

# Creditreform Corporate Issuer / Issue Rating

Brisa Concessão Rodoviária, S.A.

**Creditreform Rating**  
www.creditreform-rating.de

Rating object	Rating information	
<b>Brisa Concessão Rodoviária, S.A.</b>  Creditreform ID: 400988007 Incorporation: 1972 (Main) Industry: Road infrastructure sector / motorway operation Member of Board of Directors: Vasco Mari Guimaraes José de Mello  <u>List of rating objects:</u> Long-term Corporate Issuer Rating: Brisa Concessão Rodoviária S.A. Long-term Corporate Issuer Rating: -- Long-term Local Currency (LC) senior secured issues	Corporate Issuer Rating: <b>BBB / stable</b>	Type: Initial rating unsolicited
	Senior unsecured issues, LC: <b>BBB</b>	Other: <b>n.r.</b>
	Rating Date: 14 November 2018 Monitoring until: withdrawal of the rating Publication: 26 November 2018 Rating methodology: CRA "Corporate Issuer Ratings" CRA "Corporate Issue Ratings" Rating history: www.creditreform-rating.de	

## Abstract

### Content

Abstract .....	1
Relevant rating factors .....	2
Business development and outlook .....	3
Structural risks .....	4
Business risks .....	5
Financial risks .....	6
Issue rating details .....	6
Financial ratios analysis .....	8
Appendix .....	9

### Company

Brisa Concessão Rodoviária, S.A. (BCR, company), a Portuguese road infrastructure company and motorway operator, was incorporated in 1992 and is headquartered in Cascais, Portugal. It is a subsidiary of Brisa Auto-Estradas de Portugal, S.A. Group (Brisa, established in 1972) and holds concessions from the government of Portugal for 12 motorways to manage Portugal's major toll road infrastructure, including construction, maintenance and operation of motorways. The end of the concession contract is presently fixed at 31 December 2035. The road network extends from the North to the South and from the East to the West. The motorways are linked between the most important metropolises of Portugal, Oporto and Lisbon. One of the motorways offers a direct connection from Lisbon to Madrid. In the coming years, it is planned that BCR will construct a motorway to the New Lisbon Airport. BCR is a leader in the road and transport sector in Portugal. The motorways have a total length of 1,100.1 km not including the motorway connection to the new airport; 1,014 km of them are tolled.

Thanks to the economic situation, which has recovered since the financial crisis and which is in line with traffic growth in Portugal, as well as the increasing tourism figures in the last years, and a conservative financial risk management, BCR was able to improve its performance in the fiscal year 2017 significantly. In the fiscal year 2017, the company generated revenues of EUR 565.27 million (2016: EUR 523.12 million) and an annual net profit of EUR 136.2 million (2016: EUR 91.68 million) with a staff of 11 employees. The EBITDA increased to EUR 401.8 million (2016: EUR 365.4 million), and as a result the Net Debt/EBITDA ratio slightly decreased to 5.23 (2016: 5.96), despite the higher amount of total debt of EUR 2,843 million (2016: EUR 2,508 million).

### Analysts

Elena Alexenoo  
Lead Analyst  
E.Alexenoo@creditreform-rating.de

Christina Sauerwein  
Co-Analyst  
C.Sauerwein@creditreform-rating.de

Neuss, Germany

### Rating result

The unsolicited Corporate Issuer Rating of BBB attests BCR a highly satisfactory level of creditworthiness and a low-to-medium default risk.

