S&P Global Ratings

RatingsDirect®

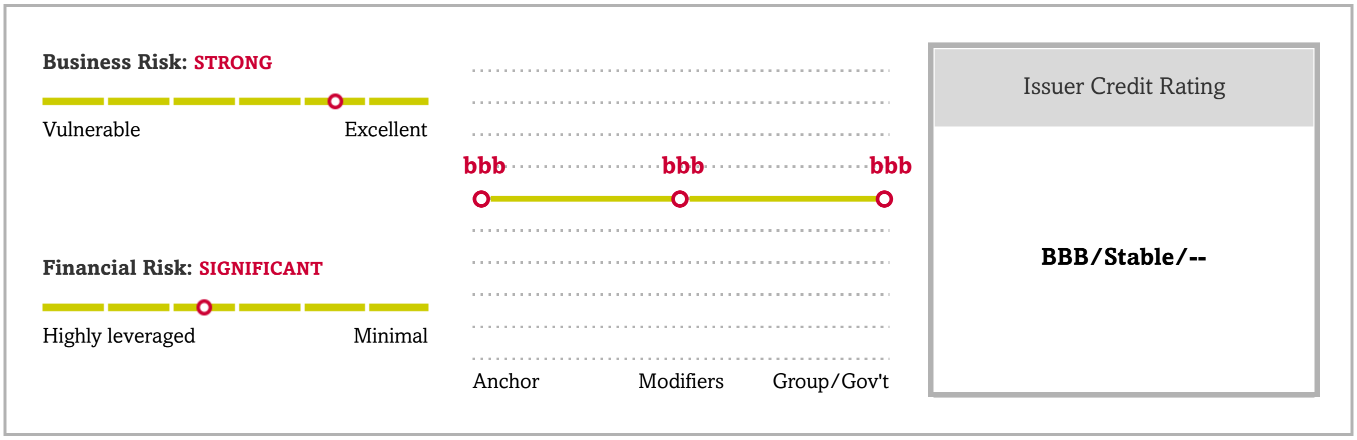
Infra Park S.A.S.

Primary Credit Analyst:
Stefania Belisario, London (44) 20-7176-3858; stefania.belisario@spglobal.com

Secondary Contact:
Beata Sperling-Tyler, London (44) 20-7176-3687; beata.sperling-tyler@spglobal.com

Table Of Contents

Infra Park S.A.S.



Rationale

Business Risk: Strong	Financial Risk: Significant
• One of the largest parking operators globally, with about 2.3 million parking spaces managed worldwide and operations in 17 countries. • Market leader in France, where the company generates about 79% of its reported EBITDA, with a clear focus on long-term contracts and profitability in line with core infrastructure companies. • Consolidation of its market position in North and South America also through joint ventures with local partners, while refocusing its geographical footprint particularly in Europe. • Historically good retention rate of expiring contracts (80%-90%) and no significant concentration risk on single contracts. • Exposure to conjectural events and promotion of green policies by local municipalities, combined with development of electric and autonomous cars that could pose a threat to the industry in the long term.	• Increase in external financial debt to €1.5 billion from about €1.4 billion after the early repayment of a €100 million shareholders loan in April 2018. • Stable cash flow generation with forecast funds from operations (FFO) to debt of 12%-13% over the next three years. • Financial leverage to remain steady at 5x-6x debt to EBITDA for the next three years, reflects also additional concession liabilities due to new concessions awarded.

Outlook: Stable

The stable outlook reflects S&P Global Ratings' view that Infra Park will be able to maintain adjusted FFO to debt at about 12%-13% over the next two years through a combination of revenue growth and cost optimization. These ratios provide a good degree of headroom to the rating.

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 higher-than-expected shareholder distribution or acquisition strategy not supported by adequate EBITDA growth due to stagnant revenues or falling operating margins.

We could also consider a downgrade if the company significantly changed its business mix so that exposure to non-infrastructure 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 raise the rating by one notch if the company was able to maintain its FFO-to-debt ratio sustainably above 13% in a combination with a committed and predictable financial policy.

