



# MACQUARIE AUSTRALIA CONFERENCE 2024

8 May 2024

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## Basis of Preparation

All financial results are presented in Australian dollars unless stated otherwise. Data used for calculating percentage movements has been based on actual numbers. Percentage changes are based on prior comparative period unless otherwise stated. Atlas Arteria has a 31 December financial year end. Refer to the Glossary of Terms for key terms used in this presentation.

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# Important Information

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# WHO IS ATLAS ARTERIA

A global owner and operator of toll roads focused on value creation, cash flow and distributions

**Our purpose** is to benefit the communities in which we operate through reduced travel time, greater time certainty, reduced fuel consumption and carbon emissions and to provide an enjoyable travel experience, while creating value for our stakeholders



Strong focus on safe and responsible operations



Toll prices positively leveraged to inflation supporting earnings and EBITDA margins



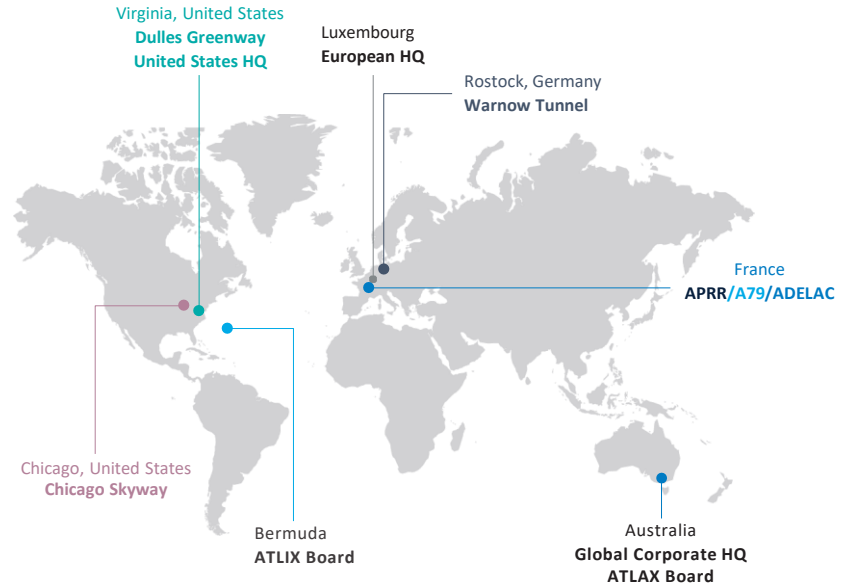
Focused on growing cash flows from existing businesses to underpin long-term distributions



Robust financial position, high proportion of fixed debt and strong balance sheet

# THE ATLAS ARTERIA BUSINESS

<p><b>APRR</b></p>	<p>Ownership: 31.14% 2,316km motorway network in Eastern France 2035 concession expiry<sup>1</sup></p>	
<p><b>A79</b></p>	<p>Ownership: 31.14% 88km east-west transversal link 2068 concession expiry</p>	
<p><b>ADELAC</b></p>	<p>Ownership: 31.17% 20km commuter road connecting Annecy to Geneva 2060 concession expiry</p>	
<p><b>WARNOW TUNNEL</b></p>	<p>Ownership: 100% 2.1km road and tunnel in Rostock, Germany 2053 concession expiry</p>	
<p><b>CHICAGO SKYWAY</b></p>	<p>Ownership: 66.67% 12.5km toll road connecting Chicago and Northwest Indiana 2104 concession expiry</p>	
<p><b>DULLES GREENWAY</b></p>	<p>Ownership: 100%<sup>2</sup> 22km commuter route into the greater Washington DC area 2056 concession expiry</p>	



1. APRR concession expires in November 2035, AREA concession expires in September 2036.  
2. 100% economic ownership.

# BUSINESS STRATEGY – REFINED STRATEGIC PRIORITIES

Non-associated growth opportunities are not being considered



## Business optimisation

- Optimising business activities across operations, maintenance, toll management and revenue recovery
- Innovation to enhance efficiency and lower costs

