FitchRatings

Public Finance
Government-Related Entities
France

Regie Autonome des Transports Parisiens (RATP)

The affirmation of Regie Autonome des Transports Parisiens (RATP) ratings reflects its government-related entity (GRE) support score of 50, reflecting extraordinary support from the French state assessed as 'Virtually Certain' under Fitch Ratings' *Government-Related Entities Rating Criteria Criteria*.

Fitch has also revised RATP's Standalone Credit Profile (SCP) to 'bbb+' from 'a-' under its updated *Public Policy Revenue-Supported Entities Rating Criteria*.

Key Rating Drivers

Support Score Assessment: 'Virtually Certain' – 50 Points

We consider that extraordinary support from the state to RATP would be 'Virtually Certain' in case of need, reflecting a score of 50 out of 60 under our GRE criteria.

Responsibility to Support

We assess both factors relative to responsibility to support as 'Very Strong', reflecting that state's tight control and support mechanisms that RATP benefits from, including its special legal status that makes the state liable for its debt.

Incentive to Support

Fitch assesses factors relative to incentive to support at 'Very Strong' and 'Strong', reflecting RATP's essential public service for the regional and national economy, and the contagion risk on other public establishments if it were to default on its debt.

Standalone Credit Profile: 'bbb+'

We assess RATP's SCP at 'bbb+', which reflects the combination of a stronger-than-average 'High Midrange' risk profile and financial profile assessed in the middle of the 'bbb' category, especially a leverage ratio (net adjusted debt / EBITDA) that we expect to be close to 10x in 2028 in our rating-case scenario (2023: 9.2x). We also expect a debt service coverage ratio below 0.6x ('b' category) and a gross interest coverage ratio close to 4x (bbb) in 2028.

This is a text exhibit 'ESG Factors - Rating Driver Text'. See instructions in side pane.

Ratings

Foreign Currency

Long-Term IDR	AA-
Short-Term IDR	F1+

Outlooks

Long-Term Foreign-Currency IDR	Stable

Debt Ratings

Senior Unsecured Debt - Long-Term Rating	AA-
Senior Unsecured Debt - Short-Term Rating	F1+

Issuer Profile Summary

RATP is the mass transit operator of the city of Paris and its suburbs, with close to 3 billion journeys made in 2023.

Financial Data Summary

(EURm)	2023	2028rc
Net adjusted debt/EBITDA (x)	9.2	10.5
EBITDA/gross interest coverage (x)	4.1	3.3
Operating revenue	6,768	7,844
EBITDA	650	656
Net adjusted debt	5,956	6,916
Total assets	19,202	-

rc: Fitch's rating-case scenario
Source: Fitch Ratings, Fitch Solutions, Regie Autonome des Transports Parisiens (RATP)

Applicable Criteria

Public Policy Revenue-Supported Entities Rating Criteria (January 2024)

Government-Related Entities Rating Criteria (July 2024)

Related Research

Supranationals, Subnationals and Agencies Handbook (September 2023)

What Investors Want to Know: The Status of EPs Is not Tantamount to a Guarantee (February 2018)

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Rating Synopsis

RATP Rating Derivation

Summary	
Government LT IDR	AA-
GRE Standalone Credit Profile (SCP)	bbb+
Support category	Virtually certain
Notching expression	Equalised
Single equalisation factor	No
GRE LT IDR	AA-
GRE Key Risk Factors and Support Score	
Responsibility to support	20
Decision making and oversight	Very Strong
Precedents of support	Very Strong
Incentives to support	30
Preservation of government policy role	Strong
Contagion risk	Very Strong
Support score	50 (max 60)
Standalone Credit Profile	
Risk profile	High Midrange
Revenue risk	Midrange
Expenditure risk	Stronger
Liabilities and liquidity risk	Stronger
Financial profile	bbb
Qualitative factors adjustments	Neutral
GRE SCP	bbb+

LT IDR – Long-Term Issuer Default Rating; GRE – Government-related entity
Source: Fitch Ratings

Distance \ Support score	>=45	35-42.5	30-32.5	20-25	15	12.5	<=10
SCP > IDR	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap	S-A/Cap
0	0	0	0	S-A	S-A	S-A	S-A
-1	0	0	0	+1/S-A	S-A	S-A	S-A
-2	0	0	0	+1	S-A	S-A	S-A
-3	0	0	-1	+1	S-A	S-A	S-A
-4	0	-1	-2	+1	S-A	S-A	S-A
-5	0	-1	-2	+2	+1	S-A	S-A
-6	0	-1	-2	+3	+2	+1	S-A
-7	0	-1	-2	+4	+2	+1	S-A
-8	0	-1	-2	+4	+3	+1	S-A
-9	0	-1	-2	+5	+3	+1	S-A
-10	0	-2	-3	+5	+3	+1	S-A

