INDIGO

GROUP

2019 half-year activity report

INDIGO

GROUP

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Details on figures in the report

To make its performance easier to understand and to improve its presentation, the Group presents operational figures (revenue, EBITDA, operating income) on a "global proportionate" (GP) basis, including the Group's share of joint ventures (mainly in the USA, Colombia, Panama and Smovengo) as if they were consolidated proportionately and not under the equity method applied in accordance with IFRS when preparing the consolidated financial statements.

For the same reason, the Group uses Free Cash Flow – which is a measure of cash flow from recurring operating activities – as a performance indicator. It equals EBITDA less disbursements related to fixed fees and fixed leases as part of concession and lease contracts, change in working capital requirement and current provisions, maintenance expenditure and any other operating items that have a cash impact but that are not included in EBITDA. A reconciliation with the figures in the consolidated cash flow statement is presented in Note 8 "Notes to the cash flow statement" to the consolidated financial statements for the six months ended 30 June 2019.

EBITDA (earnings before interest, tax, depreciation and amortization) is intended to measure the Group's operational performance. It is based on operating income before taking into account net depreciation, amortization and additions to provisions for the impairment of non-current assets, net additions to non-current provisions, capital gains or losses on disposals of non-current assets, goodwill impairment, income from equity-accounted companies, expenses associated with share-based payments (IFRS 2) and income and expenses deemed to be non-recurring, material and exceptional.

The Group has applied, in accordance with IFRS 16 and as described in note 4. to the 30 June 2019 consolidated financial statements, to alter the accounting treatment of fixed leases paid under leases contracts starting with its financial statements for the period starting 1 January 2019. These leases, which amounted to a total fixed rent of €19.1 million in H1 2019, are now shown on the balance sheet in the form of an asset – i.e. the right to use the private domain (car park) – that is amortized over the term of the contract, with a balancing entry under liabilities corresponding to the commitment to pay these leases. As at 30 June 2019, the financial liabilities related to these leases amounted to €190.3 million.
The Group applied IFRS 16 to leases in existence on the transition date according to the "simplified retrospective" approach, i.e. prior periods were not adjusted accordingly.

Summary and key figures

During the first half of 2019, Indigo Group displayed a solid financial performance. The Group also took significant steps towards progressing its GOAL 2025 strategic plan. The Group strengthened its infrastructure business model, focusing on new concessions and ownerships through the acquisitions of Spie Autocité in France and car parks in Belgium and Spain. In North America, Indigo Group strengthened its footprint and portfolio of activities through gaining control of its former 50-50 joint venture West Park in Canada, developing the promising shuttling activity through an acquisition in the USA and expanded its footprint with multiple new contracts. Simultaneously Indigo Group established a partnership with Sunsea Parking to enter the Chinese market. All other Group geographies continued to show strong operational performance.

In the first half of 2019, the MDS (Mobility and Digital Solutions) business line continued to increase its contribution to Indigo Group's revenue.

Key global proportionate figures in Indigo Group's consolidated income statement are as follows:

€ million	H1 2018	H1 2019	Change at current exchange rate (%)	Change at constant exchange rate (%)
Revenue	**467.5**	**459.0**	**-1.8%**	**-3.1%**
EBITDA	**156.6**	**164.4**	**+4.9%**	**+4.8%**
% Margin	*33.5%*	*35.8%*	*+2.3 pts*	
Operating income	**64.6**	**45.2**	**-30.0%**	**-30.4%**
% Margin	*13.8%*	*9.8%*	*-4.0 pts*	
Cost of net financial debt	(39.3)	(23.8)	-39.5%	-39.5%
Other financial income and expense	(2.5)	(0.4)	-85.7%	-85.7%
Net income before tax	**22.8**	**21.1**	**-7.5%**	**-9.5%**
Income tax expense	(25.1)	(20.5)	-18.5%	-18.5%
Net income	**(2.3)**	**0.6**	**-125.3%**	**nm**
Net income attribuable to non-controlling interests	(0.3)	(0.4)	+15.2%	+15.2%
Net income attributable to owners of the parent	**(2.7)**	**0.2**	**-107.8%**	**nm**

At 30 June 2019, the Group managed 2,377,019 parking spaces across 5,383 facilities (based on a 100% share of operations, including in countries where the Group operates through a joint venture). Of those spaces, 55.3% were in North America, 19.5% in France, 16.3% in the IBSA, Iberica South America region (Spain, Brazil, Colombia and Panama) and 8.9% in other Continental European countries.

The Group's consolidated global proportionate revenue for the first half of 2019 was €459.0 million, down 3.1% on the first half of 2018 at constant exchange rates and down 1.8% (down €8.5 million) unadjusted for currency movements. Excluding the disposal of the Group's activities in the United Kingdom, Germany, Czech Republic and Slovakia which accounted for €33.7 million in the first half of 2018, revenue grew 4.4% (€19.2 million) at constant exchange rates.
Continental Europe countries (Belgium, Luxembourg and Switzerland) and North America regions made a considerable contribution to growth at constant exchange rates, with revenue growth of 29.1% in Continental Europe countries and 14.3% in North America, while France, after the termination of several contracts at the end of 2018 and the Yellow Jackets events, was down 3.5% and the Iberica South America region showed a reduction of 5.6% compared to the first half of 2018 on account of

impacts relating to turnover of variable rent contracts in Brazil (with no impact on EBITDA). The MDS business line generated revenue of €9.2 million in the first half of 2019 versus €5.6 million in the first half of 2018. And finally, the revenue of the Group's activities in the United Kingdom, Germany, Czech Republic and Slovakia, the disposal of which was agreed in late 2018, represented €33.7 million in the first half of 2018.

The Group's consolidated global proportionate EBITDA was €164.4 million in the first half of 2019, grew 4.8% or €7.5 million at constant exchange rates compared to the first half of 2018 and up 4.9% or €7.7 million unadjusted for currency movements. Excluding the disposal of the Group's activities in the United Kingdom, Germany, Czech Republic and Slovakia which accounted for €8.1 million in the first half of 2018, EBITDA grew 10.5% (€15.6 million) at constant exchange rates.
EBITDA margin was 35.8%, 2.3 points higher than in the first half of 2018 (33.5%). This increase was mainly due to the first application in the first half of 2019 of IFRS 16 (€19.1 million), and despite the disposal of the Group's activities in the United Kingdom, Germany, Czech Republic and Slovakia. All international geographic regions made a considerable contribution to growth at constant exchange rates, with EBITDA increase of 38.8% (18.3% pre IFRS 16) in Continental Europe, 127.1% (13.3% pre IFRS 16) in North America and 33.3% (17.7% pre IFRS 16) in the Iberica South America region. In France EBITDA dropped 1.5% (-6.3% pre IFRS 16) mainly impacted by the revenue downside. The MDS business line generated an EBITDA of -€7.7 million in the first half of 2019 versus -€6.2 million in the first half of 2018 reflecting the continued investment in the growth of the MDS business line.
EBITDA margin after IFRS 16, was 56.8% in France, 52.7% in Continental Europe, 10.7% in North America and 36.7% in Iberica South America. These figures reflect the different business models used in the latter two geographical zones which, apart from Spain, mainly involve contracts under which the Group bears no traffic-level risk and carries out little investment but in return generates lower margins.