The company registers improved revenues, strong operative margins and cash flows favoured by the Portuguese economy upswing, and has a well-established position in the Portuguese road and transport sector. The company has developed a sophisticated set of special agreements and financial guarantees in favour of its senior creditors that ensures a gradual deleveraging over the term of the concession agreement as well as a ring-fencing of the company from the entire Brisa Group. Given the concentration of the company in the Portuguese market, we assume its exposure to the overall economic situation in Portugal to be considerable. This is why the rating of BCR is constrained by the sovereign rating of the Republic of Portugal (CRA: BBB-/stable as of 21 September 2018)<sup>1</sup>. It is unlikely that the rating of BCR will exceed the rating of Portugal by more

<sup>1</sup> Source: Sovereign Ratings, status of 21/09/2018, by Creditreform Rating AG.

than two notches in the future. The ring-fencing construction ensures a certain financial autonomy of BCR. Nevertheless, a possible deterioration of the creditworthiness of Brisa can have a negative impact on BCR's rating due to the existing service agreements between the companies and the influence of Brisa on the dividend policy of BCR despite the limitations on dividend distributions. The concession agreement stipulates that at least two thirds of the share capital or voting rights of the entity that holds the concessions shall be kept by the Brisa group. Overall, the biggest risk for the company is the early termination of the concession agreement, which we consider improbable in the medium-term given the experience and importance of the company, as well as the construction, widening and repair work plans for the coming years.

### Outlook

The one-year outlook of the rating is stable. The stable outlook represents the expectation that BCR will have stable or increasing revenues and a stable cost structure, and hence will be able to maintain current financial ratios. This outlook is based on the underlying assumption that the political and regulatory framework of Portugal will remain stable, and in particular that the sovereign rating of the Republic of Portugal will remain at least at BBB- level or else will improve. The expected higher capex should be compensated by higher revenues, so that the operating performance of BCR will not be diluted.

#### Excerpts from the financial ratios analysis 2018

- + Decreasing ratio of Net Debt / EBITDA
- + Increase of EBITDA, EBIT and EAT
- + High profitability
- + Positive liquidity situation
- Equity ratio decreased
- Higher disbursement
- Short-term capital lock-up increased

Brisa Concessão Rodoviária, S.A. Financial ratios' extract Basis: consolidated annual report per 31.12 (IFRS)	Standardized balance sheet <sup>2</sup>	
	2016	2017
Revenues	EUR 523.1 million	EUR 565.3 million
EBITDA	EUR 365.4 million	EUR 401.8 million
EBIT	EUR 232.7 million	EUR 267.9 million
EAT	EUR 91.7 million	EUR 136.1 million
Total assets	EUR 2.613.0 million	EUR 2,843.1 million
Equity ratio	4.0%	3.2%
Capital lock-up period	17.11 days	16.37 days
Short-term capital lock-up	41.07%	84.98%
Net Debt / EBITDA adj.	6.0	5.2
Return on investment	7.5%	7.7%

### General rating factors

- + Leading motorway operator in Portugal
- + Long-term concession contract with the sovereign
- + Major motorway network of Portugal
- + Systemic relevant business model for the national economy
- + Good access to financial markets
- + Far-reaching ring-fencing from the Group due to financial covenants and special agreements: restricting distribution policy and gradual reduction of the debt until the end of the concession contract
- + High operative profitability
- + Conservative and prudent risk management policies
- Capital-intensive business (high fixed asset intensity)
- Competitive environment due to alternative toll-free roads
- Low equity ratio
- High dependence on overall economic situation and on fuel prices
- High supplier dependence due to outsourcing

<sup>2</sup> For analytical purposes, CRA adjusted the original values in the financial statements in the context of the financial ratio analysis.

- Counterparty and interest risk
- High debt repayment period and high interest payments
- Vulnerability to street damages and bad weather conditions

**Prospective Rating Factors** are factors and possible events that – in the view of the analysts as per the date of the rating – would most likely have a stabilizing or positive effect (+) and a weakening or negative effect (-) on future ratings, if they occurred. This is not a full list of possible future events with potential relevance for future ratings. Circumstances can arise that are not included in the list of prospective factors whose effects are impossible to assess at the time of the rating, either because these effects are uncertain or because the underlying events are deemed unlikely to occur.