Stylized Notching Guideline Table: refer to GRE criteria for details

Analytical Outcome Guidance Table

Risk profile	Financial profile					
Stronger	aaa or aa	a	bbb	bb	b	
High Midrange	aaa	aa	a	bbb	bb	b
Midrange		aaa	aa	a	bbb	bb or below
Low Midrange			aaa	aa	a	bbb or below
Weaker				aaa	aa	a or below
Vulnerable					aaa	aa or below
Suggested analytical outcome	aaa	aa	a	bbb	bb	b

Government LT IDR	GRE SCP	GRE LT IDR
AAA	aaa	AAA
AA+	aa+	AA+
AA	aa	AA
AA-	aa-	AA-
A+	a+	A+
A	a	A
A-	a-	A-
BBB+	bbb+	BBB+
BBB	bbb	BBB
BBB-	bbb-	BBB-
BB+	bb+	BB+
BB	bb	BB
BB-	bb-	BB-
B+	b+	B+
B	b	B
B-	b-	B-
CCC+	ccc+	CCC+
CCC	ccc	CCC
CCC-	ccc-	CCC-
CC	cc	CC
C	c	C
RD	rd	RD
D	d	D

Fitch views RATP as a GRE of the French state and equalises its ratings with those of the sovereign ratings. This results from a 'Virtually Certain' support assessment from the state combined with an SCP assessed at 'bbb+', four notches below the 'AA-' sovereign rating.

Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

An upgrade of France's sovereign ratings would be mirrored in RATP's ratings, all other things being equal.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

A downgrade of France's sovereign ratings would be mirrored in RATP's ratings.

RATP's ratings could also be downgraded if Fitch revises lower its assessment of support to 40 points or below. This could reflect weaker control by or support from the state or a diminishing of RATP's strategic importance to the state.

RATP's ratings could also be downgraded if its SCP was lowered to 'b', which we currently view as unlikely.

Issuer Profile

RATP is a public law company that has the dual role of infrastructure manager and operator of the mass-transit network of the Paris area. It operates all metro, tram and bus lines in Paris and a number of bus routes in the suburbs. It also operates part of the Regional Express Network (RER) together with Societe nationale SNCF SA (AA-/Stable). RATP is also responsible for the management of related infrastructure. It will also be in charge of managing the infrastructure of the automated metro network Grand Paris Express.

The issuer has a legal monopoly on mass-transit services in the Paris area, but a law on the organisation and regulation of railway services (law ORTF1No. 2009-1503) prepares the sector to be openend up to market competition, with new lines expected to be publicly tendered. Bus services in Paris will be gradually liberalised in 2025, tramways in 2030, and the metro and RER in 2040.

RATP owns the infrastructure and some operational equipment. Rolling stock and maintenance equipment are owned by Ile-de-France Mobilites (IDFM), the transport authority for Ile-de-France (AA-/Stable) covering the City of Paris (AA-/Stable) and its eight departments, and are made available to RATP; as the market is liberalised these will be returned to IDFM, with RATP receiving the net accounting value (net of subsidies) of these assets in exchange.

RATP is also the holding and consolidating company of the RATP Group, which includes private law subsidiaries, notably RATP Developpement (RATP Dev), which operates outside of Paris. Fitch only rates EPIC (industrial and commercial public undertaking) RATP (RATP), but the financial analysis is based on the consolidated accounts. The EPIC centralises most of the group's external funding in euros, while its private subsidiaries' financings are in local currencies. RATP occasionally provides euro-funding to its private subsidiaries at similar terms to those that it would find on the markets, to comply with EU regulation. RATP Dev is mostly financed independently through bank loans.

Support Rating Factors

Summary

Responsibility to support		Incentives to support			
Decision making and oversight	Precedents of support	Preservation of government policy role	Contagion risk	Support score	Support category
Very Strong	Very Strong	Strong	Very Strong	50 (max 60)	Virtually Certain

Source: Fitch Ratings

Decision-Making and Oversight

The government owns RATP so has strong decision-making power and also has tight control of its strategy through the appointment of its chief executive officer (Jean Castex since November 2022, a former prime minister) by the French president and through its letter of engagement that contains RATP's main priorities. RATP is also subject to state audit, by the central government's Court of Auditors and by audit teams from the Ministry of Finance.