Indigo Group's global proportionate operating income decreased to €45.2 million in the first half of 2019 as opposed to €64.6 million in the first half of 2018, mainly linked to depreciation, amortization and provision charges on the MDS business line's and the application of IFRS 16.

Consolidated net income attributable to owners of the parent amounted to €0.2 million in the first half of 2019, up from -€2.7 million in the first half of 2018 with a positive variance of the Net Financial debt of €15.5 million that included the early redemption of bonds in the first half of 2018 that gave rise to a non-recurring financial expense of €19.8 million.

IFRS net financial debt amounted to €2,104.4 million at 30 June 2019, taking into account the €93.1 million distribution in May 2019, as opposed to €1,633.1 million at 31 December 2018. The rise in debt reflects the impact of the application of IFRS 16 for €182.6 million[1], an increase of debt related to fixed concession fees of €80.3 million mainly due to the acquisition of Spie Autocité, an increase of bond debt coming from the €100 million tap of the April 2028 bond issued in June 2019 and a change of net cash position of -€116.7 million. Indigo Group's IFRS free cash flow fell to €77.9 million in the first half of 2019 from €107.1 million in the first half of 2018, with a cash conversion ratio of 50.1% in the first half of 2019 (and 66.3% excluding the incorporation of Spie Autocité and IFRS 16) as opposed to 70.4% in the first half of 2018.

[1] Including €3.6m debt related to finance lease contracts reclassified in IFRS 16 right of use debt

1. Key events

1.1 Key events in the first half of 2019

- Evolution of the shareholding structure

On 27 March 2019, Ardian, a 49.2% shareholder in Infra Foch Topco, which owns 100% of Indigo Group, announced that it had entered an exclusive negotiation with a view to selling its stake to funds managed by responsible investment manager Mirova and Meag, the asset manager of Munich Re and Ergo. This agreement was subject to the information and consultation of the French Social and Economic Committee of Indigo which approved and was subject to the approval from competent anti-trust authorities which authorised on 26 August 2019.

- Disposal of Indigo Group's subsidiary in the Czech Republic

On 24 January 2019, Indigo Group completed the disposal of its subsidiary in the Czech Republic to SABA Infraestructuras.

- Business development in China

On 25 March 2019, Indigo Infra S.A., subsidiary of Indigo Group, announced the launch of a joint venture ("JV") with Sunsea Parking, China's leading parking management company. The JV will focus initially on China to assist the municipalities in their optimization of mobility to prepare the smart city of tomorrow.

The JV will focus on the on- and off-street parking markets, establishing long-term contracts with public sector providers and utilizing the combined local expertise, innovation and global experience and scale brought by Sunsea and Indigo.

Sunsea and Indigo will make an initial investment of nearly €30 million which, together with debt and further capital from local investors, will enable the joint venture to invest in tens of thousands of car parking spaces.

Sunsea has a 60% stake in the JV, with Indigo holding the remaining 40%. It is structured to allow the potential for third-party investment through special purpose vehicles.

- Acquisition of Spie Autocité

On 3 June 2019, Indigo Group announced the closing of the acquisition of Spie Batignolles concessions parking activities, operated under the Spie Autocité brand, following the fulfilment of conditions precedent.

This acquisition, highly complementary to the Group activities, allows Indigo Group to pursue the development of its long-term concessions portfolio and to increase the density of its presence in France by integrating car parks enjoying prime geographical locations especially in Paris and its suburban areas (La Garenne Colombes, Montrouge, Conflans-Sainte-Honorine, Achères), as well as in Lille and Lyon.

In 2018, the parking activities of Spie Batignolles concessions generated revenues of around €33 million.

- Takeover of WEST PARK Parking Services in Canada

Indigo Group acquired, on May 31, 2019, through its subsidiary Indigo Park Canada, one share of WestPark Parking Services (West Park), of which it held joint control until that date.

Pursuant to the shareholders' agreement between Indigo Park Canada and 7292309 Canada Inc., both of which until that date held 50% of West Park, this acquisition of one share now confers sole control to Indigo Park Canada, and commits the latter to acquire all of the remaining interest held by 7292309 Canada Inc. in 24.5% tranches in 2020 and 2021, based on a pre-determined valuation formula.

- Acquisition of APARCAMIENTOS TRIANA SA in Spain

On February 28, 2019, Indigo Group acquired, through its subsidiary Indigo Infra Spain, 96.6% of the capital of Aparcamientos Triana (Atrisa), owner of a 1,551-space car park in the Gran Canaria in Spain.

- Two successful new bond issues

On 19 June 2019, Indigo Group announces the successful pricing of two new issuances on the debt capital markets:

- A €100 million tap on existing bond

The bonds issue of €100 million took the form of a tap on the €700 million initial tranche maturing 19 April 2028 with a coupon of 1.625%.

- A new €150 million private placement

The private placement amounting to €150 million has been arranged under a German NSV format with a 20-year maturity (4 July 2039) bearing 2.250% annual coupon.

These two transactions allowed Indigo Group to increase its liquidity with a view to continuing the development of its long-term infrastructure portfolio. With these new issues the group diversifies its funding and extends its debt maturity profile with long-dated placements while benefiting from attractive market conditions.

Indigo Group is rated BBB/Stable by Standard & Poor’s.

1.2 Key events in the previous period

- Infra Park becomes Indigo Group

On 15 October 2018, Infra Park S.A.S. adopted the new corporate name “Indigo Group S.A.S.” to give greater visibility to its position as a preferred partner of cities.

- Geographical refocusing of the business and market consolidation

    - Acquisition of Besix Park NV

In June 2018, Indigo Group formed an agreement to acquire 100% of Besix Park NV, a major player in the Belgian parking market, managing around 17% of Belgium's parking spaces and generating annual revenue of over €12 million. The transaction was completed on 4 July 2018, making the Group the number-one player in the Belgian parking market in terms of the number of spaces managed, and brought it closer to the number-two player in terms of revenue.