## Associated growth opportunities

- Pursuing only growth opportunities directly related to or in proximity to our existing businesses to realise accretive value
- Acquisitions outside this are not being considered – we will provide appropriate notice to securityholders if this position were to change

## Capital management

- Maintaining a robust balance sheet
- Targeting an optimal capital structure at each of our businesses backed by investment grade credit ratings
- Exploring medium term capital management options to maximise securityholder returns

# DISTRIBUTIONS OVERVIEW

Short term distributions continue to be supported by capital releases from the 2023 Chicago Skyway regearing

Subsequent distributions will be funded by operating business cash flows only and will not be supported by capital releases

## Approach to distributions

- Focused on growing underlying operating business cash flows to ensure high-quality distributions
- Exploring a range of options to mitigate the near-term impact of the new French tax on distributions
  - Estimated impact on cash flows is 4-5 cps<sup>1</sup>

Next expected Skyway regearing opportunity c. 2026<sup>2</sup>

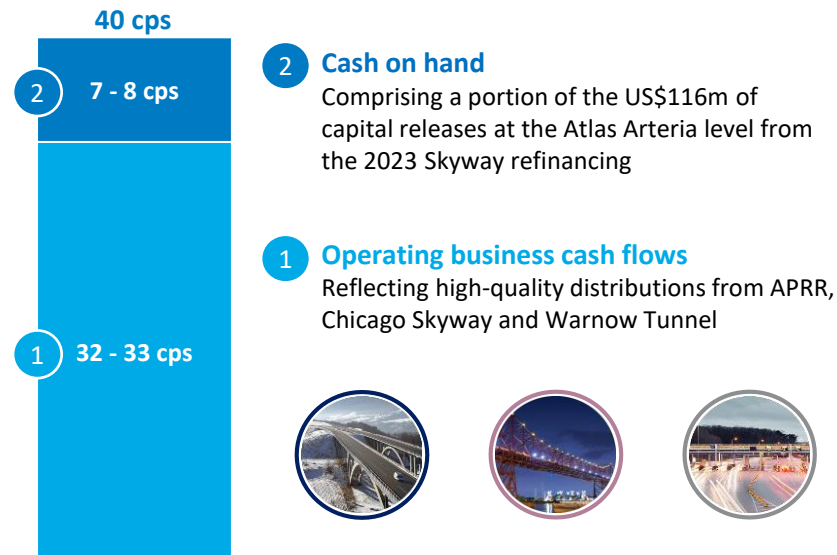
Future Skyway refinancing proceeds will be used on one or a mix of:

Growth projects within businesses

Share buyback program

Special dividends

## Distribution guidance of 40.0 cps for 2024 – period earned basis



- 1 Operating business cash flows**  
Reflecting high-quality distributions from APRR, Chicago Skyway and Warnow Tunnel
- 2 Cash on hand**  
Comprising a portion of the US\$116m of capital releases at the Atlas Arteria level from the 2023 Skyway refinancing



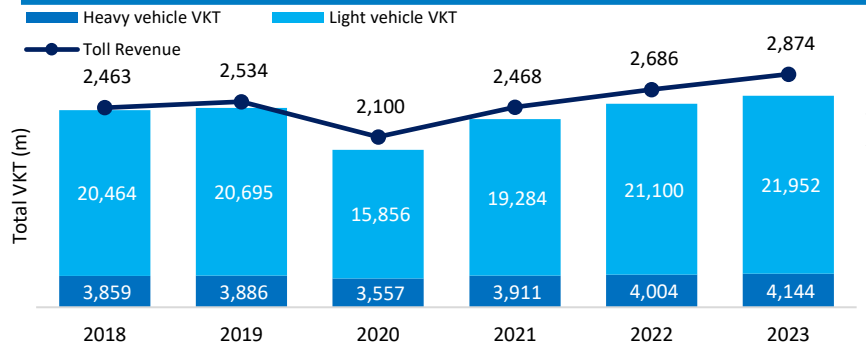
*Supporting short-term distributions with capital releases is a one-off initiative that was communicated at the time of the Skyway acquisition*

