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Ratings

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Infra Park S.A.S.

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Table Of Contents

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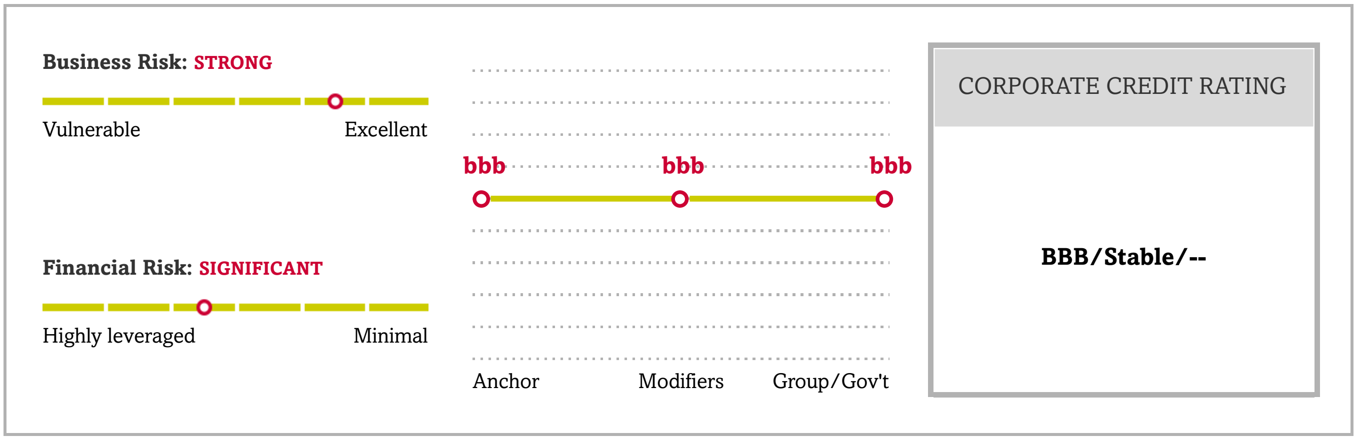

Rationale

Business Risk: Strong

- One of the largest parking operators globally, with more than 2 million managed parking spaces and operations in 16 countries.
- Market leader in France with a clear focus on long-term contracts and profitability in line with other infrastructure companies.
- Good geographical diversification, although exposure to France remains significant, with about 70% of total EBITDA generated in the country where the company is headquartered.
- Historically good retention rate of expiring contracts (80%-90%) and no significant concentration risk on single contracts.

Financial Risk: Significant

- Forecast funds from operations (FFO) to debt between 12%-13% in the next two-to-three years.
- Debt to EBITDA to remain slightly below 6.0x.

Outlook: Stable

The stable outlook reflects S&P Global Ratings' view that Infra Park S.A.S. (previously Infra Foch SAS) will maintain adjusted FFO to debt at about 12% over 2016-2018, based on our expectation of stable EBITDA generation and no material increase of financial leverage.

Downside scenario

We could take a negative rating action if, in our view, Infra Park was not able to maintain its FFO-to-debt ratio comfortably above 10%. This could result from larger debt-funded acquisitions or dividends distribution than we anticipate or from a significant decline in revenues and operating margins due, for example, to weakening macroeconomic conditions.

We could also consider a downgrade if the company significantly changed its business mix so that exposure to noninfrastructure business, such as management contracts and short-term leases, increased to about 30% of EBITDA, likely resulting in adjusted EBITDA margins falling below 30%. This would likely weaken our view of the company's business risk profile.

Upside scenario

We could take a positive rating action if we think that Infra Park will be able to maintain its FFO-to-debt ratio above 13% on a sustainable basis. In our view, this could materialize if the company was to generate higher earnings than we currently anticipate, for example, driven by substantial macroeconomic recovery in France or by substantial growth in other operating markets.

Our Base-Case Scenario

Assumptions

- Annual revenue growth of 0.5%-1.0% in 2016 and 2.0%-2.5% in 2017-2018, mainly driven by our GDP and consumer price index (CPI) assumptions for France and the impact of some expired and newly awarded contracts. We also incorporate some positive contribution provided by other growing markets;
- Stable EBITDA margin, at about 45%-46%, although some efficiency gains might stem from the optimization of car parks remote control;
- Capital expenditure (capex) of about €150 million in 2016 and €100 million-€115 million in 2017 and 2018; and
- Dividend payments of about €80 million per year.