Our Base-Case Scenario

Assumptions

Our base-case assumptions incorporate Infra Park's recent traffic trends and our macroeconomic growth assumptions on the countries where it operates. Although we expect traffic volumes to fall in Paris' city center, we anticipate some operating growth in France supported by few additional concessions signed and pricing drivers.

Our base case assumes:

- Annual revenue growth of about 2%-3% in France and Western Europe, reflecting tariff growth in line with our consumer price index assumptions and the ramp-up of some new contracts.
- In North America and Brazil we assume relatively stable EBITDA generation, reflecting less exposure to demand risk and therefore lower but more stable profitability levels.
- Stable S&P Global Ratings-adjusted EBITDA margin of 46%-47%, supported by cost efficiency measures and not significantly affected by overseas operations.
- No new material acquisitions and no change in the scope of the consolidation.
- Capital expenditure (capex) of about €130 million per year and dividends of about €90 million-€130 million per year.
- Successful issuance of 10-year €700 million new notes issued in April 2018, at a 1.6% fixed interest rate.
- Repayment of €500 million senior secured notes and €100 million shareholder loan.
- Additional concession fees liabilities reported on-balance sheet for about €25 million in 2018 and €80 million in 2019.
- Under International Financial Reporting Interpretations Committee (IFRIC) 12 the fixed concession fees liabilities are included in the reported debt. They are difficult to predict as they are subject to new concessions awards.

Key Metrics

	2017A	2018E	2019E	2020E
FFO to debt(%)	13.4	12.5-13.0	12.0-12.5	12.0-13.0
Debt to EBITDA(x)	5.4	5.5-6.0	5.5-6.0	5.5-6.0
EBITDA margin(%)	48.4	46-48	45-47	45-47

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

Based on these assumptions, we arrive at the following credit measures over the next three years:

- FFO to debt of 12.5%-13.0%;
- Debt to EBITDA of 5.5x-6.0x; and
- FFO interest coverage of 7.0x-7.5x.

Company Description

Infra Park 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 17 countries, including Spain, Belgium, and the U.K. in Europe, as well as Canada, the U.S., and Brazil.

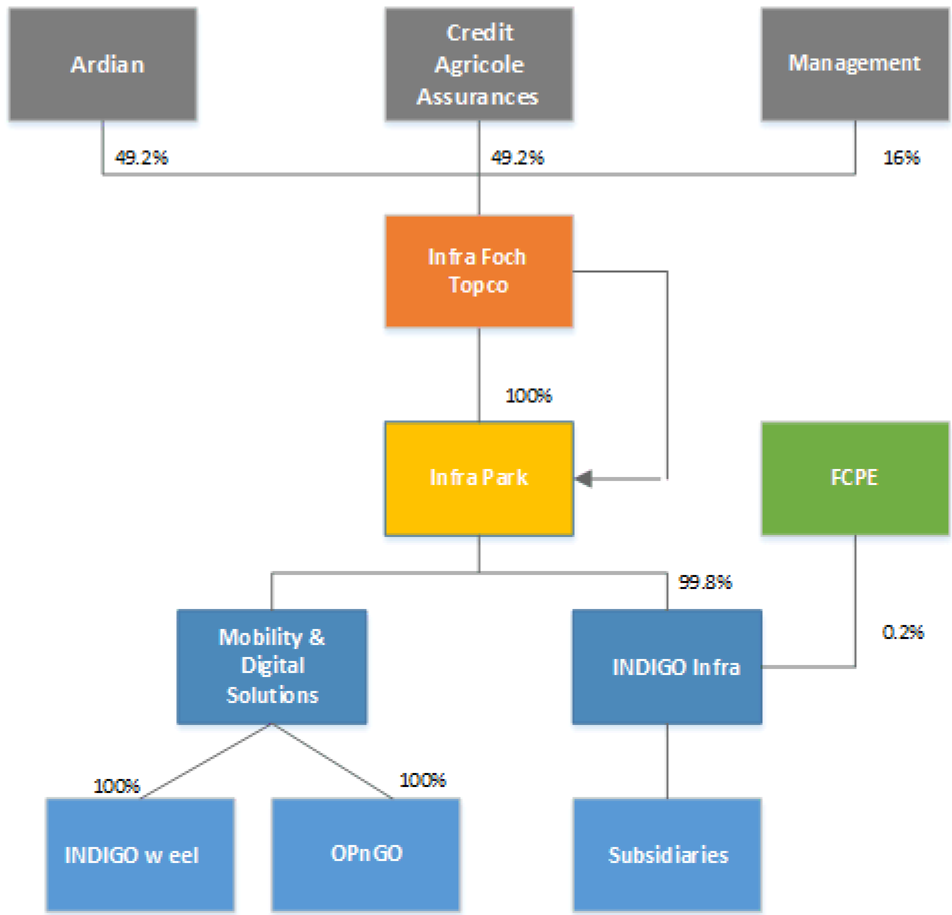
Infra Park operates both off-street and on-street car parks and has expanded internationally through acquisitions and partnerships with local operators.

