Creditreform Corporate Issuer / Issue Rating
VINCI S.A.

Creditreform Rating

09 April 2024 – Neuss, Germany

Rating Action / Update:

Creditreform Rating has affirmed the unsolicited corporate issuer rating of VINCI S.A., at A- / stable

Creditreform Rating (CRA) has affirmed the unsolicited, public corporate issuer rating of VINCI S.A. – hereafter also referred 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., at A-, with a stable outlook. The initial short-term rating was set at L2. For more information regarding the structural, business and financial risks of the unsolicited ratings of VINCI, we refer to our full rating report of 01.03.2023, which can be found on our website.

Analysts

Rudger van Mook
Lead Analyst
R.vanMook@creditreform-rating.de

Artur Kapica
Co-Analyst
A.Kapica@creditreform-rating.de

Neuss, Germany

Current relevant factors for the rating

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

+ Strong operating performance in the Group's Concession business, with particularly strong growth in VINCI Airports
+ Strong operating performance in VINCI Energies, Cobra IS and VINCI Construction
+ Record cash flow generation leading to a reduction in net debt
+ Continued strong operating performance expected, underpinned by current traffic and passenger development, and strong order book
+ Strong liquidity position for one year

– Strong increase in the average cost of debt due to increased interest rates in floating rate debt
– 2024 earnings of VINCI Autoroutes to be negatively impacted by a newly imposed tax on long-distance transport infrastructure operators in France; VINCI will appeal this decision as soon as the law is in force

ESG-criteria:

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

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

VINCI has set clear targets to reduce its carbon emissions and to improve its gender balance. With regard to emissions, it targets a 40% reduction in its scope 1 and 2 emissions, a 20% reduction in scope 3 emissions by 2030, and aims to use a 90% share of low carbon concrete at VINCI Construction. The Group's targets to reduce emissions have been validated by the Science Based Targets initiative (SBTi), and are aligned with the well-below 2°C scenario. As of the end of 2023, VINCI reported a 14% reduction in scope 1 and 2 emissions as compared to 2018 (excluding the impact of acquisitions), and a 50% share of low-carbon concrete was used by VINCI Construction's Building France and Civil Engineering France divisions in 2023. As of the summer of 2023, all service areas in the VINCI Autoroutes network were equipped with electric vehicle charging stations.

The Group has also made progress regarding its gender balance. VINCI was able to increase its percentage of female management staff from 18.5% in 2016 to 23.1% (2022: 22.2%) in 2023.The Group strives to increase that percentage to 30% by the end of 2030. Overall, we identify VINCI

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.

as having a well-developed ESG strategy with clear targets, but do not identify any ESG factors which have a significant influence on the unsolicited corporate issuer rating of VINCI S.A.

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

Rating result

The current unsolicited corporate issuer rating of A- attests VINCI S.A. with a highly satisfactory level of creditworthiness. The rating result is primarily based on its large scale and high degree of geographical diversification, which mitigates local downturns. Further positive rating factors are the high margins of the Group's concession business, with a diversified pool of concession contracts and a long average residual time to maturity, as well as strong synergies between different business segments. During the 2023 business year, operating development continued to improve, recording robust development across the board, with the exception of VINCI Immobilier, which in turn led to a slight improvement in the Group's credit metrics.

The Group continues to be largely dependent on its Concession business as a driver of operating profit and cash-flow generation. During the 2023 business year, the concession business was responsible for approximately 68% of EBITDA, despite the fact that it only generated approximately 16% of revenues during the business year. The residual share of operating profit is predominantly generated by the Construction and Energy businesses. The Construction and Energy businesses offer value to the Group in terms of operating profit, as well as offering significant synergies for the Group, including the Concession business. The Group pursues a strategy of further diversification and internationalization in its Concession and other business units.

