

Rating object	Rating information	
Autoroute du Sud de la France S.A. Creditreform ID: 2000000657 Incorporation: 1957 Based in: Rueil-Malmaison (Main) Industry: Motorway operation CEO: Pierre Coppey <u>Rating objects:</u> Long-term Corporate Issuer Rating: Autoroute du Sud de la France S.A. Long-term Local Currency (LT LC) Senior Unsecured Issues	Corporate Issuer Rating:	Type: Update unsolicited
	A- / stable	
	LT Senior Unsecured Issues, LC:	Other: n.r.
	Rating date: 9 August 2019	
	Monitoring until: withdrawal of the rating	
	Initial rating: www.creditreform-rating.de	
	Rating methodology: CRA "Corporate Ratings"	
	CRA "Non-Financial Corporate Issue Ratings"	
	CRA "Rating Criteria and Definitions"	
	Rating history: www.creditreform-rating.de	

Summary

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Company

Autoroute du Sud de la France S.A. – hereafter referred to as “ASF” or “the Company” is a French motorway operator and part of the VINCI group, which is composed of ASF S.A. (2,737km motorways) and Escota S.A. (Escota) (471km motorway roads); hereafter together referred as ASF Group. The ASF Group holds concessions from the French State for a defined period: ASF has a contract until 2036 and Escota until February 2032. The Group’s mission is the construction, maintenance and exploitation of motorway infrastructure in exchange for the right to collect toll revenues from the infrastructure users.

With total revenues¹ amounting to EUR 4,281.4 million in 2018 (previous year: EUR 4,332.5 million), i.e. a decline of -1.3%, the Company achieved a net profit of EUR 1,135.7 million (previous year: 1,063.1 million). The traffic on the highways in France in 2018 and hence also the business of ASF were positively and negatively influenced by variety of factors, most significantly a negative effect from the so-called “yellow vest crisis”. In total, the volume of traffic on motorways of the ASF decreased by roughly 1.0%, but was compensated by price increases.

As of December 31, 2018, total debt decreased by EUR 220.3 million or -1,8%, amounting to EUR 12,084.0 million (previous year: EUR 12,304.3 million), mostly composed of outstanding bond issues amounting to EUR 10,027.6 million (2017: EUR 8,862.5 million). The net total debt / EBITDA adj. ratio decreased to 4.29 (2017: 4.45), which illustrates the favorable performance of ASF Group in 2018.

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¹ The here mentioned total revenues includes revenues from ancillary activities.

Rating result

The unsolicited Corporate Issuer Rating of **A-** attests a high level of creditworthiness to Autoroute du Sud de la France S.A., representing a low default risk.

This confirms the previous rating of the Company, mainly based on its solid and stable financial ratios. While the Company was able to increase its equity (adjusted for analytical purposes) by approximately EUR 100 million, the balance sheet total decreased due to a stronger reduction in total debt. A positive contribution was made by improving key figures such as a net total debt / EBTIDA adj. of 4.29 (2017: 4.45), an equity ratio of 8.48 (2017: 7.59), EBIT Interest Coverage of 7.48% (2017: 6.92%) and the ratio of interest expenses to total debt of 2.20% (2.40%).

In recent years, the Group has recorded relatively stable revenues, a strong margin, and has generates sufficiently strong cash flows on good, plannable sales. Due to the motorway stimulus plan and the motorway investment plan, the Company has high investments annually that could deteriorate some financials of the Group, which has, however not yet occurred. Based on committed toll rises to finance the investments, ASF should generate better operating performance and better service quality on the motorways which should further improve the business development of the Company, or at least act as a stabilizing factor in the medium-term. Based on the wealthy and resilient economic situation in France (CRA unsolicited Sovereign Rating: **AA/stable** as of 5 June 2019)², we do not see any core risk in the medium term due to traffic levels, after tracking domestic activity.

Overall, the most significant risk for the Company is an early termination of the concession master contracts, which we consider improbable in the medium-term given the implementation of the stimulus plan and the recent actualization of the investment master plan. If the concessions are withdrawn by violation of contract, the concessionaire will not be compensated; however, if the French State redeems the concessions due to general interest, it is contractually obliged to indemnify. We therefore hold the view that the French State should currently have no interest in ending the concession contracts. Furthermore, the unsolicited corporate rating of the parent company of ASF S.A., VINCI S.A. (**A-/stable** outlook as of 9 August 2019), has a significant influence, limiting the rating of ASF S.A.