Concession-type of business is concentrated in Western Europe (particularly in France, Spain, and Belgium) and is the business that generates the highest profitability. In emerging markets, Infra Park enters into short-term and no demand-risk type contracts that require lower investments but generate lower margins. The group's ultimate parent is Infra Foch TopCo, 98.4% owned by Ardian and Crédit Agricole (Predica), which completed the acquisition of the company from French contracting group Vinci SA in June 2016 (the remaining stake being held by the employees and group management).

The group includes also a mobility and digital solutions subsidiary aimed at developing a mobility services and payment software platform, although its contribution to total revenues is negligible.

Infra Park's shareholders launched a process for sale/capital opening of the group in March 2017. However, the process was terminated in November 2017 with no changes in the company's ownership.

Chart 1
Group Corporate Structure



Recent Developments

Refinancing in 2018

Infra Park successfully issued €700 million of unsecured notes due in 2028 (rated 'BBB'), fixed rate, with a maturity of 10 years. The new notes were used to repay €500 million senior unsecured notes due 2020, and to reimburse the 8.25% fixed-rate €100 million shareholder loan provided by its parent, InfraFoch TopCo, which we treated as equity (expected effect explained in the Financial risk profile section).

Strong financial performance in 2017

Infra Park delivered solid business growth last year, reflected in FFO to debt of about 13.4% in 2017 (14.6% if we consider the shareholder loan as equity). Such performance has been supported by the successful implementation of the cost efficiency plan launched by the company in France, whereby the reduced revenues stemming from the expiry of some contracts have been more than compensated by cost optimization, mainly related to staff cost and use of remote control rooms.

Termination of sale process proposed in 2017

Infra Park's shareholders launched a process for sale/capital opening of the group in March 2017. As part of this process, Infra Park entered into an agreement with its partners in its LAZ Parking subsidiary in the U.S. (about €160 million revenues and €10 million EBITDA contribution for the 50% share owned by the group in 2017). This stipulated that Infra Park could have increased its stake in LAZ Parking from 50% to 90%, should a change of control of Infra Park occur before Dec. 31, 2017. Since Infra Park's sale process was terminated last November with no changes in ownership, this event was not triggered. Given the lack of visibility on when, and if, Infra Park would acquire control of LAZ Parking, we don't consolidate this subsidiary in our base-case scenario. However, we expect Infra Park to be able to maintain financial metrics commensurate with the current level of rating if this should occur, despite some decline in the group's EBITDA margin, given LAZ Parking's focus on management contracts and short-term leases.