Key Metrics

	2015A	2016E	2017E
FFO to debt (%)	12.7	12.0-12.5	12.0-13.0
Debt to EBITDA (x)	5.8	5.5-6.0	5.5-6.0
EBITDA margin (%)	46.3	45.0-46.0	45.0-46.0

A--Actual. E--Estimate. FFO--Funds from operations.

Company Description

Infra Park S.A.S. is one of the largest car park operators globally, headquartered in France. Through Indigo Infra S.A. (previously Vinci Park SA) and its subsidiaries, it operates in 16 countries, including Spain, Belgium, and the U.K. in Europe, as well as Canada, the U.S., and Brazil.

Infra Park operates both off-street and on-street car parks and has expanded internationally through acquisitions and partnerships with local operators. In emerging markets, Infra Park enters into short term and no demand risk concession contracts. The ultimate parent of the group is Infra Foch TopCo. In June 2016, Ardian and Crédit Agricole (Predica) reached an agreement with Vinci Concession to acquire its remaining stake of 24.6% in Infra Foch TopCo. When the transaction is completed, Ardian and Crédit Agricole will each own 49.2% of Infra Foch TopCo, the remainder being held by the employees and group management.

We don't expect significant changes in the operations and financial policy of Infra Park as we see both Ardian and Crédit Agricole as long-term investors.

Business Risk: Strong

The rating on Infra Park continues to be supported by its position as one of the largest parking operators globally. Based in France, where the company is the market leader and generates about 70% of its total EBITDA, Infra Park has good geographical diversification with operations in Europe and North and South America.

Our assessment incorporates the company's low risk transportation infrastructure operations, focused on long-term off-street concessions, ownership, and long-term leases, which we estimate generate about 90% of the group's EBITDA.

We expect the company to consolidate its position in France and to increase revenues generation in emerging markets, mainly through joint ventures with local partners and no-market risk contracts.

We see the combination of limited available space in city centers and long-term contracts as an effective barrier to entry. Good historical retention rate of expiring contracts--that we estimate between 80%-90%--and no significant concentration risk on single contracts also support our assessment of the company's strong competitive position.

We consider Infra Park to bear a low country risk as exposure to emerging markets is limited--about 1% of EBITDA--and operations are concentrated in France, followed by Western Europe, and North America.

We assess the company's profitability in the average category for the transportation infrastructure industry, with an EBITDA margin of 46% and low volatility.

These strengths are partially offset by the potential risk of volatility in parking volumes due to conjectural events such as terrorist attacks or strikes that have already affected 2015 volumes in France, particularly in the shopping center segment. We don't expect significant revenue growth in France in 2016 as we incorporate a slow volume recovery and limited ability to increase prices in light of low inflation assumptions.

Our Base-Case Operating Scenario

In our base case for Infra Park, we assume:

- Annual revenue growth of 0.5%-1.0% in 2016, driven by slow improvement in the French economy, with GDP growing by 1.5% and CPI by 0.2% (see "As Brexit Takes Shape, Europe Is Set To Slow--Not Stall", published July 8, 2016 on RatingsDirect). We also reflect the loss of some contracts, mitigated by newly awarded contracts that we expect to commence in 2017-2018;
- Annual revenue growth of 2.0%-2.5% in 2017-2018, in line with our forecast that the French CPI will grow to 1.4%-1.2%, and additional projects starting operations. We also incorporate some positive growth from other major markets;
- No significant changes to the company's adjusted EBITDA margin due to stable business mix, although we expect some positive contribution from efficiency gains driven by the optimization of car parks remote control;
- Capex of about €150 million in 2016 and €100 million-€115 million in 2017 and 2018; and
- Dividend payment of about €80 million per year, as we understand dividend distributed in 2015 (€163 million) included an extraordinary component that we don't expect to be replicated this year and thereafter.

Peer comparison

Table 1

Infra Park S.A.S. -- Peer Comparison

Industry Sector: Misc. Transportation		
	Infra Park S.A.S.	**EMPARK Aparcamientos y Servicios, S.A.**
Rating as of Aug. 1, 2016	BBB/Stable/--	BB/Stable/--
	--Fiscal year ended Dec. 31, 2015--	
(Mil. €)		
Revenues	647.3	190.2
EBITDA	299.8	65.0
Funds from operations (FFO)	220.2	36.3
Net income from cont. oper.	19.3	4.9
Cash flow from operations	213.8	58.9
Capital expenditures	149.8	16.1
Free operating cash flow	64.0	42.7
Discretionary cash flow	(99.3)	42.7
Cash and short-term investments	33.5	18.1
Debt	1,729.4	507.3
Equity	765.1	140.5
Adjusted ratios		
EBITDA margin (%)	46.3	34.1
Return on capital (%)	4.1	5.9
EBITDA interest coverage (x)	7.4	2.2
FFO cash int. cov. (X)	6.0	2.2
Debt/EBITDA (x)	5.8	7.8
FFO/debt (%)	12.7	7.2