Outlook

The yearlong outlook of the rating is stable. This appraisal reflects our expectations that the company will further successfully achieve its investment plans. We expect a satisfactory business development and stable financial ratios.

² Source: Sovereign Rating of French Republic by Creditreform Rating AG.

Relevant rating factors

Excerpts from the financial key figures analysis 2018

- + Increase in EAT and cashflow
- + Good profitability
- + Increase of equity
- + Decrease of total debt
- + Decrease of total assets
- + Net total debt / EBITDA (adj.)
- + Low capital lock-up period

- Lower EBIT
- Equity ratio still on a low level
- High short-term capital lock-up
- Capital lock-up period
- Low asset coverage ratio
- Low Liquidity figures

Table 1: Financials of Autoroute du Sud de la France S.A. (Group) | Source: ASF Annual financial report 2018, standardized by Creditreform Rating AG (CRA)

Autoroute du Sud de la France S.A. Selected key figures of the financial statement analysis Basis: Annual financial report of 31.12. (IFRS, Group)	CRA standardized figures ³	
	2017	2018
Sales (million EUR)	4,332.50	4,281.40
EBITDA (million EUR)	2,750.90	2,731.30
EBIT (million EUR)	2,045.50	1,990.30
EAT (million EUR)	1,063.10	1,135.70
EAT after transfer (million EUR)	1,061.50	1,134.10
Total assets (million EUR)	13,314.40	13,204.10
Equity ratio (%)	7.59	8.48
Capital lock-up period (days)	9.60	9.15
Short-term capital lock-up (%)	52.35	47.43
Net total debt / EBITDA adj. (factor)	4.45	4.29
Ratio of interest expenses to total debt (%)	2.40	2.20
Return on Investment (%)	10.12	10.53

General rating factors

- + Leading concession company in France
- + Long-term concessions contracts
- + Very good access to financial markets
- + Continuous improvement of the infrastructure
- + Part of VINCI Group, a world leader in the concessions and construction sector
- + No competitors on its operated motorway-sections; partial unique selling points
- + Financial covenants to minimize liquidity risks and to protect its shareholders

- Very low flexibility to raise toll tariffs
- Capital-intensive business, with large investments required
- Dependence on the macroeconomic development, oil-price level and climatic conditions
- Vulnerability to sources of disruption such as vandalism etc.

Current rating factors (rating 2019)

- + Increased net income revenues and strong margins
- + Good profitability, improvement in most financials, and has met investment commitments
- + Approval of the motorway investment plan in connection with new projects
- + Diversified financing sources and compliance with financial covenants
- + Proven long-term capital market ability with adequate coupons

Please note:

General rating factors summarize the key issues that – according to the analysts as per the date of the rating – have a significant or long-term impact on the rating, positive (+) as well as negative (-).

Current rating factors are the key factors that have, in addition to the underlying rating factors, an impact on the current rating.

³ For analytical purposes, CRA adjusted the original values in the financial statements in the context of its financial ratio analysis. For example, the analytical equity ratio, deferred tax assets, goodwill (entirely or partly), and the self-generated intangible assets are subtracted from the original equity. Deferred tax liabilities are added to the equity. With the calculation of net total debt all balance sheet liabilities are taken into account. As a result, the key financial figures shown often deviate from the original values of the Company.

- Effects of the so-called yellow vest crisis
- Higher fuel prices; decline in traffic

Prospective rating factors

- + Upgrade of VINCI'S corporate rating
 - + Stable to improved rating-relevant financial figures of ASF Group
 - + Solid growth in France and continuing strong growth in Spain
 - + Toll increase; higher margins
 - + Successful realization of planned investments
 - + Further improved operating performance based on network improvements
-
- Increasing fuel price; effects of exceptional factors as in 2018 with further social unrest
 - Further capex respectively leverage increase due to projects by the stimulus master plan and the investment master plan
 - Moderate/weakening/diluting growth of European economies
 - Negative effects on the business model due to the more popular climate protection efforts in Europe, for example Friday for Future demonstrations

Prospective rating factors are factors and possible events that – according to the analysts as of the date of the rating – would most likely have a stabilizing or positive effect (+), or 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.