    - Creation of a joint venture with MOBIMO in Switzerland

On 17 September 2018, Indigo strengthened its position in Switzerland by joining forces with MOBIMO, a leading player in the Swiss real-estate sector, whose head office is in Küsnacht (Zürich canton).

Indigo and Mobimo, already partners of the "Parking du Centre" concession in Lausanne, in the Flon district, took over direct management of this park in September and aim to develop new projects in Switzerland.

    - Disposal of the Group's businesses in Qatar and Russia

On 7 February 2018, the Group sold all its shares in Qatari company QDVP P.Q.S.C. to its Qatari co-shareholder QDVC Q.S.C. That sale did not have a material impact on the Group's 2018 financial statements. In April 2018, it also sold its Russian car park held indirectly through the Russia Parkinvest joint venture, in which the Group owns 50.13%. That disposal had a positive impact of €2.7 million in 2018, presented under income from companies accounted for under the equity method.

    - Disposal of subsidiaries in the United Kingdom, Germany, the Czech Republic and Slovakia

On 11 December 2018, the Group completed the disposal of its subsidiaries in the United Kingdom, Germany, the Czech Republic and Slovakia to SABA Infraestructuras. The disposal was effective immediately in the United Kingdom, Germany and Slovakia, and took place on 24 January 2019 in the Czech Republic. Together, those subsidiaries accounted for less than 6% of the Group's EBITDA in 2017.

- Successful refinancing and hedging transaction

On 19 April 2018, Indigo Group launched a new €700 million issue of bonds with a 10-year maturity (April 2028) and a fixed coupon of 1.625%.

The order book exceeded €1.4 billion, meaning the offer was twice oversubscribed, confirming the market's confidence in the long-term strength of Indigo Group's business model.

The funds raised allowed Indigo Group to repay early, in May 2018, €500 million of bonds due to mature in 2020 by exercising its "make whole" clause, as well as the €100 million shareholder loan from its parent company Infra Foch Topco.

That transaction was followed in November 2018 by derivatives contracts allowing the Group to convert €150 million of its debt to floating rate, thereby reducing its cost of debt.

- Confirmation of the Group's BBB credit rating

On 10 April 2018, Standard & Poor's confirmed Indigo Group's BBB rating, and adjusted its outlook from positive to stable.

The confirmation of the BBB rating emphasises the Group's good performance in 2018 as well as the strength of its infrastructure model and its credit ratios and considers the consequences of the aforementioned refinancing transaction.

On 24 July 2018, Standard & Poor's confirmed Indigo Group's BBB rating and stable outlook.

- Indigo Group's extra-financial rating

In March 2018, extra-financial rating agency Vigeo awarded Indigo Group a score of 61/100, making the Group the leading European company in its sector. This rating reflects the Group's workforce-related, social and environmental commitments.

- Purchase of an additional 10% stake in AGE

On 11 October 2018, in accordance with its previous undertakings, Indigo Group acquired, via its Indigo Estacionamento Ltda subsidiary, an additional 10% stake in its Brazilian subsidiary AGE, taking its interest to 80%.

- Mobility and Digital Solutions: strategic discussions aimed at boosting growth

Indigo Group's MDS (Mobility and Digital Solutions) business line, which includes OPnGO (digital parking platform) and INDIGO® weel (dockless, self-service, and shared soft mobility solutions), has experienced very fast growth since its launch. Building on this success, on 18 December 2018 the Group initiated a strategic review of the various options that could accelerate the MDS business line's development, including efforts to find new financial and/or strategic partners.

This confirms the Group's ambition to be a leading digital and shared mobility player through its two flagship digital brands: OPnGO, launched in June 2016, and INDIGO® weel, launched in December 2017.

- OPnGO: joint venture with Banrisul

On 27 November 2018, OPnGO Group BV, announced the formation of a joint venture with Banrisul (Banco do Estado do Rio Grande do Sul S.A), Banrisul Cartões (a Banrisul group company) and OPnGO Brazil Tecnologia S.A.

This joint venture aims to offer Brazilian shopping centres a car parking payment and customer loyalty solution that is the only one of its kind in the world and resulted in the creation of a new company named VeroGo, in which OPnGO Group BV will own a non-controlling interest of 6.0%.

1.3 Events taking place after 30 June 2019

- <u>Evolution of the shareholding structure</u>

On 17th September 2019, Indigo Group, announced that Mirova (through Core Infrastructure Fund II and its co-investment vehicle), an affiliate of Natixis Investment Managers dedicated to responsible investment, and MEAG, a company of Munich Re and asset manager of Munich Re and ERGO, have completed today the acquisition of Ardian's stake in Infra Foch Topco, which owns 100% of Indigo Group, following the information and consultation of the French Social and Economic Committee of Indigo, as well as the approval of the transaction by competent anti-trust authorities.

On 27th March 2019, Ardian had announced that it had entered into exclusive negotiations with a view to selling its stake to MEAG and funds managed by Mirova.

New shareholding structure
Infra Foch Topco is now held at approximately 47.1% by Crédit Agricole Assurances, 32.9% by Mirova, 14.2% by MEAG, 0.5% in treasury shares and the remainder by the management of the Group. Indigo Group remains 100% held by Infra Foch Topco.

- <u>S&P affirms Indigo Group BBB rating with stable outlook</u>

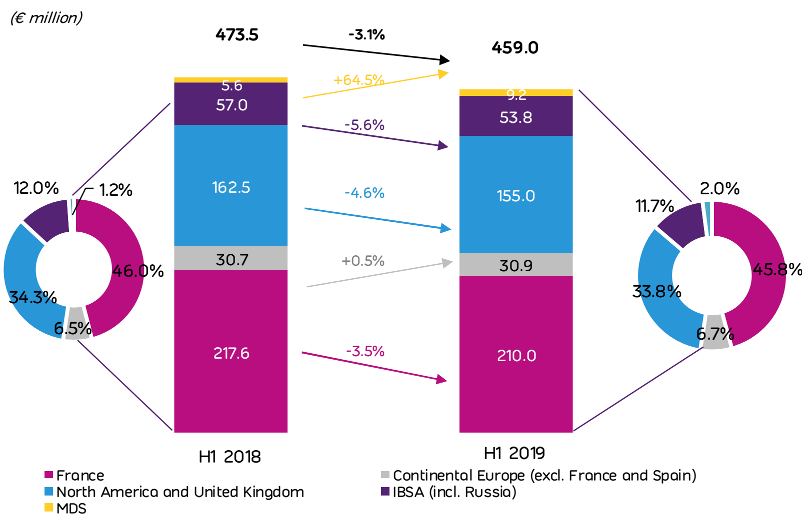
On 20 September 2019, S&P Global Ratings affirmed the issuer credit rating of Indigo Group at BBB with a stable outlook.