Table 1

Infra Park S.A.S. -- Peer Comparison (cont.)		
Industry Sector: Misc. Transportation		
	Infra Park S.A.S.	**EMPARK Aparcamientos y Servicios, S.A.**
Cash flow from operations/debt (%)	12.4	11.6
Free operating cash flow/debt (%)	3.7	8.4
Discretionary cash flow/debt (%)	(5.7)	8.4

Financial Risk: Significant

We forecast that Infra Park's FFO to debt will remain between 12%-13% in 2016-2018, in line with 2015 credit metrics.

We assume that the company will not materially increase its leverage in the near future as we anticipate cash flow from operations to be commensurate with the envisaged capex plan.

As we consider Infra Park to be a transportation infrastructure company, we apply benchmarks for low volatility in the industry and this supports our significant financial risk profile assessment.

Our Base-Case Cash Flow And Capital Structure Scenario

- We have not incorporated any large acquisition in our base case. If any large transaction materialized we do not expect the company's credit metrics to deteriorate materially. We think it will maintain a leverage commensurate with current rating;
- Free operating cash flow to remain positive over 2016-2018. We anticipate that it will be higher in 2017-2018 in light of lower capex assumptions compared to 2016; and
- Adjusted debt will keep increasing modestly over the period, to reflect additional concession liabilities due to new concessions awarded.

Financial summary

Table 2

Infra Park S.A.S. -- Financial Summary	
Industry Sector: Misc. Transportation	
	Dec. 31, 2015
Rating history	BBB/Stable/--
(Mil. €)	
Revenues	647.3
EBITDA	299.8
Funds from operations (FFO)	220.2
Net income from continuing operations	19.3
Cash flow from operations	213.8
Capital expenditures	149.8

Table 2

Infra Park S.A.S. -- Financial Summary (cont.)

Industry Sector: Misc. Transportation	
	Dec. 31, 2015
Free operating cash flow	64.0
Discretionary cash flow	(99.3)
Cash and short-term investments	33.5
Debt	1,729.4
Equity	765.1
Adjusted ratios	
EBITDA margin (%)	46.3
Return on capital (%)	4.1
EBITDA interest coverage (x)	7.4
FFO cash int. cov. (x)	6.0
Debt/EBITDA (x)	5.8
FFO/debt (%)	12.7
Cash flow from operations/debt (%)	12.4
Free operating cash flow/debt (%)	3.7
Discretionary cash flow/debt (%)	(5.7)

2014 figures not reported as not fully comparable. H1 2014 would be Vinci Park figures and H2 would be Infra Park figures restated for some changes in accounting principles.

Liquidity: Strong

We foresee Infra Park's sources of liquidity exceeding uses of funds by about 1.95x in the 12 months to March 31, 2017. In our view, the company would likely be able to absorb high-impact, low-probability events without refinancing. In its short history, the company has demonstrated well-established, strong relationships with banks and a generally prudent risk management. There are no financial covenants after the Dexia loan was fully repaid in Dec. 30, 2015. We therefore revised our liquidity assessment on Infra Park to strong from adequate.

Principal Liquidity Sources	Principal Liquidity Uses
We estimate liquidity sources at March 31, 2016, to be about €522 million, including: • Unrestricted cash and equivalents of about €39 million; • Committed revolving credit facility of €300 million maturing in October 2019, fully undrawn; and • FFO of about €180 million.	We estimate Infra Park's liquidity needs over the same period to be about €270 million, comprising: • Debt maturities of about €45 million, mainly represented by payments of fixed concession fees reported as on-balance sheet; • Capex of about €140 million, calculated as a weighted average of the capex forecast over 2016-2017; • Anticipated dividends of about €80 million; and • Negative working capital movements of about €5 million.

Debt maturities

- 2016: €45 million, mainly represented by the annual payment of fixed concession fees that are reported as debt on-balance sheet.
- 2017-2020: €630 million, including €500 million notes due in October 2020.
- After 2020: €900 million, including €650 million notes due in April 2025, and €100 million shareholders loan maturing in 2045 that we consider as equity in our adjusted debt.

Covenant Analysis

We understand the company is not subject to any financial covenants after the €105 million Dexia loan was repaid in December 2015.

