

Region of Ile-de-France

Key Rating Drivers

Outlook Revised to Negative: Fitch Ratings revised the Outlook on the Region of Ile-de-France to Negative in May 2020 following the revision of the sovereign Outlook to Negative.

Rating Derivation Summary: We assess Ile-de-France's Standalone Credit Profile (SCP) at 'aa'. This reflects the combination of a 'High Midrange' risk profile and debt sustainability metrics that Fitch assesses as in the middle of the 'aa' category under its rating case scenario. Ile-de-France's IDR is not capped by the French sovereign (AA/Negative), and no other rating factors apply on the final ratings.

Risk Profile - 'High Midrange': Ile-de-France's key risk factors (KRFs) are assessed either at "Stronger" (revenue robustness, expenditure sustainability, liabilities and liquidity robustness and flexibility) or at "Midrange" (revenue adjustability and expenditure adjustability). The "High Midrange" risk profile reflects a limited risk that the region's cash flow available for debt service will contract beyond reasonable downturn expectations.

Debt Sustainability - 'aa' Category: In Fitch's rating case scenario, Ile-de-France's payback ratio is 6x-6.5x in the medium term (2019: 3.8x). Debt-service coverage (Fitch's synthetic calculation) remains sound, close to 2x, while the fiscal debt burden approaches 180%. The expected deterioration in debt ratios in the coming years is due to the economic consequences of the coronavirus pandemic, which will affect the region's tax revenue, and the region's large capex programme.

Sovereign Drives Outlook: Ile-de-France's Long-Term IDR is not capped by the French sovereign (AA/Negative). It does not take any extraordinary support from the state into account, and no other rating factor affects the final rating. However, the Negative Outlook mirrors that of the sovereign.

ESG Considerations: ESG issues have a minimal impact on Ile-de-France's ratings, as reflected in a score of '3'.

Rating Sensitivities

Revision of Sovereign Outlook: a revision of the sovereign Outlook to Stable would lead to a similar rating action for Ile-de-France, all other things remaining unchanged.

Weaker Payback and Sovereign Downgrade: a deterioration of the payback ratio to 7.5x on a sustained basis in our rating case scenario could lead to a downgrade. This could happen if the drop in tax revenue resulting from the pandemic is larger than expected and not matched by a lower amount of expenditure or higher transfers received. A downgrade of the sovereign would also be reflected in the region's ratings.

Ratings

Foreign Currency	
Long-Term IDR	AA
Short-Term IDR	F1+

Local Currency	
Long-Term IDR	AA
Long-Term Senior Unsecured Debt Rating	AA
Short-Term Senior Unsecured Debt Rating	F1+

Outlooks

Long-Term Foreign-Currency IDR	Negative
Long-Term Local-Currency IDR	Negative

Issuer Profile

Ile-de France is France's main political and economic centre and one of the EU's wealthiest regions. With a population of 12.1 million, it represents 18% of the national population and more than 30% of national GDP.

Financial Data

Region of Ile-de-France (EURm)	2019	2024 ^{rc}
Payback (x)	3.8	6.3
Synthetic coverage (x) ^a	3.4	2.0
Actual coverage (x)	2.3	1.5
Fiscal debt burden (%)	137	179
Net adjusted debt	5,185	6,197
Operating balance	1,379	977
Operating revenue	3,797	3,441
Debt service	602	651
Mortgage-style debt annuity ^a	406	475

rc: Fitch's rating-case scenario

^a Fitch's calculation (see Appendix C)

Source: Fitch Ratings, Ile-de-France

Applicable Criteria

[Rating Criteria for International Local and Regional Governments \(September 2019\)](#)

Related Research

[French LRGs: Credit Overview 2019 \(May 2019\)](#)

[French Regions - Portfolio Review 2020 \(June 2020\)](#)

