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ASX RELEASE

Continued delivery against strategy and positive trends provide cautious optimism

Atlas Arteria (ASX:ALX) today announced results for the half year ended 30 June 2021 and distribution guidance of 15.5 cents per security.

- Traffic in all jurisdictions was again influenced by lockdowns and movement restrictions, and bounced back upon restrictions easing
 - Recovery strong in Europe as restrictions eased from May
 - The steady recovery continued throughout the half at Dulles Greenway
 - Weighted average traffic in H1 2021 was 17.5% higher than H1 2020 and 19.5% below H1 2019
 - Heavy vehicle traffic at APRR returned to trend and was only 1.0% below H1 2019
- One serious injury at APRR during the period
 - Priority focus on embedding a safety first culture across the business
 - Investing in technology to automate roadside tasks where possible and providing additional staff training
- Statutory net profit after tax of \$71.0 million (H1 2020: loss of \$123.0 million)
- Excluding notable items as follows, a net profit after tax of \$86.0 million (H1 2020: profit of \$9.1 million):
 - Removal of the fair value adjustment allocated to the legacy debt at Warnow Tunnel following the repayment of this facility as part of the capital restructure (non-cash expense \$49.9 million)
 - The capital restructure at Warnow Tunnel strengthened the probability of future taxable profits being available to utilise tax losses which resulted in the recognition of a \$34.9 million deferred tax asset
- Over \$250 million in capital expenditure delivered across all businesses during the period, enhancing the customer experience, increasing traffic flow and facilitating ESG outcomes
- Delivered against strategic objectives to build sustainable cashflows and long-term value for securityholders:
 - Financial close of the capital restructure at Warnow Tunnel in March 2021, diversifying Atlas Arteria's sources of cash flow, and with reduced leverage and increased likelihood of receiving cash flows significantly earlier in the life of the concession, substantially increases the value of the business
 - At the Dulles Greenway, 5.3% increase to off-peak tolls in 2021 and 5.0% in 2022 granted by the Virginia State Corporation Commission (SCC)
- H1 2021 distribution guidance of 15.5 cents per security, reflecting underlying performance of both APRR and Warnow Tunnel during the half¹
- Well placed to benefit from increased mobility and travel following high and growing vaccination levels in Europe and the US and the removal of strict COVID-19 movement restrictions

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

Atlas Arteria CEO Graeme Bevans said:

“Our roads provide critical infrastructure that connect communities. Our European businesses have benefitted from the COVID-safe operation of French industry and growing European trade. We are well positioned to take advantage of increasing travel in response to improving vaccination levels and the new EU health pass encouraging safe mobility through the region. Heavy vehicle traffic at APRR has already returned to longer term trend growth levels and light vehicle traffic is recovering strongly into summer.”

“Our strategy to build sustainable cash flows for our securityholders was advanced during the half as we reached financial close of the capital restructure at the Warnow Tunnel. We received the first distribution from that business in August.”

“We are pleased to provide distribution guidance of 15.5 cents per security, reflecting the business cashflows that we expect to receive from APRR and that have been received from Warnow Tunnel as a result of their solid financial performance during the half. The distribution remains subject to continued business performance, movements in foreign exchange rates, and other future events.”

“It was pleasing to receive toll price certainty for the Greenway for the next two years. A draft bill to enable the modernisation of Virginia’s oversight of its highway system, and the delivery of distance based tolling at the Greenway, received encouraging support at the legislative session in February. Unfortunately, however, the legislation was not ultimately passed. With price certainty achieved for the next two years, we continue to work with all government and community stakeholders to develop a toll structure that better meets the needs of all stakeholders.”

“Our balance sheets are very well positioned. At the corporate level we currently have no debt, ample liquidity, strong cash flows from APRR and Warnow Tunnel and remain well placed to pursue growth opportunities as they arise.”

“We remain cautiously optimistic about the sustainability of the recovery in traffic in the context of high and growing vaccination levels in our markets.”

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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.

The briefing will be via a live audio webcast and accessible from the Atlas Arteria website: www.atlasarteria.com/investor-centre.

To participate and ask questions in the briefing, pre-registration is required via the following [link](#). Registered participants will receive a calendar invite, dial-in details and a unique code which is to be quoted when dialing into the call.

