

Brisa Concessão Rodoviária, S.A.

Registered Office: Quinta da Torre da Aguilha, Edifício BRISA, São Domingos de Rana
Share capital: EUR 75 000 000. Registered with the Commercial Registry Office of Cascais,
under Commercial Registration and Corporate Tax Number 502790024

PRESS RELEASE

2019 Annual Results

17 February 2020

The financial statements for 2019 of Brisa Concessão Rodoviária, S.A. ("BCR") were prepared in accordance with the International Financial Reporting Standards (IFRS) and have not yet been subject to an Audit Report.

1. Traffic Evolution in BCR Network

In 2019 traffic growth in the BCR concession network remained solid, underpinned by buoyant macroeconomic activity. During this period Average Daily Traffic (ADT) grew 3.7% year-on-year, corresponding to a traffic volume of 21 373 vehicles/day. Organic growth remained strong at 4.4%, with ADT negatively influenced by the calendar effect (-0.5%), the drivers' strike in August (-0.2%) and the unfavourable weather conditions registered in the 4th quarter of the year.

The ADT growth rate was positive in all BCR motorways, having registered growth in demand ranging from 2.4% (on the A5) to 8.0% (on the A10).

Traffic evolution by type of vehicle shows that heavy vehicle traffic grew slightly more than light vehicle traffic (4.5% growth for heavy vehicles and 3.6% growth for light vehicles).

Traffic Evolution in BCR Network

	2019
Vehicles per KM (v.km)	3.7%
<i>Breakdown:</i>	
<i>Organic growth</i>	4.4%
<i>Calendar effect</i>	-0.5%
<i>Other</i>	-0.2%
ADT	21 373
YoY	3.7%

2. Capital Expenditure (CAPEX)

Capital expenditure (CAPEX) in the network under concession was €M 66.0 in 2019, mainly directed at major repairs (treated for accounting purposes as a provision under IFRIC 12). Highlights include the pavement improvement works on the A1, A2, Circular Sul de Braga and A6.

(M€)	2018	2019	Change (YoY)
CAPEX	48.6	66.0	35.8%
Widening works	3.2	4.7	46.0%
Major repairs ¹	28.3	43.0	52.3%
Other (equipment, supervision, etc.)	17.1	18.3	6.6%

¹ According to IFRIC 12, major repairs are considered as provisions and not as CAPEX

3. Profit and Loss Statement

Operating Income

In 2019, operating income totalled €M 653.8, which represents an increase of 6.1% compared to the same period of the previous year. Toll revenues reached €M 622.9 (+5.1% as compared to 2018), sustained by the above-mentioned increase in traffic and an upward revision of toll rates (1.0%). The growth in revenues associated with service areas is also of note, which reached €M 25.0 (+39.6% as compared to the same period of the previous year), benefiting from the recent renegotiation of sub-concession contracts.

Operating Costs

Operating costs excluding Amortisation, Depreciation, Adjustments and Provisions (net of reversals) came to €M 133.9 in 2019 (-0.3% as compared to the same period of the previous year).

External Supplies and Services, which mainly reflect the costs of sub-contracted services for the operation and maintenance of the motorway under concession and electronic toll collection costs, decreased slightly by 0.4% as compared to the same period of the previous year, totalling €M 130.8.

At the end of the year, BCR had 10 employees which accounted for €M 1.7 in Personnel costs.

Amortization, Depreciation, Adjustments and Provisions, net of reversals, came to €M 163.7 (-6.6% as compared to 2018), of which €M 49.6 relating to provisions in accordance with IFRIC 12, specifically costs with major repairs in the network that the company will have to incur in the future. It should be noted that since 1 January 2019, BCR has considered the level of traffic in its calculation of the amortisation of the concession right.

Operating Result

Operating Result (EBITDA) in 2019 was €M 519.9, which represents an increase of 7.9% (or €M 37.9) compared to the same period of the previous year. The rise in operating income, combined with the decrease in operating costs, led to an increase in the EBITDA margin of 1.3 p.p. to 79.5%.

EBIT was €M 356.2, representing a year-on-year increase of 16.1%.

Financial Results

In 2019 BCR recorded negative net financial results of €M 60.6, which represents an improvement of €M 6.0 compared to the same period of the previous year.

Financial income, which corresponds entirely to interest earned, came to zero, continuing to reflect the low rates offered on bank deposits.

Financial expenses evolved quite favourably, having fallen by 8.9% as compared to the same period of the previous year. This reduction is mainly due to the positive impact on interest expenses, following the repayment in April 2018 of a €M 300 bond loan.

Net Profit

Net Profit was €M 204.5, determined by reference to Profit Before Tax of €M 295.6 and income tax expenses of €M 91.1.