1. Based on 2023 performance and current FX rates.  
2. Based on current management forecast.

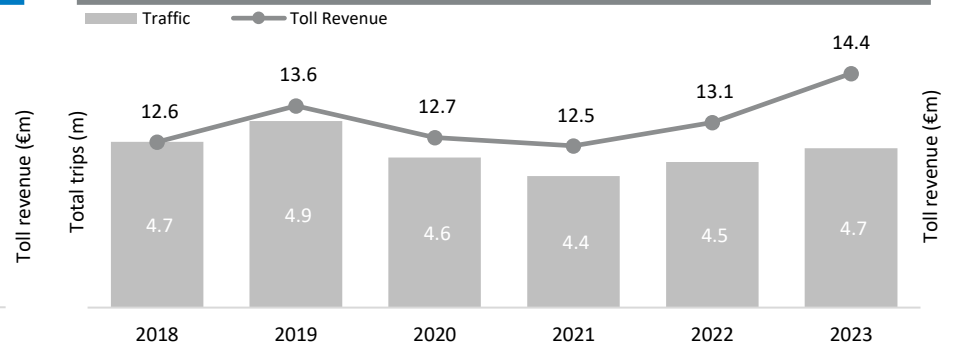
# Q1 2024 TRAFFIC PERFORMANCE

Weighted average traffic for Q1 2024 was 0.7% lower than Q1 2023, while weighted average toll revenue was up 2.9%

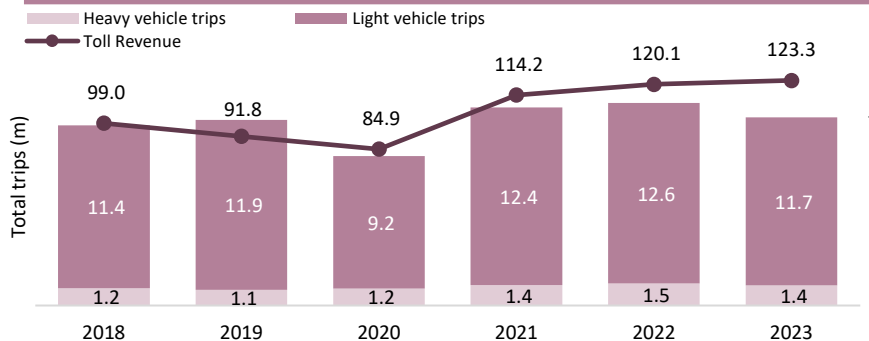
## APRR Group traffic<sup>1</sup> – Q1 2024 0.7% lower than Q1 2023



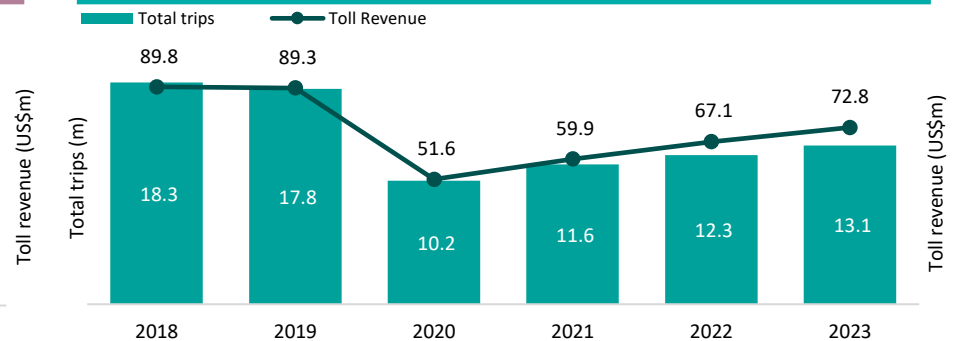
## Warnow Tunnel traffic – Q1 2024 0.7% higher than Q1 2023