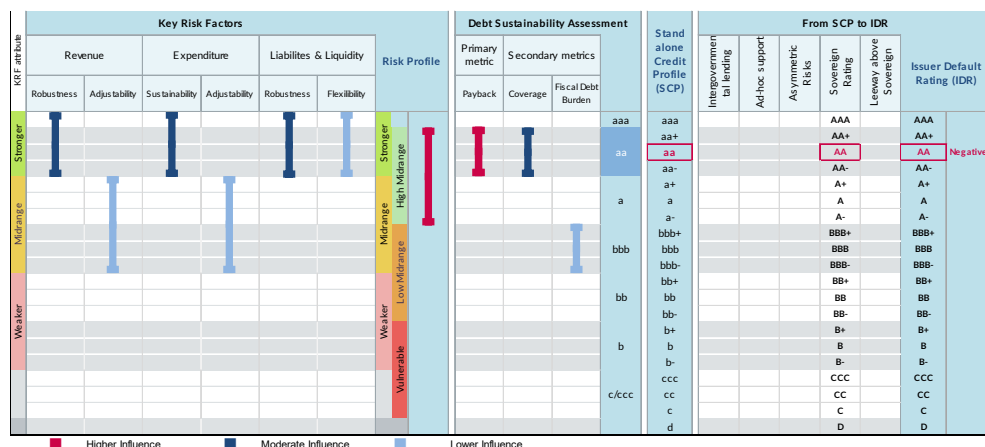
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Rating Synopsis

Ile-de-France's Long-Term IDR of 'AA' is driven by the region's SCP assessed at 'AA'. This reflects the combination of a 'High Midrange' risk profile (see *Risk Profile: High Midrange*) and debt sustainability that Fitch assesses as in the middle of the 'aa' category under its rating case scenario (see *Debt Sustainability: 'aa'*). Ile-de-France's IDR is not capped by the French sovereign (AA/Negative), and no other rating factors affect the rating (see *Other Rating Factors*). However, the Negative Outlook mirrors that of the French state.



Rating History

Date	Long-Term Foreign-Currency IDR	Long-Term Local-Currency IDR
17 Dec 14	AA	AA
17 Jul 13	AA+	AA+
15 May 02	AAA	AAA

The downgrades in 2013 and 2014 followed a downgrade of the sovereign

Source: Fitch Ratings

Region of Ile-de-France



Source: Fitch Ratings

Issuer Profile

Ile-de-France is a region of the unitary state of France and is classified by Fitch as a Type B local and regional government (LRG), meaning that it is required to cover debt service from cash flow annually. Ile-de-France's main spending responsibilities cover transportation, vocational training, education and economic development, like other French regions.

Ile-de-France is by far the most populous French region. With 12.1 million residents, it accounts for about 18% of the national population. Ile-de-France's average annual rate of population growth was 0.5% over 2012-2017, slightly above the national average. This growth was attributable to the natural balance (+0.9%) as net migration is negative (-0.4%).

Ile-de-France is France's main political and economic centre, and accounted for around 31% of the country's GDP in 2018. Most of the largest French corporations are based in Ile-de-France or have headquarters there. The region is also one of the world's largest hosts of international organisations. These include the OECD, UNESCO and the European Space Agency. The region benefits from a highly qualified workforce and strong infrastructure. It has the second-largest airport hub in Europe and is well connected by France's high-speed train network.

Ile-de-France is one of the EU's wealthiest regions. In 2018, GDP per capita was EUR59,700, or 193% of the EU average. Unemployment is below the French average (7.1% compared with 7.8% in 4Q19), but the poverty rate is higher (15.3% in 2017 compared with 14.5% in metropolitan France).

Risk Profile: High Midrange

Ile-de-France's risk profile is assessed at 'High Midrange'. This reflects a stronger assessment of its revenue robustness, expenditure sustainability, liabilities and liquidity, and a "Midrange" assessment of its revenue and expenditure adjustability.