Fitch considers the control and oversight by the sponsor as highly supportive of RATP's credit quality. The board decides important strategic, economic, financial and technological issues. It comprises five state representatives, including the prefect of Ile-de-France. There are also, three economic and political experts, one representative from LRGs, one user representative and five staff representatives

EU Directive 2012/34 of 21 November 2012 establishing a single European railway area requires strict separation (at least of accounts) of the infrastructure manager and the operator to prevent cross-financing between the two, which RATP did in 2012. As the market gradually liberalises (starting with buses in 2025), RATP is spinning off its liberalised activities into private law subsidiaries, as its EPIC status could be seen as distorting competition.

Based on other EPIC-status entities becoming (fully state-owned) commercial law companies due to market liberalisation, such as La Poste (A+/Stable) or SNCF, Fitch believes that as public transport in the Paris area gradually liberalises, the risk that RATP loses its EPIC status increases. However, this is unlikely to affect the assessment of this factor as long as the state retains full ownership and control.

Precedents of Support

RATP's status as an EPIC means that in case of dissolution, all its assets and liabilities would be transferred to the state or another designated public entity. There are precedents for this support mechanism in France. It also implicitly guarantees RATP's liquidity, as it is eligible for a series of support mechanisms, including state cash advance, emergency loans from the Treasury and, in case of need, commercial paper issued by RATP can be bought by the Public Debt Fund (Caisse de la Dette Publique).

EPIC status also means that it cannot file for bankruptcy and the state must bail it out if necessary. However, an EPIC's debt does not have an explicit state guarantee. RATP is 100% state-owned and has no share capital.

Fitch considers that the government and public sector have consistently supported RATP to maintain a strong financial profile. RATP operates under a multi-year agreement with IDFM. We consider the 2021-2024 agreement to be more supportive than the previous one (2016-2020) since it further protects RATP's revenue against a traffic drop and substantially increases subsidies to cover RATP's capex, which will now be 60%-subsidised, against 45% in the previous contract, while increasing RATP's incentive to improve service quality and customer satisfaction.

Fitch expects that the government would rapidly intervene to prevent RATP from failing to meet its obligations if needed, particularly given the large amount of debt RATP has issued in the international markets as well as its strategic importance to the Ile-de-France region. RATP has not needed such support.

IDFM's role includes the creation and operation of regional public transport services; co-ordination of investment subject to the responsabilitiesof the other three entities (SNCF Réseau, AA-/ Stable) for the network operated by SNCF; RATP for the network it operates; and the Société des Grands Projets); and setting tariffs.

IDFM received EUR1.3 billion in extraordinary support from the state in 2020 during the Covid-19 pandemic, (consisting of a EUR151 million grant to compensate for the loss of transport levy, and a EUR1,175 million cash advance to compensate for the loss of transit fares). In 2021, it received another EUR800 million advance to compensate for the loss of transit fares. This support was granted to enable IDFM to maintain its contractual payments to RATP and SNCF SA.

The state's future ability to provide timely support could be limited given that RATP's activities are increasingly exposed to competition. Fitch will continue to monitor developments regarding RATP's ability to take part in competitive tenders, even if its public ownership and access to state liquidity, as per its EPIC status, have not been examined for any potential anti-competition issues by EU and French authorities.

Preservation of Government Policy Role

RATP provides an important public service for the regional and national economy. Before the pandemic, 40% of daily commutes in Ile-de-France were on public transport networks. In 2023, 3 billion trips were made on the RATP network in Ile-de-France, a 4.3% rise from 2022. The issuer would be difficult to substitute in the short to medium term, with the transition process likely to lead to severe service disruption. Fitch also believes there would be grave political repercussions following a default by RATP.

RATP is also central in the government's plan to extend the public transportation system in Ile-de-France. This large investment plan is supported by Societe des Grands Projets (AA-/Stable), whose main mission is to build the new automated metro network, the Grand Paris Express, the largest transport project in Europe with 200km of new railway lines and 68 new stations. The goal is to double Paris's existing metro network by 2030. RATP is the co-contracting authority (along with IDFM) for the extension of the metro line 14 north of Paris. RATP will manage the infrastructure, which will be owned by Societe des Grands Projets.

Contagion Risk

Fitch views RATP as a reference issuer for the state, since it has strong and sustained presence on both domestic and international financial markets with its EUR7 billion medium-term note programme and its EUR3 billion Neu CP programme. RATP is a large issuer with close to EUR9 billion of market debt outstanding at end-2023.

Fitch believes a default of this core government entity would significantly disrupt the sovereign's credit standing and the borrowing capacity of other French GREs, especially other public establishments for an extended period, as this would call into question their access to state liquidity mechanisms.

