

Atlantia SpA

Determination of the value per share of Abertis Infraestructuras SA to be contributed in kind in the framework of a capital increase pursuant to the article 2343-ter, paragraph 2, sub-paragraph b) of the Italian Civil Code

January 31st 2018

This report has been translated into English from the Italian original solely for the convenience of international readers. In the event of a discrepancy, the Italian version prevails.

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1 . Introduction

1.1 Scope and terms of the engagement

Atlantia SpA (“Atlantia” or the “Company”) is the holding company of Atlantia Group, an international player in the business of toll-road and airport infrastructures, managing about 5.000 highway kilometers between Italy, Brazil, Chile, India and Poland and the airports of Fiumicino and Ciampino in Italy, as well as those of Nice, Cannes-Mandelieu and Saint-Tropez in France.

On May 15th 2017, Atlantia announced a voluntary public tender offer on the entirety for the 990.381.308 shares of the listed Spanish company Abertis Infraestructuras SA (“Abertis” or the “Target”), governed in accordance with Real Decreto n. 1066/2007 (“Public Offer”).

Abertis is a public company established and regulated under Spanish laws, with listed shares on the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, and it is the holding company of one of the world’s main infrastructure conglomerates.

The Public Offer considers a cash payment of Euro 16,5 per share, with the opportunity, for every shareholder of Abertis to opt, in whole or in part, for a “Partial Alternative in Shares”, as explained in the “Anuncio de OPA” released on May 15th 2017 pursuant to article 16, paragraph 1, of the Real Decreto nr. 1066 issued on July 27th 2007.

The Partial Alternative in Shares consists of the possibility for Abertis’ shareholders to opt, in whole or in part, for a payment made with Atlantia’s newly issued shares, which carry special characteristics (“Special Shares”), on the basis of an exchange ratio of 0,697, determined on the basis of Atlantia’s share price of Euro 24,20, in line with the closing share price as of May 12th 2017, which when adjusted to consider the dividend distributed on May 22nd 2017, results in 23,67 Euro.

The transaction consideration amounts to Euro 16,3 billion for the 100% of Abertis’ shareholders’ equity and the payment of the consideration in Special Shares is subject to an acceptance threshold of 230 million of Abertis’ shares, which precedes the possibility for a pro-rata distribution of the consideration in shares, and the payment of the remainder in cash.

The Special Shares offered in exchange will have the same economic and administrative rights of the outstanding shares, except for the following characteristics:

- they will not be listed and cannot be transferable until February 15th 2019 (a deadline which has been modified to 90 days from the issue of the Special Shares, according to the resolution of the Board of Directors meeting held on January 19th 2018), date from which they will be automatically converted into common shares, on the basis of an exchange ratio of 1:1;
- they will provide the right to appoint up to three directors; consequently, the members of Atlantia’s Board of Directors will increase from 15 to a maximum of 18.

The offer validity is subject to the suspensive condition of reaching a minimum acceptance threshold of 50% plus one share criteria.

The potential capital increase (“Capital Increase”), issuing a maximum of 160.310.000 Special Shares, notwithstanding the aforementioned maximum amount of Special Shares that can be issued, is subject to the success of the Public Offer. You also informed us that pursuant to article 2441, paragraph 4, sub-paragraph 1, Italian Civil Code, Atlantia’s shareholders are not entitled to the opting rights from the shares issued under the Capital Increase.

Atlantia’s Board of Directors, pursuant to the article 2343-ter, paragraph 2, sub-paragraph b) of the Italian Civil Code, mandated PricewaterhouseCoopers (“PwC”) on June 14th 2017 to determine the unitary value of Abertis shares to be contributed in-kind in the framework of the Capital Increase and PwC issued a report on July 12th 2017. On August 2nd 2017, Atlantia’s extraordinary general meeting approved the capital increase supporting the public tender offer described above.

We have been informed by you that the Board of Directors intends to propose at the Shareholders meeting called on February 21st 2018, the deadline extension for the execution of the aforementioned Capital Increase, modifying, among the others, articles 8 and 40 of the bylaws, and, given that six months have passed since the issue of PwC’s report, it is necessary to release an update of the report at a more recent date.

In such context, our professional assistance (“Services”) is aimed at updating the report (“Report”) at the date of January 31st 2018.

Our engagement has been exclusively based on public information and meetings held with Atlantia’s management (“Management”).

Our analysis has been developed on the basis of the following assumptions:

- Abertis has been analyzed on a stand-alone and going-concern basis, without taking into account any potential synergy/diseconomy arising from possible scenario alteration;
- Abertis has been analyzed without taking into account any future non-recurring or extraordinary events, considering the current situation and the publicly available estimates.

We have shown a draft of the Report to the Management, who has provided written confirmation that no significant element essential to our work has been withheld.