Socioeconomic Indicators

	LRG	France
Population, 2017 (m)	12.2	64.6
2012-2017 average annual population growth (%)	0.5	0.4
GDP per capita, 2018 (EUR)	59,700	35,000
Unemployment rate, 4Q19 (%)	7.1	7.8
Poverty rate, 2017 (%)	15.3	14.5

Source: Fitch Ratings, Insee, Eurostat

Ile-de-France- Risk Profile Assessment

Risk profile	Revenue robustness	Revenue adjustability	Expenditure sustainability	Expenditure adjustability	Liabilities & liquidity robustness	Liabilities & liquidity flexibility
High Midrange	Stronger	Midrange	Stronger	Midrange	Stronger	Stronger

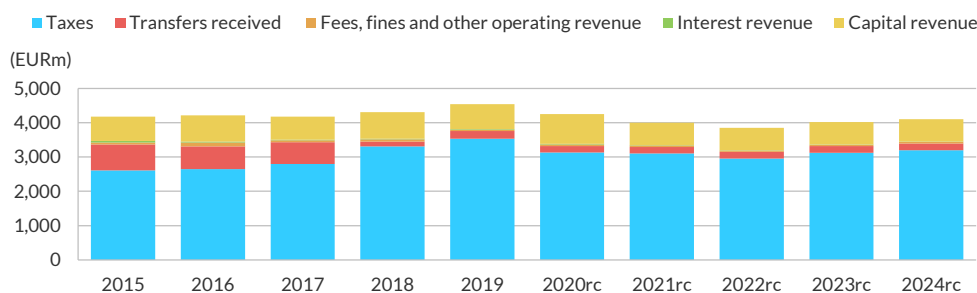
Source: Fitch Ratings

Revenue Robustness: Stronger

Ile-de-France's operating revenue is mostly made up of predictable and growing tax items. The levy on corporate value-added tax (CVAE; 24% of operating revenue in 2019) and VAT (13%) are linked to GDP growth, while the fuel tax (28%) is mostly shielded from the economic cycle as proceeds are mostly guaranteed by the French state (AA/Negative). Vehicle registration fees (9%) are a less robust revenue source as they are linked to a specific market (vehicle purchases).

In Fitch's view, the economic downturn, triggered by the coronavirus pandemic, will hit about half of Ile-de-France's operating revenue. VAT, vehicle registration rate proceeds and the share of fuel tax that is not guaranteed by the French state will decline in 2020. The decline in VAT proceeds may not exceed 6.2% as French regions benefit from a floor of proceeds from the French state. By contrast, CVAE net proceeds will increase by 6.2% in 2020 as the tax is paid on results two years earlier. However, we expect them to decline in 2021, and even more significantly in 2022. The economic downturn is factored into our debt sustainability assessment through our rating case scenario, but will not affect the revenue robustness assessment.

Revenue Structure



rc: Fitch's rating case scenario

Source: Fitch Ratings, Ile-de-France

Revenue Adjustability: Midrange

Like other French Metropolitan regions, Ile-de-France's rate-setting power is limited to vehicle registration fees. The region's current rate is EUR46.15, close to the French median of metropolitan regions (the rate varied from EUR33 in the former region of Picardie and EUR51.2 in Provence-Alpes-Cote-d'Azur). French law does not provide for any ceiling on tax rates. If we assume it to be EUR60¹, Ile-de-France could have increased its operating revenue by a moderate 3% in 2018. However, in Fitch's view, this would cover more than 100% of a reasonably expected revenue decline (estimated at 2%-3% by Fitch)².

Fitch considers the affordability of additional taxation as strong as the additional tax bill would represent a marginal proportion of the region inhabitants' average income.

¹ About 20% above the current highest rate and close to 2x the current lowest rate: see [French Regions - Portfolio Review 2020 \(June 2020\)](#)

² According to Fitch's LRG criteria, the additional revenue increase is compared to a 'reasonably expected decline in revenue'.

