Ile-de-France Mobilités (Aa2/P-1) : Organising Authority for Public Transport and Sustainable Mobility in Ile-de-France

October 2020
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2. Financing of operations and investments

3. Ile-de-France Mobilités’ financing needs


5. Indicative terms of the 2020 benchmark issuance
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1.2 Ile-de-France Mobilités is the integrated public transport authority
1.3 A dense multimodal network…
1.4 ... to be shortly strengthened by the Grand Paris Express
1.5 Mobility : who is responsible for what ?
1.6 Status and financial rules
1.7 Governance
1.1 Presentation of Ile-de-France

**Key figures**
- 12,3 million inhabitants (almost 20% of the French population)
- 6,4 million jobs
- 30% of GNP
- 12,000 km²
- 51 million visitors
- Europe's first employment area
- 43 millions trips per day (including 9,4 million in public transport)
Ile-de-France Mobilités’ missions and scope of intervention

1.2 Ile-de-France Mobilités is the integrated public transport authority

Ile-de-France Mobilités designs, organises and finances
the public transport system in the Paris Île-de-France region

- Designs and decides on projects to improve your public transport system
  Creates bus, train, RER and tram lines, new services, Grand Paris Express, etc.

- Creates your passes and tickets
  Defines the offer and pricing policy

- Modernises the transport network and builds new lines
  Holds consultations and public debates, conducts work and Stains other players

- Entrusts the operation of the network to transport operators by setting objectives
  (RATP group, Keolis, Lacroix, SNCF, Transdev, etc.)
  Ensures punctuality, accessibility, information, safety, cleanliness, etc.

- Finances the operation and modernisation of your public transport system
  Centralises funding sources for the day-to-day operation of transport, purchases and renovates rolling stock

And listens every day to passengers and Ile-de-France residents thanks to:

- the 29 elected members of its board
- public consultations and debates
- meetings with associations
1.3 A dense multimodal network…

- 14 train lines
- 16 metro lines
- 10 tramway lines
- More than 1,500 bus lines
Ile-de-France Mobilités’ missions and scope of intervention

1.4 ... to be shortly strengthened by the Grand Paris Express
1.5 Mobility: who is responsible for what?

**SGP: GPE infrastructure**
- finances GPE infrastructures
- orders GPE RS
- is project manager on GPE infrastructure

**Transport operators**
- exploit
- order RS
- can be project manager on new infrastructures

**Ile-de-France Mobilités**
- chooses transport operators
- finances operating costs
- finances RS investments
- validates new infrastructures
- can be project manager on new infrastructures

**Other infrastructures’ funders**
- Région Ile de France
- « Départements »
- State
1.6 Status and financial rules

Ile-de-France Mobilités is a 100% local public entity with EPA Status (Etablissement Public à caractère Administratif) subject to its own provisions and certain general law provisions applicable to local authorities that are members.

Budgetary rules: Ile-de-France Mobilités is subject to budgetary control of its actions by Ile-de-France’s prefect and by the “Chambre Régionale des Comptes” (art. L.1241-12 of the Transport Code). Conditions stated in the local authorities general code (CGCT) and financial jurisdictions code (CJF) apply.

These rules cover the following points:

- Adoption date, transmission and **real budget balance** (CGCT Articles L. 1612-2 and L. 1612-8 and L. 1612-4 and L. 1612-5);
- Dating vote, **balance** and **administrative account’s** eventual rejection (CGCT Articles L. 1612-12 à L. 1612-14);

These rules ensure that Ile-de-France Mobilités is not able to approve a unbalanced budget or be in a « bankruptcy » position.

This strong operating environment, added to the economic growth of the area, the importance of IdFM and its past successful financial negotiations with the Government, led Moody’s to let unchanged its long and short term rating, Aa2 /P-1, in July 2020.
Ile-de-France Mobilités’ missions and scope of intervention

1.7 An independent and stable governance since 2005

Since its decentralisation in 2005, Ile-de-France Mobilités is a public local administration (EPA) governed by a council of 31 members, presided by Île-de-France’s regional council president.

