

RATP Group 2019 results: positive results, despite the impact of social unrest regarding pension reform

Highlights of the financial year

- **Strong growth in the Group's activity both in France and internationally:** consolidated turnover is €5.704bn, up 2.5%, or 5.9% excluding the effect of December's social unrest.
- The growth is driven by the strong development of subsidiaries (+€139m, +12%), particularly RATP Dev, whose **turnover exceeded €1.3bn, up 10.4%** barring exchange rate fluctuations, with the ramp-up of new contracts in France, the United States, and the Middle East. The share of subsidiaries in the consolidated turnover reached 22.9% (excluding the impact of strikes), a growth of 1.1 points compared to 2018.
- EPIC's activity remained stable: the positive basic trend in Île-de-France (**+4.3% excluding the impact of strikes**) was **fully offset by the impact of the strikes (-€186m)**.
- In total, **the social unrest that started on 5 December strongly affected 2019's results, with an impact of -€150m on operating income (EBIT) and the Group share of net income, and +€62m in consolidated net debt.**
- Nevertheless, the Group's performance is solid, which reflects the improvement in its intrinsic performance, with:
 - An operating income (EBIT) of €319m, or 5.6% of turnover, up 4% excluding the impact of strikes;
 - A positive Group share in net income of €131m (or 2.3% of turnover), down €69m compared to the previous year. Recurring net income nevertheless reached €310m, or 5.4% of turnover with an improvement of 7.2%.
- In Île-de-France, RATP has continued and further increased its investment efforts in the upgrading and development of the network as part of its contract with Île-de-France Mobilités. Investments grew by almost €150m reaching €1.73bn in a sound financial framework. Consolidated net debt thus remained stable at €5.18bn. The net debt/equity ratio (gearing) remained stable at 1.07x, ahead of the target set for 2020 (1.1x).

RATP Board of Directors, which convened on 6 March 2020 chaired by RATP Group Chairwoman and Chief Executive Officer Catherine Guillouard, examined and approved RATP Group's consolidated financial statements and the EPIC's (state-owned industrial and commercial enterprise) corporate financial statements, as of 31 December 2019.

On this occasion, **Catherine Guillouard stated the following:** *"2019 came to an end amidst major social unrest which heavily affected the Group's annual results, with a negative impact of €150m on net income. Even so, we shouldn't forget the good results registered over the preceding months. They reflect how dynamic the public transport activity is in France and around the world, and how effective the performance plans led by RATP EPIC and the subsidiaries are in improving their competitiveness. In total, the Group's results held out well in 2019, with a positive Group share in net income of €131m. Excluding the effect of the strikes, operating income grew by 4%. With the support of Île-de-France Mobilités, RATP Group will have invested 32% of its turnover in 2019, or €1.8bn, all while stabilising its debt, which demonstrates how sound our fundamentals are.*

RATP Group will resolutely pursue its strategy of profitable growth in the key markets of sustainable mobility and smart cities, in France and abroad. It will also actively participate in the first calls for tenders for the bus and automated metro markets in Île-de-France, and will prepare for competition in the bus network in its historic territory of Paris and its inner suburbs, where the company was the exclusive operator. The Group will emphasise its strengths to gain the trust of new clients."

Trend in RATP Group's key performance indicators

In €m	31/12/2018	31/12/2019	Variation	31/12/2019 excluding the effect of strikes	Variation excluding the effect of strikes
Turnover	5,563	5,704	+2.5%	5,890	+5.9%
Operating income (EBIT)	451	319	-29.2%	469	+4.0%
Recurring operating income (EBIT)	476	469	-1.5%	469	-1.5%
Group share of net income	200	131	-34.6%	280	+40.2%
Group share of recurring net income	290	310	+7.2%	310	+7.2%
Cash flow*	1,007	1,014	+0.7%	1,151	+14.3%
Net debt	5,188	5,182	-0.1%	5,119	-1.3%

* 2018 cash flow is presented *pro forma* following a change in calculation in 2019 (Cash flow published in 2018 = €949m).

A solid economic and financial performance despite the impact of the social unrest regarding pension reform

In 2019, the Group's consolidated turnover reached €5.704bn, up 2.5% (5.9% excluding the effect of the strikes) in relation to 31 December 2018.