This rating confirmation highlights the solid 2018 performance of the Group as well as its strong infrastructure business model and its credit ratios.

2. Revenue (GP)

In the first half of 2019, the Group's consolidated global proportionate revenue was €459.0 million, down 3.1% on the first half of 2018 at constant exchange rates and down 1.8% (€8.5 million) unadjusted for currency movements, taking into account a positive exchange difference of €6.0 million.

Revenue by region at constant exchange rates



Excluding the disposal of the Group's activities in the United Kingdom, Germany, Czech Republic and Slovakia which accounted for €33.7 million in the first half of 2018, revenue grew 4.4% (€19.2 million) at constant exchange rates.

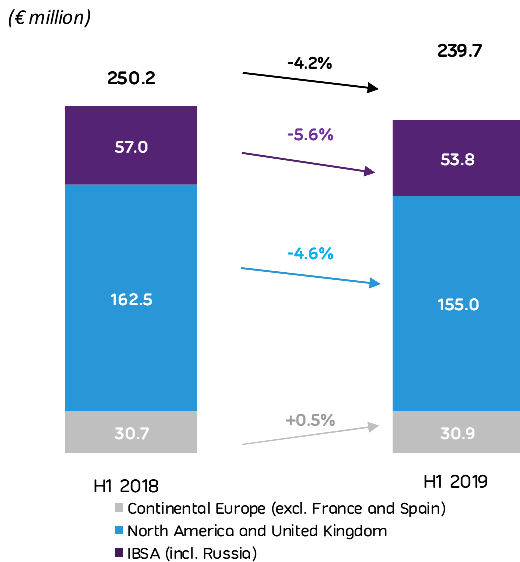
In France, revenue was down 3.5% (€7.6 million). Based on facilities in operations in both periods, revenue was down 0.4% (€0.7 million), comprising a €5.6 million decrease in revenue from hourly customers, a €2.0 million increase from subscribers and a €2.9 million increase from on-street customers, leased facilities and revenue guarantees.

Contracts won and lost between the first half of 2018 and the first half of 2019 had a €8.6 million net negative impact on revenue. The Group won contracts in Lille, Neuilly-sur-Seine, Agen and Bordeaux but stopped operating certain facilities not renewed, in particular in Nice, Grenoble and Avignon and faced the loss of contracts out of which in Paris, Vincennes or Cergy-Pontoise.

The change in scope of consolidation amounted €1.7 million with the integration of Spie Autocité in June 2019 which revenue represented €2.9 million and the disposal of our activity in Fort de France that showed a revenue of €1.2 million in the first half of 2018.

Outside France, revenue rose 10.7% (up €23.2 million) at constant exchange rates year-on-year, while unadjusted for exchange rate movements it grew 13.8% (up €29.1 million). Movements in revenue in the various geographical zones were as follows:

Movements in revenue at constant exchange rates



Continental Europe (excluding France and Spain)[2]
At constant exchange rates, revenue rose 29.1% (€7.0 million) while, unadjusted for exchange rate movements, it was up 29.8% compared with the first half of 2018. It included a €5.6 million contribution from Besix Park NV, consolidated since 1 July 2018, an increase of 8.3% (€1.1 million) in Belgium (excluding Besix Park NV), with €0.1 million attributable to the existing portfolio and €1.0 million to the beginning or

[2] Excluding the disposal of the Group's activities in Germany, Czech Republic and Slovakia

revision of several contracts and an increase of 7.1% (€0.4 million) in Luxembourg, mainly attributable to the existing portfolio.

North America[3]
Revenue in this region rose 14.3% (€19.4 million) at constant exchange rates in the first half of 2019 and 20.9% (€26.9 million) unadjusted for exchange rate movements, with a positive exchange difference of €7.5 million. Revenue in Canada (up 9.4% at constant exchange rates to €41.4 million) was boosted by Toronto, Central and Montreal regions. Revenue from the LAZ Parking joint venture in the United States, in which the Group owns a 50% stake, grew 16.2% at constant exchange rates, resulting in revenue of €113.7 million. There was very strong growth in the Massachusetts, Los Angeles, New York and New Jersey regions and the benefit of the integration of a new company Professional Parking specialized in shuttle activity.

IBSA (Spain and South America)
Revenue dropped 5.5% (€3.1 million) at constant exchange rates in the first half of 2019 and 8.1% (€4.8 million) unadjusted for exchange rate movements, with a negative exchange difference of €1.6 million. Brazil contributed €26.5 million to revenue, down 14.9% between the first half of 2018 and the first half of 2019 at constant exchange rates on account of impacts relating to turnover of variable rent contracts (with no impact on EBITDA). Revenue from Spain rose 6.8%, with a €0.3 million increase from the existing portfolio and a €1.1 million positive effect from contract variations and acquisition of a car park in Gran Canaria. Revenue in Colombia rose 2.5% compared to the first half of 2018 at constant exchange rates to €4.0 million.

The MDS (Mobility and Digital Solutions) business line generated revenue of €9.2 million in the first half of 2019 as opposed to €5.6 million in the first half of 2018, including €7.6 million from its 38% stake in Smovengo. At the end of 2017, the Group launched its new free-floating bike-sharing service under the INDIGO® weel brand, and by 30 June 2019 had introduced more than 14 000 bicycles in seven French cities. Beginning of 2019, INDIGO® weel diversified its offer by deploying almost one thousand scooters in 3 French cities.

