

7 April 2022 – Neuss, Germany

## Rating Action / Update:

### Creditreform Rating has affirmed the unsolicited corporate issuer rating of Autoroutes du Sud de la France S.A., to **BBB+ / stable**

Creditreform Rating (CRA) has affirmed the ratings of the unsolicited, public corporate issuer rating of Autoroutes du Sud de la France S.A. – together referred to as ASF or the Group, as well as the unsolicited corporate issue rating of long-term local currency senior unsecured notes issued by Autoroutes du Sud de la France S.A. at **BBB+**. The outlook remains **stable**.

### Current relevant factors for the rating

The following considerations were of specific relevance for the rating assessment:

- On 7 April 2022 CRA affirmed the unsolicited corporate issuer rating of VINCI S.A. (**BBB+ / stable**)
- Increased operating performance in 2021 after easing of travel restrictions
- Traffic levels significantly better in comparison to 2020 and just under pre-pandemic levels in 2019
- High dividend payments despite COVID-19 crisis

### ESG-criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of Autoroutes du Sud de la France S.A. we have not identified any ESG factor with significant influence.

We have not been able to identify any relevant ESG documents with regard to ASF. We have therefore assessed the overall ESG strategy of VINCI S.A., its parent Company, which largely determined its strategy.

VINCI has set clear targets to reduce its carbon emissions and to improve its gender balance. With regard to its emissions, it targets a 40% reduction in its scope 1 and 2 emissions, a 20% scope 3 emissions by 2030, and has already reported an 8% reduction in CO2 emissions against 2018 (excluding the impact of acquisitions). More than half of the rest areas along its motorways are already equipped with electric vehicle charging stations. The Group has also made progress regarding the gender balance. As of 2011, 15.8% of the Group's management staff were women, which it was able to increase to 21.1% in 2020 and 21.6% in 2021. The Group strives to increase that percentage to 28 by the end of 2023. Overall, we identify VINCI as having a well-developed ESG strategy with clear targets, but do not identify any ESG factors, which have a significant influence on the unsolicited corporate issuer rating of VINCI S.A.

A general valid description of Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

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**ESG factors** are factors related to environment, social issues and governance. For more information, please see the "Regulatory requirements". CRA generally takes ESG relevant factors into account when assessing the rating object and discloses them when they have a significant influence on the creditworthiness of the rating object, leading to a change in the rating result or the outlook.

## Rating result

The current rating attests Autoroutes du Sud de la France S.A. a highly satisfactory level of creditworthiness. The rating result is based on the Group's ability to generate strong cash flows with good margins and a high ability to deleverage rapidly. Additionally, the remaining term on the concession contracts are still 10 and 14 years, respectively, and we currently do not see an immediate risk of revocation since the Group has fulfilled all of its obligations under the concession contract as far as we can assess. The high dividend payout ratio remains a constraining factor in the rating assessment.

The unsolicited corporate issuer rating is currently constrained by its parent company VINCI S.A. (BBB+ / stable), as we believe that it holds significant influence over its strategic, operational and financial alignment. Uncertainties with regard to COVID-19 and the accompanying travel restrictions remains high. Additionally, geo-political tensions have increased considerably with the invasion of Ukraine by the Russian Federation. We currently believe the direct effect on ASF or VINCI Group to be minor, as neither has a large material interest in either of those countries that would affect the rating. However, increasing fuel prices could hamper traffic development on ASF's networks, as well as VINCI's operations.

## Outlook

The one-year outlook of the unsolicited corporate issuer rating is **stable**. This outlook is based on our expectation that there will be no further significant escalation in the current geopolitical conflict concerning NATO-member states, Ukraine and the Russian Federation, and no large-scale COVID-19-related travel restrictions will be put into place. As the unsolicited corporate issuer rating is currently constrained by VINCI S.A. (BBB+ / stable), any change to a positive outlook would also be conditional to a change in VINCI's outlook.

The aforementioned events aside, and assuming a stable market development, we see it as plausible that traffic levels could exceed levels seen in 2019. However, increased fuel prices for light and heavy vehicle traffic may hamper traffic development.