## Current factors (rating 2018)

- + Increased profitability and cash flow
- + Traffic growth due to improving domestic economy and tourism increase
- + Lower financial expenses
- + Reduction of net debt
- + Allocation to the legal reserve completed
- Increase of gross debt
- Increase in short-term capital lock-up
- High level of dividend payments

## Prospective rating factors

- + Further domestic and European economic growth
- + Higher revenues due to the new motorway from the New Lisbon Airport
- + Overall trend of increasing tourism in Europe
- + Deleveraging according to the stipulated financial covenants
- Increasing fuel price
- Capex increase due to new constructions as well as further widening and improvement works
- Due to higher debt positions, increasing of total finance expenses
- Expected higher capex due the construction of access to the new airport

## Best case scenario

We based our best case scenario for the next year on a rating of BBB. For the purposes of this scenario, we assumed a higher GDP for Portugal and also an increase in tourism. As a result of this increase, higher revenues are to be expected. Under this scenario, the costs will be in line with the increasing revenues due to higher fuel prices and an elevated capex, so that we can expect a moderate improvement in BCR's performance ratios.

## Worst case scenario

In our worst case scenario for one year, we have assumed a rating of BBB-. For the purposes of this scenario, we assumed increasing costs and flat revenues as well as increased capex for maintenance and construction works. These developments would lead to higher debt and deterioration of the equity despite the dividend distribution restriction. A downgrade-scenario would also materialize if the sovereign rating of the Republic of Portugal were to be downgraded.

## Business development and outlook

The company has developed positively during the recent years. In 2017, light vehicle traffic increased by 6.6% and heavy vehicle traffic increased by 9.3% on BCR motorways. BCR saw traffic grow by 6.8%, despite the fuel price increase of 9.5%, to average EUR 1.31 in 2017 from EUR 1.19 in 2016. In 2017 the annual average traffic on BCR's motorways was 19.847 vehicles per day, a positive effect of 7.1% (2016: 18.534 vehicles per day). This growth is mainly due to the general recovery path of the Portuguese economy and the high level of tourism. Due to the favorable traffic development in 2017, the total revenues increased to EUR 570.7 million from EUR 527.4 million, a rise of 8.2%. Revenues from services increased in 2017 by 2.9%. Revenues from tolls increased by 8.1%, partially due to the annual increase in toll prices in 2017 of 0.84%. The other revenues, which include the collection of unpaid toll rates, improved by 25.6%.

Best case: BBB

Worst case: BBB-

### Note:

The scenarios are based on the information available at the time of the rating. Within the forecast horizon, some circumstances could occur that would lead to a rating change out of the indicated range.

Table 1: Revenue development of Brisa Concessão Rodoviária, S.A. | Source: Brisa Concessão Rodoviária, S.A.

EUR million	2016	2017
Revenues from tolls	515.3	557.2
Revenues from services	7.8	8.1
Other revenues	4.3	5.4
Total revenues	527.4	570.7

The company achieved an EBITDA increase of 10% in 2017 (2016: +5.4%). The reason for this positive development was the underproportional increase in the cost positions. The amortization and provision expenses increased by 2.4% to EUR 129.6 million from EUR 125.7 million; external services and supplies also increased by 3.2% to EUR 126.6 million from EUR 122.7 million. The latter relies on outsourced maintenance works and costs for electronic toll collection. Staff costs increased by 2.4% at EUR 1.72 million (2016: EUR 1.68 million). The EAT improved due to a sharp decline in the financial costs. Financial expenses decreased to EUR 81.8 million (2016: EUR 104.4 million), a decline of 21.7%, due to repayments of bonds and to lower bank rates. In cash flow, BCR also recorded a strong increase of 26.8%, to EUR 288.18 million in 2017 (2016: EUR 227.32 million).