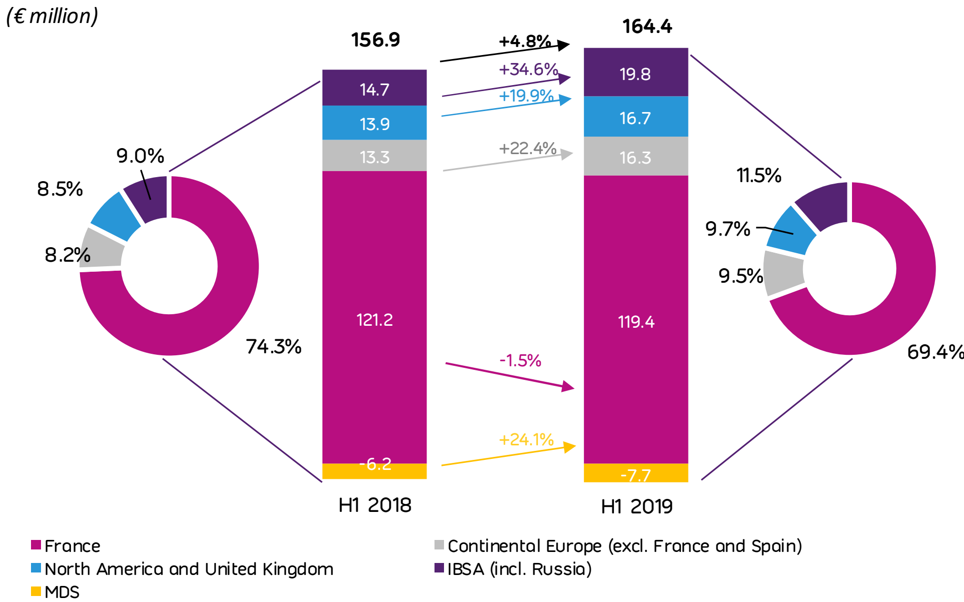
3. Earnings

3.1 EBITDA (GP)

In the first half of 2019, global proportionate consolidated EBITDA rose 4.8% or €7.5 million at constant exchange rates compared to the first half of 2018 and 4.9% (€7.7 million) unadjusted for exchange rate movements, because of a positive exchange difference of €0.2 million.

[3] Excluding the disposal of the Group's activities in the United Kingdom

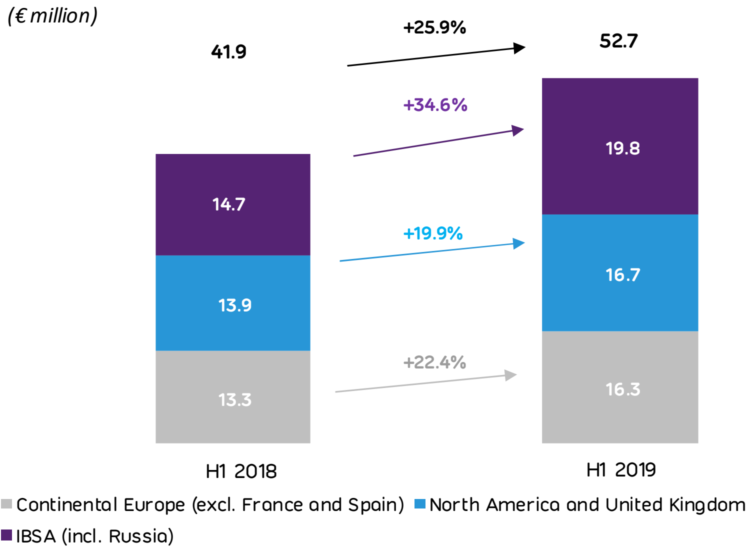
EBITDA by region at constant exchange rates



In France, EBITDA equalled 56.8% of revenue in the first half of 2019 as opposed to 55.7% in the first half of 2018. The shrinking of EBITDA between the first half of 2018 and the first half of 2019 of €7.6 million reflected the contraction of revenue for €7.6 million, the negative impact of non-recurring items of 2018 and 2019 for €1.6 million, IFRS 16 positive impact for €5.8 million and the positive variance of royalties under IFRIC 12 for €1.6 million.

Outside France, the EBITDA rose 25.9% (€10.8 million) at constant exchange rates and 26.5% (€11.0 million) unadjusted for exchange rate movements in the first half of 2019. The EBITDA of the first half of 2019 included the first application of IFRS 16 that amounted €13.1 million but no contribution from the Group's activities in the United Kingdom, Germany, Czech Republic and Slovakia which amounted €8.1 million in the first half of 2018. Movements in the various geographical zones were as follows:

EBITDA growth at constant exchange rates



Continental Europe (excluding France and Spain)[4]
EBITDA amounted to €16.3 million in the first half of 2019, up from €11.6 million in the first half of 2018, i.e. an increase of 38.8% (€4.6 million) at constant exchange rates and 39.9% (€4.6 million) unadjusted for exchange rates. EBITDA included a €2.1 million contribution from Besix Park NV, consolidated since 1 July 2018, an increase of 33.3% (€2.4 million) in Belgium (excluding Besix Park NV) due to IFRS 16 for €2.0 million and revenue growth and a 29.4% (€0.4 million) increase in Luxembourg resulting mainly from IFRS 16.

North America[5]
EBITDA surged 127.1% (€9.3 million) at constant exchange rates, and 139.0% (€9.7 million) unadjusted for exchange rate movements, because of a €0.4 million positive exchange difference. EBITDA in Canada rose 219.0% between the first half of 2018 and the first half of 2019 to €9.6 million, driven in particular by IFRS 16 (impact of €5.6 million) and revenue growth. EBITDA at the LAZ Parking joint venture in the United States, which is 50%-owned by the Group, rose 63.6% or €2.8 million at constant exchange rates year-on-year, due to a 16.2% increase in revenue and to IFRS 16 effect.

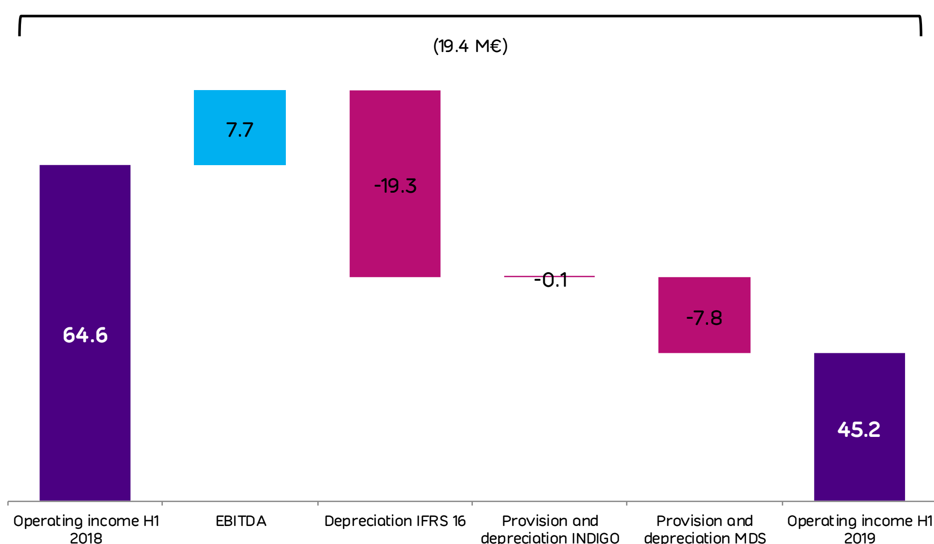
IBSA (Spain and South America)
EBITDA rose 34.6% (€5.1 million) at constant exchange rates between the first half of 2018 and the first half of 2019. Unadjusted for exchange rate movements, EBITDA rose 32.4% (or €4.8 million) to €19.8 million. EBITDA in Brazil rose €2.7 million at constant exchange rates, resulting in ramp-up of new contracts signed end of 2018 and new contracts won in 2019. EBITDA in Spain rose 21.4% (€2.1 million) compared to the first half of 2018, due to new contracts and IFRS 16.

