

13 April 2020 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has downgraded the unsolicited corporate issuer and issue rating of VINCI S.A., to **BBB+ / Stable**

Creditreform Rating (CRA) has adjusted the unsolicited, public corporate issuer and issue rating of VINCI S.A. – hereinafter referred to as 'VINCI' or 'the Group' - as well as the unsolicited corporate issue rating of long-term local currency senior unsecured notes issued by VINCI S.A. from A- to BBB+. The outlook has been revised from stable to negative.

Current factors with influence on the rating

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

- Lower revenues and profitability following the COVID-19 crisis and implemented containment measures
- Significant decrease in the concession business, somewhat mitigated by contracting business
- Slight deterioration in structured financial key figure analysis
- Ongoing containment measures and remaining uncertainty with regard to the further course of the pandemic

ESG-criteria:

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

VINCI has set clear targets to reduce its carbon emissions and improve its gender balance. The Group targets a reduction of 40% in emissions by 2030 (50% for the concession business, of which ASF forms a part), and has already reported a 10% decrease in emissions (corrected by impact of acquisitions) in 2020 from 2018. The Group has also made progress with regard to its gender balance: As of 2010, 15.1% of the Group's management staff were women, which the Group was able to increase to 21.1% in 2020. VINCI strives to raise that percentage to 28% by 2023. Overall, we identify VINCI as having a well-developed ESG strategy.

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

Rating result

The current rating attests VINCI S.A. a highly satisfactory level of creditworthiness.

The downgrade from A- to BBB+ is based primarily on the adverse impact from the COVID-19 pandemic and the containment measures implemented by governments to contain the spread of the virus. In particular, the concession business – the driver of operating profit – was severely affected by the implemented travel restrictions.

The rating result is mainly based on the large scale of the Group; its high degree of geographical diversification which mitigates local downturns; the high profitability of the concession business with a diversified pool of concession contracts with a long residual time to maturity; and the synergies between the different business segments, which have a positive effect on the rating.

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Furthermore, the long-term, forward-looking strategy of VINCI, which focuses on internationalization in connection with (contemporary) innovation, and an alignment on high-margin concession contracts, remain plausible in our opinion and should continue to lead to solid cash flows.

Outlook

The development of the Group is largely dependent on the further course of the pandemic and on the containment measures, in particular the travel restrictions that are a strain on the Group's concession business. As the lockdown measures and travel restrictions largely remained in place at the start of 2021, and the vaccination strategy of the EU member states has only made slow progress, we also expect VINCI to underperform against the business year 2019, in particular in the concession segment. We do not, however, believe that a further downgrade in the short term will be necessary, as we have already incorporated underperformance against 2019 in our base-case scenario. We do not rule out a further downgrade if the negative effects from the COVID-19 pandemic continue to put a strain on the Group's business for a long time.

Table 1: Financials of Company X I Source: VINCI S.A. Annual report 2020, standardized by CRA

VINCI S.A. Selected key figures of the financial statement analysis Basis: Annual accounts and report of 31.12. (IAS, Group)	CRA standardized figures ¹	
	2019	2020
Sales (million EUR)	48,753	43,930
EBITDA (million EUR)	8,783	6,014
EBIT (million EUR)	5,743	2,843
EAT (million EUR)	3,408	1,016
EAT after transfer (million EUR)	3,260	1,242
Total assets (million EUR)	79,142	79,053
Equity ratio (%)	17.34	17.10
Capital lock-up period (days)	66.12	73.75
Short-term capital lock-up (%)	48.89	44.66
Net total debt / EBITDA adj. (factor)	6.51	8.92
Ratio of interest expenses to total debt (%)	1.01	1.00
Return on Investment (%)	5.09	2.09

Excerpts from the financial key figures analysis 2020

+ Ratio of interest to total debt
+ Current ratio

- Sales, EBITDA, EBIT, EAT
- Slightly decreased equity ratio
- Return on investment
Net debt / EBITDA adj.

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 our best-case scenario for one year we assume a rating of BBB+. This is based on that we believe that the Group will continue to underperform against the 2019 business year, as the current lockdown measures remain in place and the vaccination strategy of the EU member states has proceeded at a slower pace than expected. This leads us to believe that VINCI will also underperform in 2021 compared with pre-corona business levels.

¹ 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.

Worst-case scenario: BBB

In our worst-case scenario for one year, we assume a rating of BBB. This could be the case if the current lockdown measures remain in place for a considerable amount of time, further hampering business activity. This in turn could lead to a rise in indebtedness and a fall in profitability, resulting in a deterioration of the Group's financial key ratios.

Business development and outlook

During the business year of 2020 the VINCI Group managed to generate revenues of 43,930 (2019: EUR 48,753 million), EBITDA of EUR 6,014 million (2019: EUR 8,783 million EBIT of EUR 2,843 million (2019: EUR 5,743 million) and an EAT of 1,016 EUR million (2019: EUR 3,408 million). The COVID-19 virus and the containment measures that were implemented by the French and other governments mainly explain the fall in revenues and profitability. Many of these measures are still in place.