Table 1: Financials of Autoroutes du Sud de la France S.A. | Source: Autoroutes du Sud de la France S.A. Consolidated Annual report 2021, standardized by CRA

Please note:

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

Autoroutes du Sud de la France S.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IAS, Group)	CRA standardized figures <sup>1</sup>	
	2020	2021
Sales (million EUR)	3,612	4,352
EBITDA (million EUR)	2,324	2,968
EBIT (million EUR)	2,161	1,541
EAT (million EUR)	952	1,463
EAT after transfer (million EUR)	951	1,462
Total assets (million EUR)	12,608	12,479
Equity ratio (%)	10.73	11.22
Capital lock-up period (days)	11.87	13.74
Short-term capital lock-up (%)	21.77	56.43
Net total debt / EBITDA adj. (factor)	4.74	3.45
Ratio of interest expenses to total debt (%)	1.21	1.00
Return on Investment (%)	8.61	12.61

**Best-case scenario: A-**

In our best-case scenario for one year we assume an unsolicited corporate issuer rating of A-. In this scenario we assume a continued strong development of traffic levels exceeding pre-pandemic levels. The rating is currently constrained by its parent company VINCI S.A., as we believe that it holds significant influence over its strategic, operational and financial alignment. An upgrade of ASF is therefore conditional on an upgrade of the unsolicited corporate issuer rating of VINCI S.A.

**Worst-case scenario: BBB**

In our worst-case scenario for one year we assume a rating of BBB. This scenario could materialize if operating performance deteriorates strongly due to new government-imposed travel restrictions or another significant increase in fuel prices, ultimately leading to another drop in traffic levels. It is noteworthy that this scenario does not include significant escalation with regard to the current heightened geopolitical tensions relating to the invasion of Ukraine by the Russian Federation and the imposed sanctions on the Russian Federation by the international community.

A downgrade in the unsolicited corporate issuer rating of VINCI S.A. could also lead to a downgrade in the unsolicited corporate issuer rating of ASF due to the significant influence over its strategic, operational and financial alignment.

**Business development and outlook**

As COVID-19-related lockdown measures and travel restrictions were gradually eased in 2021, both light and heavy vehicle traffic recovered significantly over the year. The Group reported an increase of 22.2% in total, of which 24.5% in light vehicle traffic to 32,979 million kilometres, and

<sup>1</sup> For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, when calculating the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and internally-generated intangible assets are subtracted from the original equity, whilst deferred tax liabilities are added. Net total debt takes all balance sheet liabilities into account. Therefore, the key financial figures shown often deviate from the original values of the company.

an increase of 10.3% in heavy vehicle traffic to 5,677 million kilometres. However, as lockdown measures and travel restrictions did remain in place for a certain part of 2021, it continued to underperform against the pre-pandemic base year 2019. Light and heavy vehicle traffic in total remained 3.7% lower than in 2019.

The abovementioned events mainly led to a strong rebound in revenues and operating profit in comparison to the prior year, but remained at a lower level than 2019. At the end of the fiscal year 2021, ASF generated total revenues of EUR 4,352 million (2020: EUR 3,612 million), EBITDA of EUR 2,968 million (2020: EUR 2,324 million), EBIT of EUR 2,161 million (2020: EUR 1,541 million) and net profit of EUR 1,463 million (2020: EUR 952 million). As of 1 February 2021 ASF increased their prices, as agreed with the French government per the concession agreement, for the ASF and Escota concessions by 0.536% and 0.465%, respectively.

The net profit of the Group increased against 2020 due to improved operating conditions and against 2019 predominantly due to lower financing costs resulting from a lower average long-term debt interest rate, as well as to lower gross indebtedness and income taxes based on a lower theoretical tax rate in France of 28.41% against 34.43% in 2019.

Table 2: Comparison of operating performance in 2021, 2020 and 2019. Source: report on the financial statements of ASF of 2021 and 2020

December 31	Δ 2021/2019	2019	Δ 2020/2019	2020	Δ 2021/2020	2021
Light vehicles (km travelled)	-4.8%	34,651	-23.5%	26,494	24.5%	32,979
Heavy vehicles (km travelled)	3.4%	5,489	-6.2%	5,147	10.3%	5,676
<b>Vehicle Total (km travelled)</b>	-3.7%	40,139	-21.2%	34,641	22.2%	38,655
Revenues (EUR million)	-2.5%	4,463	-19.1%	3,612	20.5%	4,352
EBIT (EUR mil- lion)	-3.6%	2,241	-31.2%	1,541	40.2%	2,161

The balance sheet total of ASF shrank to EUR 12,479 million in 2021. This is primarily due to its concession assets, which are amortizing in value over the residual time to maturity and had a carrying amount of EUR 10,157 million (2020: EUR 10,559 million) at year-end 2021. The decrease was partially offset by the Group's investments of EUR 313 million (2020: EUR 256 million) in concession assets, increase in cash and trade and other receivables.