- **EPIC turnover remained stable at €4.4bn.** In Île-de-France, the basic trend remains strong (4.3% excluding the effect of the strikes), driven by an economic climate and public policies encouraging the development of public transport. Traffic thus increased by 2.6% excluding the effect of the strikes. This growth was offset by the impact of the strikes (-€186m), which affected commercial revenues and led to the company proactively refunding affected subscribers, through the refund of passes purchased in December.
- **Subsidiaries' turnover rose to €1.35bn, up 11.5%. RATP Dev activity grew by 10.4%, barring exchange rate fluctuations, through the awarding of new contracts** in France, the United States, Italy, and the operation of the Riyadh metro. The other subsidiaries, notably RATP Connect, RATP Real Estate, and RATP Smart Systems, are also growing rapidly (+11%), through the ramp-up of their projects for the Group (deployment of 3G/4G across the network, energy transition of the bus network, real estate, digital, and ticketing projects).
- In total, **the social unrest that started on 5 December affected results to the tune of -€150m on Group share in net income, which comes in at €131m**, mainly due to losses in passenger revenue (€59m) and a provision for the refund of December passes (estimated at €103m). RATP estimates the negative impact of the strikes on the 2020 financial statements at €40m on net income.
- **The Group's economic and financial fundamentals nevertheless remain stable: as such,**
 - **The recurring operating income (EBIT) is €319m, or 5.6% of turnover. Excluding the effect of the strikes, it nonetheless grew by 4%, to €469m**, mainly thanks to the strong improvement in subsidiary performance (+€16m), notably RATP Dev which is benefiting from the growth of its activity and control over its development costs. EPIC's operating income (EBIT) is effectively stable (+€2m): the net improvement in operational performance (growth of €45m / +5.8% in EBITDA excluding strikes and IFRS16) is particularly offset by the rise in depreciation.
 - **The Group share of recurring net income grew by €21m, reaching €310m, or 5.4% of turnover, against 5.2% in 2018.**
 - **Cash flow grew by €7m, reaching €1.014bn**, thus allowing for the self-financing of all its own investments through equity capital.
 - **Consolidated net debt remained stable (-0.1%) at €5.182bn at the end of 2019**, despite the strong growth in investment efforts and the negative impact of the December strikes on the capacity for self-financing. These were offset by the improvement of operational WCR, and particularly the securitisation of the CICE tax credit, carried out at the end of the year for a value of €68m.
 - **The net debt/equity ratio (gearing) remained stable at 1.07x at the end of 2019**, at a satisfactory level, ahead of the target of 1.1x set by the 2025 Challenges strategic plan for 2020.

In Île-de-France, traffic and investment have grown, quality of service has significantly improved

- **The basic trend observed these past years has continued, clearly excluding the end of year period, which was affected by social unrest: passenger traffic comes in at +2.6% excluding the effect of the strikes.** In raw figures, taking into account the drop in traffic in December 2019 (impact of -154 million journeys, MJ), the traffic comes in at -1.9% over the entire year, equal to 3,324 MJ.
- **The growth observed, excluding the effect of the strikes, is first and foremost linked to the tram network (+12.6% excluding the effect of strikes), supported by the extension of T3b to Porte d'Asnières, and the rail networks (+3.7% on the RER and +1.6% on the metro excluding the effect of the strikes).** RATP bus traffic in Île-de-France is effectively stable (+0.5%), as the growth in bus traffic in the suburbs has offset the drop in journeys observed in Paris.
- **RATP has continued and increased its ambitious investment efforts with the support of Île-de-France Mobilités and the other public co-financiers as part of the Government Region Projects Contract (*Contrat de Projets État Région, CPER*). Thus, as part of this programme, €1.73bn (+€148m), including €973m of RATP's own equity, were deployed to develop, maintain, and upgrade the network, renovate spaces, and improve passenger services and information.** RATP Group's consolidated investments reached €1.853bn. **These major investments are dedicated to:**
 - **Upgrading the network and infrastructure (€954m).**