1.2 Regulatory framework

According to article 2343-ter of the Italian Civil Code, the value attributed to an asset in a contribution shall not be higher than the value deriving from a valuation performed by an independent expert with an adequate professional standing to be prepared in accordance with generally accepted standards and principles as of a date preceding the contribution of no more than six months. The contributing party shall disclose the documentation that shows the value of the contribution.

The purpose of the report prepared by the independent expert is to guarantee that the capital of the company entitled to receive the contribution is not subjected to any alteration, resulting in a possible damage for creditors, deriving from an overvaluation of the contribution. This Report, therefore, has the objective to determine, according to conservative standards, the unitary value of the contributed shares.

On the basis of the purposes of this Report, prepared according to article 2343-ter of the Italian Civil Code, and considering the goals of the Law, the aforementioned conservativeness, referable to the value determination of the assets to be contributed according to the methodologies applied, appears to be motivated.

1.3 Reference date

The reference date for our analyses is September 30th 2017. In any case, we have taken into account any significant event brought to our attention and occurred after such date until the delivery of our final Report.

1.4 Sources of information

In the context of this Report, the main public information utilized for our analyses are the following:

- presentation of the interim results as at September 30th 2017 of the company, published on Abertis website;
- Annual Reports pertaining the financial years 2014, 2015 and 2016, published on the company website;
- consolidated financial statements relating to the financial years 2014, 2015 and 2016, published on the Abertis website;
- draft of the Explanatory Report of the Board of Directors of Atlantia, concerning the Capital Increase;
- brokers' reports and analysts estimates related to Abertis;
- publicly available information from Financial Data Providers.

The Report contains also information obtained or derived from a variety of sources, as indicated within the Report.

1.5 Assumptions and limitations

Our analysis has been developed on the basis of the following assumptions and limitations:

- the performance of the Services may not be considered as an involvement in the management and activity of Atlantia nor in the decision related to the convenience and feasibility of the aforementioned Acquisition;
- this Report has been prepared for and only for Atlantia in accordance with the terms of our engagement letter dated January 9th 2018 and for no other purpose. We do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this Report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing;
- by its very nature, valuation work cannot be represented by a pure application of methods and formulas, but it is the result of a complex process of analyses and estimations that in many cases are subjective;
- during our work, some sensitivity analyses have been performed with reference to certain valuation parameters utilized. Such sensitivities cannot represent the application of valuation methodologies, but only a theoretical exercise in order to examine the potential impacts regarding certain valuation parameters;
- the analyses over Abertis have been developed on a stand-alone and going-concern basis, without taking into account any potential synergy arising from the Acquisition;
- Abertis has been analyzed without taking into account any future non-recurring or extraordinary events, considering the current situation and the publicly available estimates;
- the analyses have been based on financial and economic information publicly available;
- the analyses have been based also on the assumption that Abertis will achieve the results reflected in the financial analysts' projections and brokers' reports ("Prospective Information"). Being the Prospective Information based on assumptions of future events and actions of the company, they are characterized by subjectivity and uncertainty and, in particular, by the risk that predicted events and actions by which they are originated may not occur or occur in different measure and timing from those predicted, while unexpected events or actions may occur. Therefore, the differences between predicted and actual results may be material;
- the Services do not include an audit conducted in accordance with generally accepted auditing standards, nor an examination of internal controls nor other reviews. Therefore we do not express any opinion or any other form of assurance on the financial statements of Abertis or on any other financial information, including prospective financial information, or on operating or internal controls of the companies;

- our work does not include the provision of legal and tax advices and therefore we do not assume any liability concerning legal and tax issues or contractual interpretation referable to the Acquisition.

1.6 Activities performed

Within the framework of our engagement, among others, the following activities have been performed:

- analysis of Abertis' historical and prospective financial results;
- selection of the valuation methodologies that appear suitable considering the scope of the engagement, the characteristics of Abertis and its operations, as well as the available information;
- application of the valuation methodologies, taking into consideration the analyses required to properly define the valuation parameters;
- identification of the unitary value attributable to the shares of Abertis.

1.7 Restrictions to the use of the Report

The Report and its content shall not be utilized for purposes other than those described in the Paragraph 1.1, in accordance with the terms of our engagement letter.

2 . Abertis Infraestructuras Groups Profile

2.1 Introduction

Abertis was the result of the merger between two Spanish entities operating in the toll-roads business, Acesa Infraestructuras Group and Aumar Group, which took place in April 2003.

Since its creation, Abertis has always pursued a strategy based on internal and external growth, frequently through acquisitions of concessions in other countries such as France, Chile and Brazil.

Thus, Abertis became one of the main infrastructure players worldwide in the toll-roads business. Although Abertis Group's operations are still focused on toll-roads, the group has also expanded in the telecommunications business.

Abertis has its headquarters in Madrid/Barcelona and is listed on the Madrid, Barcelona, Bilbao and Valencia Stock Exchange.

