

# SNCF Mobilites

## Update

### Issuer Default Ratings (IDRs)

#### Foreign Currency

Long-Term IDR	AA
Short-Term IDR	F1+

### Ratings Outlooks

Long-Term IDR	Stable
---------------	--------

### Financial Data

#### SNCF Mobilites (Consolidated)

(EURm)	31 Dec 13	31 Dec 12
Revenue	32,232	32,225
Operating EBITDAR	3,921	3,904
EBITDAR/revenue (x)	12.2	12.1
Cash flow from operations	2,660	2,562
Free cash flow	-386	1,679
Total gross debt	17,838	20,187
Total net debt <sup>a</sup>	7,391	7,521
Total net debt/EBITDAR (x)	1.88	1.93
CDP receivables	1,684	2,861
RFF receivables	1,221	1,654

<sup>a</sup> Total gross debt net of cash and marketable securities, other financial assets and net of Caisse de la Dette Publique (CDP) and RFF receivables

### Key Rating Drivers

**Strong Support, Strategic Position:** Fitch Ratings downgraded the ratings of SNCF Mobilites (named "SNCF" until 31 December 2014) on 18 December 2014, reflecting the rating action on the Long-Term IDR of France (AA/Stable/F1+). SNCF Mobilites' ratings, aligned with those of France, reflect the strong expected support from the state in case of need, due to SNCF Mobilites' Etablissement Public Industriel et Commercial (EPIC) legal status. The ratings are aligned with those of the French State due to very strong expected support, strong oversight by the French government and the company's strategic role in government policy.

**Strong State Support:** Given its EPIC legal status, Fitch believes SNCF Mobilites would benefit from very strong state support in case of need. Although the French government has no legal obligation to prevent a default, Fitch assumes that France is highly motivated to provide support and that it has the means to enable SNCF Mobilites (but not its subsidiaries) to meet debt-service obligations on time.

**Railway Sector Reform:** As an effect of the law reforming the French rail sector, a unified railway infrastructure manager was created on 1 January 2015 by merging the infrastructure divisions of SNCF (now SNCF Mobilites) with Reseau Ferre de France, renamed SNCF Reseau (AA/Stable). As the rail operator, SNCF Mobilites remains a distinct entity; however, along with SNCF Reseau, is placed under the authority of an umbrella state agency (SNCF). Both entities retain their state agency status (EPIC).

**Market Liberalisation Concerns:** SNCF Mobilites' ratings take into account ongoing market liberalisation. Extraordinary liquidity support could be classed as unlawful state aid under EU regulations if it were used to support competitive businesses. However, Fitch considers that the likelihood of a bailout as low and that SNCF Mobilites will rely on a sufficient buffer of available cash resources until at least 2016.

**Stable Activity in 2013:** SNCF Mobilites recorded stable consolidated revenue in 2013 at EUR32.2bn, despite a downward trend in freight and high-speed passenger transport. EBITDA is stable at EUR3.9m, with moderate growth in operating expenditure. However, including exceptional large impairment losses due to a EUR1.4bn write-down of TGV high-speed train assets, SNCF recorded a net loss of EUR180m, down from a EUR376m profit in 2012.

**High Debt, Adequate Liquidity:** At year-end 2013, total gross debt was EUR17.8bn. Net debt (gross debt net of cash and marketable securities, of receivables on Caisse de la Dette Publique (CDP) and SNCF Reseau and other receivables) represented 1.9x EBITDA in 2013, consistent with 2012. Liquidity is underpinned by EUR5.1bn of cash and cash equivalents at end-2013, EUR1.7bn of CDP receivables and EUR1.1bn of committed bank lines.

### Rating Sensitivities

**Sovereign Downgrade, Status Change:** Any change in France's sovereign ratings would be mirrored in SNCF's ratings. Any change in SNCF Mobilites' EPIC status, with weaker state support, would also trigger a rating review.

**Declining Liquidity Reserves:** SNCF Mobilites' ratings could also be downgraded if its liquidity reserves declined below the level sufficient to cover 1.5 years of debt service.

### Related Research

[France \(December 2014\)](#)

### Analysts

Olivier Jacques  
+33 1 44 29 91 89  
[olivier.jacques@fitchratings.com](mailto:olivier.jacques@fitchratings.com)

Christophe Parisot  
+33 1 44 29 91 34  
[christophe.parisot@fitchratings.com](mailto:christophe.parisot@fitchratings.com)