Among these, the projects involving the RER network remain a priority, with the amount invested for maintenance and upgrading related to the number of passengers being three times higher than the rest of the network. The automation works on metro line 4 and the upgrade works on metro line 6 are ongoing. As for the bus network, the Group is continuing to transition its bus depots to electric and biogas power (1 already converted, 2 partially converted, 5 in progress, and 17 in the study phase), as well as its bus fleet: to date, 28% of the fleet is made up of clean buses (this figure will be closer to 40% by the end of 2020) and more than 30 million passengers have already journeyed on electric buses with RATP.
 - **The extension of metro and tram lines (€606m),** notably the extension works on metro line 14 northwards (with an opening planned for summer 2020), and the works for extending the same line southwards, in the direction of Orly Airport, which began in 2019, as well as extension works on lines 4, 11 and 12. Regarding the tram, 2019 saw the opening of tram line T1 to Asnières Quatre Routes, before its extension to Petit-Colombes.
 - **The upgrading of stations and passenger information (€170m),** encompassing significant advances in service quality: continuing the deployment of 3G/4G (90% of stations covered at the end of 2019), new display screens for waiting times on metro line 4 and RER suburban line A, launch of the new RATP app in June 2019, the possibility to charge Navigo passes and buy travel passes via smartphone, upgrading and renovation of spaces with, in particular, the improvement of cleaning devices for stations and trains, and "nudge" operations on 3 metro lines and 10 multimodal hubs. Finally, numerous actions have been deployed or are in progress in order to improve security in stations, such as increasing the presence of RATP security officers (GPSR) and trialling pedestrian cameras for these staff members.
 - **In addition, the investments carried out by RATP on behalf of Société du Grand Paris, for the extension works of metro line 14 south towards Orly Airport, reached €400m in 2019,**

when 3 tunnel boring machines began to operate (7 new stations, 4 km of tunnels dug out of the 14 km planned).

- In total,
 - In 2019, together with Île-de-France Mobilités and Société du Grand Paris, RATP invested €2.1bn in Île-de-France to improve the everyday lives of Île-de-France residents.
 - 3,000 projects of all sizes have been carried out while guaranteeing safety and continuity of service.

Subsidiaries: a year of major successes for RATP Dev...

RATP Dev continues to grow, with a turnover of €1.3bn, up 10.4% (barring exchange rate fluctuations), driven by the ramp-up of new contracts in France, Italy, the United States, and the Middle East.

The main highlights of 2019

- **In France:** the awarding of tenders in Angers, Brest, and Saint-Malo confirms the success of the expansion strategy in western France. With the Creil contract, in the Hauts-de-France, annual business volume gained rose to €120m. Moreover, RATP Dev's contract was renewed for the operation of the Salève cable car (Haute-Savoie) for a period of 12 years, and the awarding of the tender in a JV with Keolis for CDG Express was confirmed. At the beginning of 2020, the Quimperlé contract was also won in Brittany.
- **In the Middle East:** the commercial opening of the 3 automated metro lines (75 km) in Doha was successful. They are operated by RKH Qitarat, the joint-venture between RATP Dev, Keolis and Hamad Group. RATP Dev is pursuing its work for the contracts awarded in Saudi Arabia. In total, the contracts in the Middle East will represent a turnover of over €400m by 2021.
- **In North Africa:** 2019 was marked by the commercial opening of tram line 2 in Casablanca (Morocco, 23 km) and the start of phase 1 of the extension of the Constantine tram (Algeria, +7 km).
- **In Italy:** RATP Dev introduced tram line 2 in Florence (5 km); another important highlight being the green light received from the European Court of Justice and from the Italian Council of State for the allocation of the bus contract for the Tuscany region, following 4 years of procedures.
- **In the Asia-Pacific region:** the year was marked by the launch and continuation of commercial efforts, with, in Australia, the signature of an agreement with the John Holland group to respond to all future calls for tenders.
- **In the tour buses market (sightseeing):** RATP Dev has just been awarded the Brussels tender (with the first electric fleet of its size in Europe). Energy transition is still in progress in Paris for the Open Tour Paris fleet. At the same time, the Extrapolitan franchise is continuing to grow, counting 15 cities today.

- **Finally, at the end of 2019, RATP Dev announced a partnership agreement with the Getlink group** in view of the TER (Regional Express Transport) market opening up to competition in French regions.