RATP relies on its market access to refinance its outstanding bonds. Over the past three years, RATP has issued close to EUR500 million of bonds a year on the market. RATP also had more than EUR2 billion of Neu CP outstanding in December 2023. Fitch considers that a financial default would not necessarily materially affect the provision of service but would hamper RATP's significant investment programme.

Standalone Credit Profile Assessment

RATP's 'bbb+' SCP results from the combination of better-than-average 'High Midrange' risk profile and a financial profile assessed in the middle-end of the 'bbb' category, particularly given an expected leverage ratio at about 10x in 2028 under our rating case.

Risk Profile Assessment

Summary

Revenue risk	Expenditure risk	Liabilities and liquidity risk	Operating environment score	Risk profile
Midrange	Stronger	Stronger	aa	**High Midrange**

Source: Fitch Ratings

Fitch assesses RATP's risk profile at 'High Midrange', reflecting the combination of assessments:

Revenue Risk: Midrange

RATP's demand characteristics are capped at 'Midrange' since more than 70% of its operating revenues are contracted with IDFM, rated in the 'A' category.

For its operations in the region of Ile-de-France, RATP does not have any tariff-setting power. However, we view the current contract (2021-2024) as supportive since transfers from IDFM are indexed to RATP's main cost drivers (energy prices, staff costs). We consider that tariffs are unlikely to materially affect demand for public transport in the region of Ile-de-France.

Under its current contract RATP is largely immune to traffic risk, which is borne by IDFM. Also, if IDFM takes a tariff decision that leads to lower fare revenue, it is required to compensate RATP through an operating subsidy.

RATP primarily operates in Ile-de-France, where demand is high and sustainable. Demand for public transportation in Paris is loosely correlated with local GDP growth. RATP benefits from a captive catchment area as it has a monopoly on urban transport in Paris, although competition exists outside city limits. Direct competition will officially start in 2025 with the bus network, which represents about a third of the total number of trips.

Fitch considers the overall legal framework in France and Paris, in particular, to be supportive of public transportation as an alternative to individual car ownership. Using a car in Paris has become harder in the past few years, due to the closure of several important roads, the reduction in the number of lanes dedicated to cars in favour of buses and bicycles, and a ban on the most polluting cars.

Subsidiaries account for about 25% of RATP's consolidated revenue, with RATP Dev making up the bulk of it. RATP Dev's revenue is from long-term contracts and mainly comes from Europe, Africa, Middle East and the US.

Fitch considers the pricing characteristic as 'Midrange', because RATP does not have any tariff-setting power for its operations in Paris. Tariffs are set by IDFM, including for Paris, and are regularly adjusted to cover costs. Under the current contract:

- IDFM must fully compensate RATP for lower revenue resulting from a tariff increase.
- In case of a "major tariff reform" resulting in lower fare revenue for RATP, IDFM is required to cover 90% of the difference from previously expected revenue in the first year, 70% in the second year and then 50%.
- In case of a strike that leads to fare revenue being equal or below 75% of budgeted fare revenue, IDFM must fully compensate RATP.

IDFM has regularly implemented fare increases to match inflation, and operating revenue growth remains close to opex growth. Fitch does not expect future contracts to fundamentally alter this framework.

Revenue Breakdown Excluding Non-Cash Items, 2023

	(EURm)	% of operating revenue
Subsidies from IDFM	4,898	72
Other revenues from transportation	1,357	20
Revenue from other activities	513	8
Operating revenue	**6,768**	**100**
Interest revenue	-3	-
Capital revenue	1,314	-
Memo: Non-cash operating revenue	0	-

Source: Fitch Ratings, Fitch Solutions, Regie Autonome des Transports Parisiens (RATP)

Expenditure Risk: Stronger

RATP's operating costs have historically displayed low volatility and are well covered by operating revenue. RATP's main cost drivers are staff costs (63% of RATP's opex in 2023), with low potential volatility and no supply constraints. We consider that RATP has strong ability to adjust costs in case of demand shifts (especially energy). RATP is implementing an efficiency plan agreed with IDFM that aims at limiting operating spending growth to 1% below operating revenue growth.

We view mechanisms for investment planning and funding as strong, notably due to RATP's expertise and the state supervision.

Staffing costs have been stable since 2012, when it comprised 59% of operating costs. Group level headcount increased to about 71,000 at end-2023 from 50,000 in 2013, mostly due to the subsidiaries and the new contracts won in France and abroad. At the EPIC level, most employees benefit from a special status negotiated in 1948, which limits RATP's flexibility on this item.