Table 2: Division of revenues, operating earnings and net income of VINCI's business segments. Source: report on the financial statements 2020

In EUR million	Revenues		EBIT		EAT	
December 31	2020	2019	2020	2019	2020	2019
VINCI Autoroutes	4,613	5,593	1,981	2,967	1,242	1,705
VINCI Airports	990	2,631	-369	1,016	-523	577
Other Concessions	235	319	-26	6	20	-27
Concessions Total	5,839	8,544	1,586	3,989	740	2.255
VINCI Energies	13,661	13,749	773	827	378	409
EUROVIA	9,575	10,209	335	430	180	207
VINCI Construction	13,641	14,926	136	396	-90	177
Contracting total	36,878	38,884	1,244	1,654	469	792
Immobilier and holding companies	1,189	1,320	23	80	33	213
Eliminations	-672	-695				
Total	43,234	48,053	2,859	5,734	1,242	3,260

The Group was adversely affected by the containment measures and travel restrictions implemented by the governments in France and throughout the world. In particular, the Group's concession business was impacted by travel restrictions, which caused a dramatic fall in traffic levels during the first and second lockdown phases. Despite strong recovery after the relaxing of containment measures, VINCI Autoroutes experienced a drop of 21.4% in total traffic levels, causing revenue to decline by 17.5% to EUR 4,613 (2019: EUR 5,593 million). The decline in air travel was even more dramatic: VINCI Airports reported a decline of 70% to 77 million passengers over the whole year and reported a revenue decline of 62.4%. The segment 'other concessions' was also impacted by containment measures and further travel restrictions.

The contracting business reported a limited decline of 5.2%. This was mainly because VINCI Energies' revenue remained relatively stable due to the essential nature of its business, and to newly consolidated companies in 2019 and 2020. Eurovia reported a revenue decline of 6.2%, mainly owing to the first lockdown, which resulted in an almost complete shutdown of most projects in France. Outside of France, Eurovia's revenue remained stable. VINCI construction was

also particularly affected in France due to the first lockdown leading to project standstills. Foreign activities in this segment evened out, leading to stable revenues in comparison to the prior year.

EBIT in the concession business fell to EUR 1,586 (2019: EUR 3,989 million), mainly resulting from the sudden drop in passenger traffic in VINCI Autoroutes and VINCI Airports. Despite cost-cutting measures, the Group was unable to prevent a significant drop in profitability, as a large share of the costs are fixed. There was also recognition of an impairment at VINCI Airports following a review of several customer and capacity investments. The contracting business also experienced a significant - but less severe - drop in EBIT to EUR 1,244 million (2019: EUR 1,654 million), mainly caused by a decrease in operating profit in Eurovia and VINCI Construction resulting from the containment measures. The profit margin remained more or less the same over the year. The lower EAT also came primarily as a result of the lower operating profit and financial costs, which remained the same despite refinancing measures.

The analysis of the structured financial key ratios shows a deterioration in comparison to the prior year, mainly based on reduced profitability in 2020. The key ratios relating to leverage remained relatively stable, as evidenced by the equity ratio of 17.10% (2019: 17.34%).

The Group's indebtedness remained stable at EUR 30,593 million (2019: EUR 30,591 million), but net debt dropped by EUR 3,665 million to EUR 17,989 million (2019: EUR 21,654 million). This resulted from an improved cash position, which the Group was able to generate due to a strong cash flow after investments of EUR 4,233 million (2019: EUR 1,118 million) following a net positive change in working capital of EUR 2,330 million, and comparably low investments following the acquisition of London Gatwick Airport in 2019. Due to the improved cash position, the key financial ratio Net Total Debt/EBITDA adj. only saw a limited increase to 8.92 (2019: 6.51) despite the significant fall in EBITDA.

The liquidity of the Group was good. As of 31.12.2020 the Group had liquidity of EUR 19.2 billion (2019: EUR 15.8 billion) in total consisting of EUR 10 billion net cash, 1.2 billion commercial papers, and EUR 8.0 billion in undrawn confirmed bank credit facilities.

Table 3: revenue diversification of VINCI S.A. (Group). Source: report on the financial statements 2020

In EUR million	Revenues		Revenue difference	Δ
	2020	2019	2019/2020	2019/2020
December 31				
France	22,912	26,307	-3,396	-12,9%
Europe excl. France	12,277	13,106	-829	-5,8%
Rest of World	8,046	8,640	-594	-3,4%

The Group continues to be largely dependent on its concession business as a driver of operating profit. This is evidenced by the effect its current decrease in operating profit had on the Group's overall profitability. The concessions business generated 13.5% (2019: 17.8%) of revenue, but still generated 55.5% (2019: 69.6%) of operating profit, illustrating its high profitability and the Group's dependence on it as a driver of operating profit. Furthermore, the Group benefited from its high degree of diversification, especially in the contracting business, which mitigated the decline in its revenues and operating profit after France's containment measures seem to have had a larger effect on the Group's business than the foreign segment. During the business year, the Group saw a larger decline in its French markets than in its foreign segments, as depicted in table 2.

The development of VINCI is subject to a great deal of uncertainty, as the Group's further success is dependent on the further course of the pandemic and the response by governments, in particular the French government.

