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VALUE CAPTURING

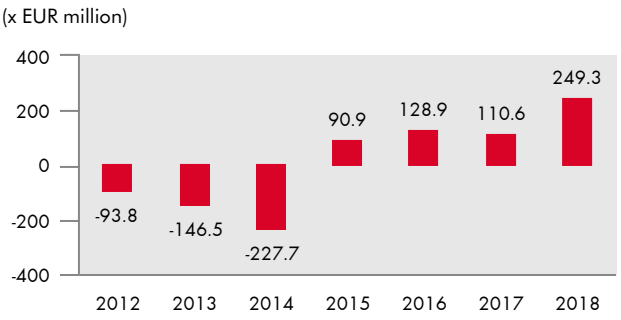
Our financial performance

In 2018, Q-Park continued to perform well financially. All major financial indicators show an improvement.

The operating result before depreciation and amortisation came out at EUR 277.5 million (2017: EUR 261.5 million). This excellent performance is driven by a strong increase in total revenue of 2.7% from EUR 854.5 million in 2017 to EUR 877.9 million in 2018. This increase is supported by the like-for-like portfolio with a revenue growth of 2.2% and the good performance of new business.

The cash flow from operating activities in 2018 also shows healthy growth from EUR 110.6 million in 2017 to EUR 249.3 million in 2018.

Chart 4: Cash flow from operating activities



Parking revenue

Of our total revenue, about 90% (EUR 787.9 million) comes from short-term and long-term parking activities. Our total parking revenue consists of:

- 75% short-term parking i.e. EUR 593.6 million;
- 25% long-term parking i.e. EUR 194.3 million.

Chart 5: Operating result

(x EUR million)