On the basis of the most recent information reported in the Abertis' website, the major shareholder is the Fundación Bancaria Caja de Ahorros y Pensiones de Barcelona (21,55%), while the rest of the shares are free floating.

2.2 Business overview

As stated previously, Abertis is a multinational group that operates mainly in the toll-roads business. It manages 33 toll-roads concessions representing over 8.000 kilometers and provides related services.

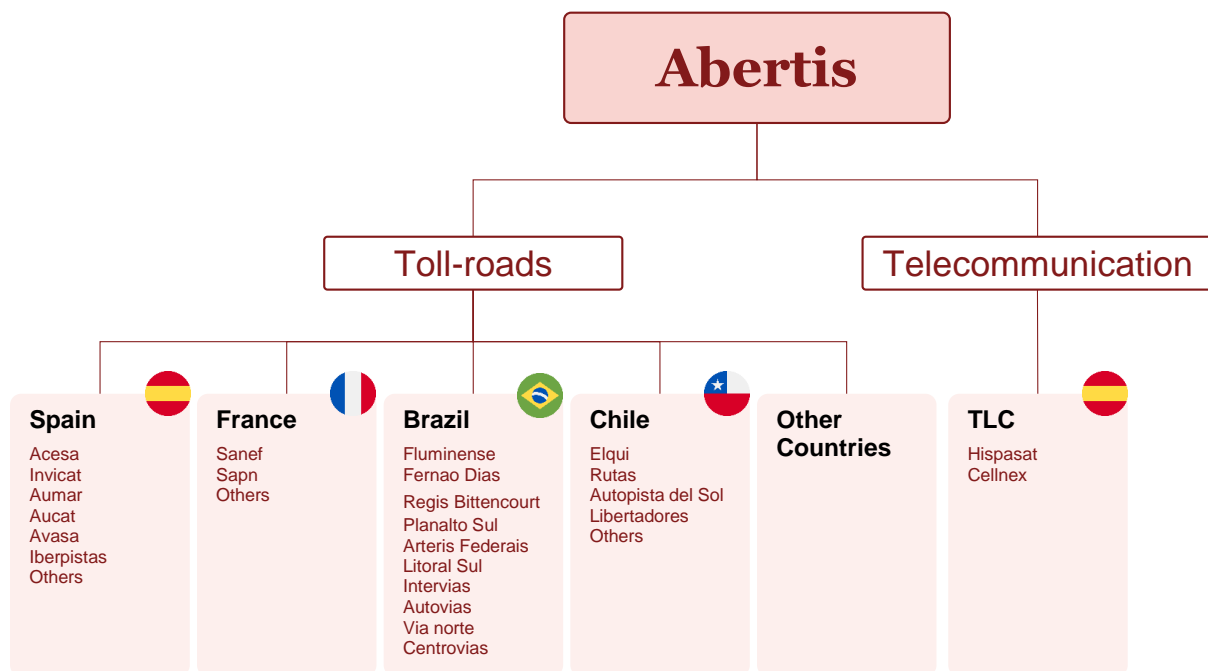
Besides, Abertis is active in the telecommunications business through the equity stakes held in the companies Hispasat S.A. and Cellnex Telecom S.A.

Abertis is active in 14 different countries, thus covering different continents: Europe, Central and South America, as well as Asia.

In 2016 over 70% of the revenues has been generated outside Spain: main markets are represented by Chile, France and Brazil.

In the first nine months of 2017, consolidated revenues have shown an increase of 15,9% with respect to the same period in 2016, also considering a change in the consolidation perimeter.

The graph in the following page shows the organizational structure of the Abertis Group and highlights the main concessions held in the different countries.



Source: list of concessions from nine months 2017 interim report

Toll-roads

The toll-roads business represents about 95% of the 2016 revenues of Abertis and 96% of the first nine months of 2017.

Abertis is one of the main operators in the toll-roads business worldwide, with a significant presence both in Europe and in Latin America.

Europe

Abertis is the first operator in Spain and one of the leading players in France, managing over 1.700 and 2.000 kilometers respectively.

Thanks to the acquisition of A4 Holding SpA in 2016, Abertis entered the Italian market with a relevant role, managing over 200 kilometers of one of the busiest toll-roads in Italy.

Latin America

Abertis is one of the main operators in Brazil, managing over 3.200 kilometers through several concession companies.

Abertis is also active in Chile where, through its subsidiaries, manages over 750 kilometers of toll-roads.

Additionally, Abertis manages over 260 kilometers in Argentina, Puerto Rico and Colombia.

Telecommunications

Hispasat S.A., a subsidiary of Abertis, is a satellite operator and distributes over 1.200 TV and radio channels mainly in Spain, Portugal and Latin America, contributing to about 5% and 4% of Abertis' revenues in 2016 and in the first nine months of 2017 respectively.

Cellnex Telecom S.A., where Abertis owns a 34% equity stake, operates in the wireless telecommunications and radio-broadcasting infrastructures business. The company owns over 16.000 towers and is one of the main players in the European market.