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This announcement has been authorised for release by the Boards of Atlas Arteria Limited and Atlas Arteria International 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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Review of H1 2021 Operations

Summary Financial Performance

	H1 2021	H1 2020	H1 2021 vs H1 2020 (%)	H1 2019	H1 2021 vs H1 2019 (%)
Atlas Arteria Key Financial Metrics (A\$m)					
Net Profit after tax (pre notable items)	86.0	9.1	844.0%	88.2	(2.4%)
Net Profit after tax	71.0	(123.0)	157.7%	(87.6)	181.1%
Corporate Liquidity	133.2	141.1	(5.6%)	79.6	67.3%
Total Assets	5,126.7	5,530.3	(7.3%)	4,413.6	16.2%
Total Liabilities	(1,619.9)	(1,770.7)	(8.5%)	(2,274.9)	(28.8%)
Net Operating Cash Flows	134.6	191.1	(29.6%)	94.5	42.4%
Distribution per share (dps)	13.0	0.0	n.a	15.0	(13.3%)
Key Financial Metrics by business unit					
APRR Group (€m)					
Total Traffic (VKT millions)	9,579	8,021	19.4%	11,562	(17.1%)
Toll Revenue	1,074.4	905.5	18.6%	1,215.0	(11.6%)
EBITDA	838.6	682.9	22.8%	955.3	(12.2%)
EBITDA margin (%)	75.3%	73.1%	2.3%	76.4%	(1.0%)
NPAT	408.6	271.9	50.3%	447.8	(8.8%)
Total Liquidity	2,910.6	3,137.4	(7.2%)	2,805.7	3.7%
Warnow Tunnel (€m)					
Total Traffic (m)	1.95	2.13	(8.6%)	2.35	(16.9%)
Toll Revenue	5.5	5.9	(7.0%)	6.3	(13.8%)
EBITDA	3.7	4.3	(12.5%)	4.9	(24.3%)
EBITDA margin (%)	67.8%	72.5%	(4.7%)	77.7%	(9.9%)
Total Liquidity	10.1	4.8	111.0%	4.6	119.9%
Dulles Greenway (US\$m)					
Total Traffic (m)	5.23	5.17	1.1%	8.90	(41.2%)
Toll Revenue	26.6	26.2	1.8%	44.2	(39.8%)
EBITDA	19.8	19.4	2.0%	36.3	(45.3%)
EBITDA margin (%)	73.9%	73.9%	0.0%	81.7%	(7.8%)
Total Liquidity	196.9	202.6	(2.8%)	183.1	7.5%

Safety Outcomes

Safety across the businesses is a top priority. The objective is to ensure that all people that work for the company and use the roads return home safely.

Unfortunately, in March there was a serious accident involving an APRR employee working on a mobile work site on the A6 motorway between Paris and Lyon. The employee was struck by a wheel which had detached from a heavy vehicle. The employee is now recovering in a rehabilitation centre. APRR continues to provide support to the employee and his family and other employees who witnessed the incident. This incident reinforces the need to remain focused on opportunities for improving safety and delivering safe outcomes for all of our employees, contractors, customers and visitors to our roads and offices.

APRR is developing initiatives to address the risks to which roadside workers are exposed. This includes for example, investigating automation of roadside tasks where possible. We will also take the learnings from this incident and will apply these across our other businesses in Virginia and Germany.

Continued safety achievements during H1 2021 include the continued roll out of SafeStart training for all employees at APRR, implementation of safety recommendations from the customer behaviour study at Warnow, and designing a better layout for winter operations at the Greenway to better manage safety during the loading of salt.

APRR – Traffic resilient, and heavy vehicle traffic back to 2019 levels

APRR traffic numbers were up 19.4% in H1 2021 (vs H1 2020), resulting in a 18.6% increase in toll revenue to \$1,679.2 million (€1,074.4 million) and a 22.8% increase in EBITDA to \$1,310.8 million (€838.6 million).

France started the year with a series of movement restrictions in place which influenced what would otherwise typically be a busy winter holiday period. A third nation wide lock down was then implemented from the start of April. Restrictions began to ease from early May, and curfews, which had been in place since December 2020, were lifted in June. Cross border travel recommenced from June under the new EU health pass system.

- Light vehicle traffic was more impacted in the first quarter of the year but rebounded strongly following the easing of movement restrictions. Light vehicle traffic during the half was 20.5% up on the same period 2020 and 20.5% down on the same period in 2019.
- Heavy vehicle traffic continued its strong performance up 15.3% during H1 2021 versus the same period in 2020 and only 1.0% down on the same period in 2019.

The team at APRR continued to manage the business very well through the ongoing disruption that occurred during the half, focused on the safety of its people and customers, and operations continued largely as normal. Whilst there was a special crisis management team in place at the beginning of the COVID-19 pandemic last year, operating in a COVID-19 safe manner is now part of normal business practice.

