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McGRAW HILL FINANCIAL

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Summary:
Infra Foch

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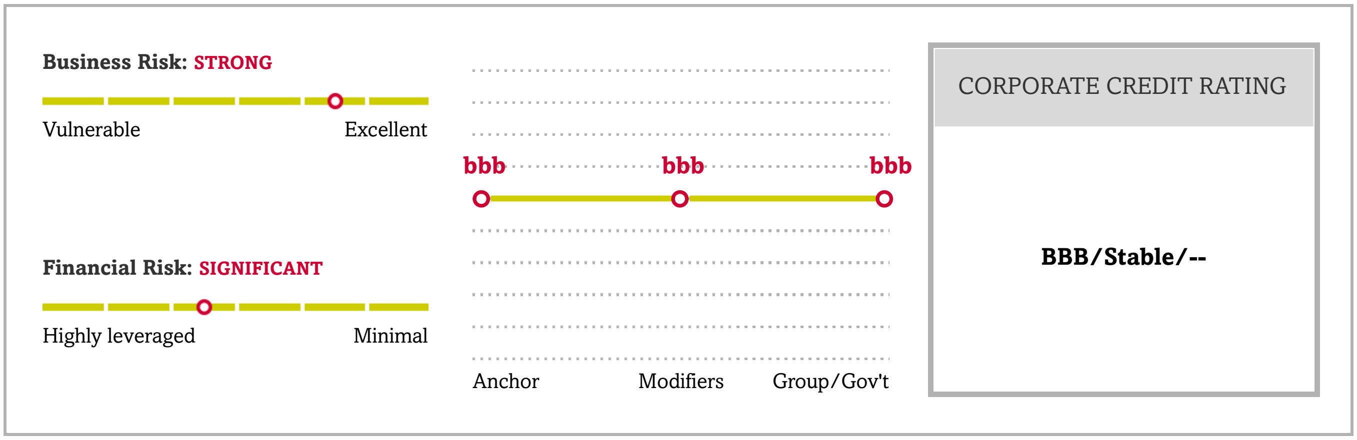

Rationale

Business Risk: Strong

- Core group member and parent company within Vinci Park group.
- Operations mainly in the stable and predictable transportation infrastructure industry, through long-term parking concessions.
- "Strong" competitive position in the parking sector in France, where Vinci Park group is the market leader and one of the largest parking space companies in the world.
- Good geographical diversification with high barriers to entry and a good track record of concession renewal, somewhat offset by Vinci Park group's significant concentration of revenues in France.
- Material exposure to business lines with shorter-term contractual agreements--including brownfield concessions and management contract businesses.

Financial Risk: Significant

- Over the next two-to-three years we expect a ratio of funds from operations (FFO) to Standard & Poor's-adjusted debt of above 11%.

Outlook: Stable

The stable outlook on Infra Foch reflects Standard & Poor's Ratings Services' view that Vinci Park group will be able to maintain adjusted FFO to debt above 11% and "adequate" liquidity over the next 24 months.

Downside scenario

We could take a negative rating action on Infra Foch if Vinci Park group was not able to maintain contributions of greenfield concessions and owned parking above 70% of total EBITDA, resulting in adjusted EBITDA margins falling below 30%. This would likely weaken our view of its competitive position and lead us to revise down its business risk profile to "satisfactory."

We could also consider a downgrade if we came to assess liquidity as "less than adequate" or if adjusted FFO to debt deteriorated below 11%. The latter could occur if revenues grew slower than we anticipate and operating margins weakened. FFO to debt might also fall below 11% if dividend payments or acquisitions were materially higher than we assume in our base case, all other things remaining equal.

Upside scenario

We could take a positive rating action on Infra Foch if adjusted FFO to debt increased on a sustainable basis to above 13%. In our view, this would require a moderation in financial policies and healthy economic growth in Vinci Park group's operating markets, leading to greater use of parking facilities. We do not view an upgrade as likely in the short term, based on our economic forecasts for the group's countries of operation, particularly France. Furthermore, we do not view Vinci Park's investment plans as conducive to an improvement in FFO to debt.

Standard & Poor's Base-Case Scenario

Assumptions

Our base-case operating scenario assumes:

- Continued improvement in the French economy, with GDP growth of 1.1% in 2015 and 1.5% in 2016 (see "Economic Research: Cheap Oil and Expansive QE Program Underpin the Eurozone Recovery, " published April 2, 2015), and some macroeconomic improvement in Vinci Park's other major markets, leading to single-digit growth in France and Europe. In the U.S., market growth will be in line with GDP (3.0% in 2015 and 2.7% in 2016).
- Price increases in line with inflation in the regions where Vinci Park generates revenue.
- Revenue growth of 2%-4% in 2015 and 2016.
- Costs likely to grow ahead of revenues due to increasing share of management contracts and brownfield concessions in the portfolio mix.
- International Financial Reporting Standards EBITDA margin in the range of 32%-34% in 2015-2016, while adjusted EBITDA margin should remain in the range 44%-46% from 46.9% in 2014, driven by the adjustments relating to concession fees and operating lease (both ratios being calculated based on revenues excluding works carried out by concession subsidiaries).
- Capital expenditure (capex) of about €150 million-€160 million in 2015 and similar in 2016.
- Normalised distributions of about €65 million-€70 million in 2015 and between €65 million-€90 million in 2016, paid by the company group.
- No major acquisitions, as no acquisitions have been agreed.