Valérie PECRESSE
Ile-de-France Mobilités’ President

Laurent PROBST
Ile-de-France Mobilités’ Chief Executive

IdFM receives statutory contributions from members of council (1 291 M€ in 2019) :
51% from Ile-de-France Region; 30% from City of Paris; 19% from the other departments

+ 1 representative of intermunicipal structures
+ 1 representative of the Paris IDF Regional Chamber of Commerce and Industry
+ 1 representative of users associations
Financing of operations and investments

2.1 Financing of operations diagram
2.2 Similar rules to local authorities
2.3 How it works: financing operations
2.4 Investing: ambitious projects essential for the local economy
2.1 Financing of operations diagram (1/2)

Financing of Ile-de-France’s public transport operations

Allocation of fares, public subsidies for operation and taxes allocated to Ile-de-France Mobilités in 2019 (inclusive of all taxes)

- Public subsidies
  - €1,691m
    - Of which:
      - 46% Region
      - 50% Departements

- Fares income
  - €4,085m
    - Public subsidies for social fares
      - €193m
    - Passengers
      - €2,869m
    - Employers
      - €1,003m

- Compensation by RATP & SNCF for decrease of fares income due to strikes
  - €88m

- Transport tax
  - €4,686m

- Tax on energy products
  - €92m

- Other resources (advertising, fines, etc.)
  - €272m

Funding of operating expenditure

- €10,894m

Distribution of resources

- €10,351m

- RATP
  - (operating costs and investment programmes under contract with Ile-de-France Mobilités)
    - 49%

- SNCF
  - (operating costs and investment programmes under contract with Ile-de-France Mobilités)
    - 32%

- Other transport operators
  - (bus, school transport)
    - 14%

- Ile-de-France Mobilités
  - (operating costs including depreciation provisions)
    - 5%

- Ile-de-France Mobilités
  - (investment expenditure)
    - 5%
Financing of operations and investments

2.1 Financing of operations diagram (2/2)

Since 2011, Transport tax dynamics compensate for the relative decrease in other sources of revenues.

- Fare revenue coverage has decreased following various fare decisions, notably since single fare implementation on the 01/09/2015.

- Starting from 2017, single fare cost is covered by stable revenues.

\[ TT = \text{Transport tax} \quad PC = \text{Public contributions} \quad FR = \text{fare revenues} \]
Financing of operations and investments

2.2 Ile-de-France Mobilités’ budget: rules similar to those of local authorities

<table>
<thead>
<tr>
<th>Real expenditures</th>
<th>Real revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploitation costs – fare</td>
<td>Transport tax</td>
</tr>
<tr>
<td>revenues (cashed directly</td>
<td>Statutory contributions and</td>
</tr>
<tr>
<td>by operators)</td>
<td>subsidies)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>Other revenues</td>
</tr>
<tr>
<td>Financial fees</td>
<td></td>
</tr>
</tbody>
</table>

Gross savings = self-financing

<table>
<thead>
<tr>
<th>Running</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt principal repayment</td>
<td>Revenues from parking fines</td>
</tr>
<tr>
<td>Equipment expenses</td>
<td>Other revenues</td>
</tr>
<tr>
<td></td>
<td>Borrowings</td>
</tr>
</tbody>
</table>
In 2019, Ile-de-France Mobilités actual running revenues amounted to 6 571 M€ (excluding provision write-offs). Actual running expenses (excluding amortisation and provisions) amounted to 5 947 M€.
Financing of operations and investments

2.3 How it works: financing operations

Main expenses : how IDFM/operators contracts work

The contributions made by Ile-de-France Mobilités to operators are equal to the difference between contractual charges and fare revenues +/- bonus and malus (on quality of service and fare revenues)

<table>
<thead>
<tr>
<th>Contribution destination</th>
<th>Changes in Ile-de-France Mobilités’ contributions</th>
<th>Risk sharing amongst Ile-de-France Mobilités and operators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operator operating costs</td>
<td>Operator operating revenues</td>
<td>Industrial risk : operators</td>
</tr>
<tr>
<td>Running of networks</td>
<td>Contributions of Ile-de-France Mobilités</td>
<td>• Operating costs evolution</td>
</tr>
<tr>
<td>Material and infrastructure maintenance (RATP)</td>
<td>Fare revenues</td>
<td>• Investments which are partially financed by contributions</td>
</tr>
<tr>
<td>Financial fees and amortisation</td>
<td>Others (advertising…)</td>
<td>Commercial risk on volumes : shared</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Capped profit-sharing scheme on fare revenues for operators.</td>
</tr>
</tbody>
</table>

Fares evolution : Ile-de-France Mobilités.
IDFM takes full benefit or bears all the charges linked to fare evolutions (adjustments made to operators compensations)
Financing of operations and investments

2.3 How it works: financing operations

Main revenues stream: Transport tax and Transport fares

### Transport tax
- **Main revenue stream**: 4.7 bn€ in 2019
- Tax based on aggregate payroll, due by employers in Ile-de-France who have > 11 employees
- Rate fixed according to location: 4 zones