Building sustainable value for customers and our communities in France remains a key priority. APRR continued the roll out of electric vehicle charging stations across the network targeting 65% - 70% of motorway service stations to be equipped with high or very-high power terminals by the end of 2021.

Construction activities continued during the period, with the A41, A75 and A71 projects now opened to traffic. Capex spend (excluding RCEA) for H1 2021 was \$255 million (€163 million, compared to €153 million in H1 2020). Construction work on the RCEA/A79 Project continued with APRR operating the motorway now since March 2020. Completion is expected in late 2022.

As at 30 June 2021, APRR has approximately €0.9 billion cash on hand and a €2.0 billion undrawn revolving credit facility. The commercial paper programme continues to be successfully refinanced at negative interest rates and there remains €292 million of this paper to refinance during H2 2021. APRR has an A-stable outlook as rated by S&P and Fitch.

Warnow Tunnel – Strong recovery after extended strict lockdowns

Traffic at the Warnow Tunnel decreased 8.6% in H1 2021 (vs H1 2020), resulting in a 7.0% decline in toll revenue to \$8.5 million (€5.5 million) and a 12.5% decline in EBITDA to \$5.9 million (€3.7 million).

The state in which Warnow Tunnel is located was more significantly impacted by COVID-19 during the half than any period in 2020, as the region suffered from its strongest outbreak of COVID-19 since the start of the pandemic. A hard lockdown which was initially expected to last four weeks was in place for all of Q1 with restrictions relaxed only in May and the resumption of domestic travel in early June.

Traffic recovered quickly as restrictions were lifted. Between April and end June, average daily trips increased by nearly 17%, and by the last week in June were only 5% lower than 2019 levels. Roadworks on competing routes continued despite the impact of COVID-19 restrictions, and these also supported traffic at Warnow Tunnel during the half. These roadworks are expected to continue during 2021.

The new capital restructure of Warnow Tunnel has improved Atlas Arteria's access to cash flows from that business, with the first distribution received in August based on performance of the business in H1 2021. This has diversified Atlas Arteria's sources of cash while positioning Warnow Tunnel for sustainable growth.

Dulles Greenway – Traffic continues a steady recovery

Traffic at Dulles Greenway continued to improve throughout the period, led by a recovery in traffic across off peak and weekend periods. The Greenway's H1 2021 toll revenue was up 1.8% to \$34.6 million (US\$26.6 million), while EBITDA was up 2.0% to \$25.7 million (US\$19.8 million) (vs H1 2020). While as compared to H1 2019, traffic was 41.2% down, toll revenue was 39.8% down and EBITDA was 45.3% down.

The Greenway continued to be impacted in H1 2021 by both government imposed movement restrictions and social preferences in response to COVID-19 case counts in Virginia. Curfew and capacity restrictions from 2020 remained in place through to the start of March, when the curfew was lifted and capacity limits increased. By the end of May all capacity and social distancing restrictions had ended.

Weekend traffic has recovered more strongly than weekday traffic, down only 23.9% on average compared with H1 2019. Weekday traffic was down 43.4%. Traffic continues to build outside the morning and afternoon weekday peaks.

The SCC released its ruling regarding future tolling at the Dulles Greenway in April. The SCC found that the Greenway had satisfied the criteria for approval of certain peak and off-peak toll increases, however exercised its discretion to allow off-peak toll increases only for 2021 and 2022, due to the changes and uncertainty brought about by the COVID-19 pandemic. With price certainty now achieved for the next two years we continue to pursue outcomes with respect to tolling that are beneficial for the community and customers of the Greenway while providing longer term toll path certainty for the business.

As at 30 June 2021, Dulles Greenway had approximately US\$196.9 million in cash reserves. As previously reported, failure to pass the lock-up tests at 31 December 2020, as defined under the debt covenants for this business, means that around US\$78.9 million that would otherwise be available for distribution to Atlas Arteria remains included as part of the cash reserves.

Outlook

At APRR, over the European summer traffic has been averaging more than 5% above 2020 and 2019 levels. By mid August, Warnow Tunnel traffic had returned to near 2019 levels and at the Dulles Greenway traffic continued its slow recovery, around 30% above 2020 and 30% below 2019 levels.

Looking towards the second half of 2021, the business is well placed to benefit from increased travel following the removal of strict COVID-19 movement restrictions in Europe, and growing vaccination levels. The focus on long-term value creation also remains unchanged. This is supported by a uniquely experienced team with a proven track record of executing complex transactions, a strong growth pipeline, both within and external to the current portfolio, a resilient balance sheet, and good liquidity. Securityholders also stand to benefit from a strong dividend yield and a clear strategy to generate sustainable distributions from operating cash flows.

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