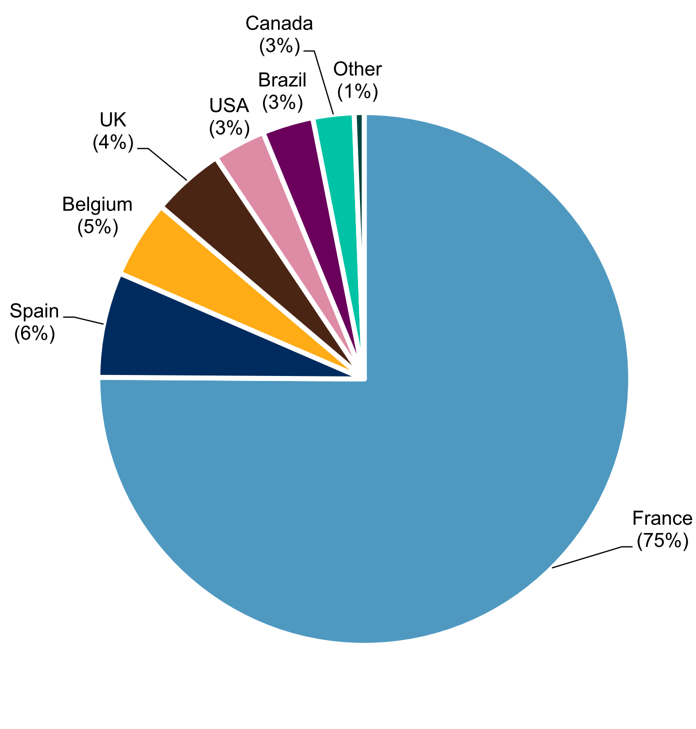
Business Risk: Strong

Strong competitive position, focus on long-term concessions, and high reliance on France underpin performance

The rating on Infra Park continues to be supported by its position as one of the largest parking operators globally. Infra Park is based in France, where the company is the market leader and generated about 79% of its reported EBITDA in 2017. It has good geographical diversification with operations in Europe and North and South America.

Chart 2

EBITDA Breakdown (Global Proportion)



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

We expect the company to continue maintaining its position in France and to consolidate its position overseas through prudent risk management, 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 at 80%-90%--and no significant concentration risk on single contracts also support our assessment of the company's strong competitive position.

Good diversification in terms of geography as well as the type of contracts

Infra Park has been extensively expanding its geographical footprint over the last five years. Share of EBITDA from France reduced to 75% in 2017 from 92% in 2010 in terms of global proportionate figures, the balance share being accounted for by Spain (6%), Belgium (5%), the U.K. and the U.S. (7%); also other international markets especially Brazil has contributed to the EBITDA share (3%).