Finally, the Mobility and Digital Solutions business line made a loss of €7.7 million at the EBITDA level in the first half of 2019 compared with a loss of €6.2 million in the year-earlier period. Digital business remains stable year on year with a loss of €2.6 million while INDIGO® weel (loss of €3.5 million), still in ramp-up phase, faced an increase in operation costs higher than its revenues compared to the first half of 2018. Smovengo made a €1.6 million loss in the first half of 2019 at the EBITDA level, as opposed to a loss of €2.4 million in the first half of 2018, showing a better performance year on year but still facing operational costs higher than its revenue.

[4] Excluding the disposal of the Group's activities in Germany, Czech Republic and Slovakia
[5] Excluding the disposal of the Group's activities in the United Kingdom

3.2 Operating income (GP)

The Group's operating income amounted to €45.2 million in the first half of 2019, down from €64.6 million in the first half of 2018, a decrease of 30.4% or €19.4 million.



That decrease was due to depreciation, amortization and provision charges on MDS business line's and the application of IFRS 16.

The Global Proportionate operating income figure of €45.2 million works out as €43.1 million under IFRSs, down 31.1% or €19.5 million relative to the first half of 2018.

3.3 Net financial income/expense (IFRS)

The cost of net financial debt reduced from €38.7 million in the first half of 2018 to €22.5 million in the first half of 2019. The decrease was mainly caused by the cost of exercising the make-whole clause as part of the early redemption of €500 million of bonds due to mature in 2020 (impact of €19.8 million) in the first half of 2018.

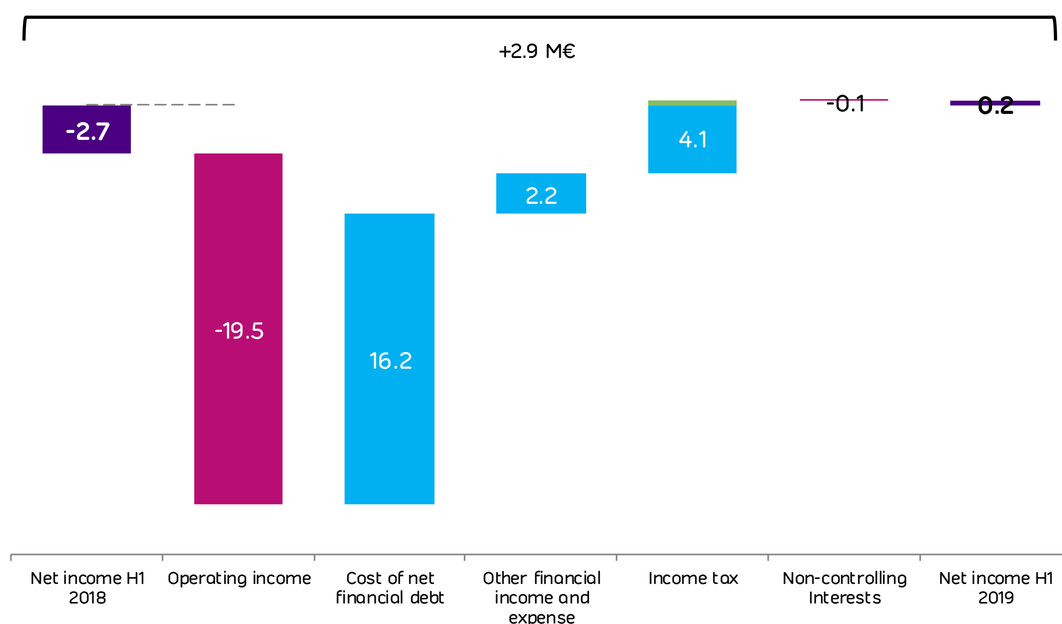
In the first half of 2019, the average interest rate on gross long-term financial debt was 2.0%[6], compared to 2.6% in the first half of 2018[7].

Other financial income and expenses resulted in a net expense of €0.3 million in the first half of 2019, lower than the first half of 2018 figure of €2.5 million which included the financial review of Brazilian put in 2018.

[6] The cost of gross financial debt excludes accretion expense related to both fixed concession and fixed rent fees.
[7] Adjusted for the impact of exercising the make-whole clause, the balance of costs to be amortized on the 2020 bonds and the one-off payment related to the early termination of a €150 million swap. The cost of gross financial debt includes the cost of the shareholder loan (over part of the year) and excludes the fixed concession fee accretion expense.

3.4 Net income (IFRS)

Consolidated net income attributable to owners of the parent amounted to €0.2 million in the first half of 2019, up from -€2.7 million in the first half of 2018.



Net income rose €2.9 million year on year to €0.2 million, with a -€19.5 million decrease in IFRS operating income, a €18.4 million reduction in the cost of net financial debt and other financial income and expense – mainly because of the make-whole transaction in the first half of 2018 – and a €4.1 million drop in the net income tax expense.

The first half of 2019 net income tax expense was €19.7 million as opposed to €23.8 million in the first half of 2018.

The effective tax rate in the first half of 2019 was 65.0.%, as opposed to 112.3% in the first half of 2018. Adjusted for the impact of the Group selling its businesses in Czech Republic, the effective tax rate for the period was 69.4%. This includes for both period negative impacts of the non-activation of fiscal deficit in certain countries where the Group operates, especially in Brazil, and in Mobility & Digital Solutions.

Consolidated net income attributable to owners of the parent figure excludes €0.4 million of income attributable to non-controlling interests in the first half of 2019 as opposed to €0.3 million in the first half of 2018.