3 . Historical financial performance

3.1 Introduction

In the following pages, the historical reclassified income statements and balance sheets of Abertis are reported for illustrative purposes. The aforementioned data cover the FY 2010-3Q 2017 period and were sourced from the Consolidated Financial Statements.

3.2 Income Statement

The table below illustrates the consolidated income statements of Abertis Group for the last seven fiscal years.

Million of Euro		FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Revenues		3.810	3.815	3.646	4.403	4.292	4.212	4.762
	YoY Change	n.a.	0%	(4%)	21%	(3%)	(2%)	13%
Other Operating Income		90	85	57	156	850	645	837
Provisions		(8)	(12)	(8)	(4)	(16)	(7)	9
Operating Expenses		(1.324)	(1.223)	(1.127)	(1.486)	(2.126)	(2.118)	(2.368)
EBITDA		2.567	2.666	2.567	3.068	3.000	2.732	3.240
	% on revenues	67%	70%	70%	70%	70%	65%	68%
Depreciation & Amortization		(923)	(935)	(970)	(1.137)	(1.250)	(1.176)	(1.295)
EBIT		1.644	1.731	1.598	1.931	1.750	1.557	1.946
	% on revenues	43%	45%	44%	44%	41%	37%	41%
Interest expenses		(560)	(550)	(639)	(800)	(705)	(814)	(798)
Other investment income (loss)		190	169	14	78	35	(48)	(7)
Other non operating income (loss)		(181)	(111)	(316)	52	(51)	(294)	125
Pretax Income Adjusted		1.093	1.239	657	1.262	1.028	401	1.266
	% on revenues	29%	32%	18%	29%	24%	10%	27%
Extraordinary gain (losses)		(160)	(214)	705	(237)	14	(1.622)	49
Pretax Income		933	1.025	1.362	1.024	1.042	(1.221)	1.315
	% on revenues	24%	27%	37%	23%	24%	(29%)	28%
Taxation		(223)	(250)	(184)	(326)	(356)	2	(304)
Income from Continuing Operations		710	775	1.177	698	686	(1.219)	1.011
Discontinued operations		34	19	(94)	49	119	2.721	0
Net income		743	795	1.083	747	805	1.502	1.011
Minority interest		(82)	(74)	(59)	(130)	(150)	378	(216)
Net income attributable to shareholders of the Parent		662	720	1.024	617	655	1.880	796
	% on revenues	17%	19%	28%	14%	15%	45%	17%

Source: Financial Data Provider

The revenues show an increase of about 13% from 2015 to 2016, highlighting a positive trend after the decline of the past two years.

Partially, the growth of the revenues is driven by acquisitions performed in Chile, Spain and Italy. Considering like-for-like revenues deriving from core activities, the growth reaches about 6% in comparison with the previous year, based on an increase of the traffic recorded in Spain, France and Chile, as well as investments carried out in the recent years.

In the last period considered, EBITDA grows of about 20%, reaching the historical level of about 70% of the revenues. Like-for-like EBITDA increases of about 9% from 2015 to 2016.

Such growth is partially driven by new initiatives aimed at gaining operational efficiency, put in place in the previous years. Given that Abertis operates in the infrastructure industry, its cost structure is substantially rigid. Consequently, every increase in revenue contributes to a better coverage of the fixed costs and thus its marginality is improved.

Regarding the telecommunications business, 2016 revenues amounting to Euro 226m show an increase of circa 6% compared to 2015, while EBITDA is approximately Euro 175m, with a corresponding EBITDA margin of nearly 78%.

Abertis was also able to obtain more favorable conditions in relation to its financial debt, diminishing the interest charges and extending the overall maturity of its debt, thus optimizing its financial structure.

3.3 Balance Sheet

The table reported below includes the reclassified balance sheet of Abertis Group for the period analyzed.

Million of Euro	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
Property, plant & equipment	1.881	1.742	1.798	1.877	1.976	1.375	1.603
Immaterial assets	16.948	15.480	19.292	16.809	17.585	16.208	20.903
Fixed assets	18.828	17.222	21.090	18.687	19.561	17.583	22.506
Current assets	1.596	955	1.423	1.632	1.721	1.403	1.869
Current liabilities	(1.165)	(922)	(1.553)	(1.330)	(1.527)	(1.354)	(1.772)
Net Working Capital	431	33	(130)	302	193	49	97
Other long term assets	4.386	4.181	4.192	4.408	4.216	4.531	4.281
Other long term liabilities	(3.298)	(2.866)	(3.711)	(3.549)	(3.825)	(3.929)	(4.865)
Long term assets and liabilities	1.088	1.315	481	859	391	602	(584)
Net invested capital	20.347	18.570	21.441	19.848	20.145	18.234	22.020
Group Equity	4.020	3.064	3.840	3.518	3.148	3.261	3.576
Minorities	1.433	1.351	3.121	3.044	2.845	2.088	3.324
Net Equity	5.453	4.416	6.961	6.562	5.993	5.349	6.901
Short term financial liabilities	1.128	1.083	1.372	1.747	1.668	1.784	1.955
Long term financial liabilities	14.248	13.462	15.491	14.582	14.726	13.324	15.693
Cash and cash equivalents	(482)	(391)	(2.382)	(3.043)	(2.242)	(2.222)	(2.529)
Net financial position	14.894	14.155	14.480	13.286	14.152	12.885	15.119
Sources of funds	20.347	18.570	21.441	19.848	20.145	18.234	22.020