Table 2: Business development of Brisa Concessão Rodoviária, S.A. | Source: Brisa Concessão Rodoviária, S.A., standardized by CRA

EUR million	2014	2015	2016	2017
Revenues	460.02	490.52	523.12	565.27
EBITDA	342.08	346.71	365.36	401.80
EBIT	182.34	211.81	232.68	267.93
EBT	63.44	110.16	128.28	186.20
EAT	41.84	79.48	91.68	136.08

For 2018, BCR expects higher revenues in line with stable costs. This anticipated trend has already been confirmed by the first half-year report. Compared to the previous year, the revenues increased by 7.7% in the first half of 2018. In contrast, the operating costs for the first half of 2018 increased by only 4.4% and the EBITDA improved as a result by 8.8%. The financial expenses decreased by 10.8% due to a redemption of a EUR 300 million bond in April 2018. The coupon of this bond was at 6.875%. For its repayment, a new bond of EUR 300 million was already issued in May 2017 with a coupon of 2.375%. Based on these measures, and the positive development of profit from operating activities, the net profit was improved by 27.3%. Also noteworthy is that the capex dropped by 13.7%, despite BCR's expectation of a capex rise. It remains to be seen whether the capex will increase in the second half of 2018.

The overall development of the company in the first half year of 2018 is positive, and shows an improvement of its operating performance thanks to more favorable economic framework conditions and BCR's efficient financial management. The focus of its long-term strategy is to increase cash flow by seeking more low-priced funding alternatives. Part of the generated cash flow will be used to renew equipment, with the focus of improving operating efficiency and thus providing higher quality in road infrastructure. Under the assumption of a stable economic and political framework, and considering the overall stable positive development of BCR's profitability and its strong cash flows, we expect the company to be able to comply with its obligations regarding scheduled maintenance and construction works according the concession agreement.

### Structural risks

Brisa Concessão Rodoviária, S.A. is an indirect subsidiary of Brisa Auto-Estradas de Portugal, S.A. Brisa is one of the first and largest private road operators in Portugal. In 2010, Brisa prompted a spin-off of BCR with the objective of strengthening creditworthiness for the issuance of secured bonds on the Luxembourg Stock Exchange and Euronext Lisbon. Hence, Brisa Concessão

Rodoviária, SGPS, S.A. (SGPS) became a sole shareholder of BCR. SGPS was founded in 2009 and is the guarantor for the obligations of BCR. Brisa holds 70% of SGPS and thus of BCR indirectly. The remaining 30% is held by Global Roads Investimentos, SGPS, Lda. The voting rights of the shares are not limited, however the concession agreement between the Portuguese Government and BCR limits the transferability of the shares. According to the concession agreement, Brisa is obligated to hold at least two-thirds of the share capital on BCR. A sale or transfer is only possible if the concession grantor agrees to this.

The task of BCR is to operate the original concessions of Brisa, which officially belong to BCR. This business includes the planning and development of motorways and their construction, and maintenance and tolled operation of the motorways and the corresponding service. Due to outsourcing, the company holds a staff of only 11 employees. It operates domestic concessions with one connection to Spain. The concession contract is valid until 31 December 2035. The Portuguese Government is generally allowed to withdraw the concession at any time during the last five years of the concession period upon giving BCR one year prior notice, or even earlier in the case of breach of obligations by BCR according to concession agreement. BCR is entitled to receive a compensation in the event of early termination of the concession in certain limited cases. In our opinion, the risk of an early termination of the concession contract by the Portuguese State is low in the short and medium term due to the long-term and successful relationship, the know how of BCR, and the relevance for the country.

The ring-fencing-construction will give the investors more financial protection due to financial independence from Brisa and its subsidiaries. To minimize financial risks, the financial construction also includes, among others, a comprehensive set of financial covenants, lock-up tests, trigger events and a partial independence for the directors. The financial covenants serve to ensure the debt reduction of the company before its concession agreement expires. If a specific limit of a ratio is not met, it is considered to be a trigger event. If a trigger event occurs, BCR is not permitted to distribute dividends or free reserves. It would also be considered a trigger event if the rating of BCR became lower than investment grade or if it does not pass the lock-up test. The board of directors must consist of 25% independent directors. Decisions such as distributions must be approved by the majority of the independent directors.