## Chicago Skyway traffic – Q1 2024 7.3% lower than Q1 2023



## Dulles Greenway traffic – Q1 2024 3.7% higher than Q1 2023



1. APRR Group includes APRR, AREA and A79 concessions. The A79 concession began tolling on 4 November 2022.



# APRR GROUP OPERATIONAL UPDATE

## Focused on challenging the new French transportation tax and outlook for future concessions

### Two-step approach to fighting the new French tax

- In December 2023, the French Government enacted a new tax (TEILD) applicable to companies operating long-distance transport infrastructure with annual revenues above €120 million and a historical profit margin<sup>1</sup> above 10% over the last 7 years
- The tax represents 4.6% of annual revenues exceeding €120 million per legal entity and applies to both APRR and AREA<sup>2</sup> from 2024 onwards
- APRR's strategy going forward to challenge the tax will be structured in two sequential steps:

#### 1 Constitutional challenge against the law

- Litigation against this tax was filed on 14 March 2024. An outcome from the Constitutional Council is expected by the end of 2024
- If successful, the new tax will be cancelled

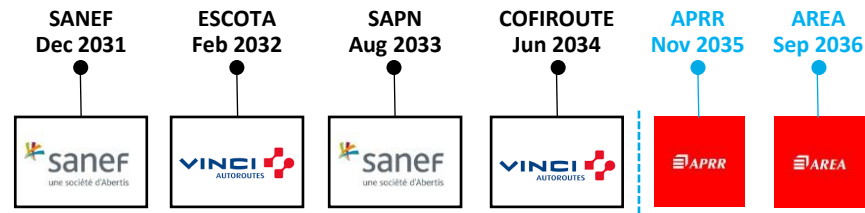
#### 2 Contractual litigation to obtain compensation if the constitutional challenge fails

- APRR will then initiate the litigation process to seek compensation

### Outlook for future concessions

- It has previously been acknowledged that the private concession model is the most effective way to operate the French toll road network
- In public reports published in 2023, the Transport Regulatory Authority (ART) proposed that the new concession contracts feature shorter durations and include regular review points
- One of the numerous options could be to adopt a regulatory system similar to that used in the airport industry
- As part of the budget control, the French Senate has begun to work on a report in relation to the preparation for the end of the motorway concession contracts

### Key near-term concession expiries



1. Calculated as the average profit margin for the last seven completed accounting years, excluding the years for which this level is the highest and the two for which it is the lowest.

2. Based on historical earnings.

# NORTH AMERICA OPERATIONAL UPDATE

Amanda Baxter will join Atlas Arteria on 20 May as Group Executive North America and Corporate Development

Amanda has deep experience in the North American toll road market joining us from a senior role with Transurban and having previously worked for the Virginia Department of Transportation (VDOT)

- ↓ • Appointed **Group Executive North America and Corporate Development**
- **20+ years of experience working in transport infrastructure** in both government and corporate roles, including 5 years at Transurban
- Formerly **Senior Vice President, Virginia Market and Operations, North America at Transurban** since 2022
  - Oversaw a diverse senior leadership team across multiple functions including development, operations, business finance & analytics, engineering & contracts, delivery, safety and governmental affairs
  - She was also responsible for network enhancements, operations, and asset management for the 495, 396 and 95 Express Lanes
- Former **Special Projects Director at VDOT** from 2015-2018
  - Developed and implemented the operations of Virginia's publicly operated Express Lanes on the I-66 Inside the Beltway project
  - Played a key regulatory role in the I-66 Outside the Beltway project
  - Played a pivotal role in federal and state legislative briefings, particularly on multimodal projects
- ↓



*Amanda Baxter, Group Executive North America & Corporate Development  
(Joins 20 May 2024)*

# CHICAGO SKYWAY TRANSITION 12-MONTH PLAN COMPLETE

Will deliver long-term cost savings and enhancements to asset quality as well as capital efficiency