Source: Financial Data Provider

Fixed assets show an increase in 2016, mainly due to acquisition of some satellites by Hispasat S.A..

The growth of intangible assets is a result of the acquisitions finalized in Chile and in Italy, as well as the investments made in 2016 by its subsidiaries Sanef and Arteris, respectively in France and Brazil, aimed at expanding the network of managed highways.

Net working capital has historically reached quite moderate levels. Other long-term assets and liabilities essentially compensate each other, thus contributing in a limited amount to the net invested capital.

The minority interests appear to be growing, also as a result of the most recent acquisitions. Such transactions affected the dynamics of the net financial position of the year as well.

3.4 Results of the first nine months of 2017

The following table shows the consolidated income statement related to the first nine months of 2017, with the comparative data of the first nine months of 2016.

Million of Euro	3Q 2016	3Q 2017
Revenues	3.612	4.186
YoY Change	n.a.	16%
Operating Expenses	(1.205)	(1.432)
EBITDA	2.407	2.754
% on revenues	67%	66%
EBIT	1.476	1.650
% on revenues	41%	39%
Pretax Income GAAP	1.145	1.135
% on revenues	32%	27%
Net income	718	735
% on revenues	20%	18%

Source: Nine months 2017 interim report

Revenues growth is the result of both an increase of toll tariffs, in some cases greater than the inflation rate of the correspondent country, and of a growth of traffic, especially in Spain (+4,2%), Chile (+4,2%), Italy (+3%) and Brazil (+2,8%). Moreover, the impact of the perimeter expansion related in particular to the acquisitions of (i) A4 Holding in Italy in September 2016, (ii) a controlling stake of Jadcherla Expressway Private Limited and Trichy Tollway Private Limited in India in march 2017 and (iii) minority stakes in HIT (which in turn controls Sanef and SAPN) up to 100% of its share capital, must be taken in consideration. When adjusting for, among others, the effects of the perimeter expansion, the growth of the revenues like-for-like is in the region of 5,7%.

Despite the new acquisitions and the termination of certain incentives for the Spanish concessions, operating costs have increased proportionally less than revenues, leading to an increased EBITDA margin and its absolute value. Indeed, in a like-for-like perspective and with respect to 2016, EBITDA increased 7,2%.

The telecommunication operations show revenues amounting to about Euro 176m during the first nine months of 2017, with an implied growth of about 3,3% compared to the same period of 2016, related mainly to non-recurrent events. Thanks to these one-off components, the EBITDA increase was 9,1%, reaching a level of Euro 146m.

The following table shows the balance sheet of Abertis, referring to the third quarter of 2017, with the comparative data relating to 31st December 2016.

Million of Euro	FY 2016	3Q 2017
Fixed assets	22.506	21.698
Net working capital	97	(401)
Long term assets and liabilities	(584)	(1.042)
Net invested capital	22.020	20.255
Net equity	6.901	4.830
Net financial position	15.119	15.425
<i>of which cash and cash equivalents</i>	<i>(2.529)</i>	<i>(2.174)</i>
Sources of funds	22.020	20.255

Source: Financial Data Provider

The data show no significant difference between the first nine months of 2017 and the end of 2016 at the net invested capital level. Nonetheless, it should be noted that Abertis acquired some activities in India and minorities in certain French and Italian subsidiaries.

Compared to 31st December 2016, the net financial position highlights a light increase, mainly as a result of the aforementioned acquisition of Indian assets and French and Italian minorities. Nonetheless, positive cash flows generated during the period, driven by (i) the performance of the company and the opex and capex efficiencies, (ii) the Cellnex Telecom S.A. IPO tax return, (iii) the deferred payment from ADIA related to the remainder of the Chilean portfolio consideration and (iv) the disposal and debt deconsolidation of Infracom, mitigate the effects related to extraordinary transactions.

4 . Methodological approach

4.1 Introduction

The valuation methodologies used to determine the value of a company may be summarized as follows:

- methods based on the expected financial return of the investment, i.e. the cash flows expected to be produced in the future, from the reference date until its final liquidation (Discounted cash flow method);
- methods based on the earnings the investment is expected to produce in the future (Earnings-based method);
- methods based on the current “net asset value” (Assets-based methods);
- methods that combine the main elements of the Earnings-based and Assets-based methods (Combined method);
- methods based on the analysis of comparable companies and comparable transactions (Multiples methods)
- methods based on the share prices, in case of listed companies.