Best-case scenario	A
Worst-case scenario:	BBB+

Please 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.

Best-case scenario

In our best-case scenario for one year, we assume a rating of A. It is assumed that the Group's financials improve slightly despite further investments due to the motorway stimulus and motorway investment plans. We expect higher revenues based on a solid domestic situation in line with a slight rise of the contractually recorded toll increase, which has a positive effect on overall performance. In addition, the business benefits from continuing strong economic growth in Spain. As a prerequisite, we see an upgrade of the rating of VINCI S.A.

Worst-case scenario

In our worst-case scenario for one year, we assume a rating of BBB+. It is assumed that the oil price further increases and/or that the economic situation in France and Europe deteriorates. In this scenario, the international trade conflicts exacerbate and affect traffic on the Group's motorways and cash flows. The lower operating performance, combined with higher debt following the further and additional committed investments plans, impact the Group's financials and the credit quality of the Company.

Business development and outlook

The business development of Autoroute du Sud de la France S.A. between 2016 and 2018 is shown in the following table:

Table 2: The development of business of Autoroute du Sud de la France S.A. | Source: ASF Annual financial report 2018 and own calculations by CRA

Autoroute du Sud de la France S.A. (Group)			
In million EUR	2016	2017	2018
Revenues	4,264.3	4,332.5	4,281.4
EBITDA	2,701.5	2,750.9	2,731.3
EBIT	2,031.2	2,045.5	1,990.3
EBT	1,706.8	1,764.6	1,736.3
EAT	1,143.3	1,063.1	1,135.7

The traffic level on the Groups motorways remained stable during the first 10 months of 2018. In November, it was adversely affected by the “yellow vest crisis”, with light vehicle traffic decreasing by -1.4% (2017: +1.5%) and the heavy vehicle traffic increasing only by 1.5% (2017: +4.2%) on ASF and Escota motorways. In total, the distance travelled by light and heavy vehicles decreased by 1.0% (2017: +1.9%). In 2018, light vehicles represented 86.4% of total traffic and the heavy vehicles 13.6%. Traffic was also negatively affected by a sharp increase in the diesel fuel price (+16.6% in comparison with 2017). A positive factor was, among others, solid economic growth in France, strong growth in Spain, and moderate growth in Italy, albeit more dampened than in the previous year, positively impacting heavy vehicle traffic in 2018.

Revenues of ASF Group are broken down as follows:

Table 3: The development of individual corporate divisions in 2018 | Source: ASF Annual financial report 2018

In million EUR	2017	2018
Revenues from tolls	3,739.6	3,770.0
Fees for use of commercial premises	59.5	EUR 59.9
Fees for optical fibers, telecommunications and other	15.5	EUR 14.8 n
Concession companies' revenue derived from works	EUR 476.3	389.7
Revenue from ancillary activities	41.6	47.0
Revenues	4,332.5	4,281.4

Overall, the Company has seen stable development over recent years. Revenues from tolls increased by 0.8% in 2018; this is partly due to the increase in toll prices of 1.338% in 2018 for ASF, as well as 1.338% for Escota for all classes of vehicles (effect of +1.8%), and partly the result of a decrease in traffic (effect of -1.0%). The annual average traffic was 38.870 vehicles per day (2017: 39.268 vehicles per day; i.e. -1.0%).

Despite reduced traffic, the revenue excluding revenues from construction works increased by 0.8%. The total revenues decreased by -1.3%, predominantly due to a decrease of -19.0% in revenues from works in 2018. The operating income amounted to EUR 1,990.3 million, down by -2.7% (2017: 2,045.5). This negative change was mainly to a result of a rise in depreciations and

amortization, external services, and net provision expenses. Depreciations and amortization expenses increased by EUR 35.6 million (5.0%), the result of external service by EUR 20.7 million (9.4%), and net provision expenses by EUR 10.7 million. Primarily due to the lower cost of net financial debt as well as lower income tax, the EAT increased by 6.8%, to EUR 1.134.1 million from EUR 1,061.5 million. The cost of financial debt dropped by -10.0%, a total of EUR 29.6 million due to refinancing measures with better terms. Income tax (EUR 600.6 million) declined -14.4%, a total of EUR -100.9 million. Dividend payments to VINCI amounted to EUR 1,032.2 million in 2018 (2017: EUR 369.3 million).