The independence based on the ring-fencing construction does not affect the operational aspect. Between Brisa and BCR there is a supplier dependency. The main activities of BCR - maintenance and construction work, collection of toll charges, engineering and technical services, and management consultancy relating to the concession are carried out by Brisa and Brisa's subsidiaries on the basis of five main agreements between BCR and Brisa. These agreements have been concluded on an arm-length basis, e.g. the prices comply with the current market prices. The agreed prices are subject to control by Portuguese authorities. A default within Brisa would involve a structural risk which, however, would be offset by commissioning third party enterprises, which is generally possible according to concession. In addition, although Brisa is financially weaker than BCR, for the long term Brisa offers a well-placed, diversified and a portfolio especially adapted to the digital age, as well as a mature corporate identity and international presence.

Apart from the construction of the link to the New Lisbon Airport, no structural changes are to be expected in the near future. With regard to the administrative tasks of risk management, corporate governance and compliance, we have not been aware of any negative events which might influence the rating. Based on publicly available information on structural factors, we perceive BCR as a stable well-organized business.

## Business risks

Brisa Concessão Rodoviária, S.A. is exposed to a variety of risk factors typical for the sector. Overall, the business depends on the macroeconomic evolution of its country. Higher domestic GDP, more export and import activities, and more tourism signify higher truck and car traffic on the motorways. In September 2018 Creditreform Rating AG (CRA) raised its unsolicited long-term sovereign rating of Portugal to "BBB-" from "BB+" due to favorable macroeconomic performance. The country recorded, among other factors, stronger real GDP growth and an improving labor market situation. This also had a positive impact on the volume of car sales, which also increased by 7.7%. The current rise in tourism not only causes increased car traffic, it also boosts exports. The revenue rise of the fiscal year 2017 was driven by these factors. The total traffic volume rose by 6.8% in the fiscal year 2017. CRA revised the outlook for Portugal to positive from stable as we



expect economic growth to continue going forward, accompanied by an ongoing labor market recovery. Based on these assumptions, as well as a favorable tourism trend in Europe, we do not expect short- or medium-term country risks.

We also need to account for political risks such as regulation changes and reputational damage due to construction errors, and risks deriving from competition due to toll-free roads. In a more serious economic situation such as a finance crisis, the user's acceptance of tolls decreases considerably. Based on the current stable situation in Portugal, the risk of a preference for toll-free roads is not to be expected because toll motorways are of higher quality and allow faster travel. The conditions on toll-free roads are on much less favorable, and the time spent on driving is much higher. At present, there is also no risk of competition from train traffic. In Portugal many places can not be reached by train due to a strong reduction of the railway network. The reduction is the result of state saving measures. Due to the current recovery situation, the state will invest in the railway infrastructure in the coming years.

The credit risks, in line with interest risks, are counteracted by a sufficiently developed and experienced conservative financial management, using derivative financial instruments, in particular interest rate swaps, a high percentage of fixed interest rates, and the above-mentioned safety measures in line with the ring-fencing construction and deleveraging. Fuel prices and general climatic conditions also affect the motorway operations business, the latter mainly applicable to light vehicles traffic (tourism). Despite lower oil prices in 2016 than in 2017, BCR recorded a higher traffic growth in 2017, by 7.1% (2016: 6.7%). The positive GDP effect outstripped the negative oil price effect. In the first half-year report of 2018, despite higher oil prices and bad weather conditions, the traffic growth was higher than the previous first quarter of 2017. However, in the second quarter, growth was much lower due to the earlier Easter in this year, according to BCR. In total, for the first half-year, a traffic growth of +4.1% was recorded, albeit 2.1% less than in the previous half year (H1 2017: +6.8%).

The business model is well-designed and well-established in the market thanks to its major network. BCR was not only the first concessionaire in Portugal, but is also credited with the renewal of Portuguese infrastructure. Viewing the business model across the course of its history, it is remarkably robust. It has withstood the financial crisis and its long-term impact on Portugal. Currently, Portugal is still on a favorable path of recovery. Based on the forecasted GDP increase, although lower than last year and despite the current oil price rise we expect on short- and medium-term, at least a slightly increase in toll and service revenues.

