

SNCF Mobilites (/gws/en/esp/issr/80360559)



Fitch Places SNCF Mobilites on Rating Watch Negative

Fitch Ratings-Paris-28 February 2018: Fitch Ratings has placed SNCF Mobilites' 'AA' Long-Term Issuer Default Ratings (IDR) and 'F1+' Short-Term IDR on Rating Watch Negative (RWN). A full list of rating actions is at the end of this commentary.

KEY RATING DRIVERS

The RWN follows the release of a roadmap by France's Prime Minister on 26 February 2018 leading to the overhaul of the SNCF Group, including SNCF Mobilites, ahead of the EU-led opening of the market for some train lines to competition as soon as 2019.

The details of the reform are still unclear, but they may notably include the transformation of SNCF Mobilites from a public commercial and industrial establishment (EPIC status) into a commercial company (societe anonyme/SA) with public capital, and the suppression of the special civil-servant like status for new hires. Fitch views the loss of the EPIC status as evidence of a loosening of state linkage.

SNCF Mobilites is one of Europe's largest passenger and freight transport operators, with a quasi-monopoly in rail passenger transport in France. It is an EPIC with legal capacity and financial autonomy. It is fully owned and controlled by the French state.

Fitch views SNCF Mobilites' EPIC status as highly supportive of the company's credit quality: as an EPIC it cannot be liquidated or file for bankruptcy proceedings, but can only be dissolved by law, which would entail an automatic and unconditional transfer of all its assets and liabilities to the state.

Under the first two EU rail packages (1998 and 2004), freight was opened to competition. The third rail package, adopted in 2007, opened international rail passenger transport to competition. The fourth package will gradually open domestic passenger services to competition between 2019 and 2023.

RATING SENSITIVITIES

Fitch expects to resolve the RWN over the next six months, potentially with a downgrade subject to the review of SNCF Mobilites' ratings under the agency's new government-related entities criteria.

The rating actions are as follows:

Long-Term IDR 'AA': placed on RWN

Short-Term IDR 'F1+': placed on RWN

Senior unsecured notes rated 'AA': placed on RWN

EUR12 billion EMTN programme rated 'AA'/F1+': placed on RWN

EUR3.048 billion commercial paper (billets de tresorerie) programme rated 'F1+': placed on RWN

EUR2 billion euro commercial paper programme rated 'F1+': placed on RWN

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Applicable Criteria

Government-Related Entities Rating Criteria (pub. 07 Feb 2018)

(<https://www.fitchratings.com/site/re/10019302>)

International Local and Regional Governments Rating Criteria - Outside the United States (pub. 18 Apr 2016) (<https://www.fitchratings.com/site/re/878660>)

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