## 2023 achievements – delivering on acquisitions strategy

## 2024 progress – key workstreams on track

Asset Management Program	Capital Structure	Operational Review	Safety & ESG	Optimising Business Performance & Strengthening the Foundations for Growth
<ul style="list-style-type: none"> <li>Initiated the transition and anchored a whole-of-life approach into the maintenance strategy of the Skyway</li> <li>Launched new asset management system allowing Skyway to modernise operations and maintenance management</li> <li>Commenced process to establish digital twin</li> </ul>	<ul style="list-style-type: none"> <li>Optimised through the refinancing of maturing debt, along with a regearing to release capital</li> <li>Comprised a note<sup>1</sup> issuance of US\$155m enabling capital releases of US\$116m that will be used to smooth distributions in the short term</li> </ul>	<ul style="list-style-type: none"> <li>Undertook operational review, championing inhouse expertise, efficiency and modernisation, and implementing programs and systems to optimise operations</li> <li>Further developed the Skyway’s Executive Team with the hiring of a new CFO and COO</li> </ul>	<ul style="list-style-type: none"> <li>Aligned the business with Atlas Arteria’s approach to safety, sustainability, and emissions reporting</li> </ul>	<ul style="list-style-type: none"> <li>✓ Amanda Baxter appointed Group Executive North America and Corporate Development</li> <li>✓ Priced US\$205m of notes with a fixed all-in coupon rate of 6.01% and a term of 10 years. Financial close expected in mid-July</li> <li>✓ Integration of asset management system and upgrade of back-office system progressing to plan</li> <li>✓ Updating emergency plans and risk assessments in response to Baltimore Key bridge incident, plus vulnerability assessment to be undertaken</li> <li>✓ Continuing to strengthen relationships with key stakeholders</li> </ul>

1. New and existing notes rated BBB (stable) by S&P.

# DULLES GREENWAY OPERATIONAL UPDATE

Atlas Arteria is advocating for the Greenway to move to distance-based tolling, which is in the best interests of its customers and would put the business on a more sustainable financial path

## Approach to legislative change in Virginia

- In February 2024, the Virginia House of Delegates passed a budget that included language authorising VDOT<sup>1</sup> to negotiate and execute a new concession agreement with the Greenway
- The budget passed by the Virginia Senate did not include the same language related to the Greenway, which was just one of many differences between the budgets
- Disappointingly, the language was not included in the compromise budget that was voted on by the House and Senate in March 2024
- We expect the next opportunity to pass legislation will be at the 2025 Virginia Legislative session in early 2025

## SCC rate case application progress

- ✓ Submissions lodged with the SCC from stakeholders as part of the determination process
- ✓ Hearings completed in February 2024
- 🎯 Outcome expected in H2 2024 based on past rate case decisions

1. Virginia Department of Transportation.

## Key people engaged in both processes



**Renee Hamilton**  
Chief Executive Officer  
Dulles Greenway



**Amanda Baxter**  
Group Executive North America  
& Corporate Development  
Atlas Arteria



**Pierce Homer**  
Director of Dulles  
Greenway  
Former Virginia Secretary  
of Transportation



**Christian Deschauer**  
Public Affairs Manager  
Atlas Arteria



Strong local management team with significant track record of success managing transportation assets



Strengthening internal capabilities to unlock value



Key focus on hiring on the ground expertise

# THE ATLAS ARTERIA VALUE PROPOSITION

Mature, established  
global toll road business



Geographically diverse,  
cash generative business of scale



High-quality brownfield  
asset base



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## A unique investment opportunity

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Positively leveraged to  
inflation



Attractive distribution  
yield



High EBITDA margins,  
limited floating rate debt exposure



THANK YOU

# Q&A

Contact for investors

Chloe Heazlewood

Acting Director, Investor Relations

+61 (0) 438 493 692

[investors@atlasarteria.com](mailto:investors@atlasarteria.com)