Investments amounted to EUR 456.4 million in 2018 (2017: EUR 537.7.9 million), and the majority being made in motorways in service (92.0% of the investments) rather than in new sections. The main investments, which include road widening and upgrades, resulted from the motorway stimulus plan⁴ implemented in the second half of 2015. In the second half of 2018, the motorway investment plan⁵, announced in 2016, was put into effect. This also includes other series of projects, and is co-financed by ASF Group and the respective local authorities.

The Group's revenues derive from transparent and stable cash flows generated through stable solid business activities with a high systemic relevance. The traffic on ASF and Escota motorways generally develops in line with the domestic economy. We expect a solid GDP growth based on a robust domestic demand for France in 2019. This is already underpinned by the half-year report 2019 of the VINCI S.A. The business line Autoroutes VINCI, (which includes ASF, Escota, Co-firoute, Arcour and others) recorded a traffic growth of +3.4% (Q1 2018: +3.4%).

Table 4: Figures of current financial year | Source: ASF Half year financial report 2019

Autoroute du Sud de la France S.A. H1 and H2 figures		
In million EUR	H1 2018	H1 2019
Sales	2,032.0	2,059.9
EBIT	1,008.5	1,043.7
EAT	571.4	631.6
EAT after transfer	570.5	630.7

According to its half-year report for 2019, ASF recorded an improvement in revenues and net income. The toll revenues increased to EUR 1,845.2 million in the first half of 2019 from 1,798.5 million in the first half of 2018. The increase of 2.6% resulted in higher toll prices. ASF prices increased by 1.896% for all classes of vehicles, and for Escota by 1.825%. Light vehicle traffic increased slightly by -0.3%, mainly due to the negative effects of the so called "yellow-vest"-movement in January and February 2019, and to the L2 bypass on the Escota network. Heavy vehicle traffic increased by + 1.9%. The heavy vehicle traffic was also negatively affected, mainly by the protests and the L2 bypass on the Escota network; however, it was positively affected by growth in the annual manufacturing output by 1.3% due to a conducive economic situation in France and in Spain. In total, traffic remained stable in comparison with the previous half year, without any effect on revenue growth.

⁴ A more detailed description of the motorway stimulus plan is in chapter business risk.

⁵ Also a more detailed description of the motorway investment plan is in chapter business risk.

The reported total revenue amounted to EUR 2,059.9 million in the first half of 2019 (first half of 2018: EUR 2,032.0 million), increasing by only 1.4% after a decline of -10.9% in concession companies' revenue derived from construction works. The reported net income attributable to owners of the parent company amounted to EUR 630.7 million (first half of 2018: EUR 570.5 million), a rise of 10.5%, chiefly as a result of lower financial cost. Also favorable is that the investments and the financial debt increased slightly.

Assuming a further stable economic and political framework, and considering the current situation of ASF S.A. and its strong market position, we expect the Company to be able to meet its committed investments and general financial obligations over the medium- to long-term. In addition, ASF S.A. benefits from easy access to the capital market. According to the Company, the bonds issued in 2019 were significantly oversubscribed. This, however, is somewhat offset by the currently low interest rates in Europe.

Structural risk

Within the framework of the concession's contract, the French State stipulates the missions of the concession holder (expected level and quality of the service, etc.). The concession-holder bears all risks linked to financing, building and operating the motorways, as well as those linked to traffic development. The contract foresees that the state, in accordance with the concession-holder, defines investment schedules and adjusts the tariff increases to finance investments. At the end of the concession contract, the motorway returns to the French State, which remains the owner of the motorway, unless the concession holder purchases the motorways based on their economic value before the end of the concession contract.