Outlook

The one-year outlook for the unsolicited corporate issuer rating is stable. This outlook reflects our expectation of a slight improvement against the 2023 business year. We expect traffic and passenger levels in VINCI Autoroutes and VINCI Airports to increase slightly against the prior year, positively affecting operating performance in the concession business. For the businesses VINCI Energies, Cobra IS and VINCI Construction, we also expect strong performance based on an order book with a combined value of EUR 61.4 billion at the end of 2023.

Best-case scenario: A

In our best-case scenario for one year, we assume a rating of A. This scenario reflects the well filled order book of VINCI Construction, Energies and Cobra IS, and assumes a further significant increase in traffic and passenger numbers at VINCI Autoroutes and VINCI Airports. In this scenario, the Group continues to further substantially increase its free cash flow generation, and manages to further decrease its net debt levels and improve overall credit metrics.

Worst-case scenario: BBB+

In our worst-case scenario for one year, we assume a rating of BBB+. This scenario reflects an increase in the Group's indebtedness, leading to higher leverage, stemming from the need to externally finance its capital expenditure due to a significant slump in cash-flow generation as a result of lower traffic and passenger development in the Concession division, following a recession, soaring fuel prices, and a significant reduction in the Group's order book for its other business units.

Business development and outlook

With strong operating performance across the board, all segments, excluding VINCI Immobilier, recorded strong growth during the 2023 business year. Revenues recorded grew to EUR 68,838 million (2022: EUR 61,675 million), as well as EBITDA and EBIT, which grew to EUR 11,652 million (2022: EUR 10,302 million) and EUR 7,853 million (2022: EUR 6,689 million), respectively. This in turn led to a higher after-tax result of EUR 5,102 million (2022: EUR 4,416 million), despite an increase in financial costs and the income tax expense which had a slightly offsetting effect. The improvement in profitability was primarily driven by strong operating development. VINCI did not record any significant non-recurring items, which affected the Group's performance throughout the year. Non-recurring events had a net negative effect of EUR 105 million on EBIT.

Table 1: Revenues and operating earnings from ordinary activities of VINCI's business segments. Source: report on the financial statements of VINCI 2019, 2022 and 2023

In EUR million	Revenues			EBIT		
December 31	**2019**	**2022**	**2023**	**2019**	**2022**	**2023**
VINCI Autoroutes	5,593	6,003	6,324	2,967	3,127	3,362
VINCI Airports	2,631	2,679	3,947	1,016	983	1,889
Other Concessions	319	479	661	6	61	122
Concessions Total	**8,544**	**9,162**	**10,932**	**3,989**	**4,171**	**5,373**
VINCI Energies	13,749	16,748	19,327	827	1,142	1,356
Cobra IS		5,520	6,495		411	490
VINCI Construction	25,051	29,252	31,459	826	1,100	1,260
Immobilier and holding companies	1,320	1,523	1,231	92	0	-122
Eliminations	-695	-530	-605			-
Total	**48,053**	**61,675**	**68,838**	**5,734**	**6,824**	**8,357**

The Group's Concession' business grew significantly, in terms of both revenues and EBIT. This growth was largely driven by VINCI Airports, which continued to benefit from the continued upward trend in passengers and positive developments in the aviation market, which continued to recover from the COVID-19 pandemic, and which coincided with a stark increase in revenue per passenger due to inflation-adjusted fees charged by airports. Additionally, the integration of new airports, also increased revenues and (operating) profit. As a result, both revenues and EBITDA at VINCI Airports rose by 47% and 58%, respectively against the prior year, and were also up significantly against the pre-pandemic period, despite continuing to record a 4% drop in passenger numbers against the pre-pandemic business year 2019. VINCI Autoroutes performed solidly, already exceeding pre-pandemic levels in 2022. During the 2023 business year, the business unit recorded a slight increase of 1.3% in average daily traffic, which in combination with price hikes led to both revenue and EBIT growth.

