

27 February 2020

ASX RELEASE

Delivering against strategy and a year of significant achievement

Atlas Arteria (**ASX:ALX**) is pleased to announce its results for the 12 months ended 31 December 2019 (FY 2019).

FY 2019 Results

- Net profit after tax excluding the notable items below of \$178.2 million (FY 2018: \$164.1 million) reflecting:
 - A 5.5% growth in net profit from APRR, off the back of modest traffic growth
 - Strong growth in net earnings at Warnow Tunnel offset by a weaker performance at the Dulles Greenway, and
 - Corporate costs in line with guidance at \$18.6 million.
- Statutory net loss after tax of \$(9.8) million (FY 2018: net profit of \$59.9 million) reflecting four notable charges:
 - \$165.4 million non-cash impairment to Dulles Greenway that was incurred in H1 2019
 - \$2.3 million in costs associated with management internalisation
 - \$20.7 million paid to Macquarie for final Management Fees under their Management and Advisory Agreements to 1 April 2019 and the monthly fee paid under the Transition Services Agreement from 1 April to 31 December 2019
 - \$5.3 million hedge ineffectiveness expense for the swap entered into to support the delivery of Euros for the APRR Transaction
- Distribution guidance of 18 cents per security for each of H2 2019 and H1 2020 (a further 6% uplift to the previous guidance provided in November and 20% uplift on payments made in 2019)
- Successful refinancing of the Eiffarie term debt on 20 February 2020 with a deferred amortisation profile in line with expectations disclosed at the November 2019 capital raise
- On 20 November 2019, Atlas Arteria announced the “APRR Transaction” to acquire a further 6.14% indirect interest in APRR and ADELAC. To fund the APRR Transaction, Atlas Arteria successfully raised \$1,350 million with the issue of 195.7 million new ordinary stapled securities.

Atlas Arteria CEO Graeme Bevans said: “The 2019 year was a pivotal one for Atlas Arteria. We built a new corporate team, managed a seamless transfer of management arrangements and, delivered strong underlying performance. We secured arrangements to increase Atlas Arteria’s indirect interest in APRR and become a truly independent group. We have developed a strong corporate culture that has laid the foundation for growth and developed a sustainability framework that forms part of the way we work.”

APRR Transaction

On 20 November 2019, Atlas Arteria announced the APRR Transaction. Agreements were executed to acquire a further 6.14% indirect interest in APRR and ADELAC and secure direct governance rights in respect of its total post acquisition 31.14% indirect interest in APRR and 31.17% in ADELAC. In addition, new shareholder agreements were negotiated and it was agreed to terminate all remaining management agreements with the Macquarie Group delivering direct governance of APRR with negative control rights and participation on the Board of Directors at each level within the holding structure.

The APRR Transaction is expected to complete in early March 2020.

APRR performance

Operating revenue was up 2.9% to €2,611.0 million (FY 2018: €2,537.6 million) and EBITDA was up 3.6% to €1,942.0 million (FY 2018: €1,874 million). This is a strong result given 2018 benefitted from a good European ski season and rail and air strikes that positively affected APRR traffic flow.

During 2019, APRR continued to focus on improving its customer experience and enhancing its operational performance. Reduced operating costs and finance costs contributed to strong profitability. APRR maintains an A- rating from S&P and Fitch, and has sufficient balance sheet flexibility to fund the RCEA project which is expected to receive final approvals in Q1 2020.

Dulles Greenway performance

Dulles Greenway operating revenue was down 1.2% to US\$89.7 million (FY2018: US\$90.8 million), while EBITDA was down 0.8% to US\$73.2 million. Traffic numbers were down by 2.9%, impacted by a number of factors including: increased tolls on the Dulles Toll Road, completion of various construction works and removal of traffic lights on competing roads. Reduced costs as a result of various operating efficiencies improved EBITDA margins.

The operating performance of Dulles Greenway combined with a more conservative outlook for traffic growth led the Boards of ATLAX and ATLIX to recognise an impairment charge of US\$115.0 million (\$165.4 million) in H1 FY 2019. This impairment was a point in time assessment as at 30 June 2019 and an assessment conducted for 31 December 2019 concluded that no further impairment was necessary.

Commenting on the Dulles Greenway, Graeme Bevans noted: "The business has faced some challenges over the past few years. We remain focused on enhancing the performance of the Dulles Greenway and working closely with stakeholders, to create better outcomes for both securityholders and customers."

Positive outlook and growing distributions

The Boards of Atlas Arteria have increased distribution guidance for H2 2019 to 18 cents per security, up 20% on H2 2018 and up 6% on the previous guidance announced during the capital raising in November 2019. This was enabled by Atlas Arteria's financial performance in H2 2019, strong balance sheet and positive outlook for continued growth, as well as the successful refinancing of the Eiffarie term debt. This distribution, together with the 15 cents per share paid in October 2019, will bring the total distributions for FY 2019 to 33 cents per share.

Atlas Arteria is also pleased to announce today an increase in its H1 2020 forecast distribution guidance to 18 cents per security, a 6% increase on the previous guidance.

Distribution guidance for both halves remains subject to asset performance, movements in foreign exchange rates, French tax rate changes and future events.

Graeme Bevans said: “With completion of the APRR Transaction in the coming weeks we will have a 31.14% interest in a highly valuable and growing business. We have a strong platform from which to develop the Atlas Arteria business and look forward to continuing to deliver on our growth strategy in 2020 and increasing value for all our stakeholders.”

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

Option 1

For those wishing to dial into the briefing, please register for the call through the following link:
[ALX FY19 Results call pre-register](#)

Alternatively at the time of the call dial your respective local number below and provide the conference ID: **10003878** to the operator:

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 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/go/atlas-arteria-fy19/>

For further information please contact:

Investors:

Nadine Lennie

Chief Financial Officer

1800 621 694 / +61 (0) 438 493 692

investors@atlasarteria.com

Media:

Sue Cato

Cato & Clive

+61 2 8306 4244 / +61 (0) 419 282 319

cato@catoandclive.com

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 operator and developer of toll roads, creating value for our investors over the long-term through considered and disciplined management. The roads we develop, operate and invest in 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 25% 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.

www.atlasarteria.com