Il 21 novembre 2023 l’agenzia Moody’s ha rivisto al rialzo l’outlook di Aeroporti di Roma, da “negative” a “stable”. Il credit rating rimane confermato a Baa2. Il cambio di outlook riflette il proseguimento della ripresa del traffico rispetto ai livelli pre-pandemici e la decisione sul rating assegnato alla Repubblica Italiana (Baa3 con revisione dell’outlook da “negative” a “stable”). In allegato la nota completa pubblicata dall’agenzia di rating.
Rating Action: Moody's affirms ADR's Baa2 rating; changes the outlook to stable

21 Nov 2023

Madrid, November 21, 2023 -- Moody's Investors Service (Moody's) has today affirmed the Baa2 senior unsecured ratings of Aeroporti di Roma S.p.A. (ADR), and also affirmed the (P)Baa2 senior unsecured EMTN programme rating. The outlook has changed to stable from negative.

The rating action follows Moody's change in outlook on the Baa3 rating of the Government of Italy to stable from negative, on 17 November 2023. For more details on the rationale for the sovereign outlook change, please refer to the press release: https://ratings.moodys.com/ratings-news/411464.

RATINGS RATIONALE

Today's rating action reflects that ADR's rating is constrained by the risks associated with the sovereign, in that ADR would not likely be rated more than one notch higher than the government's rating, given the company's exposure to local macroeconomic conditions and regulatory environment. In addition, the change in ADR's outlook also considers the continued recovery in traffic, that will allow the company to improve operating and financial performance with metrics that should be comfortably positioned above the minimum level for a Baa2 rating, namely funds from operations (FFO)/debt ratio in excess of 13%, by year-end 2023.

In the first 10 months of 2023, ADR's total passenger volumes increased by almost 37% versus the same period of 2022, to a level around 12% below 2019 levels. This recovery has been underpinned by the attractiveness of Rome as international tourist destination; increased routes and capacity offered by the airlines; and its traffic mix, with strong growth of EU (excluding Italy), North American and Middle Eastern traffic. Overall, the recovery has been hindered by the slow ramp-up of operations of the new national carrier, ITA Airways S.p.A., mainly because of its downsized fleet when compared with its predecessor Alitalia.

Moody's anticipates that passenger traffic in Rome airports will recover to almost 90% of the pre-pandemic level by year-end 2023 and to 95% of the 2019 level in 2024, with full recovery in 2025. Nevertheless, there remain some uncertainties around future traffic growth given the subdued macroeconomic momentum in Europe, still high energy and oil prices and limited availability of new aircrafts.

Moody's expects ADR's credit metrics to improve, such that FFO/debt ratio will be positioned around 17%-18% over the next 12-18 months. However, higher-than-historical investment programme at Fiumicino airport may limit further deleveraging. Importantly, the company has some flexibility to deal with downside scenarios due to its strong liquidity position and ability to reduce capital expenditures and dividends.

Overall, the Baa2 rating of ADR reflects (1) the strong fundamentals of its airports, representing the largest airport group in Italy; (2) the strength of its service area and favourable competitive position with Rome being one of Europe's major capital cities; (3) the high proportion of origin and destination passengers, characterised by a significant component of European travellers and leisure traffic; and (4) the company's moderate financial leverage and strong liquidity profile.

On the other hand, the Baa2 rating takes into account (1) downside risks to further traffic recovery stemming from slowdown in economic growth in Europe; (2) the exposure to ITA Airways S.p.A., which has taken over operations from Alitalia with a considerably downsized fleet; (3) a significant investment programme that may limit further deleveraging; and (4) ADR's almost 100% ownership by Mundys S.p.A. (Ba1 stable) and the lack of full ring-fencing protections, even if the company benefits from some protections included in its debt structure and concession contract.
that provides for partial delinkage from the wider Mundys group.

RATIONALE FOR STABLE OUTLOOK

The stable outlook reflects Moody’s expectation that ADR’s financial metrics will remain above the guidance for the Baa2 rating level, such that FFO/debt ratio will be comfortably above 13%, on a sustained basis. The stable outlook also reflects the stable outlook on (1) the Government of Italy; and (2) Mundys given that ADR’s rating is constrained by that of its parent.

LIQUIDITY AND DEBT COVENANTS

ADR’s liquidity is excellent, underpinned by €902 million of cash on balance sheet as of September 2023 and an undrawn committed facility of €350 million with a final maturity in October 2028 and extension option until October 2029. In July 2023, ADR issued a new €400 million sustainability-linked bond with maturity in 2033, and used some of the proceeds to voluntary repay the €200 million bank loan maturing in May 2026 and €67 million of the €500 million bond maturing in June 2027 as a part of a Tender Offer. Therefore, the next significant debt maturity of €433 million is in June 2027. Overall, Moody’s expects that ADR’s liquidity position and cash flow generation will be sufficient to cover its expenditures and debt service obligations until at least 2026.

ADR’s debt documentation includes two financial covenants – net debt/EBITDA of 4.25x and interest cover ratio of 3x – tested semi-annually on a historical basis. Moody’s expects ADR to be in compliance with these covenants.

FACTORS THAT COULD LEAD TO AN UPGRADE OR DOWNGRADE OF THE RATINGS

Upward rating pressure on ADR’s rating is unlikely in the near future. Positive rating pressure could develop following an upgrade of Mundys’ and Italy’s ratings, coupled with the maintenance of ADR’s current financial performance.

Negative pressure on ADR’s rating could arise following a downgrade of the Government of Italy’s rating. In addition, negative pressures on Mundys’ credit profile would put downward pressure on ADR’s rating. Downward pressure on ADR’s rating could also develop if (1) the company’s financial profile weakens, so that FFO/debt drops below 13%; or (2) the company’s liquidity profile significantly deteriorates.

PRINCIPAL METHODOLOGY


PROFILE

ADR is the concessionaire for the two airports serving the city of Rome - Fiumicino and Ciampino - which recorded 49.4 million passengers in 2019 and 32.8 million passengers in 2022. ADR operates the two airports under a long-term concession expiring in June 2046. ADR reported EBITDA of approximately €197 million in the first six months of 2023.

REGULATORY DISCLOSURES

For further specification of Moody’s key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody’s Rating Symbols and Definitions can be found on https://ratings.moodys.com/rating-definitions.

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