4. Investments (IFRS)

Investments, net of disposals, amounted to €160.3 million in the first half of 2019, after taking into account the impact relating to the accounting treatment of fixed fees (IFRIC 12) and fixed leases (IFRS 16), which represented respectively a net expenditure of €37.7 million and €4.7 million.

TOTAL IFRS (€ million)	S1-2018 Paid	S1-2018 Committed	S1-2019 Paid	S1-2019 Committed
France	(0.1)	(0.1)	37.6	46.5
Disposal of CZ	-	-	(3.9)	(3.9)
International	-	-	26.8	31.2
MDS	-	-	0.3	0.3
Financial investments	**(0.1)**	**(0.1)**	**60.9**	**74.2**
France	63.4	45.7	30.1	16.2
International	15.1	14.5	22.2	13.8
MDS	1.7	1.8	4.8	5.7
Operational investments	**80.2**	**62.0**	**57.1**	**35.6**
France	63.4	45.6	63.8	58.9
International	15.1	14.5	49.1	44.9
MDS	1.7	1.8	5.1	6.0
Net investments	**80.2**	**61.9**	**117.9**	**109.8**
Fixed royalties (IFRIC 12)	54.4	54.4	32.9	32.9
IFRIC 12 Modification of contract	-	-	4.8	4.8
IFRIC 16	-	-	4.7	4.5
Net investments including impact of fixed royalties and leases	**134.6**	**116.3**	**160.3**	**152.0**

The main expenditure on investments in France during the first half of 2019 related to the acquisition of Spie Autocité company, the development under the contracts of Paris Austerlitz, Bordeaux Station and La Garenne-Colombes and ongoing car park equipment upgrades.

Outside France, investment expenditures totalled €49.1 million in the first half of 2019 and included the purchase of Aparcamientos Triana (Atrisa) in Spain, the purchase of a car park in Gare du Midi in Belgium along with investments in contracts in Brazil.

Maintenance expenditure during the first half of 2019 were comparable to the first half of 2018 after heavy technical upgrading investment in previous years.

When monitoring performance, the Group now distinguishes between maintenance and growth investments.

Maintenance investments mainly include investments intended to keep assets in line with current standards and technologies. Growth investments correspond to the acquisition, construction or renewal of car parks.

In the first half of 2019 investments broke down as follows:

DETAILS Operational investments - 2018 / 2019 (€ million)	S1-2018 Paid	S1-2018 Committed	S1-2019 Paid	S1-2019 Committed
Development investments	53.2	53.2	26.2	26.2
Car park maintenance investments	6.2	6.2	7.7	7.7
Other maintenance investments	2.3	2.3	1.7	1.7
Variation of debts	18.5	0.3	21.4	
Net operational investments excluding impact of fixed royalties	**80.2**	**62.0**	**57.1**	**35.6**

5. Cash flows (IFRS)

5.1 Consolidated cash flow statement (IFRS)

Cash flow from operations before tax and financing costs totalled €157.0 million in the first half of 2019, up 3.9%, versus €151.1 million in the first half of 2018.

Changes in the operating working capital requirement and current provisions produced a cash outflow of -€25.8 million (outflow of -€9.4 million in the first half of 2018), and the working capital surplus decreased to €142.6 million.

Net financial interest payments amounted to €31.0 million in the first half of 2018, slightly higher than the year-earlier figure (€27.9 million), while tax paid amounted to €31.2 million, higher than the €17.2 million paid in the first half of 2018.

Dividends received from equity-accounted companies totalled €1.9 million, with half coming from 50%-owned subsidiary LAZ Parking and the remaining part from 50%-owned subsidiaries in Switzerland and Canada.

Cash flow from operating activities totalled €71.8 million in the first half of 2019 versus €98.9 million in the first half of 2018.

Operating investments (net of disposals) and net financial investments led to a net cash outflow of €166.1 million (€9.4 million more than in the first half of 2018).
Cash flow from financing activities produced an outflow of -€23.5 million as opposed to an inflow of €28.8 million in the first half of 2018. It included cash inflows from a new €100 million tap of the April 2028 bond issued in June 2019, the net proceeds from which amounted to €103.9 million. It also included distribution to shareholders amounting to €93.1 million.

Taking into account all of these cash flows, the Group's cash position decreased by €116.7 million in the first half of 2019 as opposed to a decreased of €28.6 million in the first half of 2018.

5.2 *Free cash-flow* (IFRS)

For performance monitoring purposes, the Group uses free cash flow as a measure of cash flow from recurring operating activities. It equals EBITDA less disbursements related to fixed fees and fixed leases as part of concession contracts and lease contracts, changes in the working capital requirement and changes in payables and receivables on non-current assets, maintenance expenditure and other operating items that have a cash impact but that are not included in EBITDA.

In the first half of 2019, free cash flow amounted to €77.9 million as opposed to €107.1 million in the year-earlier period. The reconciliation between that figure and the consolidated cash flow statement analysed above is as follows:

	Curent forex	
(€ million)	**30/06/2018**	**30/06/2019**
EBITDA	**152.2**	**155.6**
Cash element from operating activities without impact on EBITDA	(1.1)	1.4
Cash-Flow from operating activities (before tax and financing cost	**151.1**	**157.0**
Change in WCR and current provision	(9.4)	(25.0)
Fixed fees	(28.3)	(30.3)
Fixed leases	-	(16.2)
Car park maintenance investments (undertaken)	(6.2)	(7.7)
Free Cash-Flow	**107.1**	**77.9**

The cash conversion ratio (free cash flow as a proportion of EBITDA) fell to 50.1% in the first half of 2019 (and 66.3% excluding the incorporation of Spie Autocité and IFRS 16) as opposed to 70.4% in the first half of 2018.

6. Balance sheet and net financial debt (IFRS)

Consolidated non-current assets were €3,083.8 million at 30 June 2019 as opposed to €2,777.0 million at 30 June 2018. They included concession intangible assets of €1,130.2 million, including €396.6 million in respect of the adjustment of fixed fees and €182.6 million in respect of the adjustment of fixed leases on the consolidated balance sheet, along with total goodwill of €824.0 million versus €790.8 million at 30 June 2018.

Consolidated equity was €559.3 million at 30 June 2019, including €547.2 million attributable to owners of the parent, versus €539.6 million at 30 June 2018. The share capital consisted of 160,044,282 shares at 30 June 2019, the same number 30 June 2018.