Roughly 75% of the French motorway sector in France is exploited under a concession regime. The French motorway concession sector is dominated by seven concession holders, organized into three corporate groups: VINCI (ASF, Cofiroute and Escota), Eiffarie (APRR and AREA) and the Spanish based ABERTIS (SANEF and SAPN). Overall, the French motorway sector comprises 19 companies. The ASF Group is the most important concessionaire in France with the largest network by 3.208 km.

ASF Group was acquired by VINCI in 2006 and has since been part of VINCI Autoroutes. VINCI Autoroutes comprises ASF Group, Cofiroute, Arcour and Arcos, which together manage 4,443 km of motorways in France. ASF Group follows the governance guidelines of the VINCI Group. Thus, we see a close link to the parent company.

ASF Group consists of ASF and Escota. ASF operates 2,737 km of toll motorways in France with a concession that will last until April 2036. Escota operates 471 km of toll motorways in France under a concession contract with the French State that will last until February 2032. In our opinion, the risk of an early termination of the concession contract by the French State is low in the short and medium-term. Although the maturity of the concessions is still relatively long, the currently longest bond expires in 2031. The coming years will show to what extent the expiry of the concessions will determine the maturity of the coming financing elements.

ASF Group operates under the intangible asset model (rather than the financial assets model or the bifurcated model). The right to receive toll payments is recognized on ASF Group's balance sheet under "Concession intangible assets", net of any investment subsidies received, which is amortized over the term of the concession's contract.

The activities of ASF Group are regulated by ARAFER (*Autorités de régulation des activités ferroviaires et routières*) in the following areas: toll rate regulation, control of public works contracts, and control of motorway service stations maintenance contracts⁶.

ASF and Escota's contractual investment obligations under the concessions' master contracts mainly consist of capital spending commitments undertaken as part of the multi-year master plan and the motorway stimulus plan.

This motorway stimulus plan was initiated in 2012 to stimulate investments in the French motorways. This plan was approved on April 9, 2015 between the State and the motorway concession companies and was implemented in the second half of 2015. The concession-holders APRR, AREA, ASF, Cofiroute, Escota, SANEF and SAPN have committed to invest EUR 3.27 billion in work on their networks. The ASF Group committed to investing EUR 1.4 billion. In return for these new investments, the concession period was extended by 2 years and 4 months (ASF) and 4 years and 2 months (Escota). VINCI Autoroutes committed to investing nearly 2 billion, of which more than half had been allocated at the end of 2018.

Furthermore, a motorway investment plan, decided by the French Government in concertation with local authorities, is included in the new master contracts between the State and the concession companies since January 26, 2017. This plan aims to improve both access to heavily populated towns and the connection between the motorway and outlying regions. In the second half of 2018, a final version of the motorway investment plan was approved and came into effect. This plan covers a series of projects, totaling EUR 385 million, co-financed by VINCI Autoroutes and the respective local authorities.

We see no core risk associated with either the structural or the organizational framework of the Company. The further committed investments could weigh lightly on the financials of the Company, but we expect the Group to benefit from this in the medium-term in terms of operating performance and service quality for its clients. We regard the structural risk for the Group as moderate to low.

Business risk

Overall, the business depends on macroeconomic evolution. Higher GDP, more production and trade signifies not only higher truck traffic but also private traffic on the motorways. In particular, the dynamics of the exchanges with Spain and Italy also influence ASF Group's performance. Heavy vehicle traffic benefitted in particular from the strong economic growth in Spain. In recent years, and especially in 2018, it has become clear that the Group is subject to external factors over which the Company has no control; social disturbances can affect the Company through demonstrations and vandalism on its networks, as experienced in 2018. The traffic level rose only in the first 10 months of the year, having reversed due to the effects of the yellow vest crisis at the end of the year.

General climatic conditions have also an impact on the motorway traffic, mainly on light vehicle traffic (tourism). ASF Group is also affected by the seasonal nature of its business: traffic volumes are higher in the second half-year thanks to the summer period. Fuel prices also affect the motorway operations business. In 2018, the price of diesel fuel rose sharply.