RATP's opex grew by 3.9% a year on average per year over the past five years, in particular due to the increase in expenditure due to high inflation in 2022-2023. This rise remains the in line with operating revenue growth (3.2% a year over the same period) as most of the opex are directly covered by subsidies from IDFM. RATP has already implemented some measures to control the increase in staffing costs both in the operational services and in the central functions.

General opex made up 34% of the group's opex in 2023. It includes energy costs, maintenance expenditure and many other miscellaneous cost items. The multi-year agreement with IDFM takes into account the trend in opex to set the level of contributions, limiting the negative impact of an increase in RATP's costs.

RATP does not depend on any rare resource, despite its workforce expanding to match the growing network. Like other EMEA urban transport operators, RATP had been facing difficulties to hire bus drivers since 2021. RATP is also sensitive to energy prices. It is investing heavily to reduce its dependence on non-renewable energies and replace its diesel buses with electric vehicles. However, any rise in energy prices should be reflected in the contributions from IDFM.

RATP's investment programme is defined in its multi-year agreement with IDFM. In the 2021-2024 agreement, RATP will invest about EUR8.4 billion. Most capex will be dedicated to the transport operator and rolling stock (75%), and to increase and renew infrastructure (12%).

Nearly two-thirds (60%) of capex will be covered by capital revenue from IDFM and other state transfers, with the remainder from RATP's funds from operations. The current contract between IDFM and RATP indicates that IDFM will now assume all costs of bus fleet renewal, replacement of rolling stock, and all the increase of network expansion or development of supply. Contributions from IDFM will be much higher than in the previous multiyear contract to reduce the cost of the rolling stock and maintenance equipment transfer to IDFM as the market is liberalised (since RATP will receive the accounting value net of subsidies of these assets).

We expect the future contract (starting in 2025) to be similar to the current one.

Expenditure Breakdown Excluding Non-Cash Items, 2023

	(EURm)	% of operating expenditure
Staff cost	3,827	63
Tax related expenses	230	4
Other operating expenditure	2,061	34
Operating expenditure	**6,118**	**100**
Interest expenditure	157	-
Capital expenditure	2,212	-
Memo: Non-cash operating expenditure	554	-

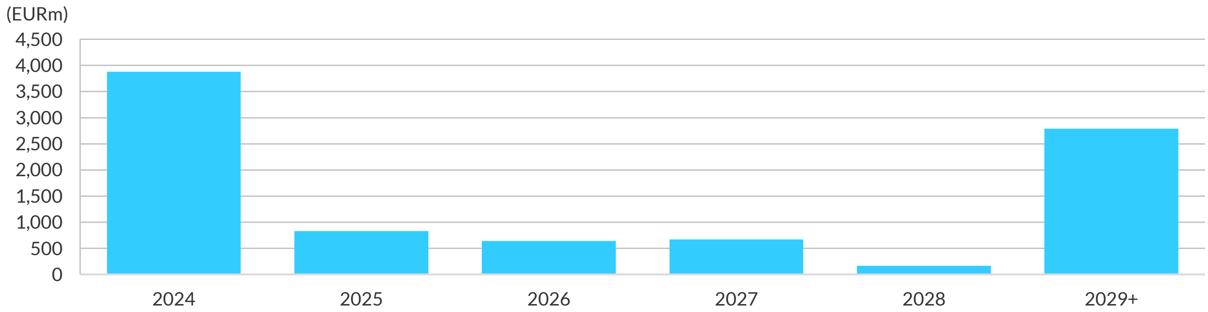
Source: Fitch Ratings, Fitch Solutions, Regie Autonome des Transports Parisiens (RATP)

Liabilities and Liquidity Risk: Stronger

RATP's liabilities carry little risk. At end-2023, 95% of its debt was fixed-rate and 98% was denominated in euros. The share of short-term debt was high (43%) due to a sizeable amount of commercial papers outstanding but almost completely covered by the available cash (EUR3 billion). The debt amortisation profile is smooth. Fitch views the framework for emergency liquidity support from the state to public establishments (etablissements publics, or EPs) as strong, with a low counterparty risk (AA-).

Fitch-adjusted debt includes RATP's short-term debt (EUR3.8 billion at end-2023) and long-term direct debt (EUR5.1 billion). Net Fitch-adjusted debt (EUR5.9 billion) corresponds to the difference between Fitch-adjusted debt and year-end cash deemed by Fitch as unrestricted (EUR3.0 billion). Fitch considers that all of RATP's cash is available for debt service and is hence unrestricted.