### Fare revenues
- **4.1 bn€ in 2019**
- IdFM decides the pricing of transport fares
- Fare revenues are cashed by operators, and deducted from the contributions paid by IdFM

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#### Evolution of the transport tax

<table>
<thead>
<tr>
<th>Year</th>
<th>€ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>3,000</td>
</tr>
<tr>
<td>2011</td>
<td>3,200</td>
</tr>
<tr>
<td>2012</td>
<td>3,400</td>
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<tr>
<td>2013</td>
<td>3,600</td>
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<tr>
<td>2014</td>
<td>3,800</td>
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<td>2015</td>
<td>4,000</td>
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<tr>
<td>2018</td>
<td>4,600</td>
</tr>
<tr>
<td>2019</td>
<td>4,800</td>
</tr>
</tbody>
</table>

#### Evolution of fare revenues

<table>
<thead>
<tr>
<th>Year</th>
<th>€ millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>2,000</td>
</tr>
<tr>
<td>2011</td>
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</tr>
<tr>
<td>2012</td>
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<td>3,400</td>
</tr>
<tr>
<td>2018</td>
<td>3,600</td>
</tr>
<tr>
<td>2019</td>
<td>3,800</td>
</tr>
</tbody>
</table>

*Transit pass* and *Short term tickets*
Financing of operations and investments

2.4 Investing: ambitious projects essential for the local economy

**Investment section balances**

Actual investment expenses amounted to 1.5 bn € in 2019, rolling stock accounts for 63% of this figure. These expenses are financed by:

- Up to 62% of own resources
- Up to 38% of borrowings

Excluding 6.25 M€ amortisation provision for the 2016 bond issuance
IDFM’s investments for 2020-2025 are estimated at around 15.1 bn€ (excluding debt repayments and infrastructure projects for which IDFM is project manager, financed by CPER). The breakdown is the following:

- Rolling stock: 10.9 bn€
- Quality of service and infrastructure: 2.3 bn€
- Buy-back/construction/bus depot adaptation to new energies: 1.9 bn€
03

Ile-de-France Mobilités’ financing needs

3.1 Evolution of Ile-de-France Mobilités’ outstanding debt volumes
3.2 Ile-de-France Mobilités’ debt as of 31/12/2019
3.3 Long term financing needs in the upcoming years
3.1 Evolution of Ile-de-France Mobilités’ outstanding debt volumes

**Debt evolution according to debt typology as of 31/12/N**

![Debt evolution bar chart]

**Deleveraging capacity and self-financing ratios**

![Deleveraging capacity and self-financing ratios graph]

*AIE*: Actual Investment Expenses
3.2 Ile-de-France Mobilités’ debt as of 31/12/2019 (1/2)

Rating: Ile-de-France Mobilités obtained the highest investment grade attainable in France by Moody’s: Aa2/P-1, complemented by a negative outlook (July 2020)
3.2 Ile-de-France Mobilités’ debt as of 31/12/2019 (2/2)

Profile of outstanding debt annuities as of 31/12/2019
(cashflows)

€ millions

Amortisations
Interest

[Graph showing the profile of outstanding debt annuities from 2018 to 2027, with labels for amortisations and interest.]

Ile-de-France Mobilités’ financing needs
3.3 Long term financing needs in the upcoming years

- Ile-de-France Mobilités already covered part of its financing need for 2020 (665 M€). By the end of the year, it will increase by 625 M€ with a planned bond issuance of 500 M€ and a bank loan of 125 M€.

- Forecasts beyond 2023 are uncertain. They will depend on Ile-de-France Mobilités’ strategy concerning future opening up to competition and perspectives for new revenue streams that are currently discussed with the State.
Impact of the Covid-19 crisis and French State financial support
Impact of the COVID crisis on Ile-de-France Mobilités

At the peak of the crisis during the lockdown period, transportation traffic decreased by 80% in the Région Ile de France.

For Ile-de-France Mobilités, this crisis mainly had an impact on two levels:
- Decrease in traffic fares (due to the transportation traffic decrease)
- Decrease in transport tax (due to unemployment measures that reduced the amount collected by this tax)

Strong French State financial support

A financial agreement between IDFM and the French State was quickly settled in September for a total amount of up to 2.2 Bn€

- State Grant payment to IDFM to cover the decrease in transport tax
- State refundable advance to IDFM to fully cover the decrease of traffic fares (start of the payback in 2023).