The following paragraphs report a brief description of the methodologies mentioned above.

4.2 Discounted Cash Flow

According to the discounted cash flows method, the value of a company is equal to the present value of the following components:

- the sum of net operating cash flows generated in each year of the explicit forecast period;
- the terminal value, understood as the cash flows the company will be able to generate beyond the explicit forecast period.

The unlevered approach relies on the operating cash flows to obtain the economic value of the operating invested capital (“Enterprise Value”): the cash flows taken into consideration are the operating Free Cash Flow (FCF), which are discounted using the WACC (“Weighted Average Cost of Capital”).

To obtain the economic value of the company (“Equity Value”), the resulting value has to be adjusted with reference to the market value of the net financial position at the valuation date, as well as all other surplus assets and/or liabilities (if any) not inherent to the operating activity.

Weighted Average Cost of Capital (WACC)

Weighted Average Cost of Capital (WACC) is a weighted average of the cost of equity capital and the cost of debt, net of tax shield on interest expenses.

The opportunity cost of equity capital (K_e) represents the expected return, under normal conditions, of the industry in which the firm to be valued operates and it is calculated using the Capital Asset Pricing Model.

According to this methodology, the determination of cost of equity capital considers: the risk-free rate equal to the yield of a long-term investment, such as government bonds; the market risk premium, which measures the return required by a risk-averse investor in order to invest in the equity market; Beta coefficient, which measures the specific risk of the company under analysis.

Cost of debt (K_d) is the rate at which the company may borrow money, usually determined considering the market long term interest rate plus a specific spread for the company. The obtained gross cost of debt is subsequently netted by the relative tax shield on interest expenses.

4.3 Earnings-based method

According to the earnings based method, the company value derives from the expected earnings that the company will be able to generate. The expected earnings are determined with a capitalization formula. This means that the equity value is assumed as constituted by the sum of the present values of the future earnings of the company.

Regarding the determination of the Terminal Value, the rate used to capitalize the normalized expected earning is the cost of equity capital (K_e), net of the long term growth rate. For more details on the determination of the discount rate, please refer to the paragraph titled “Discounted cash flow” of the current chapter.

4.4 Assets method

Simple assets method

The simple assets method is based on expressing the current values of the single assets and liabilities of the company.

This method takes as a basis the net equity shown in the reference accounts, including the profit for the year but excluding amounts that will be distributed to shareholders.

The above net equity is subsequently adjusted:

- to comply with correct accounting principles;

- to take into account any differences between the current value and the book value of single assets.

Adjusted assets method

The adjusted assets Method is based on the assumption that intangible assets, such as technology, workforce skills, brands, products portfolio as well as customers relationship, frequently represent a critical factor in the determination of the economic value of a company.

The aforementioned intangible assets often represent overlapping features, therefore a comprehensive examination may be necessary. The basic requirement to attribute a value to these intangible assets is the capability of the company to generate income.

The net equity, amended as per the simple assets method, is then adjusted to take into account the value attributed to each identified intangible asset.

4.5 Combined method

The main feature of the Combined method is the attempt to determine a result which considers both the Assets-based method and the Earnings-based method, taking into account the assets features, as well as the expected future income, which are the key elements of the economic value determination.

This method is appropriate for identifying, through a separate appraisal, the goodwill/badwill and is also well-known on an international level.

This method, in its assed side version, is based on the theory referable to the Economic Value Added (EVA) and is built on the assumption that the identified goodwill essentially matches the EVA.

4.6 Multiples

Market multiples

The market multiples method is based on the analysis of the stock market performance of comparable listed companies and the subsequent application of the multiples deriving from this analysis to the corresponding financial figures of the company to be valued.

Multiples are calculated as ratios between the market capitalization of comparable listed companies and the relative earnings, asset and financial values deemed to be significant.

This method comprises the following steps:

- Identification of comparable companies - The selection of an adequate sample of comparable companies represents one of the main steps of this method. The comparability of the results is strictly linked to the similarity of the sample. In selecting the comparable companies, different factors, such as reference sector, operating risk, company size, geographical

diversification, profitability, financial data reliability and the relative trading volume on stock markets are usually considered.

- Determination of the reference timeframe - An average value within a set timeframe is usually preferred to a precise value in order to neutralize extraordinary events, short-term fluctuations and speculative market tensions. At the same time, it has the purpose of reflecting information available to the market.
- Identification of the most relevant multiples - There are several ratios that can be used for application, according to the market multiples method. The choice of the most appropriate multiples is done on the basis of the characteristics of the industry and of the sample to be examined.
- Application of multiples to the examined companies - The multiples obtained from the analysis of the sample of peers are applied to the corresponding earnings, assets or financial items of the company to be valued.