Chart 3

Total Revenue

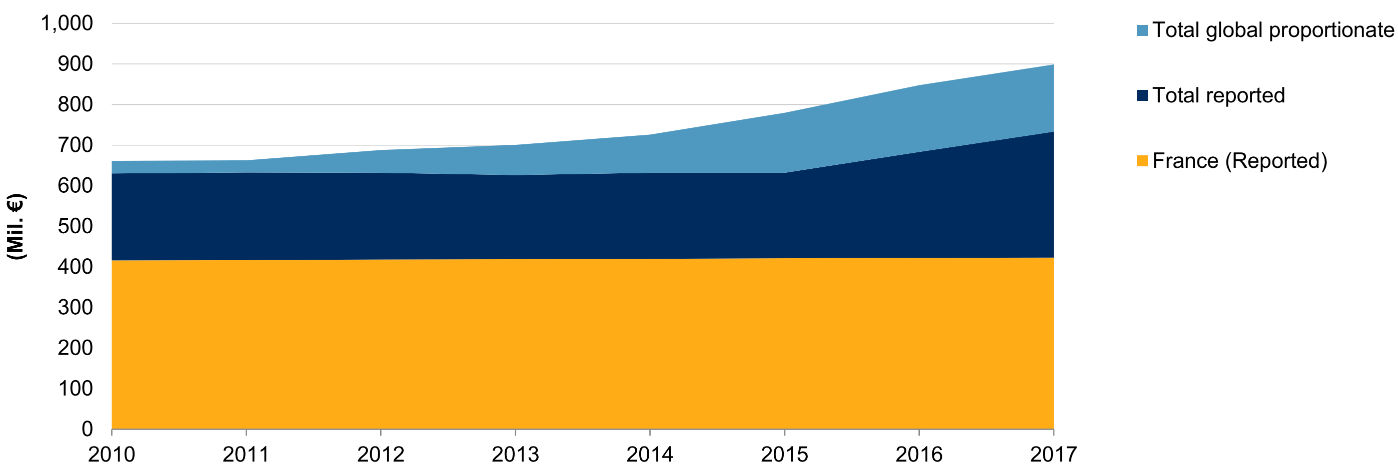
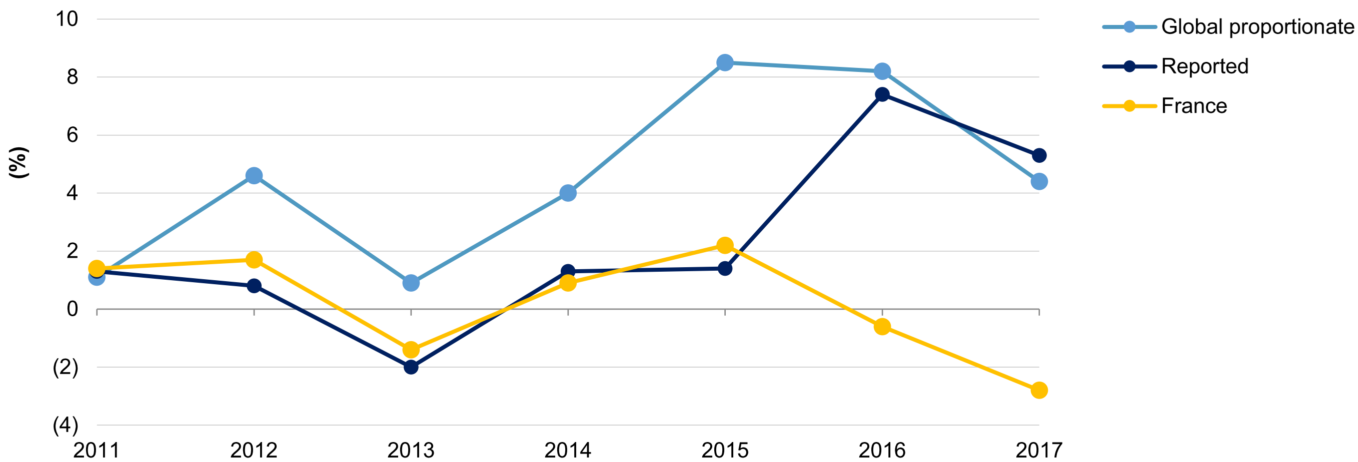


Chart 4

Revenue Growth



The company is expanding its position in the central and South American countries, as seen from acquisition of 50% stake in Colombian car parking company, City Parking Panama, and also the acquisition of the control on the Brazilian subsidiary Administradora Geral de Estacionamentos S.A. (AGE). Infra Park recently launched a geographical refocus of its portfolio, particularly in Europe, where it is considering the potential sale of subsidiaries in the U.K., Germany, Czech Republic, and Slovakia. We understand this is driven by the intention to focus business growth on countries where the company could become a market leader. For example, the company recently completed the acquisition of Besix Park NV, a major player in the Belgian market. Overall, Infra Park's portfolio is well diversified in terms of municipalities, locations, and number of contracts, which is key in the industry as car parking business is very local. Infra Park's parking spaces are spread over city centers, commercial centers, airports/stations, hospitals; and hotels and restaurants.

Low country risk despite relatively increased exposure to emerging markets as compared to previous years

We consider Infra Park to bear a low country risk as exposure to emerging markets is limited--about 3% of reported EBITDA--and operations are concentrated in France, followed by Western Europe, and North America. We expect the exposure to increase with company's plans to expand overseas, which increases the exposure to soft currency countries, such as Brazil and Columbia, but we anticipate their contribution in terms of EBITDA will remain limited and the company expects to maintain it at about 11% by 2025.

