	3,453.3	(9.5%)
LTIFR	2.7	5.0 ²	(46.0%)
Warnow Tunnel (€m)			
Total Traffic (m)	4.56	4.94	(7.7%)
Toll Revenue	12.7	13.6	(6.5%)
EBITDA	9.1	10.3	(11.6%)
Total Liquidity	5.3	5.7	(7.0%)
Number of injuries	0	1	n/a
Dulles Greenway (US\$m)			
Total Traffic (m)	10.20	17.80	(42.7%)
Toll Revenue	51.6	89.3	(42.3%)
EBITDA	38.4	73.7	(47.9%)
Total Liquidity	216.3	215.4	0.4%
Number of injuries	0	0	n/a

1. Includes distribution guidance for the final 2020 dividend

2. Restatement of 2019 APRR LTIFR from 4.6 to 5.0.

Safety Outcomes

Safety across our businesses is our top priority. We focus on a safety-first culture while having the right equipment and the right training to do the job. We seek to ensure that all people who work for us and use our roads return home safely.

Key safety achievements and delivery of the 2020 priorities:

- Improved safety metrics across all businesses
- Implemented standardised safety reporting rules, including near miss reporting, across Dulles Greenway and Warnow Tunnel
- Held a safety week in June 2020 at APRR
- Completion of customer study at Warnow Tunnel to address dangerous driving behaviours
- Completed trials of the connected safety boots at APRR, due for roll out in 2021
- Implemented operational software, Asset Vision, at Dulles Greenway

COVID-19 Response

We continued to deliver on our sustainability priorities during the year across the pillars of safety, community, our people and environmental stewardship. COVID-19 necessitated additional and specific focus on employees and the community.

- APRR donated masks in France and displayed messages of support along the network
- Both APRR and Dulles Greenway provided free travel for healthcare workers
- We worked with our staff to ensure they were supported during what was a very challenging period with extended lockdowns
- We offered counselling services and have embraced flexible working arrangements to support the wellbeing of our people and their families

APRR - traffic rebounded following easing of COVID-19 movement restrictions

APRR traffic numbers were down 21.0% in 2020 (vs 2019), resulting in a 17.1% decline in toll revenue to \$3,469 million (€2,100 million) and a 20.2% decline in EBITDA to \$2,559 million (€1,550 million).

Traffic during January and February was strong relative to the prior year following a good ski season and the additional day in February. However, traffic was impacted during 2020, with lockdown measures implemented in France from the middle of March and again in November.

- Light vehicle traffic was particularly impacted in the first half of the year but rebounded strongly following the easing of movement restrictions from 11 May before softening once again in mid-October following the onset of the second wave of COVID-19 in France.
- Heavy vehicle traffic was less affected by the imposition of lockdown measures than light vehicles, falling by 14.1% during H1 2020 and only 2.7% for H2 2020 versus the same periods in 2019.

The team at APRR has managed the business very well through changing circumstances in the year, focused on the safety of its people and customers. Business continuity plans were implemented, and operations continued largely as normal.

Building sustainable value for customers and our communities in France also remains a key priority. APRR continued to enhance the customer offering and, by way of example, now provides 100% WiFi coverage across the service areas, 149 high performance EV charging points and 3.3 million badges/transponders, streamlining payments. Construction activities that were put on hold in mid-March were all resumed, with capex spend for 2020 of \$783 million (€474 million, compared to €522 million in 2019).

In March 2020, a 48 year concession contract was signed with the French Government for the RCEA/A79 Project and APRR took over the operation of the motorway. The construction cost of the project is estimated to be €600 million. Construction commenced in mid-2020 and is due to be completed late 2022.

A number of initiatives were implemented during the year to strengthen liquidity, resilience, and position APRR to take advantage of near-term growth opportunities. APRR refinanced €2.4 billion in commercial paper and Eurobonds which meant the APRR group had €3.1 billion in liquidity at year end against €981 million of outstanding debt to be refinanced in 2021. Both S&P and Fitch re-affirmed their A- long-term issuer ratings for APRR, and reflecting the strength of the APRR balance sheet, maintained their outlook as 'stable'. In October, Fitch also increased its short-term rating from F2 to F1 despite the COVID-19 traffic disruption.

