

RATP Group 2023 half-year results**Half-year results reflect the hard-hitting impact of inflation***Highlights from the first half of 2023*

- **Passenger volumes continue their climb in the Île-de-France region, growing by 6% from the first half of 2022**, or the equivalent of 1,518 million trips, buoyed by the post-Covid return to normal, resumption of tourism and fluctuating fuel prices. Ridership remained 15% below its H1 2019 level, due to the long-term adoption of remote work arrangements, production challenges in the bus sector, and the impact of strikes in March. But this shortfall continues to subside (8% lower in June 2023 than in June 2019).
- **Over 50% of the 2023 hiring targets have been met to date in RATP EPIC**, to increase manpower supply in time for the Paris 2024 Olympic Games. Over 2,250 new employees were hired under permanent contracts over the first half of 2023, in part due to an accelerated hiring plan, and to a wage policy that serves to maintain employees' purchasing power and the attractiveness of the hiring professions. Furthermore, **an agreement was reached in January 2023 to improve bus drivers' working conditions**. These efforts have boosted productivity in the service offering, notably in the Bus division (84% in the first half of 2023, compared to 75% between September and December 2022).
- **A 2.4% rise in consolidated turnover, amounting to €3.160 million**, owing mainly to commercially dynamic subsidiaries (up by 7.2%).
- **RATP EPIC's earnings were severely undermined by the effects of inflation (5.6% in H1) on operating expenses**. In the first half of 2023, inflation was behind the additional €74 million in employee contributions, €103 million in energy costs and €26 million in other external costs, adding up to **€203 million** in operating costs. **Midway through the financial year, the impact of inflation on the EPIC's expenses have already exceeded the figures posted over previous years (€200 million for the entire year of 2022, and €56 million in 2021)**.
- **Contractual indexation clauses are no longer an effective hedge against the current inflationary environment**: the main issue lies in the fact that the baseline index, which was supposed to cover increases in wage expenses (INSEE index on salaries in the transport and logistics sector) that are expected to grow by 5% over the year, was capped at 1.5% per year and formalised in the contract signed in 2020, i.e., before inflation ballooned. **The net impact (after enforcement of contractual indexation clauses) of inflation resulted in additional expenditure of €56 million on wages, €55 million on energy costs and €16 million on other external costs, amounting to €127 million (compared to €96 million for the entire year of 2022, and €3 million in 2021)**.

- Lastly, the half-year earnings were also adversely affected by strikes against pension reforms (down €10 million) and the impact of riots in June (down €6 million).
- **As at the end of June, RATP Group's earnings were on an overall decline:**
 - ⊘ **EBIT standing at -€5 million** (-0.2 % of turnover), compared to €130 million¹ in 2022 (4.2 %);
 - ⊘ **The Group share of net income was in the red by €129 million**, compared to a positive €64 million in 2022.
- The Group endeavours to cushion the impact of this decline in its operating environment by doing more to control costs, while ensuring that the quality of the service provided to users is not compromised. It has also called upon the transport authority to adapt contractual terms to the exceptional inflation.
- **Heavy investment will be kept up in the Île-de-France region (€884 million²) to prepare for the future, with the support of Île-de-France Mobilités.** RATP Group consolidated investments have reached **€963 million²**. Despite an ever-challenging context due to the impact of the geopolitical situation on supply chains, the level of investment remains high and stable compared to last year, and attests to the scale of the network development, upgrading and maintenance programmes.
- **A temporary rise in net debt amounting to €6.074 billion, up by €538 million from 2022**, related mainly to unfavourable calendar effects on operating WCR, and to the seasonal increase in investment WCR, which should subside in the second half of the year. Gearing (net debt/equity ratio) stood at 1.17x in June compared to 1.02x at the end of 2022.

The RATP Board of Directors convened on 28 July 2023, chaired by Jean Castex, Group Chairman and Chief Executive Officer, to review and approve RATP Group's consolidated financial statements and the EPIC's corporate accounts as at 30 June 2023.

RATP Group Chairman and Chief Executive Officer Jean Castex declared, *"The efforts led over the past few months to improve the social climate (signing of an agreement to improve bus drivers' working conditions and wage agreement signed by all trade unions), an accelerated hiring process, as well as strong involvement on the part of management and employees, have made it possible to restore productivity on the bus network over the first half of 2023, and to recover pre-Covid service levels across almost all metro lines.*

Nonetheless, RATP Group's half-year accounts attest to the major economic challenge we are faced with today, due to inadequate contractual provisions against the hard-hitting effects of inflation on our operating costs, notably in the Île-de-France region. Working around this issue is a priority, as our ability to provide efficient service over the coming months depends on it.