Overall profitability assessed as average

Infra Park has demonstrated a resilient reported EBITDA margin that remains comfortably above 45% under IFRS. We assess the company's profitability in the average category for the transportation infrastructure industry, with a weighted-average S&P Global Ratings-adjusted EBITDA margin of 46%.

Potential risk of volatility in parking volumes might offset the strengths

Parking volumes in France have been depressed by one-off events such as strikes and the promotion of green policies by local municipalities. Overall, we anticipate limited revenue growth in France, mainly driven by some new concessions.

Peer comparison

Table 1

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

Industry Sector: Infrastructure

	Infra Park S.A.S.	MEIF 5 Arena Holdings SLU*
Rating as of June 19, 2018	BBB/Stable/--	BB/Stable/--
(Mil. €)	**--Average of past three fiscal years--**	
Revenues	691.6	190.3
EBITDA	327.7	65.4
Funds from operations (FFO)	238.9	36.2
Net income from cont. oper.	49.0	8.0
Cash flow from operations	234.1	45.5
Capital expenditures	160.9	21.3
Free operating cash flow	73.2	24.2
Discretionary cash flow	(28.8)	24.2
Cash and short-term investments	88.6	16.5
Debt	1,817.6	513.5
Equity	727.5	140.1
Adjusted ratios		
EBITDA margin (%)	47.4	34.4
Return on capital (%)	4.6	6.7
EBITDA interest coverage (x)	7.2	2.2
FFO cash int. cov. (X)	7.2	2.1
Debt/EBITDA (x)	5.5	7.8
FFO/debt (%)	13.1	7.0
Cash flow from operations/debt (%)	12.9	8.9
Free operating cash flow/debt (%)	4.0	4.7
Discretionary cash flow/debt (%)	(1.6)	4.7

N.M.--Not meaningful. *Data reflects EMPARK Aparcamientos y Servicios, S.A. until 2016 annual accounts.

Infra Park. By far the biggest car park operator globally in terms of parking spaces (about 2.3 million), EBITDA generated, and market coverage (17 countries, from the EU to the U.S./Latin America). It is the market leader in France (around 79% of total EBITDA) and aims to expand in Spain and Belgium as they offer remunerative concession opportunities. Infra Park is expanding its market position in North and South America. Although its portfolio is mixed, concessions generate 79% of EBITDA, while non-infra business (mainly management contracts and short-term leases) only contribute around 9% of reported EBITDA.

MEIF 5 Arena Holding (previously EMPARK). Market leader in Spain and Portugal, where it is the largest operator in terms of parking spaces (about 530,000). Compared with Infra Park, Empark is more exposed to non-infra business as the on-street segment generates around 15% of total EBITDA, and around 30% of parking spaces are operated under management contracts. Compared with Infra Park, this is reflected in some lower margins. Furthermore, Empark has higher exposure to non-infra business, which means shorter contracts (approximately 10yrs for on-street) therefore higher risk, although the retention rate has remained at about 90%.

APCOA Parking Holdings GmbH. No. 1 in terms of parking spaces in Europe (about 1.4 million) and is a market leader in Germany, Italy, the U.K., and Scandinavia. We consider APCOA to be a facility service provider rather than an infrastructure company. This is because its business model is focused on leasing and management contracts, with limited capex need and lower EBITDA margins than infrastructure peers (about 9% on a reported basis, increasing to 25% on an S&P Global Ratings-adjusted basis, mainly as a result of operating lease adjustments).

Chicago Parking Meters LLC. U.S.-based car park operator, with a 75-year concession agreement with the City of Chicago to operate and collect on-street parking meter system within the city. It therefore has a much more limited scope of operations, but benefits from a monopolistic position and generates really strong EBITDA margin (about 80%). Chicago Parking Meters is therefore a less comparable peer than the European operators, which manage a portfolio of contracts and are therefore exposed to more frequent renewal risk.