With the energy transition and ongoing digitization of economies in full swing, the Group is able to take advantage of these trends within VINCI Energies, with the construction and consulting services in energy infrastructure, transport infrastructure and industrial and building solutions. As such, within this segment, the Group recorded revenue growth of 15%, and its EBIT margin improved slightly to 7.0% (2022: 6.8%) in comparison to 6.0% in the pre-pandemic year of 2019. Also, Cobra IS recorded strong growth in terms of both revenues and EBIT, particularly driven by its flow business, as well as the delivery of large turnkey projects, and is also benefiting from the favorable market trends within the energy industry. The Construction segment revenue increased by 7.5%, and its margin improved to 4.0% (2022: 3.8%). The strong development was fueled by work on major mobility infrastructure projects intended to provide greater climate resilience and energy renovation.

Investments throughout the year remained relatively stable against the prior year, amounting to approximately EUR 3,233 (2022: EUR 3,292 million), of which EUR 1,130 million were growth investments and EUR 2,103 million operating investments. The growth investments are almost entirely accounted for by the Concessions segment, whereas the operating investments were largely made by Cobra IS (EUR 715 million) and VINCI Construction (EUR 894 million) in order to finance their operating business. Following improved operating performance and after investments, free cash flow increased substantially to EUR 6,628 million (2022: EUR 5,433 million). Free cash flow recorded was the highest in the Group's history, and was primarily driven by improved operating performance, the postponement of some investments, and a positive change in operating working capital due to relatively high levels of cash inflows from customers at the end of the year.

When reflecting dividends made (EUR -2,481 million) and share repurchases in the context of VINCI's share buyback program (EUR -395 million), the Group had a net cash inflow of EUR 3,685 million available for debt servicing, which in turn led to a reduction of its net financial debt position of EUR 16,126 million (2022: EUR 18,536 million). Overall, VINCI's credit metrics have shown an improvement against the prior year, particularly in metrics such as net finance debt / EBITDA of 1.16 (2022: 1.59), and a net total debt / EBITDA adj. of 5.69 (6.42). Furthermore, the Group's ROI increased to 5.54% (2022: 4.87%) The improved credit metrics are, however, partly offset by an increase in the average interest rate on outstanding financial indebtedness. Due to the relatively high proportion of floating rate interest after hedging of 43%, the average interest rate rose substantially to 4.0%(2022: 2.5%), negatively affecting EBITDA and EBIT interest coverage of 9.50 (2022: 12.91) and 6.41 (2022: 8.38), respectively.

Table 2: Financials of VINCI S.A. I Source: VINCI S.A. Annual report 2023, 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]**	
	2022	**2023**
Sales (million EUR)	61,675	68,838
EBITDA (million EUR)	10,302	11,652
EBIT (million EUR)	6,689	7,853
EAT (million EUR)	4,416	5,102
EAT after transfer (million EUR)	4,259	4,702
Total assets (million EUR)	102,486	108,804
Equity ratio (%)	23.48	24.39
Capital lock-up period (days)	76.72	71.16
Short-term capital lock-up (%)	45.90	42.33
Net total debt / EBITDA adj. (factor)	6.42	5.69
Ratio of interest expenses to total debt (%)	1.02	1.38
Return on Investment (%)	4.87	5.54

[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

When reflecting the Group's cash flow generation, net cash, and available committed credit facilities, we see the Group as having a comfortable liquidity position, and it should thus have no difficulties in meeting its short-term financial obligations. At the end of the 2023 business year, the Group had a net cash position of EUR 13,172 million and available credit facilities of EUR 6.5 billion, leading to a total liquidity position of EUR 19.7 billion. The credit facility of VINCI entered into an agreement with a syndicate of 23 core relationship banks, and amended its agreement by extending its maturity to 9 January 2029, and reducing the size of the facility from EUR 8.0 billion to EUR 6.5 billion as a result of the increase in its available cash position in the last few years.

