

April 20, 2020**Rating object**

Brisa Concessão Rodoviária, S.A.
Long-term Local Currency Senior Secured Issues

Rating incl. outlook / watch

BBB / stable
BBB / stable

Date of inception / disclosure to rated entity / maximum validity:

09/04/2020 / 14/04/2020 / until the rating is withdrawn

There occurred no changes after the communication of the rating to the rating object.

Rating summary:

Creditreform Rating (CRA) has changed the outlook of the unsolicited corporate issuer rating of Brisa Concessão Rodoviária, S.A. (BCR), as well as the unsolicited corporate issue rating of the long-term local currency senior secured notes issued by BCR from positive to stable, and confirmed the ratings at BBB. This change is based on an expected substantial decline in average daily traffic in 2020 due to border restrictions and social containment since the 19th of March¹ in Portugal, causing an overall decrease in social and economic activity. CRA expects a significant weakening of economic development in Portugal in the near term (see CRA's publication of the unsolicited long-term sovereign rating of the Republic of Portugal from 3 April 2020²) caused by the COVID-19 pandemic. We anticipate that this effect will also lower the revenues and weaken the earnings capacity of BCR, adversely affecting its financial metrics. Hence, we have had to review our previous assessment, in which there is the expectation of a rating improvement (see the paragraph "Excursus" below). Currently, we assess that BCR has a stable position, taking into consideration that the Company's development in the financial year 2019 was - as expected - still positive, showing solid financial metrics, in particular strong liquidity and low costs, as well as sufficient credit facilities. The financial metrics contain enough headroom to comply with the BBB rating, even after a certain decrease in revenues. This position could be disrupted if the implications of the coronavirus outbreak, with a looming economic slowdown, persist. Based on current information, social containment and border restrictions have been announced in Portugal until at least 17 April 2020. The duration of the shock is presently not foreseeable, and we do not yet have exact data on the traffic volume. As a part of its regular reviews, CRA is examining further implications of the corona virus pandemic on the financials of BCR, which could lead to further adjustments.

Excursus: On 15 November 2019, CRA changed the outlook of BCR, as well as the unsolicited corporate issue rating of long-term local currency senior secured, from stable to positive due to significant improvements in the Company's performance and key financials in 2018 and 2019 (six months). This development was underpinned by the sustainable growth of Portugal's GDP and its overall improved economic situation.

Primary key rating drivers:

- + Leading market position in Portugal as a motorway operator (largest toll road network)
 - + Continuously improving financial performance in recent years
 - + Strong liquidity and low cost structure (high operative profitability)
 - + Good access to capital markets
 - + Generally robust system-relevant business model
 - + Financial covenants restricting distribution policy and gradual reduction of debt until the end of the concession contract
-
- Declining sales expected due to border and social restrictions (absence of tourism, overall decrease in social and economic activity)
 - Declining sales expected due to a significantly deteriorating domestic economy, with an expected decline in GDP of 3% in near term (clouding labor market conditions)
 - Deterioration of key financials

¹ As a protection measure for Portugal, the Portuguese government declared a state of emergency as of March 18 2020.

² Source Sovereign Ratings, status of 03 April 2020 by Creditreform Rating AG; For more details: <https://www.creditreform-rating.de/de/ratings/published-ratings/>

ESG-criteria:

CRA generally considers ESG factors (environment, social and governance) within its rating decisions. In the case of Brisa Concessão Rodoviária, S.A., we have not identified an ESG factor with significant influence.

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:

https://www.creditreform-rating.de/pub/media/global/page_document/The_Impact_of_ESG_Factors_on_Credit_Ratings.pdf

Rating scenarios:

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.

Best-case scenario: BBB

In the best-case scenario, the previous forecasts falling sales volume against the background of the COVID 19 pandemic, lowering profitability. We assume that the restrictions will not last longer than two months and that the domestic economy will start to recover in the second half of the year.

Worst-case scenario: BBB-

In the worst-case scenario, we take into account a significant decrease in sales and earnings as well as deteriorating key financial figures. We assume that the domestic economy will not recover until 2021. Such a scenario could lead to a breach of the financial covenants (Net senior debt/EBITDA).

Analysts / Person approving (PAC):

| Name | Function | Mail-address |
|---------------------|--------------|------------------------------------|
| Elena Damijan | Lead analyst | E.Damijan@creditreform-rating.de |
| Christina Sauerwein | Analyst | C.Sauerwein@creditreform-rating.de |
| Artur Kapica | PAC | A.Kapica@creditreform-rating.de |

Initial rating:

| Rating object | Event | Rating created | Publication date | Monitoring until | Result |
|---|----------------|----------------|------------------|------------------|--------------|
| Corporate issuer rating of Brisa Concessão Rodoviária, S.A. | Initial rating | 14.11.2018 | 26.11.2018 | 14.11.2019 | BBB / stable |
| LT LC Senior secured issues | Initial rating | 14.11.2018 | 26.11.2018 | 14.11.2019 | BBB / stable |

Status of solicitation and information basis:

The present rating is an **unsolicited** rating. 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 |

Rating methodology / Version / Date of application:

| Rating methodology | Version number | Date | Website |
|---------------------------------------|----------------|--------------|---|
| Corporate Ratings | 2.3 | 29.05.2019 | https://www.creditreform-rating.de/pub/media/global/page_document/Rating_Methodology_Corporate_Ratings_2.3.pdf |
| Non-financial Corporate Issue Ratings | 1.0 | October 2016 | https://www.creditreform-rating.de/pub/media/global/page_document/Rating%20Methodology%20Non-Financial%20Corporate%20Issue%20Ratings.pdf |
| Rating Criteria and Definitions | 1.3 | January 2018 | https://www.creditreform-rating.de/pub/media/global/page_document/CRAG_Rating_Criteria_and_Definitions_v1_3_01-2018.pdf |

Regulatory requirements:

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

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: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

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

Disclaimer

Any rating performed by Creditreform Rating AG is subject to the Creditreform Rating AG Code of Conduct, which has been published on the web pages of Creditreform Rating AG. In this Code of Conduct, Creditreform Rating AG commits itself – systematically and with due diligence – to establish its independent and objective opinion as to the sustainability, risks and opportunities concerning the enterprise or the issue under review.

Future events are uncertain, and forecasts are necessarily based on assessments and assumptions. This rating is therefore no statement of fact, but an opinion. For this reason, Creditreform Rating AG cannot be held liable for the consequences of decisions made on the basis of any of their ratings. Neither should these ratings be construed as recommendations for investors, buyers or sellers. They should only be used by market participants (entrepreneurs, bankers, investors etc.) as one factor among others when arriving at corporate or investment decisions. Ratings are not meant to be used as substitutes for one's own research, inquiries and assessments.

We have assumed that the documents and information made available to us by the client are complete and accurate and that the copies provided to us represent the full and unchanged contents of the original documents. Creditreform Rating AG assumes no responsibility for the true and fair representation of the original information.

This report is protected by copyright. Any commercial use is prohibited without prior written permission from Creditreform Rating AG. Only the full report may be published in order to prevent distortion of the report's overall assessment. Excerpts may only be used with the express consent of Creditreform Rating AG. Publication of the report without the consent of Creditreform Rating AG is prohibited. Only ratings published on the Creditreform Rating AG web pages remain valid.

Creditreform Rating AG

Contact Information

Creditreform Rating AG

Hellersbergstraße 11
D-41460 Neuss

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

E-Mail: info@creditreform-rating.de
Web: www.creditreform-rating.de

CEO: Dr. Michael Munsch
Chairman of the Board: Prof. Dr. Helmut Rödl

HR Neuss B 10522