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:** Strong (no impact)
- **Management and governance:** Satisfactory (no impact)
- **Comparable rating analysis:** Neutral (no impact)

Issue Rating

The 'BBB' issue rating on the senior unsecured €1,150 million notes, the €500 million due 2020, and the €650 million notes due in 2025, reflects our view that noteholders are not structurally subordinated to significant claims from other creditors. Priority obligations are mainly operating leases and trade payables and, although they exceed the group's total assets by slightly more than 20% as of financial year 2015, noteholders benefit from group's diversification of assets. Financial debt within operating subsidiaries is limited and operating companies benefit from material intercompany loans.

We could revise our rating on the notes if the percentage of priority liabilities exceeded 30% of total assets due, for example, to a significant increase in operating subsidiaries' liabilities or additional secured debt.

Reconciliation

Table 3

Reconciliation Of Infra Park S.A.S. Reported Amounts With S&P Global Ratings Adjusted Amounts (Mil. €)

	--Fiscal year ended Dec. 31, 2015--							
Infra Park S.A.S. reported amounts								
	Debt	**Shareholders' equity**	**EBITDA**	**Operating income**	**Interest expense**	**EBITDA**	**Cash flow from operations**	**Capital expenditures**
Reported	1,651.3	653.7	262.6	97.3	36.1	262.6	191.9	150.0
S&P Global Ratings adjustments								
Interest expense (reported)	--	--	--	--	--	(36.1)	--	--
Interest income (reported)	--	--	--	--	--	0.6	--	--
Current tax expense (reported)	--	--	--	--	--	(52.4)	--	--
Operating leases	183.4	--	35.1	12.2	12.2	22.9	22.9	--
Postretirement benefit obligations/deferred compensation	14.6	--	0.5	0.5	0.5	0.4	(0.8)	--
Surplus cash	(18.5)	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	0.2	(0.2)	(0.2)	(0.2)
Share-based compensation expense	--	--	2.7	--	--	2.7	--	--

Table 3

Reconciliation Of Infra Park S.A.S. Reported Amounts With S&P Global Ratings Adjusted Amounts (Mil. €) (cont.)								
Dividends received from equity investments	--	--	6.6	--	--	6.6	--	--
Non-operating income (expense)	--	--	--	0.6	--	--	--	--
Non-controlling Interest/Minority interest	--	7.2	--	--	--	--	--	--
Debt - Shareholder loans	(104.2)	--	--	--	--	--	--	--
Debt - Other	2.8	--	--	--	--	--	--	--
Equity - Other	--	104.2	--	--	--	--	--	--
EBITDA - Income (expense) of unconsolidated companies	--	--	(7.7)	(7.7)	--	(7.7)	--	--
EBIT - Income (expense) of unconsolidated companies	--	--	--	7.7	--	--	--	--
Interest expense - Shareholder loan	--	--	--	--	(8.3)	8.3	--	--
FFO - Other	--	--	--	--	--	12.5	--	--
Total adjustments	78.1	111.4	37.2	13.3	4.6	(42.4)	21.9	(0.2)
S&P Global Ratings adjusted amounts								
	Debt	**Equity**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from operations**	**Cash flow from operations**	**Capital expenditures**
Adjusted	1729.4	765.1	299.8	110.6	40.7	220.2	213.8	149.8

Our main analytical adjustments to reported financials are described below:

- We add to debt the debt-like obligations related to operating lease commitment reported off-balance sheet (€183.4 million) and post-retirement benefits (€14.6 million).
- We add to debt the earn-out payment of an acquisition in Canada for €2.8 million.
- We net from debt the amount of shareholders' loans that we consider as equity from Infra Foch TopCo for €104.2 million;
- We net from debt €18.5 million cash that we consider to be surplus.

Related Criteria And Research

Related Criteria

- Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- The Treatment of Non-Common Equity Financing in Nonfinancial Corporate Entities, April 29, 2014
- Group Rating Methodology, Nov. 19, 2013
- Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- Corporate Methodology, Nov. 19, 2013
- Key Credit Factors For The Transportation Infrastructure Industry, Nov. 19, 2013
- Country Risk Assessment Methodology and Assumptions, Nov. 19, 2013

- Methodology: Industry Risk, Nov. 19, 2013
- Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- Use of Credit Watch and Outlooks, Sept. 14, 2010
- Rating Each Issue, April 15, 2008

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-

Ratings Detail (As Of August 5, 2016)

Infra Park S.A.S.	
Corporate Credit Rating	BBB/Stable/--
Senior Unsecured	BBB
Corporate Credit Ratings History	
03-Oct-2014	BBB/Stable/--
Related Entities	
Indigo Infra S.A.S.	
Issuer Credit Rating	BBB/Stable/--

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.

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