⁶ <http://www.arafefr.fr/les-autoroutes/la-regulation-du-secteur-autoroutier-concede/>

On the one hand, the exclusivity regarding the management of the licensed motorways has a positive effect on the assessment of business risk. On the other hand, this also entails increased risks should business disruptions occur on these routes. In addition, the Company's focus on France is considered a cluster risk.

The business model of ASF Group is designed to be profitable and sustainable. The business has high fixed costs and depends on traffic that is mainly contingent on macroeconomic conditions, user's acceptance of tolls and prices, as well as fuel prices. As the toll fares are regulated, the Group has only little financial leeway. Therefore, modernization of the infrastructure should contribute to positive business development.

Financial risks

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

Adjusted equity increased by EUR 110 million to stand at EUR 1,120.1 million as of December 31, 2018, mainly due to positive net income in 2018. The equity ratio is nevertheless still very low at 8.48%, a factor that limits the rating. The positive development of the equity was offset by high dividend payments to the parent company VINCI; these amounted to 1,032.5 million in 2018, which also reflects increased dependence on the parent company and the close connection between the respective corporate ratings of VINCI and ASF.

The medium- and long-term financial liabilities mainly consist of bonds amounting to EUR 8,613.0 million as well as EIB loans amounting to EUR 612.1 million. Since the end of the year, ASF Group has an unused revolving credit facility from VINCI amounting to EUR 2.5 billion, with a maturity date November 2023.

Caisse Nationale des Autoroutes (CNA) loans and the syndicated credit facility granted to the Company are subject to financial covenants. The EIB loans are subject to a rating clause. In the event of a downgrade, ASF Group is obligated to provide information to the lender to assess the situation. After consultation, the EIB may require a provision of guarantees or collateral in its favor, in the event that ASF does not comply, EIB can then require an early redemption. ASF Group complied with all financial covenants as of December 31, 2018. The Group repaid the CNA loan on March 2018. At December 31, 2018, the analytical medium- and long-term financial debt of the Group amounted 9,495.1 (2017: 9,512.3).

The provisions for the obligation to maintain the condition of concession assets amounted to EUR 451.0 million (2017: EUR 409.9 million) and the commitments made under concession contracts amounted to 1,244.7 (2017: 1,381.3) in 2018.

Taking into account the cash and cash equivalent elements as well as the derivative financial instruments, the Group's reported net financial debt as of December 31, 2018 amounted to EUR 9,930.8 (2017: 10,363.7). The cost of net financial debt fell 10.0% in 2018 in comparison with 2017, mainly due to refinancing measures.

On January 22, 2018, ASF Group issued EUR 1 billion with a maturity date of January 2030 at a coupon rate of 1.375% under its EMTN program. On June 27, 2018, the Company issued a bond of EUR 700 million with a 10-year maturity, also at a coupon rate of 1.375%. Both bonds were oversubscribed approx. twice, underscoring the ability to provide sufficient financial resources, but easily offset by the current interest rate environment in general.

There is no guarantee from the State for any debt taken by ASF Group. The motorway investment plan will be co-financed by the respective regional authorities and by ASF and Escota through additional annual toll increases of between 0.161% and 0.258% in 2019, 2020 and 2021. Due to progress made on construction, the capital spending commitments could be reduced by EUR 136.6 million.

Overall, we see no significant short or medium-term financial risks for ASF Group that could endanger the Company's sustainability. The Group disposes of solid funding sources and generates sound operating cash flows. The investments of the motorway stimulus plan and motorway investment plan will be financed by bond issues in the market, bank loans, or by drawing on available credit facilities. Based on the committed investment amounts including the additional investment of the final version of the motorway investment plan, which are on a stable level in comparison with the previous year, we do not expect the leverage of the companies to increase significantly. Any considerable increase of net debt could have a negative impact on the rating.

Issue rating

Issue rating details

The rating objects of this issue rating are exclusively the long-term senior unsecured issues, denominated in euro, issued by Autoroute 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 29 June 2018. This EMTN program amounts to EUR 12 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 Autoroute du Sud de la France S.A. with a rating of **A- / stable**. The rating is based on the corporate rating of Autoroute 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 5: Overview of Creditreform Rating AG Ratings | Source: CRA

Rating objects	Details	
	Date	Rating
Autoroute du Sud de la France S.A. (Issuer)	9 August 2019	A- / stable
Long-term Local Currency (LT LC) Senior Unsecured Issues	9 August 2019	A- / stable
Other	--	n.r.