## Financial risks

For analytical purposes, CRA adjusted the original values in the financial statements in the context of the financial ratio analysis. The following descriptions and indicators are based primarily on these adjustments.

BCR managed to improve its performance figures significantly partially due to the issue of a new bond in 2018 with a value of EUR 300 million, a coupon of 2.375%, and a maturity in 2027 to refinance another bond and reduce the finance expenses, as mentioned above. The equity ratio is very low at 3.19% (2016: 4.02%), which is one factor that limits the rating. The adjusted equity has been reduced to EUR 91 million from EUR 105 million, mainly by distribution of dividends and free reserves to BCR SGPS, S.A. in the amount of EUR 161 million. The debt structure is not completely balanced. As a result of the capital structure, the asset coverage ratio is also low at 53.46% (2016: 57.22%). This means that roughly 46% of BCR's durable asset base has been financed by short-term and medium-term liabilities. The weak capital structure slightly counteracts the very good profitability.

A positive factor is that, due to the increase of EBITDA and the strong cash flow, BCR managed to slightly decrease its net debt. It repaid a bond of EUR 300 million and the annual amount of EUR 36 million to the European Investment Bank. The gross debt in total increased by 9.9% due to the newly-issued bond, but the net debt decreased by 5.6% due to the high cash resources. The Net-Debt to EBITDA adjusted ratio decreased to 5.23 from 5.96. The debt repayment period decreased slightly to 9.58 years from 10.85 years. It should be considered that the period of 9.58 years could result in a risk if the domestic economy deteriorates drastically and no renewal of the concessions is approved. We consider such a drastic case to be rather unlikely due to the importance of Brisa

for the infrastructure of Portugal. The EBITDA has shown a steady positive development during the last years and has further improved in the first half of year 2018 by 8.8%.

The total liabilities increased in 2017 to EUR 2,752 million from 2,507 million in 2016, a rise of 9.78%. For 2018, BCR expects a higher capex caused by widening and repair works. In the coming years, an elevated capex due to construction of the connection to the New Lisbon Airport is also to be expected. As a consequence of the investment, however, it is to be expected that short-term maintenance expenses will increase, as will the financial expenses due to the procurement of additional debt on the capital market. However, it can also be expected that the additional costs will be largely compensated by the expected revenue increase as well as additional toll revenues from the new connection. In the first half-year of 2018, the total capex actually decreased by 31.7%. The major repairs went up (+14.7%), but there were significantly fewer widening works (-73.5%).

Another positive factor related to the protection of the creditors is that the Net Senior Debt/EBITDA<sup>3</sup> ratio of BCR decreased in 2017 to 4.51 from 5.25 in 2016. A value above the limit of 5.75 would cause a trigger. Thanks to the fact that no trigger events occurred in 2017, BCR was allowed to distribute dividends and free reserves to its shareholder. Also positive for the creditors is that the legal reserves were fully filled, reaching an amount of EUR 15 million, (2016: 12,28), covering 20% of the share capital. This reserve serves for absorbing losses and, in case of liquidation, to be distributed to creditors. In the fiscal year 2019, BCR will have to apply the new IFRS 16 accounting standard ("Leases"). Due to the low operating leases payments, no significant change is expected.

As of 31 December 2017, BCR had undrawn credit lines and available commercial paper programmes amounting to EUR 275 million, as well as high liquidity reserves of EUR 445.81 million (2016: EUR 261.58 million). The cash position in the first half-year of 2018 was still solid at EUR 149 million, and the cash flow in the first half year of 2018 improved to EUR 278 million from EUR 223 million (+19.78%). Taking into consideration the liquidity reserves, undrawn credit lines and cash flows from the operating activities as well as the company's investment and debt repayments plans, we do not see any liquidity risks in the short-term perspective.

Overall, we see no significant short- or medium-term financial risks for BCR that could endanger the company's sustainability. The company disposes of a good access to funding sources and generates strong operating cash flows. It can be assumed that the expected higher capex investments will be financed by bond issues in the market, bank loans, paper programmes or by drawing committed credit lines. So we expect the leverage of the company to increase without a significant deterioration of the net debt/EBITDA ratio thanks to a higher EBITDA.

