

## No improvement on last year

<b>Company/ASX Code</b>	Atlas Arteria (ASX: ALX)
<b>AGM time and date</b>	10am on Thursday, 15 May 2025
<b>Location</b>	RACV City Club, 501 Bourke St, Melbourne
<b>Registry</b>	Computershare
<b>Type of meeting</b>	AGM meeting
<b>Monitor</b>	Elizabeth Fish and Nick Bury
<b>Pre-AGM Meeting</b>	Held on 17 April 2025, with Debbie Goodin (Chair ATLAX), Fiona Beck (Chair ATLIX), Chloe Hazelwood (Investor Relations), Nick Bury and Elizabeth Fish (ASA)

Monitor Shareholding: The individuals involved in the preparation of this voting intention have shareholdings in this company.

## 1. How we intend to vote

No.	Resolution description	
	ATLAX AGM	
2(a)	Re-election of David Bartholomew	For
2(b)	Re-election of Jean-Georges Malcor	For
2(c)	Election of Danny Elia	For
3	ATLAX Remuneration Report	For
4	To approve equity grant to Hugh Welby under Atlas Arteria LTI plan	For
5	Amendment of ATLAX constitution	For
	ATLIX AGM	
2	Re-appointment of Deloitte as auditor	For
3(a)	Re-election of Debra Goodin	For
3(b)	Re-election of Andrew Cook	For
4	Amendment of ATLIX Bye-laws	For

## **2. Summary of Issues and Voting Intentions for AGM/EGM**

### **2(a) Re-election of David Bartholomew (ATLAX)**

David Bartholomew was appointed to the ATLAX Board on 1 October 2018. He holds a Bachelor of Economics degree from the University of Adelaide and an MBA from AGSM. David has executive experience as CEO of Duet Group and has also held executive positions at Hastings Fund Management, Lend Lease, the Boston Consulting Group and BHP Minerals. He is the current chair of Atmos Renewables Group and IREN and is NED on the board of Endeavour Energy and GHD Group. He has extensive infrastructure board experience having served on the boards of Interlink Roads, Statewide Roads, and several other infrastructure organisations. The ASA hopes that at the AGM David will confirm to the meeting that he has sufficient resources available to devote to his board position with Atlas Arteria. David held 31,679 shares as at 30 December 2024. The ASA will vote undirected proxies in favour of this resolution.

### **2(b) Re-election of Jean-Georges Malcor (ATLAX)**

Mr Malcor was appointed to the ATLAX board on 1 November 2018. He possesses a Bachelor of Engineering from Ecole Centrale Paris and a Master of Science from Stanford University. His executive experience includes eight years as CEO at CGG, a Euronext-listed French geoscience company in the global oil and gas industry. Prior to this, he spent 25 years at Thales Group in France and Australia and was later Managing Director of ADI (Australian Defence Industry). Jean-Georges held 45,499 shares as at 30 December 2024. The ASA will vote undirected proxies in favour of this resolution.

### **2(c). Election of Danny Ella as a non-Executive Director (ATLAX)**

Danny Ella was appointed to the ALX board on 6 August 2024. He holds a Bachelor of Commerce from the University of Melbourne. His resume shows he is not independent as he holds an executive position at IFM Investors, serving as the Global Head of Asset Management. IFM holds over 30% of ALX. He has held executive positions with South Australian Health, Leighton Contractors, Transurban Victoria and Linfox Logistics Asia Pacific. Mr Ella has not held NED positions with any other listed companies in the last three years. He is on the board of APAC a privately held corporation owned by institutional investors, mostly superannuation and pension funds. APAC owns Melbourne and Launceston airports and IFM owns 25.17% of APAC. Mr Ella did not hold ALX shares at 30 December 2024. The ASA will vote undirected proxies in favour of this resolution.

## **3. Resolution to adopt ATLAX Remuneration Report (ATLAX)**

Following the FY23 AGM and shareholder feedback, ALX reviewed and updated the remuneration framework. Some changes include increasing the LTI (long-term incentive) period, now extended to four years, and the addition of a LTI measure based on Free Cash Flow per security with a 30% weighting.

The Board has not altogether abandoned the use of discretion. Some circumstances where positive and negative instances can be used are identified in the remuneration report. Further, the ASA notes that the Board has discretion to increase or decrease an STI (short-term incentive) or LTI award when deemed appropriate.