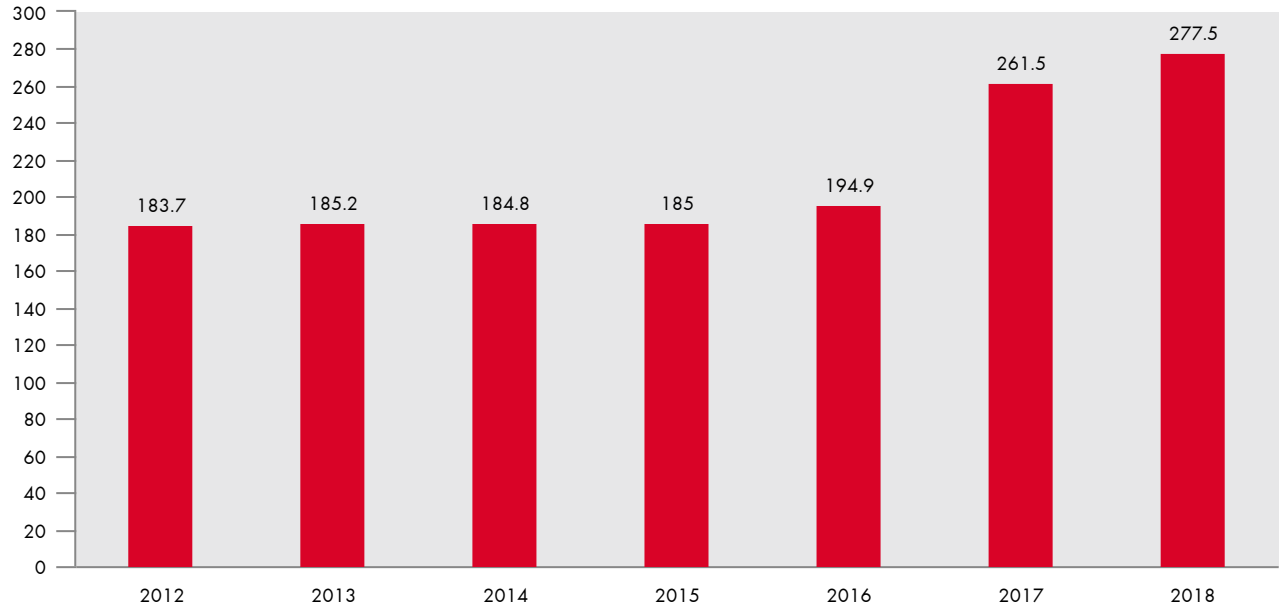
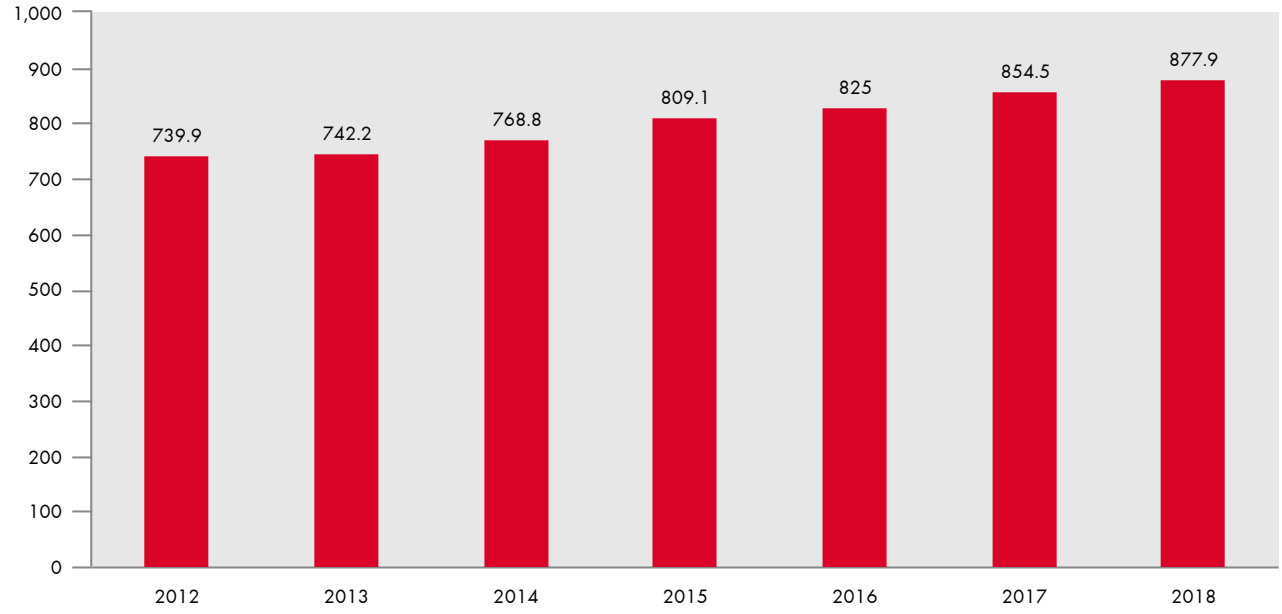


Chart 6: Net revenue

(x EUR million)



Smart contracts

We capture value for public and private landlords by offering a range of contract types and value propositions. We operate parking facilities that we own, have in concession, lease or under a management contract.

Results

Of the 3,425 owned, in concession, long-lease, short-lease and management contracts:

- 770 (22.5%) owned, concession or long-lease
- 2,120 (61.9%) short-lease
- 535 (15.6%) management

Strategic locations

We capture value for all our stakeholders through our portfolio of purpose-built and off-street parking facilities at strategic locations: in or near multifunctional inner-city areas, at public transport interchanges, and at hospitals.

In cities where we operate a certain number of car parks, we become a highly efficient parking operator and profound mobility partner. We can then engage in meaningful dialogue with other parking and mobility partners, including:

- providers of parking route information systems;
- urban planners regarding capacity of parking spaces needed and routing traffic;

Figure 15: Offering a range of smart contracts - ownership, concession, lease or management

- public and private landlords to efficiently integrate and operate their car parks in our portfolio;
- mobility providers such as public transport, shared cars and bicycles providers;
- parking tariff policy makers.