This crisis showed that the French State was ready to support Ile-de-France Mobilités if needed, allowing Ile-de-France Mobilités to maintain its financial situation and future investments projects.
Indicative terms of the 2020 benchmark issuance
## Indicative terms of the 2020 benchmark issuance

<table>
<thead>
<tr>
<th><strong>Issuer</strong></th>
<th>Ile-de-France Mobilités</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Format</strong></td>
<td>EMTN programme, syndicated transaction</td>
</tr>
<tr>
<td><strong>Expected rating</strong></td>
<td>Aa2 by Moody's</td>
</tr>
<tr>
<td><strong>Issue size</strong></td>
<td>EUR 500m</td>
</tr>
<tr>
<td><strong>Maturity</strong></td>
<td>15-year</td>
</tr>
<tr>
<td><strong>Use of proceeds</strong></td>
<td>Issuer’s investments</td>
</tr>
<tr>
<td><strong>Index</strong></td>
<td>Fixed Rate</td>
</tr>
<tr>
<td><strong>Denomination</strong></td>
<td>EUR 100,000</td>
</tr>
<tr>
<td><strong>Listing</strong></td>
<td>Euronext Paris</td>
</tr>
<tr>
<td><strong>PSPP</strong></td>
<td>Eligible</td>
</tr>
<tr>
<td><strong>LCR</strong></td>
<td>Level 2A</td>
</tr>
<tr>
<td><strong>Basel II</strong></td>
<td>20% Risk Weighted</td>
</tr>
<tr>
<td><strong>Joint Lead Managers</strong></td>
<td>Crédit Agricole CIB, HSBC, Société Générale</td>
</tr>
</tbody>
</table>
Contacts for any question:

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thomas.stouf@iledefrance-mobilites.fr, Debt and cash manager
caroline.henry-biabaud@iledefrance-mobilites.fr, Debt and cash manager

https://www.iledefrance-mobilites.fr/
Annex 1

Status and financial rules

Applicable rule in case of imbalanced vote

The prefect invokes the “Chambre Régionale des Comptes” (regional court of auditors) as regards to the budget which was not adopted in real balance within 30 days of its transmission. It informs the interested local authority as well as its accountant, that a request has been made to the “CRC”.

If the “CRC” does not observe a real imbalance as mentioned in CGCT’s article L.1612-5, the procedure comes to a halt.

If the “CRC” observes a real imbalance, it suggests necessary correcting measures. Notification of these suggestions are made to the government official and local authority, which must in turn notify the deliberating assembly.

Budget discontinuation is led:

- either by the deliberating organ basing itself on suggestions made by the “CRC”
- either by the prefect as a “règlement d’office” taking shape as a ministerial order
### Distribution of investment financing

<table>
<thead>
<tr>
<th>Type of investissement</th>
<th>Who finances?</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Infrastructures excluding GPE (Grand Paris Express)</strong></td>
<td>State, regions, departments</td>
<td>SNCF Réseau RATP GI (Infrastructure manager)</td>
</tr>
<tr>
<td><strong>Rolling stock for buses, tramway, metro, RER, train</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Ile-de-France Mobilités finances 100% of RS (Rolling stock) ordered by operators with Ile-de France Mobilités' recommendation, according to 2 modalities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Investment subsidies made to operators</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Operating contributions made to cover operators’ amortisation and financial fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Ile-de-France Mobilités reimburses SGP (Société du Grand Paris) for GPE’s rolling stock</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Rolling stock of RATP (ORTF law):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ Until RATP’s market is opened to competition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- legal property: Ile-de-France Mobilités</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- economic property: RATP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>✓ In 2024/2029/2039: Ile-de-France Mobilités full ownership with NBV* takeover net of subventions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Rolling stock of SNCF: legal property of SNCF but ✓ Railway reform Law provision (2014): An “AO” can become owner of RS under the condition that payment of NBV net of subventions is made to the SNCF under the obligation to reallocate it to the SNCF for operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If the SNCF is no longer the operating entity: Ile-de-France Mobilités has an option to take possession of the material if it fully for a right to buy back at NBV* if partially financed at the time of purchase (governance agreement Ile-de-France Mobilités/SNCF)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Rolling stock of SGP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- legal property: Ile-de-France Mobilités</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>GPE Infrastructure (extensions of lines 14/15/16/17/18)</strong></td>
<td>Société du Grand Paris</td>
<td>Société du Grand Paris</td>
</tr>
</tbody>
</table>

* NBV: Net Book Value
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