4. Debt Profile and Financial Position

Financial debt and liquidity

€M	Nominal Debt			Accounting Debt		
	December	Δ from Dec/2018 (€M/%)		December	Δ from Dec/2018 (€M/%)	
Gross Debt	1 974	-114	-5.5%	1 951	-106	-5.2%
Bonds	1 420	0	0.0%	1 412	5	0.3%
EIB	429	-39	-8.3%	413	-36	-8.1%
Other Financing	125	-75	-37.5%	125	-75	-37.4%
Cash and Equivalents	232	-12	-5.1%	232	-12	-5.1%
Net Debt	1 742	-102	-5.5%	1 719	-94	-5.2%

Note: Nominal debt represents the contractual value whilst accounting debt corresponds, in accordance with accounting standards, to net nominal debt plus accrued interest less expenses with loan issuance and placement

As at 31 December 2019, BCR's gross debt fell to €M 1 974 (nominal debt). This decrease was due to the repayment of €M 39 related to the EIB loan and a reduction of €M 75 in the use of a committed credit line. It is important to highlight the cash position, which was €M 232, of which €M 82 were in reserve accounts for CAPEX and debt service purposes.

As at December 2019, BCR had committed credit lines of a total amount of €M 400. Approximately 65% of BCR's debt was subject to fixed interest rates and 35% was subject to floating interest rates. The weighted average cost of debt during 2019 (including the impact of derivative instruments) was 2.1%, corresponding to a decrease of approximately 20 bps when compared to same period in 2018.

Financial Position

At the end of 2019, BCR's Assets came to €M 2 531, comprising mostly intangible assets associated with motorway concession rights and bank deposits. Liabilities fell by €M 107.4 to €M 2 305 in comparison with December 2018, as a result of the above-mentioned gross debt reduction. Equity increased by €M 13.6 to €M 226, with the distribution made to the shareholder BCR SGPS, S.A. (in a total amount of €M 191.3) being more than offset by Net Profit for the Year (€M 204.5).

5. Covenants and Rating

Covenants

BCR continues to follow a prudent and conservative financial management. The four covenants in the form of financial ratios to which BCR is subject under the Common Terms Agreement (CTA) are, as at 31 December 2019, comfortably within the established thresholds.

The Net Senior Debt / EBITDA ratio stood at 3.36x, i.e. below the level posted at the end of 2018 (3.84x) and significantly below the maximum level of 5.50x, defined as the respective trigger event threshold. The Historic ICR ratio, as at 31 December 2019, stood at 8.95x, i.e. significantly above the minimum limit of 2.25x, defined as the established trigger event threshold and representing a significant improvement relative to the ratio of 5.59x recorded on 31 December 2018.

Rating

The Rating assigned to BCR by Fitch is "A-" (Stable Outlook), which remained unchanged during the year. Moody's revised BCR's Outlook upwards from "Stable" to "Positive" in August, keeping the Rating of "Baa2" unchanged.

Condensed Statement of Profit and Loss and Other Comprehensive Income

€M	2018	2019	% Change
Operating Revenues	616.2	653.8	6.1%
Toll revenues	592.6	622.9	5.1%
Service areas	17.9	25	39.6%
Other operating revenues	5.7	5.8	1.9%
Operating Costs	134.2	133.9	-0.3%
Supplies and Services	131.3	130.8	-0.4%
Personnel costs	1.6	1.7	6.1%
Other operating costs	1.3	1.4	0.8%
EBITDA	482	519.9	7.9%
Amort.. deprec.. adjust.. prov. and reversals	175.3	163.7	-6.6%
EBIT	306.7	356.2	16.1%
Construction revenue (IAS11/IFRIC12)	12.3	19.1	54.9%
Construction costs (IAS11/IFRIC12)	12.3	19.1	54.9%
Net Financial Results	-66.6	-60.6	-
Financial expenses	66.6	60.6	-8.9%
Financial revenues	-	-	-
Profit before tax	240.1	295.6	23.1%
Income tax	73.3	91.1	24.2%
Net income	166.8	204.5	22.6%

Condensed Statement of Financial Position

€M	2018	2019	% Change
Non-current assets	2 339.7	2 253.7	-3.7%
Intangible assets	2 256.6	2 165.6	-4.0%
Tangible assets	11.9	13.1	10.1%
Deferred tax	71.1	75.0	5.4%
Current assets	285.0	277.2	-2.7%
Cash and Cash equivalents	244.3	231.9	-5.1%
Other	40.7	45.3	11.3%
Total Assets	2 624.7	2 530.9	-3.6%
Total Equity	212.3	225.9	6.4%
Non-current liabilities	2 113.1	2 023.1	-4.3%
M/Long-term financial debt	1 874.3	1 768.4	-5.7%
Other	238.8	254.7	6.7%
Current liabilities	299.2	281.9	-5.8%
Short-term financial debt	182.9	182.5	-0.2%
Other	116.3	99.4	-14.6%
Total Liabilities	2 412.3	2 305.0	-4.5%
Total Equity and Liabilities	2 624.7	2 530.9	-3.6%