Consolidated net financial debt was €2,104.4 million at 30 June 2019 (€1,819.4 million at 30 June 2018), breaking down as follows:

(in € million)	30/06/2018	30/06/2019
Bonds	1,565.3	1,672.7
Revolving credit Facility	-0.6	-0.4
Other external debts	35.0	39.8
Shareholder's loan	0.0	0.0
Accrued interests	12.0	12.0
Total long-term financial debt excluding fixed fees and liabilities related to rights of use	**1,611.8**	**1,724.1**
Financial debt related to fixed royalties	353.4	413.7
Financial debt related to fixes leases		182.6
Total long-term financial debt	**1,965.1**	**2,320.3**
Net cash (incl. overdraft)	-145.4	-212.8
Hedging instruments FV	-0.4	-3.1
Net financial debt	**1,819.4**	**2,104.4**

Group liquidity amounted to €512.8 million at 30 June 2019 (€629.0 million at 31 December 2018). It consisted of €212.8 million of managed net cash and a confirmed bank credit facility of €300 million that was unused at 30 June 2019. This revolving credit facility is due to expire in October 2023.

Based on consolidated equity attributable to owners of the parent amounting to €547.2 million at 30 June 2019 (€636.6 million at 31 December 2018), gearing (net debt/equity) was 2.76x at 30 June 2019 as opposed to 2.57x at 31 December 2018. The IFRS leverage ratio (net debt/EBITDA ratio) was 7.04x at end-June 2019 versus 5.53x at 31 December 2018. The global proportionate leverage ratio was 6.99x at end-June 2019 versus 5.32x at 31 December 2018.

Leverage ratios need to be restated to take into account the full year impact of major acquisitions such as Spie Autocité In June 2019 and Las Palmas car park (restatement of +€17.1 million), the EBITDA impact of entities disposed off in the United Kingdom, Germany, Czech Republic and Slovakia (restatement of -€7.4 million) and the absence of EBITDA impact related to IFRS16 in the second half of 2018 (restatement of +€16.2 million).

The restated leverage ratios are respectively of 6.48x in IFRS and 6.44x in Global Proportionate at 30 June 2019.

7. Main transactions with related parties

The nature of the main transactions with related parties are described in Note 10.1 to the consolidated financial statements for the six months ended 30 June 2019.

8. Risk factors

The main risk factors to which the Indigo Group might be exposed are set out in the "Risk Factors" section on pages 1-20 of the prospectus filed with the AMF in April 2018, and in Note 9.16 "Financial risk management" to the consolidated financial statements for the six months ended 30 June 2019.

9. Reconciliation GP - IFRS data

Revenue, EBITDA and operating income figures presented above are global proportionate figures. Global proportionate figures are IFRS consolidated figures presented in the Group's consolidated financial statements adjusted for the Group's share of joint ventures (mainly in the USA, Colombia, Panama and Smovengo) as if they were consolidated proportionately and not under the equity method applied in accordance with IFRSs when preparing the consolidated financial statements.

The IFRS consolidated revenue and EBITDA figures and joint venture items included in global proportionate figures are shown below:

		REVENUE	
	Actual	Actual	Var
(€ million)	H1 2018	H1 2019	H1 2019 - H1 2018
France	217.6	210.0	*-3.5%*
Europe	28.6	29.1	*+1.5%*
NAUK	62.0	39.6	*-36.1%*
IBSA	54.0	49.3	*-8.7%*
MDS	1.4	1.6	*+13.6%*
REVENUE IFRS	**363.6**	**329.6**	***-9.4%***
- USA	91.3	113.7	*+24.4%*
- Colombia - Panama	4.6	4.5	*-2.4%*
- Smovengo	4.2	7.6	*+81.5%*
- Other	3.7	3.6	*-2.3%*
REVENUE of the JV	**103.8**	**129.4**	***+24.6%***
France	217.6	210.0	*-3.5%*
Europe	30.6	30.9	*+0.9%*
NAUK	155.0	155.0	*+0.0%*
IBSA	58.6	53.8	*-8.2%*
MDS	5.6	9.2	*+64.5%*
REVENUE Global Proportionat	**467.5**	**459.0**	***-1.8%***

		EBITDA	
	Actual	Actual	Var
(€ million)	H1 2018	H1 2019	H1 2019 - H1 2018
France	121.2	119.4	*-1.5%*
Europe	11.8	15.1	*+27.4%*
NAUK	8.2	7.9	*-4.3%*
IBSA	14.7	19.3	*+31.3%*
MDS	-3.8	-6.1	*+59.1%*
EBITDA IFRS	**152.2**	**155.6**	***+2.2%***
- USA	5.0	8.4	*+69.5%*
- Colombia - Panama	0.3	0.5	*+40.2%*
- Smovengo	-2.4	-1.6	*-32.3%*
- Other	1.6	1.5	*-3.0%*
EBITDA of the JV	**4.5**	**8.8**	***+96.3%***
France	121.2	119.4	*-1.5%*
Europe	13.2	16.3	*+23.3%*
NAUK	13.5	16.7	*+23.2%*
IBSA	14.9	19.8	*+32.4%*
MDS	-6.2	-7.7	*+24.1%*
EBITDA Global Proportionate	**156.6**	**164.4**	***+4.9%***

10. Outlook

At constant scope, the Group is expecting continued growth in revenue for full-year 2019 across its two business lines:

1) Car parks, on-street parking and adjacent services, with the ambition of offering cities a comprehensive solution,
2) Mobility and Digital Solutions (MDS), with the aim of offering digital parking solutions (OPnGO), providing shared and individual mobility solutions (bicycles, scooters, motorbikes and cars) using a shared platform and shared batteries (INDIGO® weel) as well as offering shared mobility solutions to cities (Smovengo)

With these two business lines, Indigo Group is positioning itself clearly as a key partner for cities regarding individual mobility solutions, as outlined by its GOAL 2025 strategic plan.

The main strategic aims of the Goal 2025 plan are to:

- Strengthen our model around facilities operated under long-term concession and ownership through organic growth in key countries, in order to ensure recurring cash flow over the long term,
- Step up acquisitions in "major countries" to allow us to maintain or gain a position as leader or co-leader,
- Use our expertise in international markets, supported by our three existing platforms (Europe, North America and South America), to move into the Asian market,
- Continue our policy of customer-focused innovation and quality,
- Become a leading player in digital and individual mobility services, based on our two main entities OPnGO and INDIGO® weel.

We will continue to work with cities and local authorities by investing in our car parks to prepare them for evolutions of car making technology, new forms of mobility as well as new last-mile services in cities, which is likely to cause a positive shift in our business model. We will also continue to pursue expansion of our geographical footprint, in line with our strategy.