With our integrated and connected expertise, municipalities can take multiple measures to:

- reduce traffic searching for a place to park;
- improve air quality and reduce emissions;
- provide for sufficient parking capacity and proper usage, both on- and off-street;
- create a more liveable urban environment.

Figure 16: Strategic locations

Results

Cities where we have five or more purpose-built off-street parking facilities, increasing our operational efficiency significantly (in alphabetical order):

- Belgium – Antwerp and Brussels
- Germany – Berlin, Darmstadt, Düsseldorf, Hagen and Saarbrücken
- Denmark – Aarhus, Kopenhagen and Odense
- Finland – Espoo, Helsinki, Tampere, Turku and Vantaa
- France – Aubagne, Brest, Chalon sur Saône, Chambéry, Colombes, Marseille, Montigny le Bretonneux, Paris, Saint-Étienne, Toulon and Valence
- Ireland – Cork and Dublin
- Netherlands – Amersfoort, Amsterdam, The Hague, Eindhoven, Groningen, Heerlen, Maastricht, Roermond and Rotterdam
- Norway – Bergen, Drammen, Kristiansand, Lillestrøm, Oslo and Stavanger
- Sweden – Falun, Gävle, Göteborg, Helsingborg, Malmö, Örebro, Stockholm, Uppsala and Västerås
- UK – Glasgow, Leeds, Liverpool, London, Manchester and Sheffield

Environmental footprint

Q-Park aims to reduce its environmental footprint for all its operations. We express our environmental impact in terms of CO_2 emissions per parking space in owned and long-leased facilities.

We manage our environmental impact by reducing energy consumption and by introducing energy-saving technology such as LED lighting with smart switching controls in our parking facilities.

Our lighting systems switch to brighter lighting when movement of cars or pedestrians is detected. In addition, when no cars are present in part of the car park, lighting is automatically dimmed to emergency levels.

We also take simple operational measures to increase the efficiency of our parking facilities. For example, in quiet periods, we temporarily close off parking decks until the number of available spaces on the decks in use reach a certain minimum. We can do this simply by placing traffic cones in the entrance.

Emissions

Q-Park wants to contribute to lowering CO_2 emissions of other harmful substances, and to reducing particulate matter. Reducing emissions contributes to the general quality of life, and that in urban areas in particular.

Results

At Q-Park, in 2018 we again reduced our carbon footprint per parking space in owned and long-leased parking facilities by 21% compared to 2017. This considerable reduction can be attributed to our LED programme and operational measures designed to increase overall efficiency.

Note

The carbon intensity of EU electricity production decreases every year due to the increased role of renewable electricity and increased transformation efficiencies. Of the countries in which Q-Park operates we see an impressive decrease of carbon intensity in electricity production in the UK, France, Denmark, Norway and Finland. So where as the average decrease of kWh usage per owned and long-leased parking space is 12%, the average carbon footprint reduction is 21%.

Figure 17: Simple operational measures to increase energy efficiency - a traffic cone

The increase of direct energy consumption and Scope 1 emissions is mainly due to an increase in kilometres driven by car in the UK, France and Denmark.