Overall, we believe that VINCI showed robust development over the past year, and we expect positive performance for the 2024 business year as well. Despite a slight decrease in traffic figures at VINCI Autoroutes until February 2024, VINCI expects traffic and passenger levels to slightly increase against the prior year in its concession business, which could have a favorable impact on revenues. However, with the newly imposed tax on long-distance transport infrastructure operators in France, an additional expense of EUR 272 million (based on 2023 traffic levels) is expected to be incurred, which will negatively affect earnings at VINCI Autoroutes. VINCI plans to challenge the implementation of this law as soon as the degree is in force and the terms and conditions of its applications are known. For the business units VINCI Energies, Cobra IS and VINCI Construction, we expect strong performance over the coming months. Our expectation is underpinned by the Group's order book, which stood at a combined value of EUR 61.4 billion at the end of 2023 and represents approximately 13 months of average business activity, with 62% expected to be completed in 2024.

Further ratings

Based on the long-term issuer rating, and taking into account our liquidity analysis, the short-term rating of VINCI S.A. was set at L2 (standard/exceptional mapping), corresponding to a high level of liquidity for one year.

The rating objects of the issue rating are exclusively long-term senior unsecured issues, denominated in euro, issued by VINCI S.A., and which are included in the list of ECB-eligible marketable assets. The issues have been issued under the EMTN program with the last base prospectus of 10 July 2023.

We have provided the long-term local currency senior unsecured notes issued by VINCI S.A. with an unsolicited rating of A- / stable. The rating is based on the corporate issuer rating.

Long-term local currency senior unsecured notes issued by VINCI S.A., which have similar conditions to the current EMTN program, denominated in euro and included in the list of ECB-eligible marketable assets, generally receive the same ratings as the current LT LC senior unsecured notes issued under the EMTN program. Notes issued in any currency other than euro, or other types of debt instruments, have not yet been rated by CRA. For a list of all currently valid ratings and additional information, please consult the website of Creditreform Rating AG.

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 3: Overview of CRA Ratings I Source: CRA

Rating Category	Details	
	Date of rating committee	Rating
VINCI S.A.	09.04.2024	A-/ stable / L2
Long-term Local Currency (LC) Senior Unsecured Issues issued by VINCI S.A.	09.04.2024	A-/ stable
Other	--	n.r.

Appendix

Rating history

The rating history is available under the following link.

Table 4: Corporate Issuer Rating of VINCI S.A.

Event	Rating created	Publication date	Result
Initial rating	12.04.2017	24.04.2017	A-

Table 5: LT LC Senior Unsecured Issues issued by VINCI S.A.

Event	Rating created	Publication date	Result
Initial rating	05.10.2018	15.10.2018	A-

Table 6: Short-term issuer rating of VINCI S.A.

Event	Rating created	Publication date	Result
Initial rating	09.04.2024	www.creditreform-rating.de	L2

Regulatory requirements

The rating[2] 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.

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

The documents submitted 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	2.4	July 2022
Corporate Short-Term Ratings	1.0	June 2023
Non-financial Corporate Issue Ratings	2.0	March 2024
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
Artur Kapica	Analyst	A.Kapica@creditreform-rating.de

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

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

On 9 April 2024, the analysts presented the rating to the rating committee and the rating was determined. The rating result was communicated to the company on 10 April 2024. There has not been a subsequent change to the rating.

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

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

ESG-factors

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

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

Conflict of interests

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

Creditreform Rating AG ensures that the provision of ancillary services does not present conflicts of interest with its credit rating activities and discloses in the final rating reports any ancillary services provided for the rated entity or any related third party. The following ancillary services were provided for the rating entity or for third parties associated with the rated entity:

No ancillary services in the regulatory sense were carried out for this rating object.

For the complete list of provided rating and credit service ancillaries please refer to the Creditreform Rating AG's website.

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.

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.

Creditreform Rating AG

Contact information

Creditreform Rating AG

Europadamm 2-6
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: Michael Bruns

HR Neuss B 10522