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 VINCI 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 2020. 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 VINCI S.A. with an unsolicited corporate issue rating of **BBB+ / stable**. The rating is based on the unsolicited corporate issuer rating of VINCI 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 4: Overview of Creditreform Rating AG Ratings | Source: CRA

Rating objects	Details	
	Date	Rating
VINCI S.A. (Issuer)	13 April 2021	BBB+ / stable
Autoroute du Sud de la France S.A. (Issuer)	13 April 2021	BBB+ / stable
Long-term Local Currency (LT LC) Senior Unsecured Issues of VINCI S.A.	13 April 2021	BBB+ / stable
Long-term Local Currency (LT LC) Senior Unsecured Issues of Autoroute du Sud de la France S.A.	13 April 2021	BBB+ / stable

Table 5: Overview of 2018 Euro Medium Term Note Program | Source: VINCI S.A. Base Prospectus dated 15 July 2020

Overview 2021 EMTN Program			
Volume	EUR 12,000,000,000	Maturity	Depending on the respective bond
Issuer	VINCI 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 VINCI S.A. and that have similar conditions to the current EMTN program, denominated in Euro and which are 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. 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 issue classes or programs (such as the Commercial Paper Program) and issues that do not denominate in euro will not be assessed. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

Financial ratio analysis

Table 6: Financial key ratios | Source: [Kategorie] consolidated annual report 2018, structured by CRA

Asset Structure	2017	2018	2019	2020
Fixed asset intensity (%)	58.78	55.35	60.48	57.89
Asset turnover	0.63	0.68	0.68	0.56
Asset coverage ratio (%)	67.09	71.99	74.54	76.53
Liquid funds to total assets (%)	10.43	12.20	10.43	14.88
Capital Structure				
Equity ratio (%)	23.85	17.45	17.34	17.10
Short-term-debt ratio (%)	45.72	46.96	41.93	42.02
Long-term-debt ratio (%)	15.58	22.40	27.73	27.20
Capital lock-up period (in days)	73.20	68.12	66.12	73.75
Trade-accounts-payable ratio (%)	12.56	12.63	11.16	11.23
Short-term capital lock-up (%)	42.83	41.57	40.89	44.66
Gearing	2.76	4.03	4.16	3.98
Leverage	4.27	4.84	5.75	5.81
Financial Stability				
Cash flow margin (%)	11.99	12.28	14.36	8.58
Cash flow ROI (%)	7.51	8.31	8.85	4.77
Total debt / EBITDA adj.	7.38	7.39	7.45	10.87
Net total debt / EBITDA adj.	6.37	6.30	6.51	8.92
ROCE (%)	15.35	18.41	16.74	9.29
Total debt repayment period	11.55	9.68	5.32	12.12
Profitability				
Gross profit margin (%)	65.83	65.27	67.66	67.20
EBIT interest coverage	6.99	7.93	8.66	4.33
EBITDA interest coverage	10.25	11.47	13.25	9.17
Ratio of personnel costs to total costs (%)	24.26	24.64	24.28	26.50
Ratio of material costs to total costs (%)	34.17	34.73	32.34	32.80
Cost income ratio (%)	88.88	88.65	88.29	93.57
Ratio of interest expenses to total debt (%)	1.31	1.18	1.01	1.00
Return on investment (%)	5.20	5.59	5.09	2.09
Return on equity (%)	18.79	22.69	27.14	7.46
Net profit margin (%)	6.94	6.92	6.99	2.31
Operating margin (%)	11.17	11.41	11.78	6.47
Liquidity				
Cash ratio (%)	22.82	25.98	24.88	35.42
Quick ratio (%)	83.30	88.32	85.60	90.79
Current ratio (%)	90.15	95.08	94.25	100.20

Appendix

Rating history

The rating history is available under:

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

Table 7: Corporate issuer rating of VINCI S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Update	13.04.2021	16.04.2021	Withdrawal of the rating	BBB+ / stable
Initial Rating	12.04.2017	24.04.2017	19.08.2019	A- / Stable

Table 8: Senior Unsecured Issues by VINCI S.A. | Source: CRA

Event	Rating date	Publication date	Monitoring period	Result
Update	13.04.2021	16.04.201	Withdrawal of the rating	BBB+ / stable
Initial rating	05.10.2018	15.10.2018	19.08.2019	A- / stable

Regulatory requirements

The rating² 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.

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

² 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 was conducted based on the following information.

List of documents
Accounting and controlling
<ul style="list-style-type: none"> .Consolidated annual statements 2020 VINCI S.A. Report on the financial statements 2020 VINCI S.A.
Finance
<ul style="list-style-type: none"> Base Prospectus 2020
Additional documents
<ul style="list-style-type: none"> Presentation 2020 full year results VINCI S.A. Press releases

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
Corporate Ratings	2.3	29.05.2019
Non-financial Corporate Issue Ratings	1.0	October 2016
Rating Criteria and Definitions	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
Christian Konieczny	Analyst	C.Konieczny@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 13 April 2021, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company 13 April 2021. 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](#).

Conflicts of interest

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.

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.

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