Chart 7: Greenhouse gas emissions (GHG) in tons CO_2

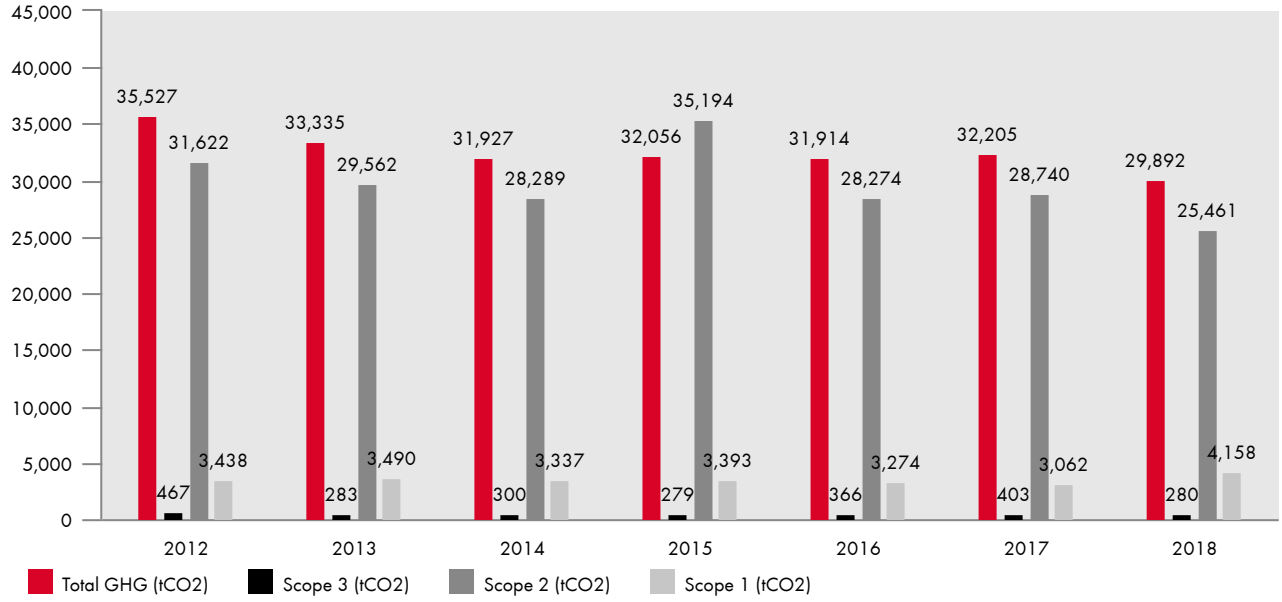
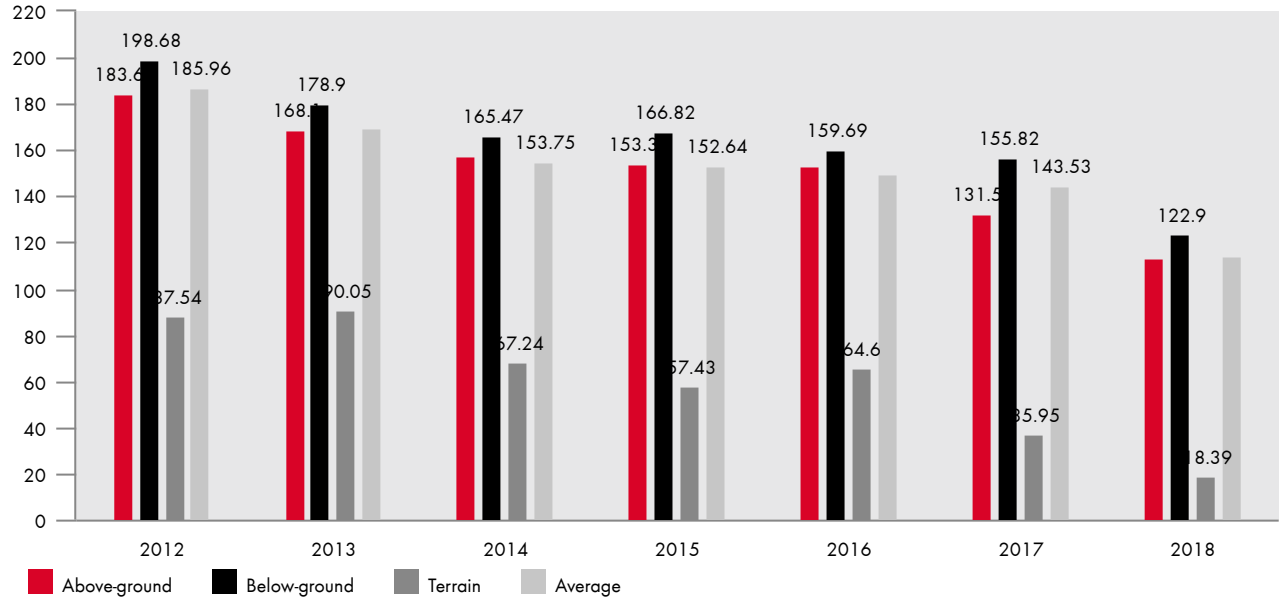