Overall, the financial key ratio analysis showed an improvement against the prior year resulting from the improved operating conditions of the Group during the 2021 fiscal year. Particularly the metrics regarding profitability showed a significant improvement, such as net total debt / EBITDA adj. of 3.45 (2020: 4.74) and EBIT interest coverage of 19.49 (2020: 11.33) or return on investment of 12.61% (2020: 8.61%). The equity ratio remained stable at 11.22% (10.73%), despite a strong net result. This is mainly due to the aggressive dividend policy of ASF of distributing almost all of its earnings to dividend payments. We believe, however, that the internal financing power of the Group and its capacity to deleverage remain very strong, as evidenced by the abovementioned financial metrics and its cash-flow generation in general. The Group's operating and cash flow after investments before cash flow remained strong at EUR 2,408 million (2020: 1,705 million) and EUR 2,046 million (2020: EUR 1,273 million), respectively.

ASF reported a slight reduction in financial debt to EUR 9,484 million (2020: EUR 9,790 million). The Group's maturity profile is correlated to the amortizing value of its concession assets. Its residual time to maturity is therefore relatively short, as the ASF concession ends in 2036 and the Escota concession in 2032. The average time to maturity of the Group's long-term financial debt was 4.6 years (2020: 5.6 years).

The liquidity position of the Group was strong at the end of year 2021 with a total of EUR 3.3 billion, of which EUR 844 million was cash and an unused revolving credit facility with its parent VINCI S.A. The current liquidity position exceeds ASF's liabilities for 12 months.

Once COVID-19 measures were eased, average daily traffic immediately picked up again and traffic levels were almost on par with 2019. Notwithstanding the Russia-Ukraine crisis, which is currently leading to substantial increases in fuel prices, and barring further escalation or any further COVID-19 related lockdowns, we see it as plausible that traffic levels could exceed pre-pandemic levels and therefore expect strong development for the Group. However, should fuel prices remain this high throughout the year, we believe this would be a factor that could hamper the development of the Group's operating performance.

## Issue rating

### Issue rating details

The rating objects of this issue rating are exclusively the long-term senior unsecured issues, denominated in euro and issued by Autoroutes du Sud de la France 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 Euro Medium Term Note (EMTN) program, of which the latest base prospectus dates from 15 July 2021. This EMTN program amounts to EUR 14 billion. The notes under the EMTN program are senior unsecured and rank at least pari passu among themselves and with all other present and future unsecured obligations of the issuer. Additionally, the notes benefit from a negative pledge provision, a change of control clause and a cross default mechanism.

### Corporate issue rating result

We have provided the debt securities issued by Autoroutes du Sud de la France S.A. with a rating of **BBB+ / stable**. The rating is based on the corporate rating of Autoroutes du Sud de la France S.A. Other types of debt instruments or issues denominated in other currencies of the issuer 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.

### Overview

Table 3: Overview of Creditreform Rating AG Ratings | Source: CRA

Rating objects	Details	
	Date	Rating
VINCI S.A. (Issuer)	7 April 2022	BBB+ / stable
Autoroute du Sud de la France S.A. (Issuer)	7 April 2022	BBB+ / stable
Long-term Local Currency (LT LC) Senior Unsecured Issues of VINCI S.A.	7 April 2022	BBB+ / stable
Long-term Local Currency (LT LC) Senior Unsecured Issues of Autoroute du Sud de la France S.A.	7 April 2022	BBB+ / stable

Table 4: Overview of 2022 Euro Medium Term Note Program | Source: ASF Base Prospectus dated 15 July 2021

Overview 2022 EMTN Program			
Volume	EUR 14,000,000,000	Maturity	Depending on the respective bond
Issuer	Autoroutes du Sud de la France S.A.	Coupon	Depending on the respective bond
Arranger	Natixis	Currency	Depending on the respective bond
Credit enhancement	none	ISIN	Depending on the respective bond

All future LT LC senior unsecured Notes issued by Autoroutes du Sud de la France and that have similar conditions to the current EMTN program, 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 unsecured Notes issued under the EMTN program. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG. Notes issued under the program in any currency other than euro, or other types of debt instruments, have not yet been rated by Creditreform Rating AG. For the time being, other emission classes or programs and issues that do not denominate in euro will not be assessed.

## Appendix

### Rating history

The rating history is available under:

<https://www.creditreform-rating.de/en/ratings/published-ratings.html>

Table 5: Corporate issuer rating of Autoroutes du Sud de la France S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Update	07.04.2022	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable
Initial Rating	12.04.2017	24.04.2017	08.08.2019	A- / stable

Table 6: LT LC senior unsecured issues by Autoroutes du Sud de la France S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Update	07.04.2022	www.creditreform-rating.de	Withdrawal of the rating	BBB+ / stable
Initial rating	05.10.2018	15.10.2018	08.08.2019	A- / stable

### Regulatory requirements

The rating<sup>2</sup> was not endorsed by Creditreform Rating AG (Article 4 (3) of the CRA-Regulation).