Key Metrics

	2014A	2015E	2016E
Adjusted EBITDA margin (%)	46.9	44.0-46.0	44.0-46.0
Weighted average adjusted FFO/debt (%)	13.9	12.0-13.0	11.0-12.0
Weighted average adjusted debt/EBITDA (x)	5.0	5.0-6.0	5.0-6.0

Business Risk: Strong

Our "strong" assessment of Vinci Park group's business risk profile, under our criteria, reflects that it operates mainly in the stable and predictable transportation infrastructure industry, through long-term concessions in both off-street and on-street parking, with a strong focus on off-street car parks. We consider its competitive position as strong, given it is a market leader in the parking sector in France and one of the largest parking space operators globally. Its business risk profile is also supported by its good geographical diversification and high barriers to entry, as each site operates as a mini local monopoly or duopoly with its own catchment area. Vinci Park has a good track record in concession replacement. We do not foresee its key town center sites experiencing significant new competition because space for new ventures is limited.

These strengths are somewhat offset by Vinci Park group's significant concentration of revenues in France, potential volatility in parking volumes--as happened during the last recession--and material exposure to business lines with shorter-term contractual agreements, including brownfield concessions and management contract businesses. We expect average contract length to decrease over time as its existing greenfield concessions in France mature, which would lead to lower profitability unless offset by efficiency measures.

Financial Risk: Significant

Infra Foch's "significant" financial risk profile, according to our criteria, reflects our expectation that it should be able to maintain a ratio of FFO to adjusted debt above 11%. We use our low-volatility financial-ratio benchmark table to analyze the financial risk profile because Vinci Park derives most of its revenues from concessions in stable countries, such as France. We would move to the standard ratios if Vinci Park group derived more than one-third of its EBITDA from non-transportation infrastructure business, such as management contracts or leases.

Group Rating Methodology

The rating on Infra Foch reflects that on Vinci Park S.A.S. because we view these companies as part of the same corporate group, in line with our group rating methodology. The Vinci Park group includes Infra Foch S.A.S., Vinci Park S.A.S, and Vinci Park's subsidiaries. The repayment of Infra Foch's debt relies on the cash flow generated by Vinci Park and its subsidiaries.

Liquidity: Adequate

We continue to assess Infra Foch's liquidity as "adequate," under our criteria. We currently foresee the group's sources of funds exceeding its uses of funds by about 2x in the 12 months to March 31, 2016, and by more than 2x in the following 12 months. However, we do not assess Vinci Park's liquidity as "exceptional" or "strong" because, as a new entity, it lacks a track record as an independent company group with evidence of prudent risk management, as required by our criteria (Methodology and Assumptions: Liquidity Descriptors for Global Corporate Issuers, Dec. 16, 2014),which would allow it to establish strong relationships with banks.

Principal Liquidity Sources

- Reported cash and cash equivalents of €247 million as of June 30, 2015 (of which €210 million bonds were issued in May 2015);
- €300 million of undrawn committed bank facilities; and
- About €150 million of FFO.

Principal Liquidity Uses

- Debt maturities of €19 million;
- About €10 million of potential working capital movements including seasonal swings;

- Capex of about €150 million-€160 million; and
- Anticipated normalized distributions of about €65 million-€70 million.

Other Modifiers

There are no rating modifiers, so the anchor of 'bbb' aligns with the final 'BBB' corporate credit rating.

Ratings Score Snapshot

Corporate Credit Rating

BBB/Stable/--

Business risk: Strong

- **Country risk:** Low
- **Industry risk:** Low
- **Competitive position:** Strong

Financial risk: Significant

- **Cash flow/Leverage:** Significant

Anchor: bbb

Modifiers

- **Diversification/Portfolio effect:** Neutral (no impact)
- **Capital structure:** Neutral (no impact)
- **Financial policy:** Neutral (no impact)
- **Liquidity:** Adequate (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Stand-alone credit profile : bbb

Structural Subordination

The issue rating on the notes reflects our view that the noteholders are not structurally subordinate to significant numbers of other creditors. We therefore align the issue rating on the notes with the corporate credit rating on Infra Foch, in line with our criteria (see "2008 Corporate Criteria: Rating Each Issue," published April 15, 2008 on RatingsDirect).

In our view, although priority obligations exceed the group's total assets by more than 20%, the noteholders benefit from the group's diversity in terms of number of subsidiaries and geographic locations, as well as from material intercompany loans from Infra Foch through Vinci Park to the operating subsidiaries. We could revise our issue rating on the notes if the noteholders' position of structural subordination weakens in future, for example, because of further secured debt issuance, material repayment of intercompany debt, or a significant increase in operating liabilities at the operating company level, leading to priority obligations exceeding 30% of total assets.

Related Criteria And Research

Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Jan. 2, 2014
- Key Credit Factors For The Transportation Infrastructure Industry, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Criteria Guidelines For Recovery Ratings On Global Industrials Issuers' Speculative-Grade Debt, Aug. 10, 2009
- 2008 Corporate Criteria: Rating Each Issue, April 15, 2008

Related Research

- France-Based Infra Foch And Proposed Notes Rated 'BBB'; Outlook Stable, Oct. 3, 2014

Business And Financial Risk Matrix

	Financial Risk Profile					
Business Risk Profile	Minimal	Modest	Intermediate	**Significant**	Aggressive	Highly leveraged
Excellent	aaa/aa+	aa	a+/a	a-	bbb	bbb-/bb+
Strong	aa/aa-	a+/a	a-/bbb+	**bbb**	bb+	bb
Satisfactory	a/a-	bbb+	bbb/bbb-	bbb-/bb+	bb	b+
Fair	bbb/bbb-	bbb-	bb+	bb	bb-	b
Weak	bb+	bb+	bb	bb-	b+	b/b-
Vulnerable	bb-	bb-	bb-/b+	b+	b	b-

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