

# ANNUAL REPORT 2016



## REVIEW OF BUSINESS



### Financial

#### Excellent results

Q-Park closed the 2016 financial year with excellent results. We successfully maintained the upward trend in revenue growth, EBITDA and free cash flow that commenced in 2015. Revenue increased 2% compared to 2015, to an amount of EUR 825.0 million. EBITDA amounts EUR 194.9 million, which is an increase of EUR 9.9 million compared to prior year (2015: EUR 185.0 million). The net result showed a significant increase from EUR 90.9 million in 2015 to EUR 128.9 million for 2016. This increase is driven by the solid EBITDA, lower interest expenses and a positive revaluation result on investment property partly offset by higher tax expenses.

The total comprehensive income amounts to EUR 91.9 million (2015: EUR 130.5 million) and is significantly impacted by negative foreign exchange results (EUR -50.5 million), mainly as a result of the outcome of the Brexit referendum.

#### Financing

In 2016, the total monetary loans decreased on balance by EUR 82.3 million. The average effective interest rate percentage on the loans outstanding in 2016, including the financial instruments linked to these monetary loans, amounts to 3.7% (2015: 4.4%). This decrease of monetary loans balance, as well as the decrease in average effective interest rate percentage, resulted in a significant drop of the cost of financing which amounted to EUR -44.3 million (2015: EUR -63.3 million)

The primary financing ratios, as stated in the standing credit facility agreed in 2016, are the 'interest coverage ratio' (ICR) and the 'Net bank debt / EBITDA' ratio. The minimum required ICR is set at 2.0 and at the end of 2016 was 4.3 (2015: 3.3). The 'Net bank debt / EBITDA' ratio was 5.6 at the close of 2016 (2015: 6.1) compared to the upper limit set at 7.0.



## Investment property

The market value of the investment property is EUR 2,872.6 million which includes EUR 1,300.5 million of legally owned property. The incoming and outgoing cash flows recognised in the valuation of the investment property are based on the revenue, costs incurred relating to operational and financial leasing and other operating expenses.

The (weighted average) discount rate for the operational component and the initial yield of the investment property component are stable compared to the previous financial year.

As a result of the excellent performance and improved operational cash flow development in 2016 the revaluation result increased significantly to EUR 61.9 million in 2016 (2015: EUR 4.2 million).

## Taxation

### General

As Q-Park is present in ten Northwest European countries, the company is confronted with different tax regimes. Q-Park organises its tax affairs in a conservative manner, taking into account what is fiscally permitted based on local and international legislation and legal precedents.

### Tax on profits

The effective tax burden on current year result (excluding incidental items) amounts to some 30.0% which is more or less in line with the group's (weighted) average tax rate. However, as a result of significant incidental items, primarily due to the closing of an ongoing discussion with the tax authorities and expiration of fiscal losses, total taxes on direct result amount to EUR -53.9 million, (2015: EUR -20.7 million), resulting in an effective tax burden of 38.7%.

Taxes on indirect result amount to EUR -21.3 million (2015: EUR 0.3 million) and include incidental items for an amount of EUR 5.0 million as a result of changes in deferred tax liabilities due to tax rate changes and a tax provision analysis performed in 2016.

## Treasury

Q-Park Financial Services NV (QFS), Q-Park's internal bank, coordinates the financing strategy and international cash flows. QFS is also responsible for managing all our interest-bearing assets and liabilities, and the execution of foreign currency transactions.