

# Brazilian Infrastructure Group Invepar Downgraded To 'CC' From 'CCC' On Debt Acceleration; CreditWatch Negative

May 13, 2025

## Rating Action Overview

- On May 9, 2025, the trustee of its fifth debentures issuance notified Investimentos e Participacoes em Infraestrutura S.A. (Invepar) that it had accelerated debt that totals Brazilian real (R\$) 517.3 million, after the company didn't use proceeds from an asset sale and receipt of shareholder loans to partially amortize the debentures, as previously agreed. Additionally, on May 13, 2025, the trustee of its third debentures also notified the company about the acceleration of the issuance totaling R\$159.3 million.
- Invepar now has a five-business-day grace period to comply with its financial obligations, and unless it receives a capital injection it is highly vulnerable to nonpayment considering its weak cash position at the holding level of about R\$100 million as of Dec. 31, 2024, pro-forma the sale of its 4.73% stake in VLT Carioca S.A. (VLT). Therefore, we deem a default a virtual certainty.
- As a result, we lowered our long-term issuer credit rating on Invepar to 'CC' from 'CCC' and our national scale rating on the company to 'brCC' from 'brB-'. We also lowered the national scale ratings on its third and fifth debentures to 'brC' from 'brCCC' and placed all the ratings on the company and its debt on CreditWatch negative.
- The CreditWatch negative reflects the risks of a default if the company cannot honor its debt obligations.

## Rating Action Rationale

**S&P Global Ratings considers Invepar's default a virtual certainty.** On May 9, 2025, the trustee of Invepar's fifth debentures issuance notified the company about the early maturity of its debt totaling R\$517.3 million after the company failed to use proceeds from the sale of VLT and shareholder loans from equity affiliate Concessionária ViaRio S.A (Via Rio) to partially amortize the debentures. Later, on May 13, 2025, the trustee of Invepar's third debentures also declared the acceleration of that issuance totaling R\$159.3 million because of the same reasons.

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Invepar now has a five-business-day grace period that ends on May 16, 2025, to comply with its financial obligations for the total amount of the fifth debentures. In our view, considering the company's weak cash position of about R\$100 million and its total financial debt of more than R\$1.4 billion (third and fifth debentures totaling R\$648 million and bank debt of R\$814 million as of Dec. 31, 2024), Invepar is highly vulnerable to nonpayment. The company now depends on receiving a capital injection from its shareholders, which is unlikely considering current business and financial conditions.

We will reassess the ratings accordingly by the end of the cure period.

## CreditWatch

The CreditWatch with negative implications incorporates the risk of a default if Invepar cannot honor its debt obligations in the next five business days. If this occurs, we would lower the ratings to 'D' (default).

## Company Description

Invepar has the concession to operate Guarulhos International Airport (GRU), Brazil's largest airport located in the metropolitan area of São Paulo, which is the group's main asset. In addition, the group manages the express lane Lamsa (not rated), a 17.4-kilometer (km) corridor that connects the north region of the city of Rio de Janeiro to the west side of the city. Invepar also holds minority stakes in roads and urban mobility assets, reported as equity affiliates, such as CRT and Via Rio, all of which operate in the state of Rio de Janeiro.

The three major local pension funds--Previ, Funcef, and Petros--are in aggregate the majority shareholders and control 75% of Invepar's shares. An investment fund--Yosemite--holds the remaining shares.

## Issue Ratings--Recovery Analysis

### Key analytical factors

The recovery ratings on Invepar's third and fifth debentures issuances are '6', reflecting the negligible recovery prospects for the debt at the holding level. As a result, the issue-level ratings are now 'brC', one notch below the national scale rating on the company of 'brCC'.

Our hypothetical default scenario would occur in 2025, with the acceleration and nonpayment of Invepar's debt. In our recovery analysis, we consider the R\$1.8 billion debt of GRU, which would recover partially at its own level, with no residual value to Invepar. At the holding level, we consider the R\$650 million outstanding debentures and the former debt of Via 040 totaling approximately R\$814 million.

### Simulated default assumptions

- Simulated default year: 2025

- Emergence EBITDA: R\$390 million
- EBITDA multiple: 5x
- Gross enterprise value: R\$1.95 billion

Simplified waterfall

- Net recovery value after administrative expenses (5%): R\$1.85 billion
- Unsecured debt claims under subsidiaries (GRU): R\$1.95 billion
- Unsecured debt claims at the holding level: R\$1.5 billion
- Recovery prospects at the holding level: 0%
- Recovery rating: '6'

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, April 4, 2024
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: National And Regional Scale Credit Ratings Methodology, June 8, 2023
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Ratings List

Ratings list		
Downgraded		
	To	From
Investimentos e Participacoes em Infraestrutura S.A. - Invepar		
Issuer Credit Rating	CC/Watch Neg/--	CCC/Watch Neg/--

Ratings list

Brazil National Scale	brCC/Watch Neg/--	brB-/Watch Neg/--
Senior Unsecured	brC/Watch Neg	brCCC/Watch Neg

Recovery Ratings Unchanged

Investimentos e Participacoes em Infraestrutura S.A. - Invepar

Senior Unsecured	brC/Watch Neg
Recovery Rating	6(0%)

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