A 4-year LTI performance period has been adopted for the first time in FY24. The number of awards granted is based on the 10-day VWAP following the announcement of ALX's results. 70% of the LTI is measured against Relative Total Securityholder Return TSR, with a positive TSR gateway of 70%. The performance measure, relative to the Global Listed Infrastructure Organisation (GLIO) index from the start of the measurement period to December 2024. The relative TSR was -4.53%. As a result of not meeting the positive threshold, this score meant no vesting outcome for this portion of the FY2022 LTI award. The remaining 50% of LTI is measured against Free Cash Flow (FCF) CAGR over a four-year period. The FCF 4-year is shown as A\$461.0m and 37.2c per security. As the Relative TSR measure was not achieved this portion of the LTI for FY2022 was not payable. The CEO achieved 64.2% of his potential maximum STI award.

ALX has again used a slightly unusual method to calculate the share price movement for the TSR calculation, using VWAP over a 40-day period prior to the start of a performance period and a 40-day period to the end of the respective performance period, rather than the year end security price shown in table 6.2 of the FY24 AR. The ASA's standard TSR measurement gives a score of -0.4% over the four-year period ending December 2024. The ASA also notes that dividends are no longer payable on unvested share rights.

Half the STI outcome is paid in cash, and the other half is deferred as restricted securities for one year, subject to Board discretion and ongoing service. The STI scorecard contains 70% financial measures, 15% business priorities, 7.5% Safety, and 7.5% for ESG. For the financial measure, target is set at 100% of budget and stretch at 105%. The financial measures are proportional adjusted EBITDA, free cash flow from operations, distributions (dividends) and operational expenditure. The CEO achieved 65% of his potential STI award.

The ESG measures are environmental, relating to electricity transition, meeting ESG objectives and safety. For safety the result at 1.9% was below the level required for threshold performance so did not contribute to the ESG score. Later information shows that ALX achieved a LTIFR of only 4.85%, which is less than target <=3.

In summary, the ASA will recommend a vote in favour of the remuneration resolution. It is pleasing to see that many of the issues the ASA highlighted as negatives in earlier voting intention reports have been addressed. However, it is still unclear why the cost of LTI and STI expenses should be excluded from Corporate Operational Expenditure or the Board approved special project costs of \$2.1m, as these costs flow down to the bottom line, statutory profit/loss and shareholder distribution. For the LTI, Relative TSR is a reasonable measure; however, it is unclear if any companies have been removed from the GLIO index. We know that the Directors may do this. This means the comparator group is unclear. Assuming that no companies have been removed from the GLIO index, the ASA will vote undirected proxies in favour of this resolution.

#### **4. To approve equity grant to Hugh Welby under Atlas Arteria LTI plan (ATLAX)**

It is proposed to grant Performance Rights Subject to Securityholder approval. The proposal is that Hugh Welby will be granted Performance Rights on the basis described below. The maximum

number of Performance Rights to be granted to Hugh Wehby will be 654,884. This has been determined by dividing \$3,262,500 (being 225% of Hugh Wehby's annual fixed remuneration for 2025) by \$4.9818 being the VWAP of Atlas Arteria Securities traded on ASX over a ten-trading day period immediately following the announcement of Atlas Arteria's 2024 results. The criteria are covered in the remuneration report. The ASA will vote undirected proxies in favour of this resolution.

## **5. Amendment of ATLAX constitution (ATLAX)**

Reasons for proposed changes to ATLAX Constitution and ATLIX by-laws. The changes proposed require new US investors to be both a 'Qualified Purchaser' (within the meaning of Section 2(a)(51) of the Investment Company Act) (QP) and a 'Qualified Institutional Buyer' (as defined in Rule 144A under the US Securities Act of 1933, as amended (Securities Act)) (QIB and together, a QIB/QP). These changes are being made to align the transfer restrictions in the ATLAX Constitution and the ATLIX by-laws with the customary offering restrictions that would apply in relation to US securityholders and to better enable Atlas Arteria to access US capital markets in the future. The ASA will vote undirected proxies in favour of this resolution.

## **2. Re-appointment of Deloitte as auditor (ATLIX)**

This resolution proposes the re-appointment of Deloitte Touche Tohmatsu (Deloitte), being the existing auditor of ATLIX, as auditor and in accordance with standard practice authorises the Directors to fix their remuneration. Deloitte Touche Tohmatsu were appointed in May 2024, following the resignation of previous auditors PricewaterhouseCoopers. The ASA will vote undirected proxies in favour of this resolution.