Financial Risk: Significant

Our assessment of Infra Park's financial risk profile reflects our expectation that the company will continue maintaining relatively strong credit ratios, with adjusted FFO to debt of 12%-13%. Although we analyze the group on a consolidated basis, based on the accounts of Infra Foch TopCo, we notice that the ultimate parent doesn't bear any additional financial debt besides that at Infra Park, apart from a €347 million convertible bond that we currently treat as equity.

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.

We expect the effect of the refinancing completed in April 2018 to be overall limited on company's financial metrics. Despite the total amount of financial debt increasing by about €100 million, the total financing cost will not materially increase due to the high interest previously paid on the shareholder loan.

Considering Infra Park's capital structure and future leverage, we expect the debt-to-EBITDA ratio to be 5.5x-6.0x.

Financial summary

Table 2

Infra Park S.A.S. -- Financial Summary			
Industry Sector: Infrastructure			
	--Fiscal year ended Dec. 31--		
	2017	**2016**	**2015**
Rating history	BBB/Positive/--	BBB/Stable/--	BBB/Stable/--
(Mil. €)			
Revenues	732.2	695.3	647.3

Table 2

Infra Park S.A.S. -- Financial Summary (cont.)			
EBITDA	354.7	328.5	299.8
Funds from operations (FFO)	255.9	240.7	220.2
Net income from continuing operations	58.9	68.7	19.3
Cash flow from operations	261.1	227.3	213.8
Capital expenditures	162.6	170.2	149.8
Free operating cash flow	98.5	57.1	64.0
Discretionary cash flow	17.2	(4.2)	(99.3)
Cash and short-term investments	170.1	62.1	33.5
Debt	1,913.9	1,809.6	1,729.4
Equity	634.7	782.7	765.1
Adjusted ratios			
EBITDA margin (%)	48.4	47.2	46.3
Return on capital (%)	5.2	4.5	4.1
EBITDA interest coverage (x)	6.6	7.8	7.4
FFO cash int. cov. (x)	8.0	7.7	6.0
Debt/EBITDA (x)	5.4	5.5	5.8
FFO/debt (%)	13.4	13.3	12.7
Cash flow from operations/debt (%)	13.6	12.6	12.4
Free operating cash flow/debt (%)	5.1	3.2	3.7
Discretionary cash flow/debt (%)	0.9	(0.2)	(5.7)

Note: revenues net of construction services, as per adjustment reported in Table 3.

Liquidity: Strong

We assess Infra Park's liquidity as strong based on our expectation that sources of liquidity will exceed uses by about 2.5x in the 12 months ending March 31, 2019. Our assessment is also supported by our view that the company would be able to absorb high-impact, low-probability events without refinancing, has well-established, strong relationships with banks, and generally prudent risk management. There are no financial covenants on existing debt.

Principal Liquidity Sources	Principal Liquidity Uses
• Unrestricted cash and equivalents of about €167 million as of March 31, 2018; • Undrawn committed revolving credit facility of €300 million, of which €275 matures in October 2022 and the remaining portion in October 2021; and • FFO of about €220 million.	• Debt maturities of about €57 million, mainly represented by payments of fixed concession fees reported as on-balance sheet; • Capex of about €135 million; and • Dividends of about €80 million.

Debt maturities

- 2018: post refinancing occurred in April 2018, we expect around €52 million of debt repayment, mainly represented by the annual payment of fixed concession fees that are reported as debt on-balance sheet;
- 2019-2022: about €180 million of fixed concession fees;
- After 2020: €1.575 million, including €650 million bonds due in April 2025, €700 million of new bonds due in 2028, €100 million of bonds due in 2029, and €125 million of bonds due in 2037.

Covenant Analysis

We understand the company is not subject to any financial covenants.

Ratings Score Snapshot

Issuer 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)

Stand-alone credit profile : bbb

Issue Ratings--Subordination Risk Analysis

The 'BBB' issue rating on Infra Park's notes reflects that all the notes are senior unsecured and the amount of debt at Infra Park's subsidiaries' level is limited.

Capital structure

Infra Park's capital structure comprises about €1.5 billion senior unsecured notes, as of Dec. 31, 2017.