Chart 8: Carbon footprint (kg) per parking space per type of structure



Our car fleet

We endeavour to take specific measures to reduce the negative impact that our own operating activities have on the environment. Our car fleet is slowly changing as we replace diesel cars at the end of their useful life span. In the coming year, as lease car contracts expire, we expect a considerable reduction in the number of petrol cars in our fleet as well.

Results

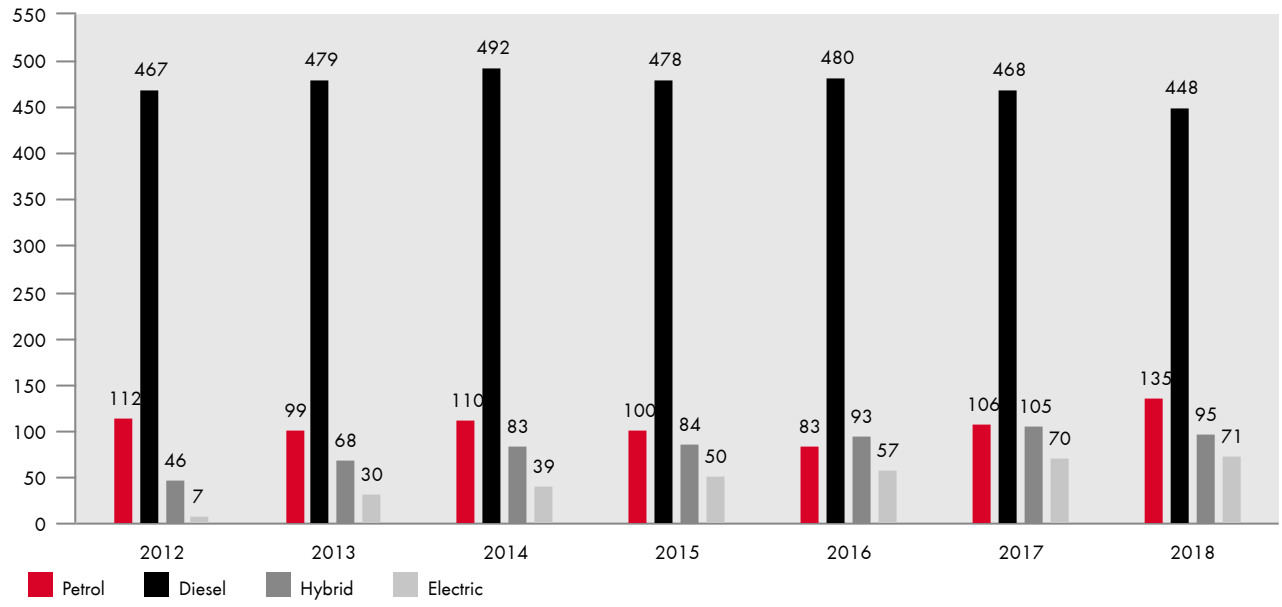
In 2018 we reduced the number of diesel cars in our fleet by 20 and increased the number of all electric cars by one, so we now have 71 e-cars.

Energy efficiency

Q-Park is a large consumer of electricity, both for lighting and operational equipment, as well as for charging electric cars. We have an energy-saving programme in place to implement measures for reducing energy consumption.

The Q-Park energy-saving programme is demonstrating clear benefits – in financial terms as well as in our environmental impact. We procure our energy on a larger scale by means of a central purchasing policy and have operational action plans to consume fewer kWh ourselves.

Chart 9: Car fleet



Results

In 2018 the total amount of energy, measured in GWh, that we consumed in our owned and long-leased parking facilities decreased by 2%.