## Issue rating details

### Issue rating

This issue rating is exclusively valid for the long-term senior secured issues denominated in Euro, issued by Brisa Concessão Rodoviária, S.A. and guaranteed by Brisa Concessão Rodoviária, SGPS, S.A., which are included in the list of ECB-eligible marketable assets. The ECB list of eligible marketable assets can be found on the website of the ECB.

The Notes have been issued within the framework of the EMTN Programme. The total nominal value of the bonds issued must not exceed EUR 3 billion. According to the most recent prospectus from 16 November 2016, the Notes issued under the EMTN Programme benefit from a cross-default mechanism. The issues are secured by a security agreement and credit protective provisions, which include a pledge over the BCR shares and its bank accounts, liquidity reserves and financial covenants to ensure deleveraging until the termination of the concession agreement.

We have provided the EUR debt securities, issued by Brisa Concessão Rodoviária, S.A., with a rating of BBB. This decision is based on the corporate rating of Brisa Concessão Rodoviária, S.A. The conditions of the security agreement do not have additional influence on the issue rating. Other types of debt instruments or issues denominated in other currencies have not been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

<sup>3</sup> See Base Prospectus from 16 November 2016

### Overview

Table 3: Summary of CRA Ratings | Source: CRA

Rating Objects	Detail Information	
	Date	Rating
Brisa Concessão Rodoviária, S.A. (Issuer)	14.11.2018	BBB/stable
Long-term local currency senior secured issues (EMTN)	14.11.2018	BBB
Other	--	n.r.

Table 4: Overview of Brisa Concessão Rodoviária, S.A. Euro Medium Note Programme | Source: Brisa Concessão Rodoviária, S.A., prospectus dated 16 November 2016

Issue Details			
Program volume	EUR 3,000,000,000	Maturity	Depending on the respective bond
Issuer	Brisa Concessão Rodoviária, S.A.	Coupon	Depending on the respective bond
Arrangers	Barclays	Currency	Depending on the respective bond
Credit Enhancement	Guaranteed by Brisa Concessão Rodoviária, SGPS, S.A.	ISIN	Depending on the respective bond

At the time of the rating, the following EUR-denominated Notes have been rated by Creditreform Rating AG:

Table 5: Overview of the issues of the Euro Medium Term Note Programme as per 14/11/2018 | Source: Website of BCR and CRA's own presentation

ISIN	EUR	Issue Date	Maturity	Unsolicited Rating
PTBSSBOE0012	300,000,000	01/04/2014	01/04/2021	BBB
PTBSSKOM0003	120,000,000	07/06/2016	07/01/2022	BBB
PTBSSJOM0014	300,000,000	22/03/2016	22/03/2023	BBB
PTBSSIOM0015	300,000,000	30/04/2015	30/04/2025	BBB
PTBSSL0M0002	300,000,000	10/05/2017	10/05/2027	BBB

All future LT LC senior secured Notes that will be issued by Brisa Concessão Rodoviária, S.A. under the current EMTN Programme, denominated in Euro and included in the list of ECB-eligible marketable assets will, until further notice, receive the same ratings as the current LT LC senior secured Notes issued under the EMTN Programme. Notes issued under the Programme in a currency other than euros, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.