Transaction multiples

The Transaction Multiples method is based on the so-called “Deal Multiples”, reflecting the prices paid in transactions involving the purchase of equity stakes in comparable companies.

Those transactions might reflect the possible value of benefits deriving from:

- synergies resulting from the transaction;
- the possible acquisition of control, dominant influence or significant shareholdings;
- the strategic value of the transaction for the parties involved.

Multiples are calculated as ratios between the values arising from the comparable identified transactions and the relative earnings, asset and financial values deemed to be significant.

This method comprises the following steps:

- identification of comparable transactions;
- determination of the multiples on the basis of available information;
- calculation of the average multiples based on the selected transactions;
- application of multiples on the corresponding financial indicators of the subject company.

4.7 Share price method

The share price method is based on the assumption that the value of a company can be considered equal to the value emerging from its stock price trend, in case a company is listed on the market.

According to this methodology, the share price of liquid companies listed in efficient markets represent a reliable indication of the value of a company, as it substantially reflects all the available public information relating to the company. The prices level represents the result of systematic arbitrage activities performed by the market operators, thus reflecting their view on future earnings, financial stability, risk and prospective growth of the company under analysis.

In such context, share prices are considered relevant if the reference markets are characterized by a high level of efficiency, the liquidity of the securities is high and the reference timeframe may neutralize the effects of possible extraordinary events, which generate fluctuations in the short term or speculative tensions.

Given that, it is necessary to take into account that share prices usually represent the value attributable to minority stakes, rather than controlling stakes.

5 . Analyses performed

5.1 Selection of the valuation approaches

The selection of the most suitable approaches to be adopted in the determination of the value for Abertis' shares has been made taking into account the purposes of the engagement, the specific characteristics of Abertis and its business, as well as the available information.

As already pointed out, our work has only been based on publicly available information. In order to develop our analyses, we have taken into account the historical financial performance of Abertis, the estimates included in the broker' reports related to its future results, as well as its share prices. On the basis of such information, we have selected two different methodologies.

In particular, we have identified the Share price method as the main method, considering that stock market dynamics tend to reflect all the public information available, and the Earnings-based method as a control method.

The following paragraphs describe the application of the two different valuation methodologies.

5.2 Application of the Share price method

In order to apply the Share prices method, the valuation process has been developed on the basis of the following key phases:

- analysis of Abertis' share prices in the six months prior to April 13th 2017, as starting from this date rumors regarding the Acquisition may have started to affect the stock exchange performance;
- analysis of Abertis' share prices in the six months prior to January 25th 2018;
- computation of simple averages, based on daily official closing prices of Abertis, referring to different time horizons;
- taking into account the characteristics of the Acquisition, analysis of premia observed in similar transactions involving listed companies in the same industry of Abertis;
- application of such premia to the simple averages of the share prices previously calculated, in order to take into account that such stock market prices are related to minority stakes.

The chart below illustrates the official closing price of Abertis between January 2017 and January 2018.



Source: Financial Data Provider

The table below illustrates the official closing price of Abertis as at April 13th 2017, as well as the simple averages determined on the basis of different time horizons, in order to offset the existence of potential short-term fluctuations that commonly affect the financial markets.

Eur per share	
6 months average	13,3
3 months average	13,8
1 month average	14,7
1 week average	15,2
Closing 13/04/17	15,3

Source: Pw C Analysis and Financial Data
Provider

The same analysis as per January 25th 2018 is shown below.

Eur per share	
6 months average	17,7
3 months average	18,6
1 month average	18,8
1 week average	19,0
Closing 25/01/18	19,1

Source: Pw C Analysis and Financial Data
Provider

The following table shows the control premia observed in comparable transactions regarding listed companies operating in the same industry of Abertis. Such premia have been taken into consideration referring to different time ranges, consistently with the previous analysis over the share prices of Abertis.

	1 week premium	1 month premium	3 months premium	6 months premium
Average	25,4%	26,6%	27,7%	28,5%
Median	25,5%	26,1%	27,7%	29,5%
Smoothed average	25,3%	26,3%	28,2%	29,2%

Source: Pw C Analysis and Financial Data Provider

The application of such premia illustrated to the abovementioned averages of Abertis share prices leads to a value per share at least equal to Euro 16,5, both as of April 13th 2017 (pre-leakage) and as of January 25th 2018.

5.3 Application of the Earnings-based method

As a control method, we have applied the levered version of the Earnings-based method.

The valuation process has been structured through the following:

- analysis of the projections for the key financial indicators of Abertis, relying on the most recent brokers' reports, as well on the actual results for the first nine months of 2017;
- estimation of the discount rate referable to the future Abertis Group's earnings, which, consistently with the levered approach, is equal to the cost of equity (KeL);
- definition of the Terminal Value, considering the estimates included in the brokers' reports;
- determination of the Equity Value.