Table 6: Overview of 2018 Euro Medium Note Program | Source: ASF Base Prospectus dated 29 June 2018

Overview 2018 EMTN Programme			
Volume	EUR 12,000,000,000	Maturity	Depending on the respective bond
Issuer	Autoroute 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 that will be issued by Autoroute du Sud de la France S.A. 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 (such as the Commercial Paper Program) and issues that do not denominate in euro will not be assessed.

Financial ratio analysis

Table 7: Financial key ratios | Source: Autoroute du Sud de la France S.A. ASF Annual financial report 2018, structured by CRA

Asset structure	2015	2016	2017	2018
Fixed asset intensity (%)	94.43	89.32	90.51	89.06
Asset turnover	0.31	0.31	0.32	0.32
Asset coverage ratio (%)	36.95	45.24	47.38	59.84
Liquid funds to total assets (%)	0.31	0.72	0.45	2.68
Capital structure				
Equity ratio (%)	1.32	2.32	7.59	8.48
Short-term-debt ratio (%)	16.81	16.06	20.97	19.61
Long-term-debt ratio (%)	33.57	38.09	35.30	44.80
Capital lock-up period (in days)	9.33	6.92	9.60	9.15
Trade-accounts-payable ratio (%)	0.79	0.59	0.86	0.81
Short-term capital lock-up (%)	39.02	40.23	52.35	47.43
Gearing	74.42	41.71	12.12	10.47
Leverage	25.49	54.84	20.32	12.45
FinancialsStability				
Cash flow margin (%)	37.82	44.87	40.81	43.96
Cash flow ROI (%)	11.71	14.01	13.28	14.25
Total debt / EBITDA adj.	5.29	4.94	4.47	4.42
Net total debt / EBITDA adj.	5.27	4.90	4.45	4.29
ROCE (%)	15.26	16.89	17.34	17.35
Total debt repayment period	7.94	11.47	6.68	6.28
Profitability				
Gross profit margin (%)	100.00	100.00	99.42	99.48
EBIT interest coverage	4.69	6.07	6.92	7.48
EBITDA interest coverage	6.47	8.08	9.30	10.26
Ratio of personnel costs to total costs (%)	7.39	7.19	7.01	7.11
Ratio of material costs to total costs (%)	0.00	0.00	0.58	0.52
Cost income ratio (%)	56.38	52.73	52.79	53.51
Ratio of interest expenses to total debt (%)	2.92	2.51	2.40	2.20
Return on investment (%)	9.33	10.72	10.12	10.53
Return on equity (%)	167.02	459.43	160.15	106.63
Net profit margin (%)	21.21	26.81	24.54	26.53
Operating margin (%)	43.62	47.63	47.21	46.49
Liquidity				
Cash ratio (%)	1.67	4.47	2.16	13.69
Quick ratio (%)	32.75	39.98	27.81	40.07
Current ratio (%)	33.12	66.48	45.27	55.82

Appendix

Rating history

The rating history is available under:

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

Table 8: Corporate issuer Rating of Autoroute du Sud de la France S.A.

Event	Rating date	Publication date	Monitoring period	Result
Update	09.08.2019	www.creditreform-rating.de	Withdrawal of the rating	A- / stable
Initial rating	12.04.2017	www.creditreform-rating.de	Withdrawal of the rating	A- / stable

Table 9: LT LC Senior Unsecured issues issued by Autoroute du Sud de la France S.A.

Event	Rating date	Publication date	Monitoring period	Result
Update	09.08.2019	www.creditreform-rating.de	Withdrawal of the rating	A- / stable
Initial rating	05.10.2018	www.creditreform-rating.de	Withdrawal of the rating	A- / stable

Regulatory requirements

The present rating⁷ 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, and 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 Christina Sauerwein (c.sauerwein@creditreform-rating.de) and Christian Konieczny (c.konieczny@creditreform-rating.de), both located in Neuss, Germany. A management meeting did not take place.

On 9 August 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 August 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.

⁷ 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.

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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

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".

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