Analytical conclusions

Infra Park's existing debt is rated 'BBB', the same level as the issuer credit rating, because the amount of debt located at the level of Infra Park's subsidiaries is limited (about €18 million of financial debt and €5 million of leasing 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, 2017--								
Infra Park S.A.S. reported amounts									
	Debt	**Shareholders' equity**	**Revenues**	**EBITDA**	**Operating income**	**Interest expense**	**EBITDA**	**Cash flow from operations**	**Capital expenditures**
Reported	1,843.9	623.4	766.1	313.9	122.8	41.2	313.9	238.1	163.0
S&P Global Ratings adjustments									
Interest expense (reported)	--	--	--	--	--	--	(41.2)	--	--
Interest income (reported)	--	--	--	--	--	--	0.2	--	--
Current tax expense (reported)	--	--	--	--	--	--	(45.5)	--	--
Operating leases	169.7	--	--	36.2	12.1	12.1	24.1	24.1	--
Postretirement benefit obligations/deferred compensation	14.7	--	--	0.2	0.2	0.3	0.3	(0.8)	--
Surplus cash	(157.4)	--	--	--	--	--	--	--	--
Capitalized interest	--	--	--	--	--	0.4	(0.4)	(0.4)	(0.4)
Share-based compensation expense	--	--	--	1.7	--	--	1.7	--	--
Dividends received from equity investments	--	--	--	10.4	--	--	10.4	--	--
Non-operating income (expense)	--	--	--	--	0.2	--	--	--	--
Non-controlling Interest/Minority interest	--	11.3	--	--	--	--	--	--	--
Debt - Other	43.0	--	--	--	--	--	--	--	--
Revenues - Other	--	--	(33.9)	(33.9)	(33.9)	--	(33.9)	--	--
COGS- Other non-operating nonrecurring items	--	--	--	33.9	33.9	--	33.9	--	--

Table 3

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

EBITDA - Income (expense) of unconsolidated companies	--	--	--	(7.8)	(7.8)	--	(7.8)	--	--
EBITDA - Gain/(Loss) on disposals of PP&E	--	--	--	0.1	0.1	--	0.1	--	--
D&A - Impairment charges/(reversals)	--	--	--	--	6.1	--	--	--	--
EBIT - Income (expense) of unconsolidated companies	--	--	--	--	7.8	--	--	--	--
Total adjustments	70.0	11.3	(33.9)	40.8	18.7	12.8	(58.0)	23.0	(0.4)

S&P Global Ratings adjusted amounts

	Debt	Equity	Revenues	EBITDA	EBIT	Interest expense	Funds from operations	Cash flow from operations	Capital expenditures
Adjusted	1,913.9	634.7	732.2	354.7	141.5	54.0	255.9	261.1	162.6

Our main analytical adjustments to reported financials are as follows:

- We increase the reported debt by operating lease adjustments, in line with annual payment information received by the company.
- We include in the debt pension liabilities.
- We consider about €15 million of cash as restricted as it represents payment due to municipalities.
- We include in our adjusted debt the value of the put option held by non-controlling interest in AGE Brazilian subsidiary (€35.7 million) as well as liabilities related to employee savings mutual fund and long-term remuneration plans.
- We deduct from both revenues and operating expenditures the amount related to construction services.
- We are no longer treating the shareholder loan as equity, given its early reimbursement following the refinancing in April 2018.

Related Criteria

- Criteria - Corporates - General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018
- Criteria - Corporates - General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria - Corporates - General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013

- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Corporates - Industrials: Key Credit Factors For The Transportation Infrastructure Industry, Nov. 19, 2013
- Criteria - Corporates - General: Corporate Methodology: Ratios And Adjustments, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers, Nov. 13, 2012
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

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 July 24, 2018)

Infra Park S.A.S.	
Issuer Credit Rating	BBB/Stable/--
Senior Unsecured	BBB
Issuer Credit Ratings History	
10-Apr-2018	BBB/Stable/--
17-May-2017	BBB/Positive/--
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.