The Group is actively preparing to host the Paris 2024 Olympic Games. In addition to the ongoing large-scale recruitment drive, RATP and its partners are mobilised to commission the extension of metro line 14 to Orly airport and Saint-Denis Pleyel station as early as June 2024. And once the 2023 Rugby World Cup kicks off, many volunteer employees, ground staff, executives and directors will be deployed to receive training on interacting with tourists on the occasion of the major sporting event.

Along with our day-to-day operations, large-scale projects and the management of major events, RATP Group, as a prominent public service company, is committed more than ever to serving its customers and the country."

¹ For results to be comparable year on year, variations were calculated based on pro forma financial statements for 2022, owing to the reclassification of certain businesses abroad (London buses [excluding sightseeing buses] and tram operations in Algeria) in compliance with IFRS5.

² Includes €149 million in investments made as delegate project owner for Société du Grand Paris in the project to extend metro line 14 to Orly.

Progression of RATP Group's key performance indicators

Progression of key performance indicators

<i>In million euro</i>	<i>30 June 2021</i>	<i>30 June 2022</i>	<i>30 June 2022 pro forma*</i>	<i>30 June 2023</i>	<i>Pro forma 2023/2022 evolution</i>
<i>Consolidated turnover</i>	<i>2,887</i>	<i>3,278</i>	<i>3,085</i>	<i>3,160</i>	<i>2.4%</i>
<i>EBIT</i>	<i>171</i>	<i>130</i>	<i>130</i>	<i>-5</i>	<i>-104%</i>
<i>Group net share</i>	<i>105</i>	<i>64</i>	<i>64</i>	<i>-129</i>	<i>-304%</i>
<i>Cash flow</i>	<i>504</i>	<i>597</i>	<i>581</i>	<i>347</i>	<i>-40%</i>
<i>Net debt</i>	<i>5,694**</i>	<i>5,536**</i>	<i>5,536**</i>	<i>6,074</i>	<i>10%</i>

- A pro forma statement of the accounts was established as at 30 June 2022 by retroactively applying the IFRS 5 standard to enable comparability with accounts for 2023.

**net debt as at 31 December.

Half-year results reflect the hard-hitting impact of inflation

A 6% increase in ridership across the Île-de-France region

In the first quarter of 2023, passenger numbers in the Île-de-France region have continued to increase (+82 billion trips, the equivalent of a 6% increase from 2022). The recovery was buoyed by the gradually abating health crisis, (delayed impact of the Omicron wave from January to February 2022), the resumption of tourism and the impact of rising fuel prices. The effects were most visible on rail networks (+9% on the metro network, +10% on the RER network, + 9% on the tram network) than on the bus network (-3%), which was affected by major production hurdles (84% service coverage in the first half of the year). Strikes in March also slowed down the recovery observed at the beginning of the year.

Overall, ridership was on average 15% lower than at its pre-Covid levels, but the trend remains positive. The gap has narrowed, reaching -8% in June 2023, compared with June 2019.

A 2.4% rise in consolidated turnover

The Group's consolidated turnover for the first half of 2023 amounts to €3.2 billion (up €75 pro forma, equivalent to a 2.4 % increase), compared with 2022.

The increase was boosted by subsidiaries, whose contributing turnover has increased by €55 million (equivalent to a 7.2% increase, +10% excluding currency effects), driven by RATP Dev's development in France, the United States and Australia and the indexing of contractual compensations on inflation.

The Epic's turnover has increased by €20 million (0,8%): the indexation of contractual compensation (+€76 million) was partially offset by the negative impact of strikes (-€10 million), kilometre discounts (-€26 million), as production challenges are only being resolved gradually, as well as by technical factors.

The contribution to the Group's overall turnover coming from subsidiaries amounted to **€823 million** in June 2023, which corresponds to **26%** of the consolidated turnover.

Inflation trends have had a significant negative impact on the Epic's operational performance due to the unsuitability of contractual indexation clauses.

The consolidated operating income (EBIT) stood at -€5 million, compared with €130 million (pro forma) in June 2022 (-€135 million). The EBIT was adversely affected by the inadequate coverage of salary inflation (notably due to the capping at + 1,5% per year of the contractual index intended to offset the effects of inflation on Epic RATP's wage costs), energy and other external costs (-€127 million), along with the effects of strikes and persistent service coverage issues on the bus network. These changes have offset the positive impact of subsidiaries' improved performance (+€4 million).