## **3(a). Re-election of Debra Goodin as Independent non-executive Director (ATLIX)**

Debra Goodin was appointed to the ATLIX Board as independent non-executive director on 1 November 2020. Debbie is currently a Director and the Chair of ATLAX, the Chair of Atlas Arteria's Nomination and Governance Committee as well as a member of Atlas Arteria's Audit and Risk Committee, People and Remuneration Committee, and Safety and Sustainability Committee. Debra has held executive roles as COO for an ANZ subsidiary of Downer EDI Limited, acting CFO and Head of Mergers and Acquisitions and Global Head of Operations at Coffey International Limited. Debbie is currently a Non-executive Director of Ansell Limited and Independent Chair of the Port of Melbourne. The ASA will vote undirected proxies in favour of this resolution.

## **3(b). Re-election of Andrew Cook as Independent non-executive Director (ATLIX)**

Andrew Cook was appointed to the ATLIX Board as an Independent non-executive Director on 26 November 2020. Andrew is currently a member of Atlas Arteria's Audit and Risk Committee and has extensive executive, financial, operational, and capital market experience having been the founding CFO of several organisations. Andrew brings significant global M&A experience having served as the President and CFO of Harbor Point (and later as President of Alterra Bermuda) as well as leading successful IPOs at LaSalle Re, Axis Capital, and Global Partner Acquisition Corp. Andrew currently serves as a Non-executive Director and Chair of OmegaCat Reinsurance Ltd and is a Non-executive Director of Aspida Holdings Ltd and Ferian Holdings Ltd. The ASA will vote undirected proxies in favour of this resolution.

## **4. Amendment of ATLIX byelaws (ATLIX)**

Some further amendments to the ATLIX bye-laws are now proposed to extend those existing transfer restrictions so that persons who are (or hold securities on behalf of persons who are) in the United States and any US Persons in each case that are not: an existing QP (Qualified purchaser); or both a QP and a QIB (Qualified Institutional Buyer) cannot acquire or hold Atlas Arteria Securities (with those restricted persons being the Excluded US Persons). This revised definition of Excluded US Persons would then also be relevant for the existing divestment provisions under the ATLAX Constitution and the ATLIX byelaws. The ASA will vote undirected proxies in favour of this resolution.

### Financial performance

At first glance one would think that ALX had improved performance over last year. The fact is that the FY24 NPAT is down on FY23 at \$244.2m, as the FY24 result includes income of \$31.1 million arising from the deemed disposal of Atlas Arteria's interest in MAF2, the company's French toll road, following an equity injection from Eiffage.

(As at FYE)2024	2024	2023	2022	2021	2020
NPAT (\$m)	275.3	256.3	241.1	163.69	(99.21)
UPAT (\$m)	275.3	256.3	244.2	259.1	165.4
Share price (\$)	4.75	5.78	7.01	6.92	6.50
Dividend (cents)	40	40	40	28.5	11.0
Simple TSR (%)	(0.96)	(6.51)	7.08	11.4	(15.5)
EPS (cents)	23.2	17.7	22.2	17.0	(10.7)
CEO total remuneration, actual (\$m)	3.24	2.81	2.7	3.2	2.4

Simple TSR is calculated by dividing the change in share price plus dividend paid during the year, excluding franking, by the share price at the start of the year.

### Key events

In October, Eiffage consortium and APRR signed a concession agreement for the A412 Thoron-Machilly motorway. APRR holds just 0.1% of the concession. At the pre-AGM meeting, the monitor asked, given APRR was holding just 0.1% of ownership would there be an opportunity for APRR to increase its holding? The response was that APRR does have the option to transfer the remaining 99.8% of ownership from Eiffage but that cannot happen until close to the completion of construction, expected to be in four to five years' time.

In Feb 2025, Atlas Arteria (ASX:ALX) announced that Financière Eiffarie and APRR refinanced €2,418 million in debt: €918 million term loan at Financière Eiffarie and €1,500 million revolving credit facility at APRR. On 1 July 2024, the partners in APRR Group reached an agreement to refinance the Financière Eiffarie debt facility in H1 2025, targeting a materially reduced amortisation profile over the first five years with an average annual repayment of approximately €55 million. It was also agreed that €200 million of cash within the APRR Group would be released in H2 2024 to fund the FE debt amortisation payments. There will be an average annual repayment

of €55 million over the first five years and this is in line with what was agreed by the partners in APRR Group in July 2024.

The new French long-distance transportation infrastructure tax (TEILD) is included in this year's financials. The tax at 4.6% on revenues exceeding €120m per legal entity affects the APRR and AREA concessions but does not apply to the A79 or ADELAC concessions. The additional charge in FY24 was \$204m.