LED transformation project

In 2018 Q-Park gave impetus to its LED transformation project to accelerate the transformation to energy efficient LED lighting in parking facilities. It's thought to be the largest project of its kind in Europe.

Chart 10: Total GWh consumed by owned and long-leased parking facilities

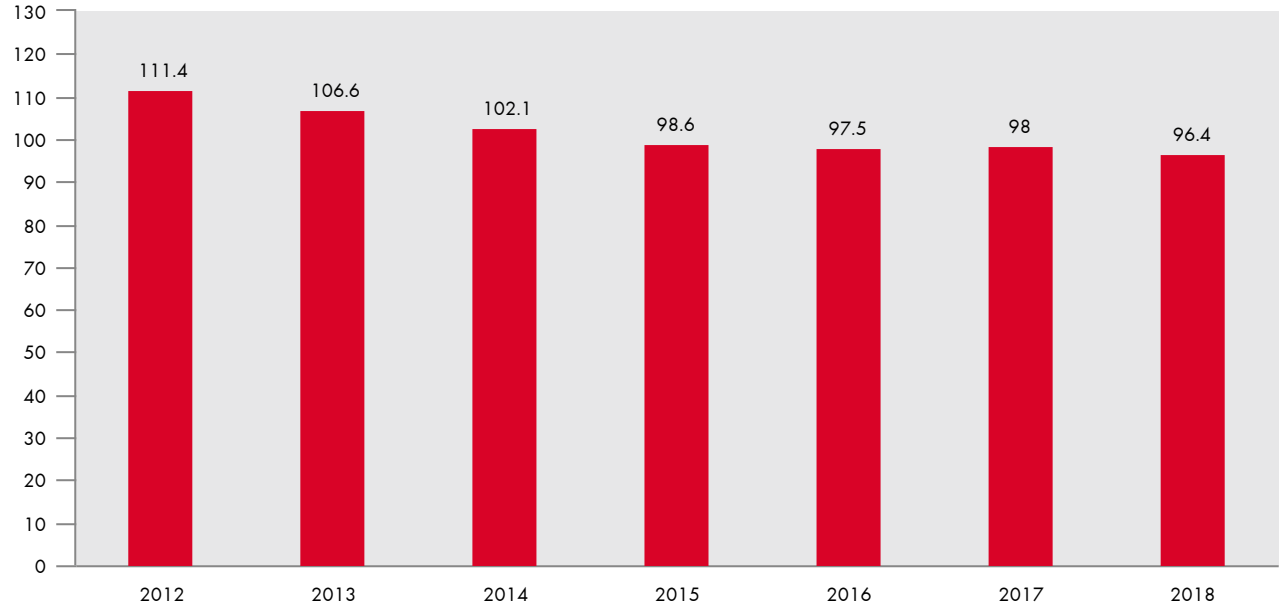
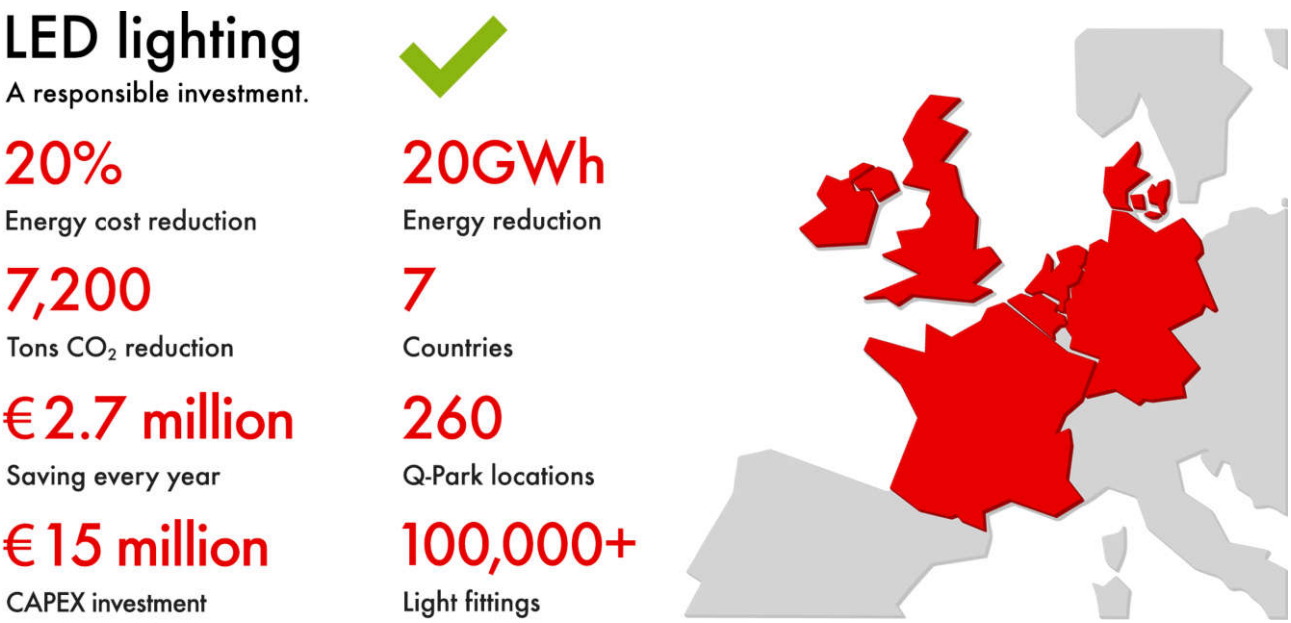