Debt Repayment Profile (as of end-2023)



Source: Fitch Ratings, Regie Autonome des Transports Parisiens (RATP)

Debt and Liquidity Analysis

	End-2023
Total debt (EURm)	8,977
Cash and liquidity available for debt service (EURm)	3,021
Undrawn committed credit lines (EURm)	0
Debt in foreign currency (% of total debt)	1.9
Debt at floating interest rates (% total debt)	5.0
Short-term debt (% of total debt)	42.6
Issued debt (% of total debt)	79.0
Apparent cost of debt (%)	1.9
Weighted average life of debt (years)	10

Source: Fitch Ratings, Fitch Solutions, Regie Autonome des Transports Parisiens (RATP)

Financial Profile Assessment

Traffic continued to recover from the pandemic in 2023, rising 4.3% yoy. However, RATP's EBITDA fell to EUR650 million (2022: EUR797 million) due to a challenging macroeconomic environment, especially high energy prices and a tight labour market. Combined with an increase in net adjusted debt (EUR5.9 billion at end-2023 from EUR5.7 billion at end-2022), it led to a deterioration of RATP's leverage ratio to 9.2x for 2023 (2022: 7.1x).

In its rating-case scenario, Fitch expects RATP's EBITDA to remain close to EUR650 million in 2028, as we expect costs to remain dynamic and IDFM to continue to encourage RATP to achieve efficiency gains. RATP's ability to implement cost-saving measures and the impact of the liberalisation of Paris bus lines from 2025 will determine EBITDA evolution.

We expect RATP's net debt to increase over the course of our rating case (to EUR6.9 billion from EUR5.9 billion at end-2023) due to RATP's large capex programme; however, this is mostly compensated by large capital subsidies from IDFM, and the compensation of about EUR450 million that RATP will receive in 2025 for the transfer of buses to IDFM. We expect RATP's leverage to be close to 10x in 2028.

Financial Profile Guidance Table

	Primary Metric	Secondary Metrics		
	Leverage Ratio (x)	Debt Service Coverage Ratio (x)	Gross Interest Coverage Ratio (x)	Liquidity Coverage Ratio (x)
aaa	X ≤ 0	X ≥ 3	X ≥ 10	X ≥ 5
aa	0 < X ≤ 4	2 ≤ X < 3	6 ≤ X < 10	3 ≤ X < 5
a	4 < X ≤ 8	1.4 ≤ X < 2	4 ≤ X < 6	1.8 ≤ X < 3
bbb	**8 < X ≤ 12**	1 ≤ X < 1.4	**2 ≤ X < 4**	1.2 ≤ X < 1.8
bb	12 < X ≤ 18	0.6 ≤ X < 1	1 ≤ X < 2	0.8 ≤ X < 1.2
b	X > 18	**X < 0.6**	X < 1	**X < 0.8**

Note: Yellow highlights show metric ranges applicable to Issuer
Source: Fitch Ratings

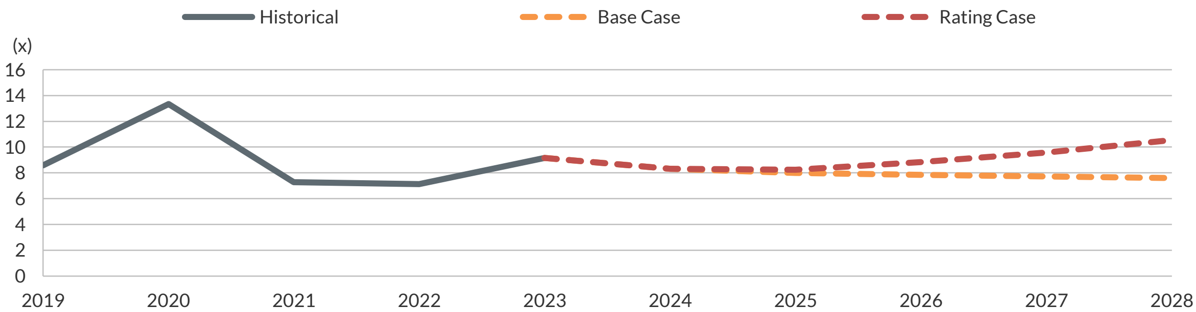
Fitch's Base and Rating Cases - Main Assumptions and Outcomes

		2024 - 2028 Average	
Assumptions	**2019-2023**	**Base Case**	**Rating Case**
Operating revenue growth (%)	3.2	3.2	3.0
Operating expenditure growth (%)	4.1	3.0	3.3
Net capital expenditure (average per year, EURm)	-1,015	-1,172	-1,172
Apparent cost of debt, 2023 (%)	1.9	2.3	2.3