Appendix A

Figure 6  
SNCF/SNCF Mobilites Consolidated Financial Statements

(EURm)	2009	2010	2011	2012	2013
<b>Operating revenues<sup>a</sup></b>	16,441	21,834	23,360	22,468	22,257
Staff expenses	-10,415	-12,154	-12,603	-12,825	-13,063
Depreciation	-1,344	-1,534	-1,686	-1,449	-1,553
Other operating revenues and expenditure	-13,086	-14,566	-16,724	-15,862	-16,385
Operating balance before grants and subsidies	-8,404	-6,420	-7,653	-7,668	-8,744
<b>Revenue from public sector</b>	8,441	8,632	9,285	9,757	9,975
<b>Operating balance after revenue from public sector</b>	37	2,212	1,632	2,089	1,231
Interest revenue	564	465	656	801	432
Interest expenditure	-867	-823	-1,014	-1,251	-731
Operating balance after financing	-266	1,854	1,274	1,639	932
Surplus on disposal of fixed assets	432	268	293	207	180
Non-operating revenue and expenditure	-11	-259	-42	32	-8
Profit (loss) before taxation	155	1,863	1,525	1,878	1,104
Taxation	-1,135	-1,167	-1,399	-1,503	-1,283
<b>Profit (loss) after tax</b>	-980	696	126	375	-179
<b>Balance sheet</b>					
<b>Assets</b>					
Tangible assets	15,600	16,975	16,658	15,396	15,007
Intangible assets	605	1,430	1,416	1,347	1,260
Other long-term assets	2,307	3,074	3,282	3,378	3,406
Long-term investments	6,850	7,049	6,265	5,243	5,461
Stock	806	905	907	990	1,018
Trade debtors	5,825	6,517	6,837	7,649	7,493
Other current assets	3,530	2,729	2,795	3,181	1,119
Cash and liquid investments	4,101	4,708	3,902	5,291	5,060
<b>Total assets</b>	<b>39,624</b>	<b>43,387</b>	<b>42,062</b>	<b>42,475</b>	<b>39,824</b>
<b>Liabilities and equity</b>					
Long-term liabilities	2,865	3,170	2,999	3,015	3,156
Pension	0	0	0	0	0
Long-term debt	14,887	16,386	15,521	15,107	14,235
Trade creditors	8,485	10,197	10,711	12,133	12,057
Other short-term liabilities	321	292	351	24	4
Short-term debt	6,464	5,985	5,418	5,079	3,603
Equity	6,596	6,985	7,058	7,117	6,769
Reserves	6	372	4		
<b>Total liabilities and equity</b>	<b>39,624</b>	<b>43,387</b>	<b>42,062</b>	<b>42,475</b>	<b>39,824</b>
<b>Debt statement</b>					
Short-term debt <sup>b</sup>	6,464	5,985	5,417	5,079	3,603
Long-term debt <sup>b</sup>	14,887	16,386	15,522	15,107	14,234
<b>Total debt<sup>b</sup></b>	<b>21,351</b>	<b>22,371</b>	<b>20,939</b>	<b>20,186</b>	<b>17,837</b>
Other Fitch-classified debt					
<b>Total risk</b>	<b>21,351</b>	<b>22,371</b>	<b>20,939</b>	<b>20,186</b>	<b>17,837</b>
Cash, liquid deposits and sinking funds	4,101	4,708	3,902	5,291	5,060
<b>Net risk</b>	<b>17,250</b>	<b>17,664</b>	<b>17,038</b>	<b>14,895</b>	<b>12,777</b>
Contingent liabilities					
<b>Net overall risk</b>	<b>17,250</b>	<b>17,664</b>	<b>17,038</b>	<b>14,895</b>	<b>12,777</b>
% Debt in foreign currency <sup>c</sup>	3.45	5.26	69	5.32	5.60
% Issued debt <sup>c</sup>	69.54	68.65	72.55	76.67	74.62
% Debt and fixed interest rate <sup>c</sup>	53.46	60.77	69.44	70.41	67.62
<b>Cash flow statement</b>					
Funds from operations	1,742	1,823	2,807	2,562	2,660
Other cash flow movements	-59	-62	-289	-287	-262
Changes in working capital	-12	525	44	-293	-42
Cash flow before net capital expenditure	1,671	2,286	2,562	1,982	2,356
Net capital expenditure	-921	-1,365	-1,064	-668	-1,620
Cash flow before financing	750	921	1,498	1,314	736
New borrowing	2,900	1,922	1,437	1,128	607
Other cash financing	-250	139	-2,233	324	-1,429
Debt repayment	-2,463	-2,280	-1,387	-1,087	-300
Cash flow after financing	937	702	-685	1,679	-386

<sup>a</sup> Excluding turnover from public orders

<sup>b</sup> Including leases

<sup>c</sup> Excluding cash borrowings and overdrafts

Source: SNCF Mobilites, Fitch

Appendix B

Figure 7  
**SNCF/SNCF Mobilites – Ratios**

	2009	2010	2011	2012	2013
<b>Ratio analysis</b>					
<b>Profitability ratios (%)</b>					
Personnel costs/oper.rev including revenue from public sector	41.63	39.70	38.57	39.59	40.07
Revenue from the public sector/oper.rev including revenue from public sector	33.74	28.20	28.41	30.12	30.60
EBITDA/oper.rev including revenue from public sector	10.46	10.56	12.62	12.05	12.03
<b>Balance sheet ratios (%)</b>					
Current assets/total assets	35.99	34.25	34.33	40.28	36.89
Current assets/total liabilities	43.19	41.24	41.26	48.39	44.44
Return on equity	-14.84	9.46	1.78	5.27	-2.64
Return on assets	-2.47	1.60	0.30	0.88	-0.45
<b>Debt ratios</b>					
Net debt/EBITDA (x)	4.94	3.95	3.37	2.88	2.52
Long-term debt/oper.rev including revenue from public sector (%)	55.62	50.03	45.46	44.06	41.49
Total debt/EBITDA (x)	6.50	5.40	4.32	4.23	3.81
Debt/equity (%)	257.86	237.46	252.34	232.09	220.61
EBITDA/gross interest expenditure (x)	3.02	3.93	4.07	3.12	5.36
Debt servicing/operating balance before revenue from public sector (%)	-39.62	-48.33	-31.37	-30.49	-11.79
Debt servicing/operating balance after revenue from public sector (%)	9,000.00	140.28	147.12	111.92	83.75

Source: SNCF Mobilites, Fitch

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT [WWW.FITCHRATINGS.COM](http://WWW.FITCHRATINGS.COM). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2015 by Fitch, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, New York, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings, Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion is based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at anytime for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

## Related Criteria

[Rating of Public Sector Entities \(March 2014\)](#)

[Tax-Supported Rating Criteria \(August 2012\)](#)