Warnow Tunnel - traffic continues its strong performance

Traffic at the Warnow Tunnel decreased 7.7% in 2020 (vs 2019), resulting in a 6.5% decline in toll revenue to \$21.0 million (€12.7 million) and a 11.6% decline in EBITDA to \$15.1 million (€9.1 million).

These were tremendous results in a challenging year, reflecting both the benefit from new roadworks on competing routes that began late in Q4 2019 and the low COVID-19 case numbers recorded in the

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state in which Warnow Tunnel is located which allowed a relatively rapid easing of restrictions and the resumption of regional tourism.

The capital restructure of Warnow Tunnel will improve Atlas Arteria's access to cash flows from that business, diversifying our sources of cash while positioning Warnow Tunnel for sustainable growth.

Dulles Greenway - revalued to reflect current operating conditions

Reflecting the impact of COVID-19 on operating conditions since March, Dulles Greenway's 2020 toll revenue was down 42.3% to \$74.2 million (US\$51.6 million), while EBITDA was down 47.9% to \$55.2 million (US\$38.4 million).

The Dulles Greenway in Northern Virginia was significantly impacted by COVID-19 lockdown measures given the high proportion of commuter-based traffic serviced by that road. Movement restrictions were in place from 12 March through to 1 July 2020 with new lockdown measures announced in November 2020. Having stabilised from May to October, new daily COVID-19 cases in Northern Virginia started to grow again from mid-October. Remote learning was a feature for most of the 2020 year post 12 March as were teleworking arrangements.

At 30 June 2020, the Boards of ATLIX and ATLAX determined to further impair their respective investments in Dulles Greenway by a total of \$143.9 million (US\$100.0 million). The decision at that point in time reflected the decline in traffic, uncertainty around how the pandemic and the associated response would continue to evolve in the US and uncertainty around how the local and US economies would recover. No further impairment was required at 31 December 2020.

Looking beyond the immediate challenges, Dulles Greenway sits in a growth corridor in Northern Virginia and with historically strong population and employment growth and high income per capita. We continue to focus on improving the customer experience and position the Greenway for the return of traffic. Several recent projects will improve safety, ease congestion and deliver associated time savings for commuters.

Ms. Renée N. Hamilton commenced as CEO of Dulles Greenway in late June 2020. She is an infrastructure and transportation leader, who is committed to the local community. Ms. Hamilton joins the Dulles Greenway following a distinguished 32-year career at the Virginia Department of Transportation, where she served most recently as Deputy District Administrator for Northern Virginia. Ms Hamilton will provide important leadership as we review the options to improve performance.

The SCC rate case continues with a decision expected in the first quarter of 2021. We believe our submission is fair and appropriate, even in light of the recent market conditions given the long-term nature of the asset. To that end we remain focused on exploring all options to maximise the value of this business.

As at 31 December 2020, Dulles Greenway had approximately US\$216 million in cash reserves. As previously reported, failure to pass the lock-up tests as defined under the debt covenants for this business means that around US\$77 million that would otherwise be available for distribution to Atlas Arteria remains included as part of the cash reserves.

Outlook

At APRR, traffic since the beginning of the year has been around 25% less than last year, when traffic was not yet affected by COVID-19 movement restrictions. Of note, the closure of ski lifts, as well as the ongoing 6.00pm curfew, are impacting ski season traffic during the winter holiday period. Warnow Tunnel is also tracking around 25% below last year, with strict lockdown conditions in Germany continuing into the new year. At the Dulles Greenway traffic remains around 50% below last year, also impacted by the recent major snow events in the region.

As we look towards 2021 our focus on long-term value creation remains unchanged. We continue to explore opportunities for intrinsic growth and to focus on optimising and restructuring our existing businesses to achieve better outcomes for motorists and communities and generate more free cash for securityholders. Safety will of course continue to be a key focus as the world continues the fight against COVID-19.

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