		2028	
Outcomes	**2023**	**Base Case**	**Rating Case**
EBITDA (EURm)	650	853	656
Net adjusted debt (EURm)	5,956	6,481	6,916
Net adjusted debt/EBITDA (x)	9.2	7.6	10.5

Source: Fitch Ratings, Fitch Solutions, Regie Autonome des Transports Parisiens (RATP)

Net Adjusted Debt/EBITDA - Fitch's Base and Rating Case Scenarios



Source: Fitch Ratings, Fitch Solutions, Regie Autonome des Transports Parisiens (RATP)

Debt Ratings

The ratings of RATP's EMTN and Neu CP programmes are at the same level as its Long- and Short-Term Issuer Default Ratings (IDRs).

Peer Analysis

Peer Comparison

	Risk Profile	Financial Profile	SCP	Support Category	Single Equalisation Factor	LT IDR
Regie Autonome des Transports Parisiens (RATP)	High Midrange	bbb	bbb+	Virtually certain	No	AA-
Societe nationale SNCF SA	Midrange	aa	a-	Extremely likely	No	AA-
Hamburger Hochbahn AG	Stronger	bb	bbb	Extremely likely	Yes	AAA
Transport for London	Stronger	bbb	a	Extremely likely	No	AA-

Source: Fitch Ratings

RATP's closest peers are Transport for London (TfL, AA-/Stable), Hamburger Hochbahn AG (HH, AAA/Stable) and SNCF SA (AA-/Stable).

TfL's and HH's lower support categories result from lower assessments of the decision-making and oversight and contagion risk, respectively. They however have a 'Stronger' risk profile, reflecting a stronger assessment of revenue risk, higher than RATP that is capped at 'Midrange' on this factor due to the rating of IDFM (A+/Positive). Both entities have their final IDRs equalised with their sponsors.

SNCF SA's lower support category reflects our view that a default from this entity would have lower contagion risk than RATP, since SNCF SA does not have the status of an EP. Its lower risk profile, mostly resulting from the fact that its revenues are derived from competitive markets, are compensated by a stronger financial profile and also result in the same 'AA-'/Stable IDR.

Financial Adjustments

Fitch's adjusted debt includes RATP's short-term debt (EUR3.8 billion at end-2023) and long-term debt (EUR5.9 billion). The net adjusted debt corresponds to the difference between Fitch-adjusted debt and the cash at the end of the year viewed as unrestricted by Fitch (EUR3 billion). Fitch considers that all of RATP's cash is available for debt service and is hence unrestricted.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

Appendix A: Financial Data

Regie Autonome des Transports Parisiens (RATP)

(EURm)	2019	2020	2021	2022	2023
Income statement					
Operating revenue	5,905	5,695	6,031	6,253	6,768
Operating expenditure	-5,773	-5,818	-5,800	-6,042	-6,672
Interest revenue	38	32	9	6	-3
Interest expenditure	-201	-196	-142	-125	-157
Other non-operating items	175	280	98	-110	-56
Taxation	-6	-62	11	-14	11
Profit (loss) after tax	139	-69	207	-32	-109
Memo: Transfers and grants from public sector	2,152	2,247	4,752	4,606	4,898
Balance sheet summary					
Long-term assets	12,806	12,487	12,953	12,991	12,923
Stock	250	296	267	258	254
Trade debtors	1,378	1,600	2,670	2,569	1,887
Other current assets	456	417	502	817	1,117
Total cash, liquid investments, sinking funds	1,544	2,922	2,535	1,943	3,021
Total assets	16,435	17,722	18,927	18,578	19,202
Long-term liabilities	6,976	7,116	6,886	6,214	5,949
Trade creditors	2,771	2,683	3,640	3,484	2,994
Other short-term liabilities	1,820	3,285	3,364	3,092	4,929
Charter capital	815	550	890	656	573
Reserves and retained earnings	4,021	4,077	4,123	5,119	4,762
Minority interests	33	11	24	13	-5
Liabilities and equity	16,435	17,722	18,927	18,578	19,202
Net equity	4,868	4,638	5,037	5,788	5,330
Debt statement					
Short-term debt	1,719	3,202	3,281	2,335	3,828
Long-term debt	5,294	5,486	5,264	5,292	5,149
Total debt	7,013	8,688	8,545	7,627	8,977
Other Fitch-classified debt	0	0	0	0	0
Adjusted debt	7,013	8,688	8,545	7,627	8,977
Unrestricted cash, liquid investments, sinking funds	1,544	2,922	2,535	1,943	3,021
Net adjusted debt	5,469	5,766	6,010	5,684	5,956
EBITDA reconciliation					
Operating balance	132	-123	231	211	96
+ Depreciation	479	521	551	556	568
+ Provision and impairments	25	34	43	30	-14
+/- Other non-cash operating expenditures/revenues	0	0	0	0	0
= EBITDA	637	432	825	797	650