... and remarkable ongoing growth for the other subsidiaries

- **RATP Smart Systems**, an RATP Group subsidiary dedicated to the development of new digital solutions for mobility, is continuing to grow (+17%). 2019 was notable due to the ramp-up of the Group's activities (ticketless terminals projects, digital factory), and for its continuing development abroad, in Mexico and Dakar. In 2019, RATP Smart Systems was awarded the ticketing contract for metro line 3 in Hanoi, Vietnam.
- **RATP Travel Retail**, whose activity is dedicated to upgrading retail areas within RATP stations, had a strong year through the commercialisation of spaces at Châtelet-Les Halles. Commercial revenues were nevertheless strongly impacted at the end of the year by the industrial action on the network (-5.6% in total).
- **RATP Real Estate** confirmed growth in its activity (+24%, after +16% in 2018), particularly through its contribution to energy transition programmes for bus depots, urban integration (development of a new neighbourhood around the reconfiguration of the Vaugirard Workshop), and upgrading RATP's commercial real estate.
- **RATP Connect** set a new record for the number of orders, with a 13.5% increase in turnover. RATP Connect continued to deploy 3G/4G throughout the Paris metro, with 325 stations equipped at the end of 2019, reaching 90% of the network.
- **RATP Capital Innovation**, an investment vehicle for RATP Group created in 2017 in order to contribute to the emergence of new business models and new Smart City and mobility technologies, is continuing to explore these areas. €13.5m were invested to date in several promising start-ups: self-service electric scooters with Cityscoot, car sharing with Communauto, work-home carpooling with Klaxit, and smart shared parking spaces with Zenpark, representing approximately 645,000 end users. These 4 start-ups were heavily involved with offering alternative solutions to Île-de-France residents during the industrial action in December and January.
- **Finally, Systra**, with the joint involvement of RATP and SNCF, is witnessing a rise in its activity and performance despite a troubled international environment. In 2019, 70% of SYSTRA's turnover was carried out internationally. Order intake reached a new record of €855m with the awarding of contracts for engineering, project management, or project ownership assistance. They include projects such as the design and construction of the Old Oak Common station on the future HS2 high-speed line in the United Kingdom, general consultancy for lines 5 and 9 of the Mumbai metro in India, as well as project management for the main section of the Toulouse metro network.

Outlook for 2020

In 2020, RATP Group will maintain its investment momentum in Île-de-France, with the support of Île-de-France Mobilités, and will also increase its efforts to improve passenger experience and information throughout its networks.

Some examples of upcoming highlights:

- The opening of the northern extension of metro line 14 to Mairie de St-Ouen in summer 2020 (5.8 km of tunnels and 4 new stations);
- The continuation of extension works on metro lines 4, 11, 12, and 14 South;
- The awarding of the tender for the new MING trains on RER suburban line B at the end of 2020, as well as the first conversion works for the arrival of the new train;
- The refurbishing of the MI84 train (RER line B), with the introduction of the first refurbished trains in April 2020, and the refurbishing of the MI2N (RER line A), with the refurbished trains entering service towards the end of 2020;
- Regarding buses, the introduction of the first electric buses from the first large-scale call for tenders of 2019 and the trial of a first standard autonomous bus with passengers on route 393;
- Changes to the RATP app, which will be enriched with new services to make everyday life easier;
- Testing the new passenger welcoming counters, fitted with clearer signage;
- The deployment of 1,300 bus passenger information terminals in the suburbs;
- Wi-Fi deployed in 90 metro and train stations.

Concerning the outlook beyond EPIC's historic territory, priority will be given to contracts that have already been awarded, and to pursuing profitable growth by selectively responding to calls for tenders:

- In France, responses to calls for tenders for buses in the outer suburbs in Île-de-France (OPTILE scope - Professional Organisation for Transport in Île-de-France), as well as for the TER contract, and preparation of the tenders for the operation of the Grand Paris Express.
- In the Middle East, priorities will revolve around opening the bus network and working to begin the operation of metro lines 1 and 2 (end of 2020 - beginning of 2021) in Riyadh, opening the Lusail tram line in Qatar, and in Dubai in the United Arab Emirates responding to the calls for tenders for the operation of the metro, tram and bus networks.
- In the United Kingdom, RATP Dev will pursue its micro transit pilot project in London.
- With regard to tour buses, RATP Dev is preparing for its activity in Brussels to resume after being awarded the recent tender.

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