A lawsuit filed in late April 2025 in a US District Court against the state, alleges constitutional violations regarding the Dulles Greenway Road near Washington, D.C. The company is trying to recover \$20b in lost returns from the US toll road. The claim being made is that Greenway investors have received \$US12.7 billion less than was authorised, based on the approved return on their investment. According to court filings, the revenue is insufficient to cover debt repayments. IFM own just over 30% of Atlas Arteria.

On 24 February 2025, Atlas Arteria announced that TRIP II has filed a federal complaint in the Eastern District of Virginia alleging numerous violations of the Virginia and United States constitutions by the Commonwealth of Virginia, the State Corporation Commission (SCC), and the SCC Commissioners in their official capacities, all of whom are named defendants in the action. The complaint alleges the constitutional violations arise from the taking of private property for public use without just compensation, among other things. Through this action, TRIP II seeks compensatory, declaratory, injunctive, punitive, and other relief.

### **Key Board or senior management changes**

On 21 March 2024, Atlas Arteria announced Graeme Bevans' intention to retire as CEO and Managing Director, providing 12 months' notice, ending March 2025. In August 2024, Atlas Arteria announced the appointment of Hugh Wehby as the Group's CEO and Managing Director. Mr Wehby commenced with the business on 18 November 2024. At the pre-AGM meeting the monitors asked why there had not been an internal candidate to fill this position and why it was necessary to look outside the company/group. The response was that the Board has an annual process of looking through available executives, but there had not been an executive available to step into Mr Bevan's position. As an incentive to accept the position of CEO, Mr Wehby was offered a buy-out to compensate him for the loss of various remuneration entitlements forfeited from his previous position. The total value of the buy-out was \$1.8m, consisting of both cash and STI and LTI securities.

On 12 April 2024, Atlas Arteria announced the appointment of Amanda Baxter to the position of Group Executive North America and Corporate Development. Ms Baxter commenced with the business on 20 May 2024.

### **Sustainability/ESG**

The company has achieved the 2025 target of 25% reduction in scope 1 and scope 2 emissions, one year early, through full reduction of Scope 2 emissions at Chicago Skyway and Dulles Greenway for the first time in 2024. *Some of this success was due to the purchase of renewable electricity certificates at both businesses.*

## Appendix 1

### Remuneration framework detail

CEO rem. Framework for FY25	Target* \$m	% of Total	Max. Opportunity \$m	% of Total
Fixed Remuneration	1.450	21%	1.450	19%
STI – Cash	1.087	15.8%	1.63	20%
STI – Equity	1.087	15.8%	1.63	20%
LTI	3.263	47.4%	3.2625	41%
Total	6.887	100.0%	7.973	100%

The amounts in the table above are the amounts that are envisaged in the design of the remuneration plan.

\*Target remuneration is sometimes called budgeted remuneration and is what the company expects to award the CEO in an ordinary year, with deferred amounts subject to hurdles in subsequent years before vesting.

Some remuneration frameworks set a maximum opportunity amount, but not all. In this instance the CEO's opportunity under Atlas Arteria's Long Term and Short-Term Incentive Plans is higher for 2025, reflecting the CEO being ineligible to receive any incentive (either at Atlas Arteria or his former employer) for the second half of the 2024 calendar year. *Even so, it seems an extraordinarily high remuneration package for a company valued at \$7.52billion. By comparison, the CEO of Transurban Group with market cap of \$44.48b received a remuneration package of \$2.7m in 2024.*

---

#### ASA Disclaimer

*This document has been prepared by the Australian Shareholders Association Limited ABN 40 000 625 669 ("ASA"). It is not a disclosure document, it does not constitute investment or legal advice and it does not take into account any person's particular investment objectives. The statements and information contained in this document are not intended to represent recommendations of a particular course of action to any particular person. Readers should obtain their own independent investment and legal advice in relation to the matters contemplated by this document. To the fullest extent permitted by law, neither ASA nor any of its officers, directors, employees, contractors, agents or related bodies corporate:*

- makes any representations, warranties or guarantees (express or implied) as to the accuracy, reliability, completeness or fitness for purpose of any statements or information contained in this document; or*
- shall have any liability (whether in contract, by reason of negligence or negligent misstatement or otherwise) for any statements or information contained in, or omissions from this document; nor for any person's acts or omissions undertaken or made in reliance of any such statements, information or omissions.*

*This document may contain forward looking statements. Such statements are predictions only and are subject to uncertainties. Given these uncertainties, readers are cautioned not to place reliance on any such statements. Any such statements speak only to the date of issue of this document and ASA disclaims any obligation to disseminate any updates or revisions to any such statements to reflect changed expectations or circumstances.*