Source: Fitch Ratings, Fitch Solutions, Regie Autonome des Transports Parisiens (RATP)

Appendix B: Financial Ratios

Regie Autonome des Transports Parisiens (RATP)

	2019	2020	2021	2022	2023
Income statement ratios					
Operating revenue annual growth (%)	1.9	-3.6	5.9	3.7	8.2
Operating expenditure annual growth (%)	5.9	0.8	-0.3	4.2	10.4
EBITDA/operating revenue (%)	10.8	7.6	13.7	12.7	9.6
Personnel costs/operating expenditure (%)	63.9	60.3	64.4	63.3	62.6
Total transfers from public sector/operating revenue and ad-hoc transfers (%)	36.4	39.5	78.8	73.7	72.4
Balance sheet ratios					
Current assets/adjusted debt (%)	51.7	60.3	69.9	73.3	69.9
Current assets/total assets (%)	22.1	29.5	31.6	30.1	32.7
Total assets/adjusted debt (%)	234.4	204.0	221.5	243.6	213.9
Return on equity (%)	2.8	-1.5	4.1	-0.6	-2.0
Return on assets (%)	0.8	-0.4	1.1	-0.2	-0.6
Debt and liquidity ratios					
Net adjusted debt/EBITDA (x)	8.6	13.3	7.3	7.1	9.2
EBITDA/debt service coverage (x)	0.3	0.2	0.2	0.2	0.3
EBITDA/gross interest coverage (x)	3.2	2.2	5.8	6.4	4.1
Liquidity coverage ratio (x)	0.5	0.8	0.9	0.7	0.8
Net adjusted debt/operating revenue (%)	92.6	101.2	99.7	90.9	88.0
Net adjusted debt/equity (%)	113.1	124.6	119.9	98.4	111.6
Short-term debt/total debt (%)	24.5	36.9	38.4	30.6	42.6
Issued debt/total debt (%)	89.1	88.7	88.9	82.2	79.0

Source: Fitch Ratings, Fitch Solutions, Regie Autonome des Transports Parisiens (RATP)

Appendix C: Fitch's Rating-Case Scenario

Regie Autonome des Transports Parisiens (RATP)

(EURm)	2024rc	2025rc	2026rc	2027rc	2028rc
Cash-adjusted income statement					
Operating revenue	7,071	7,282	7,501	7,689	7,844
Operating revenue annual growth (%)	4.5	3.0	3.0	2.5	2.0
Operating expenditure	-6,329	-6,556	-6,792	-7,004	-7,188
Operating expenditure annual growth (%)	3.4	3.6	3.6	3.1	2.6
EBITDA	742	726	708	685	656
Interest revenue	4	4	4	4	4
Interest expenditure	-236	-221	-203	-195	-202
Financial balance	-232	-217	-199	-191	-198
Net capital expenditure	-1,217	-791	-1,266	-1,285	-1,298
Capital injection and other cash-items	0	0	0	0	0
Dividend paid	0	0	0	0	0
Other cash-items (net)	483	483	483	483	483
Net debt movement	223	-201	273	308	356
Change in cash	0	0	0	0	0
Debt and liquidity					
Adjusted debt	9,200	8,999	9,273	9,581	9,937
Memo: Non-cash movement in adjusted debt	0	0	0	0	0
Unrestricted cash	3,021	3,021	3,021	3,021	3,021
Net adjusted debt	6,179	5,978	6,252	6,560	6,916
Financial and liquidity ratios					
Net adjusted debt/EBITDA (x)	8.3	8.2	8.8	9.6	10.5
EBITDA/debt service coverage (x)	0.2	0.2	0.2	0.2	0.2
EBITDA/gross interest coverage (x)	3.1	3.3	3.5	3.5	3.3
Liquidity coverage ratio (x)	0.7	0.7	0.7	0.8	0.7

rc - Fitch's rating-case scenario: a through-the-cycle scenario that incorporates a combination of revenue, cost or financial risk stresses.
Source: Fitch Ratings, Fitch Solutions, Regie Autonome des Transports Parisiens (RATP)

SOLICITATION & PARTICIPATION STATUS

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