

15 November 2019 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has set the unsolicited corporate issuer rating of Brisa Concessão Rodoviária, S.A. to **BBB / positive**

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 long-term local currency senior unsecured notes issued by BCR to **positive** from **stable**.

This change is based on the significantly improved performance of BCR and of its key financials in 2018 and 2019 (6 months). This development was underpinned by the sustainable growth of Portugal's GDP, and its overall improved economic situation. On 23 September 2019, CRA raised its unsolicited long-term sovereign rating of the Republic of Portugal to BBB / positive from BBB-with positive outlook.¹ Considering that the domestic situation of Portugal has a significant impact on the Company's performance, and based on our expectation that the Portuguese economy will continue to post solid economic growth over the next two years, we expect positive development of BCR.

Current relevant factors for the rating

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

- In 2018/2019, Brisa Concessão Rodoviária, S.A. benefited again from the robust economic situation in Portugal, which has recovered since 2014. The GDP growth expectations for at least the next two years remain solid.
- In line with the development of Portuguese economic activity, the Company managed to achieve further growth in revenues. In 2018, it reached a growth rate of 8.0%, and in the first half of 2019 an increase of 6.9% in revenues in comparison with the previous year. This development was driven by traffic growth in Portugal by 4.3% in 2018 and 6% in the first half of 2019 respectively. An increase in toll rates (+1.1%) and growth in revenues associated with service areas was a further reason for the increase in revenues.
- The improvement in revenues and reduction of expenses, especially of financial expenses, as well as the decline in financial debt, had a positive impact on BCR's key financial ratios: net total debt/EBITDA (adj.) improved to 4.50 (2017: 5.20), ratio of interest expenses to total debt to 2.76% (2017: 3.04%), and short-term capital lock-up to 41.35% (2017: 84.69%). BCR achieved a reduction in interest expenses by 20% through the repayment of a EUR 300 million bond with a coupon of 6.875% in April 2018. In the first half of 2019, BCR showed further year-on-year improvements in its operative performance: an increase of 10.5% in its reported EBITDA, 20.9% in reported EBIT and 35.5% in the reported EAT.
- The Company's financial figures have by far complied with its stipulated financial covenants related to its Euro Medium Note Programme, implemented for the protection of BCR's senior creditors.

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¹ Source Sovereign Ratings, status of 23/09/2019, by Creditreform Rating AG; For more details: <https://www.creditreform-rating.de/de/ratings/published-ratings/>

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 the construction, maintenance and operation of motorways. The end of the concession contract is currently 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.

Thanks to the recovering domestic economic situation, in line with traffic growth in Portugal, as well as the increasing tourism figures in the last years, BCR was able to significantly improve its performance from year to year. In the fiscal year 2018, the company generated revenues of EUR 610.55 million (2017: EUR 565.27 million) and an annual net profit of EUR 166.80 million (2017: EUR 135.07 million) with a staff of 10 employees (2017: 11 employees).

Table 1: Financials of Brisa Concessão Rodoviária | Source: Brisa Concessão Rodoviária, S.A. annual report 2018, standardized by CRA

Brisa Concessão Rodoviária, S.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IFRS, Group)	CRA standardized figures ²	
	2017	2018
Sales (million EUR)	565.3	610.55
EBITDA (million EUR)	401.8	440.9
EBIT (million EUR)	267.9	306.7
EAT (million EUR)	135.1	166.8
EAT after transfer (million EUR)	135.1	166.8
Total assets (million EUR)	2,843.1	2,524.0
Equity ratio (%)	3.73	4.43
Capital lock-up period (days)	16.37	15.27
Short-term capital lock-up (%)	84.69	41.35
Net total debt / EBITDA adj. (factor)	5.20	4.50
Ratio of interest expenses to total debt (%)	3.04	2.76
Return on Investment (%)	7.68	9.25

² 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.

Table 2: Figures of current financial year | Source: Brisa Concessão Rodoviária, S.A. Half year financial report 2019

Brisa Concessão Rodoviária, S.A.H1 and H2 figures		
In million EUR	H1 2018	H1 2019
Sales	274.9	296.4
EBITDA	210.4	232.4
EBIT	125.0	151.2
EAT	61.4	83.2

Based on the unsolicited corporate rating of the Brisa Concessão Rodoviária, S.A., we have also changed the outlook of the unsolicited corporate issue rating (**BBB**) of BCR's long-term local currency senior unsecured issues, with a rating to **positive** from **stable**. The Notes have been issued within the framework of the EMTN Programme with its latest prospectus from 28 June 2019. The total nominal value of the bonds issued must not exceed EUR 3 billion. 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.

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.

Appendix

Rating history

The rating history is available under:

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

Table 3: Corporate issuer rating of Brisa Concessão Rodoviária, S.A.

Event	Rating date	Publication date	Monitoring period	Result
Update	15.11.2019	www.creditreform-rating.de	Withdrawal of the rating	BBB / positive
Initial rating	14.11.2018	26.11.2018	Withdrawal of the rating	BBB / stable

Table 4: LT LC Senior Unsecured issues issued by Brisa Concessão Rodoviária, S.A.

Event	Rating date	Publication date	Monitoring period	Result
Update	15.11.2019	www.creditreform-rating.de	Withdrawal of the rating	BBB / positive
Initial rating	14.11.2018	26.11.2018	Withdrawal of the rating	BBB / stable

Regulatory requirements

The present rating³ 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 rating was conducted based on Creditreform Rating AG's "Corporate Ratings" methodology, the "Non-Financial Corporate Issue Rating" methodology, as well as on the "Rating Criteria and Definitions".

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

www.creditreform-rating.de/en/regulatory-requirements/

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

On 15 November 2019, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 15 November 2019. 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.

³ 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.

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.

Please note:

This report exists in an English version only.

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.

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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

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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.

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