## Financial ratios analysis

	2016	2017	2018
<b>Asset Structure</b>			
Fixed asset intensity (%)	90.81	94.12	83.08
Asset turnover	0.17	0.19	0.21
Asset coverage ratio (%)	21.50	57.22	53.46
Liquid funds to total assets (%)	7.99	4.53	15.68
<b>Capital Structure</b>			
Equity ratio (%)	13.86	4.02	3.19
Short-term-debt ratio (%)	22.05	10.13	18.47
Long-term-debt ratio (%)	5.66	49.84	41.22
Capital lock-up period (in days)	18.33	17.11	16.37
Trade-accounts-payable ratio (%)	0.87	0.94	0.89
Short-term capital lock-up (%)	119.58	41.07	84.98
Gearing	5.64	22.77	25.39
Leverage	5.62	10.93	27.87
<b>Financial Stability</b>			
Cash flow margin (%)	45.99	43.45	50.98
Cash flow ROI (%)	7.92	8.70	10.14
Debt / EBITDA adj.	6.57	6.25	6.24
Net Debt / EBITDA adj.	5.96	5.96	5.23
ROCE (%)	10.25	12.27	14.88
Debt repayment period	11.02	10.85	9.58
<b>Profitability</b>			
Gross profit margin (%)	75.46	76.54	77.60
EBIT interest coverage	2.05	2.22	3.28
EBITDA interest coverage	3.36	3.49	4.91
Ratio of personnel costs to total costs (%)	0.32	0.32	0.30
Ratio of material costs to total costs (%)	24.54	23.46	22.40
Return on investment (%)	6.36	7.50	7.66
Return on equity (%)	15.03	36.70	139.02
Net profit margin (%)	16.20	17.53	24.07
Operating margin (%)	43.18	44.48	47.40
<b>Liquidity</b>			
Cash ratio (%)	36.26	44.71	84.89
Quick ratio (%)	41.67	58.02	91.63
Current ratio (%)	41.67	58.02	91.63

## Appendix

### Rating history

Corporate Issuer Rating of Brisa Concessão Rodoviária, S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	14.11.2018	26.11.2018	Withdrawal of the rating	BBB / stable

LT LC senior unsecured issues issued by Brisa Concessão Rodoviária, S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Initial rating	14.11.2018	26.11.2018	Withdrawal of the rating	BBB

### Regulatory requirements

The present rating is an unsolicited rating. Creditreform Rating AG was not commissioned by the Issuer with the preparation of the rating. The present analysis was prepared on a voluntary basis. The rating is based on the analysis of published information and on internal evaluation factors. The quantitative analysis is primarily based on the last annual report of the Issuer, the basis prospectuses and on press releases of the company. The information and documents meet the requirements and are in accordance with the published Creditreform Rating AG's rating methodology.

The rating was conducted on the basis of Creditreform Rating's "Corporate Issue Ratings" methodology and the "Corporate Issuer Rating" methodology. A complete description of Creditreform Rating's rating methodologies is published on the following internet page: [www.creditreform-rating.de](http://www.creditreform-rating.de).

The documents submitted and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodology. A complete description of Creditreform Rating's rating methodologies and Creditreform's basic document "Rating Criteria and Definitions" is published on the following internet page:

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This rating was carried out by analysts Elena Alexencoo (e.alexencoo@creditreform-rating.de) and Christina Sauerwein (c.sauerwein@creditreform-rating.de), both located in Neuss, Germany. A management meeting did not take place.

The rating was presented to the rating committee on 14 November 2018. The company examined the rating report prior to publication and was given at least one full working day to appeal the rating committee's decision and to provide additional information. The rating decision was not amended following this examination.

The rating will be monitored until CRA removes the rating and sets it to non-rated (n.r.).

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To prepare this credit rating, CRA has used following substantially material sources:

### Corporate Issuer rating:

1. Annual report
2. Website
3. Internet research

### Corporate Issue rating:

1. Issuer corporate rating incl. information used for the Issuer corporate rating
2. Documents on issues / instruments

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# Creditreform Corporate Issuer / Issue Rating

Brisa Concessão Rodoviária, S.A.

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Creditreform Rating AG

## Contact information

Creditreform Rating AG  
Hellersbergstraße 11  
D-41460 Neuss  
Germany

Phone +49 (0) 2131 / 109-626  
Fax +49 (0) 2131 / 109-627

Email [info@creditreform-rating.de](mailto:info@creditreform-rating.de)  
[www.creditreform-rating.de](http://www.creditreform-rating.de)

CEO: Dr. Michael Munsch

Chairman of the Board: Prof. Dr. Helmut Rödl  
HR Neuss B 10522