The present rating is, in the regulatory sense, an unsolicited rating that is public. The analysis was carried out on a voluntary basis by Creditreform Rating AG, which was not commissioned by the Issuer or any other third party to prepare the present rating.

<sup>2</sup> In these regulatory requirements the term "rating" is used in relation to all ratings issued by Creditreform Rating AG in connection to this report. This may concern several companies and their various issues.

The rating is based on the analysis of published information and on internal evaluation methods for the assessment of companies and issues. The rating object was informed of the intention of creating or updating an unsolicited rating before the rating was determined.

The rating object participated in the creation of the rating as follows:

With Rated Entity or Related Third Party Participation	No
With access to Internal Documents	No
With Access to Management	No

The rating was conducted based on the following information.

List of documents
<b>Accounting and controlling</b>
<ul style="list-style-type: none"> <li>Consolidated annual report VINCI S.A. 2021, 2020, 2019</li> <li>VINCI Universal Registration Document 2021</li> <li>Consolidated annual report of ASF S.A. 2021, 2020, 2019</li> </ul>
<b>Finance</b>
<ul style="list-style-type: none"> <li>Base Prospectus EMTN Program 2021 VINCI S.A.</li> <li>Base Prospectus EMTN Program 2021 ASF S.A.</li> </ul>
<b>Additional documents</b>
<ul style="list-style-type: none"> <li>Investor Presentation Vinci Group</li> <li>Press releases and internet research</li> </ul>

A management meeting did not take place within the framework of the rating process.

The documents and information gathered were sufficient to meet the requirements of Creditreform Rating AG's rating methodologies.

The rating was conducted based on the following rating methodologies and the basic document.

Rating methodology	Version number	Date
<a href="#">Corporate Ratings</a>	2.3	29.05.2019
<a href="#">Non-financial Corporate Issue Ratings</a>	1.0	October 2016
<a href="#">Rating Criteria and Definitions</a>	1.3	January 2018

The documents contain a description of the rating categories and a definition of default.

The rating was carried out by the following analysts:

Name	Function	Mail-Address
Rudger van Mook	Lead-analyst	R.vanMook@creditreform-rating.de
Artur Kapica	Analyst	A.Kapica@creditreform-rating.de

The rating was approved by the following person (person approving credit ratings, PAC):

Name	Function	Mail-Address
Philip Michaelis	PAC	P.Michaelis@creditreform-rating.de

On 7 April 2022, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 8 April 2022. There has not been a subsequent change to the rating.

The rating will be monitored until Creditreform Rating AG withdraws the rating. The rating can be adjusted as part of the monitoring, if crucial assessment parameters change.

In 2011, Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on this registration, Creditreform Rating AG is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation.

#### **ESG-factors**

You can find out whether ESG factors were relevant to the rating in the upper section of this rating report "Relevant rating factors".

A general valid description for Creditreform Rating AG, as well as a valid description of corporate ratings for understanding and assessing ESG factors in the context of the credit rating process, can be found [here](#).

#### **Conflict of interests**

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or in approving credit ratings and rating outlooks.

In the event of providing ancillary services to the rated entity, Creditreform Rating AG will disclose all ancillary services in the credit rating report.

#### **Rules on the presentation of credit ratings and rating outlooks**

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our "Rating Committee Policy", all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, Creditreform Rating AG has used following substantially material sources:

##### Corporate issuer rating:

1. Annual report
2. Website
3. Internet research

##### Corporate issue rating:

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

There are no other attributes and limitations of the credit rating or rating outlook other than those displayed on the Creditreform Rating AG website. Furthermore, Creditreform Rating AG considers as satisfactory the quality and extent of information available on the rated entity. With respect to the rated entity, Creditreform Rating AG regarded available historical data as sufficient.

Between the time of disclosure of the credit rating to the rated entity and the public disclosure, no amendments were made to the credit rating.

The Basic Data Information Card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In cases where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating report and indicates how the different methodologies or other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings and best-case scenario credit ratings are explained.

The date at which the credit rating was initially released for distribution and the date when it was last updated, including any rating outlooks, is indicated clearly and prominently in the Basic Data Information Card as a "rating action"; initial release is indicated as "initial rating", other updates are indicated as an "update", "upgrade" or "downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available within the Basic Data Information Card.

In accordance with Article 11 (2) EU-Regulation (EC) No 1060/2009, a registered or certified credit rating agency shall make available, in a central repository established by ESMA, information on its historical performance data including the rating transition frequency and information about credit ratings issued in the past and on their changes. Requested data are available at the [ESMA website](#).

An explanatory statement of the meaning of Creditreform Rating AG's default rates are available in the credit rating methodologies disclosed on the website.

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