The Group share of net income stands at -€129 million, compared to +€64 million in 2022. In addition to the EBIT downturn, we account for the impact of the challenges faced by our London bus business, the transfer of our business in Algeria, and the effect of the rise of interest rates on financial earnings.

Cash flow stands at €347 million, compared with €580 million in June 2022.

The net debt has increased by €538 million (+10%) to €6.074 billion by the end of June 2023. This temporary debt increase, which should be absorbed in the coming months, is partly caused by timing effects on operating WCR (delayed VAT reimbursements, impact of the transfer of GIE Comutitres activities to IDFM, delayed calls for subsidies from SGP) and to the seasonal nature of investment WCR. Cash flow (€347 million) allows for the self-financing of most investments net of subsidies (€373 million).

Maintaining heavy investment in the Île-de-France region, despite the impact of the geopolitical situation on supply chains

RATP is fully committed to implementing the ambitious investment programme set by the 2021-2024 contract signed with Île-de-France Mobilités (€8.5 billion over 4 years). **The EPIC invested €884 million in the Île-de-France region over the first half of 2023** (including €149 million as delegate project owner on behalf of Société du Grand Paris for the southern extension of metro line 14), a stable figure compared to the first half of 2022. The impact of the geopolitical climate continues to cast a shadow on the Group's ability to lead large-scale investment programmes, notably with regard to the production of rolling stock.

- **€501 million were invested in upgrading the network and maintaining infrastructure:** energy transition of the bus network (conversion of bus depots to electricity and biogas and purchase of electric buses), renewal of rolling stock on the metro (MF19 project), RER (MI20) and tram (TW20 for tram line T1) networks, renovation of MI2N and MI84 trains for the RER lines A and B, automation of metro line 4, upgrades to metro line 6 and commissioning of renovated MP89 trains, upgrades to infrastructure and maintenance workshops to accommodate new rolling stock and fixed asset maintenance to ensure the durability and optimal working order of infrastructure (Track Ballast Renewal (RVB)³ finalised on RER line A, Pont de Chartres bridge renewed, and so forth);
- **€325 million on metro and tram line extensions:** northern and southern extensions of metro line 14, metro lines 4, 11 and 12, connections with future Grand Paris Express metro line 15, tram line T1 extension to Val de Fontenay and tram line T3b to Porte Dauphine;

³Renewing the track and ballast.

- **€58 million to improve passenger comfort by upgrading stations and improving passenger information and accessibility:** renovation of Auber, Croix de Berny, Nanterre Préfecture and Charles de Gaulle-Étoile train stations in addition to metro stations, improving safety and accessibility, upgrading of passenger information systems and installation of new displays on RER line A, and upgrading of ticketing systems to fit new digital tickets.

Overall, RATP Group's consolidated investment amounted to €963 million (of which €149 million were spent on the southern extension of metro line 14 on behalf of SGP); a stable figure compared to 2022.

Strong expansion dynamics in France and abroad

RATP Group has continued its expansion in France and abroad over the first half of 2023, posting 15%⁴ growth in subsidiary activity, three quarters of which were earned from transport businesses.

In the Île-de-France region, RATP Dev was awarded the contract to operate automated metro line 15 on the Grand Paris Express network (in a consortium with Alstom and ComfortDelGro), as well as the future Orly airport station on metro line 14.

RATP Dev began its operation of the Toulon and Laval networks in France, and networks in Raleigh and Durham in the United States (North Carolina); began providing consultancy services on the design of the future automated metro lines in Sepulveda (the United States) and Belgrade (Serbia); and launched preparatory works before implementing the operation and maintenance contract for the Sydney Metro-Western Sydney Airport automated metro line. In June, RATP Cap Île-de-France commissioned tram line T10 that links Antony to Clamart.

Commercial activity remains robust, both for RATP Dev and RATP Cap Île-de-France, with numerous ongoing calls for tenders:

- In the Île-de-France region, these include bus operation contracts (Optile and Paris inner suburbs), metro line 18 on the Grand Paris Express network, tram-train lines T4/T11 and T12/T13, and elsewhere in France, the operation of urban transport networks, notably in Lyon;
- Abroad, these include contracts to operate metro networks in Australia (Sydney and Melbourne), in Singapore with our partner SBST, in Canada, and others.

In Algeria at the end of March 2023, RATP Dev undertook to transfer its SETRAM (tram operator) shares to the Algerian government in agreement with the concessionary authority.

And in the UK, we are continuing to review the Group's strategic positioning in the London market, in a market context that remains tense due to macro-economic instability.

⁴ Overall growth in subsidiary activity before restatement of Group-wide earnings, and excluding currency translation effect.