The prospective Abertis' results have been defined on the basis of broker reports' consensus estimates, referring to the 2017-2019 period, as a significant number of financial analysts cover such time range, while the subsequent years are covered by a limited number of brokers.

	Estimates				Number of analysts		
	2016	2017	2018	2019	2017	2018	2019
Income statement data							
Revenue	4.762	5.579	5.839	5.941	12	12	10
<i>YoY Change</i>	<i>n.a.</i>	<i>17%</i>	<i>5%</i>	<i>2%</i>			
EBITDA	3.240	3.632	3.844	3.989	10	11	9
<i>% on revenues</i>	<i>68%</i>	<i>65%</i>	<i>66%</i>	<i>67%</i>			
EBIT	1.946	2.201	2.381	2.520	10	11	9
<i>% on revenues</i>	<i>41%</i>	<i>39%</i>	<i>41%</i>	<i>42%</i>			
Pretax Income	1.315	1.444	1.618	1.805	8	8	8
<i>% on revenues</i>	<i>28%</i>	<i>26%</i>	<i>28%</i>	<i>30%</i>			
Net income	796	942	1.109	1.259	7	7	6
<i>% on revenues</i>	<i>17%</i>	<i>17%</i>	<i>19%</i>	<i>21%</i>			
Adjusted net income	793	917	1.076	1.204	11	11	11
<i>% on revenues</i>	<i>17%</i>	<i>16%</i>	<i>18%</i>	<i>20%</i>			
Balance sheet data							
Capex	1.132	1.296	1.048	902	6	6	5
Net Debt	15.119	15.833	15.227	14.763	8	8	7

Source: Financial Data Provider

The calculation of the discount rate KeL has been performed through the following steps:

- identification of listed comparable companies;
- collection of valuation parameters from third parties, exclusively Financial Data Providers.

The KeL has been calculated using the *Capital Asset Pricing Model*, a methodology widely accepted by the best practice.

In particular, the key parameters used in the calculations are:

- **Risk Free Rate**: determined on the basis of the 10 years government bonds of Spain, France, Brazil and Chile, the main markets where Abertis operates (c.3%);
- **Market Risk Premium**: defined taking into consideration the specific characteristics of the abovementioned markets and analyses on market returns (c.6%);
- **Beta Levered**: determined on the basis of the betas and the capital structures of comparable companies active in the toll roads business, such as EcoRodovias Infraestrutura e Logística SA, CCR SA, Società Iniziative Autostradali e Servizi SpA, Atlantia SpA and Abertis SA (0,79).

On the basis of the aforementioned parameters, the KeL is equal to 7,5%.

As regards 2017, 3 months have been considered. Reference earnings are determined as the difference between the annual projections of the analysts and the actual results for the first nine months.

Million of Euro	Estimates 2017	Estimates 2018	Estimates 2019
Estimated normalized Group Earnings	917	1.076	1.204
Earnings Q3 2017	(735)	-	-
Reference Earnings	182	1.076	1.204
Ke levered	7,5%		
Period	0,13	0,75	1,75
Discount factor	0,99	0,95	0,88
Discounted Earnings	181	1.019	1.061
Sum of discounted Earnings	2.261		

Source: Pw C analysis

With respect to the Terminal Value calculation, consistently with the current Abertis' structure, we have considered the estimates provided by the brokers reports for the 2017/2019 period, projected for a limited number of years as described below.

The long term growth of the expected Abertis' earnings beyond 2019 has been assumed equal to 2,5%, taking into account the forecasted inflation in both the European and LATAM countries where Abertis operates, as well as a positive business growth over a limited time horizon, which has been defined on the basis of the residual useful life of Abertis' concessions in 2017, as disclosed by the management of Abertis.

Million of Euro	TV
Long term growth rate	2,5%
Average concessions' RUL as of 30/09/2017 (years)	25,25
Undiscounted Terminal Value as at 2019	16.483
Terminal Value as of 30/09/2017	14.533

Source: Pw C analysis

Adding the discounted Terminal Value to the sum of the discounted earnings for the 2017/2019 period, and deducting the interim dividend payment that took place on November 2nd 2017, we reach the Equity Value of Abertis, as reported in the following table.

Million of Euro	Equity value
Sum of discounted Earnings	2.261
Terminal Value as of 30/09/2017	14.533
Equity value (cum div)	16.794
Dividend	365
Equity value (ex div)	16.430

Source: Pw C analysis

Taking into account the number of Abertis shares, excluding treasury shares (78.815.937), also the Earnings-based method, in its levered version, leads to a value per share at least equal to Euro 16,5.

6 . Conclusions

On the basis of our work, described in the Report, we consider that the unitary value of Abertis' shares to be contributed in kind in the framework of the Capital Increase is at least equal to Euro 16,5, being the unitary value determined by the Board of Directors of Atlantia in such context.

Our conclusions must be read and interpreted for the purposes for which the Report was prepared, also taking into account the assumptions and limitations described therein.

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