Figure 18: LED transformation project - infographic



To ensure that its parking facilities take full advantage of the latest energy-saving technologies, Q-Park is partnering with Future Energy Solutions (FES) to install state-of-the-art LED lighting in its parking facilities.

The project is being simultaneously rolled out across the Netherlands (72 sites), Germany (32 sites), France (50 sites), Belgium (22 sites), United Kingdom (47 sites), Ireland (10 sites) and Denmark (15 sites). This ambitious project will be complete by December 2019, bringing forward the considerable savings.

The huge investment, exceeding EUR 15 million, going into this LED transformation project will add more than 260 locations to the ±100 parking facilities already fitted with energy-saving lighting in the period 2013–2016.

Because of the scale of this project, Q-Park can specify criteria light fittings and every single LED. This ranges from manufacturing, installation and maintenance. We require durable, consistent quality lighting with a long warranty of at least 10 years on every lighting product we use. We have specified differing lighting levels for different purposes in the various areas within a parking facility.

We have specified our lighting requirements to meet or exceed statutory requirements as follows:

- 85 lux - parking spaces, driving aisles
- 100 lux - staircases, lift lobbies, toilets
- 200 lux - parking equipment areas
- 300 lux - payment areas
- 75 lux (night time) and 300 lux (day time) - transition light at car access and exit areas to allow motorists time to adjust their eyes to differences in light levels
- Kelvin light colour temperature - 4,000K

The project will be completed by December 2019, bringing forward the benefits and savings.

Win-Win for all

By the end of 2019, a significant proportion of the purpose-built parking facilities in our portfolio will consume less energy compared to 2018. In this way, we contribute to the aims of the Paris Agreement, which set ambitious targets for reductions in carbon emissions.

Results

Energy consumption is expected to drop by more than 20%, equivalent to more than EUR 2.7 million, accompanied by a carbon footprint reduction of more than 7,200 tonnes of CO_2 per year. These savings are cumulative, so by 2025 Q-Park will have saved more than 140 GWh of electricity, equivalent to more than 50,000 tonnes of CO_2.

In addition to more than 65% energy savings using LED lighting, installing smart lighting controls will contribute to an extra 10% energy reduction. This project means a major financial and environmental benefit for current and future Q-Park stakeholders and portfolio partners: Project developers and Public & Private Landlords.

Due to its scale, Q-Park has negotiated a 40% reduction on cost per light product. By December 2019, the lighting experience at 260 parking facilities will have been transformed with more than 100,000 installed LED luminaries.

Click here for our LED Showcase.

Parking products

Short-term parking
We serve about 1,000,000 customers every day and most of them just take a parking ticket or use their bank card to access and exit our parking facilities.

Most customers visit us between 2 to 4 times a month which makes it very convenient to just be able to make use of our services without having to register or log in. They can just come and go as they please, knowing that their car will be parked safely near a location where they want to be.

Customers hardly ever plan their trip when going shopping or visiting friends as they know that we have parking spaces available for them. But if they have tickets for the theatre or a concert and they know it will be busy in the car park, then they may want to plan and pre-book a parking space.

For customers who want to plan, or who know exactly where they want to go, our country websites provide pre-booking services and detailed information for navigation purposes. Per car park the website also includes details of onsite services, such as where they can charge an e-car and what the parking tariff structure is so customers can make an informed decision of where to park.

Figure 19: LED transformation project - transitional light at car access and exit points

Results

Of our total parking revenue about 75%, EUR 593.6 million, is generated from short-term parking.

Figure 20: Short-term parking offers flexibility and freedom of mobility

Season tickets

We offer a wide variety of season ticket options for our customers who park with us frequently and are looking for a more economic and convenient parking solution.

- Residents may want a Nights + Weekend product.
- Employees may want an Office solution, for five days a week from 7:00 til 18:00.
- Those working in retail may be better served with a 6x24 hour season ticket.

We have season tickets available for a month if customers need flexibility or for a longer period of time for customers who are looking for a better price.

Results

Of our total parking revenue about 25%, EUR 194.3 million, is generated from season ticket sales.

Pre-booking

We offer pre-booking services for our customers via our own sales channels, the country websites.

We also offer pre-booking services for the customers of our commercial partners via their sales channels. By means of APIs we offer integrated solutions for our partners and their customers to combine pre-planned activities. Consider, for example:

- Booking theatre tickets and an evening parking ticket in one smooth flow;
- Or booking your holiday and a few days or weeks parking at an airport.

The number of pre-booking transactions grows year on year as well as the number of commercial partners who seek to connect and integrate with our seamless planning-paying-parking solutions.

Figure 21: Season tickets offer an economic solution for frequent customers

Results

We have 385 parking facilities offering pre-booking services online.

Figure 22: Pre-booking services online

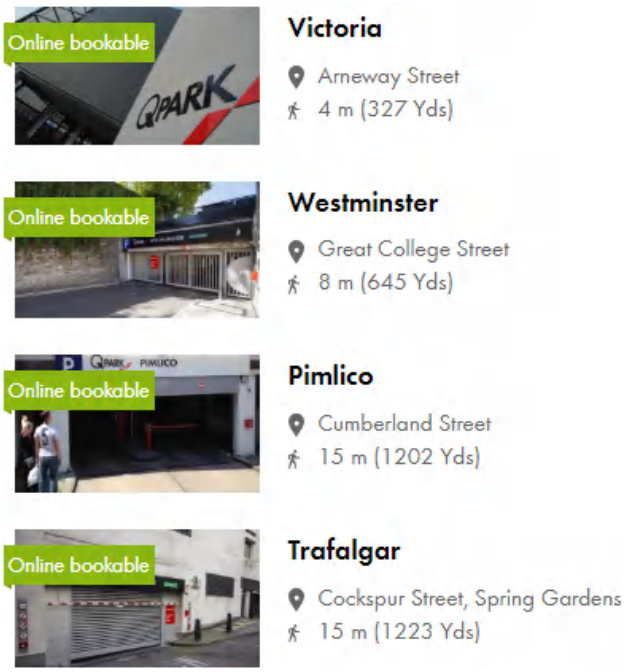


Figure 23: Pre-booking services for seamless planning-paying-parking partner solutions