Revenue Breakdown, 2019

	Operating revenue (%)	Total revenue (%)
Levy on corporate value added	24	-
VAT	13	-
Fuel tax	28	-
Vehicle registration fees	9	-
Other tax items	18	-
Transfers	6	-
Miscellaneous	1	-
Operating revenue	100	84
Financial revenue	-	0
Capital revenue	-	16

Source: Fitch Ratings, Ile-de-France

Expenditure Sustainability: Stronger

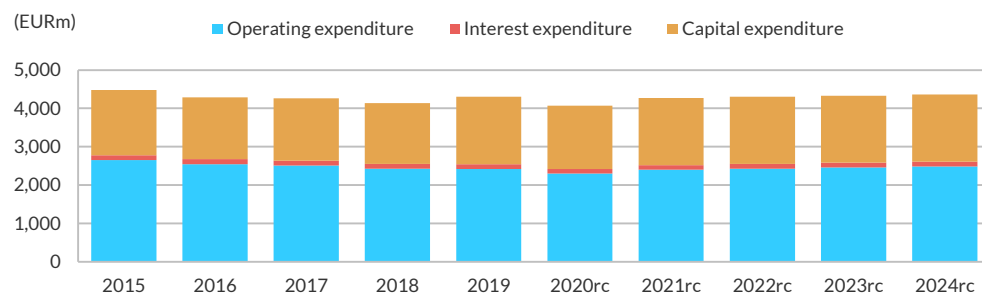
Ile-de-France has tight control of expenditure, as reflected by the continuous decline in operating expenditure in the last four years. Operating spending decreased by 2.3% a year on average in 2015-2019, while operating revenue growth was 2.6% a year on average in this period.

We expect Ile-de-France to maintain a sound control over expenditure in the coming years. The region aims to comply with the prudential rules set by the French state, under the Finance Programming Bill for 2018-2022, which cap the region's current expenditure growth at 1.14% a year (excluding some ad hoc effects). However, these rules have been put on hold by the French state in the context of the coronavirus crisis.

The region's expenditure is mainly non-cyclical and unlikely to grow significantly in an economic downturn. During the coronavirus pandemic, Ile-de-France will participate in national measures to support businesses, in light of its responsibility for economic development. At end-May 2020 the region announced a EUR1.3 billion package to support the local economy. However, we expect the region will mainly reallocate some budget items (EUR700 million out of the EUR1.3 billion announced).

Containment measures will automatically lead to the postponement of some spending needs, which should also help the region keep spending under control in 2020. In our rating case scenario, we expect Ile-de-France's operating spending to grow 1% a year on average in 2020-2024 as it is likely to keep tight control over operating spending to cope with a decline in tax revenue.

Expenditure Structure



rc: Fitch's rating case scenario
Source: Fitch Ratings, Ile-de-France

Expenditure Adjustability: Midrange

Fitch assesses the budget balance rule applying to French LRGs as a 'Midrange' attribute. French LRGs must cover operating spending by operating revenue, with a good track record of application. However, they can increase debt to finance investments.

Ile-de-France's operating expenditure is mainly made up of mandatory transfers related to transport (32% of operating spending in 2019), vocational training (28%) and secondary education (11%). Staff costs (18%) are also a rigid spending item as most of the region's employees have the status of civil servants. However, cost-cutting measures may still be implemented, as indicated by the decline in the region's operating spending in recent years.

The region has a large capex programme (41% of total expenditure in 2019, Fitch adjusted), which could be postponed or scaled down if needed, although this flexibility is partially offset by the region's high capex needs, especially in terms of transportation and high-school infrastructure. Overall we estimate the share of inflexible expenditure to be 70%-90%.

We consider the level of service and investment within the region to be high, and that the ability to reduce it is strong compared with international peers.

Expenditure Breakdown, 2019

	Opex (%)	Total expenditure (%)
Transportation	32	-
Vocational training	28	-
Secondary education	11	-
Staff costs	18	-
Other	11	-

Operating expenditure	100	56
Financial charges	-	3
Capital expenditure	-	41

Source: Fitch Ratings, Ile-de-France

Liabilities and Liquidity Robustness: Stronger

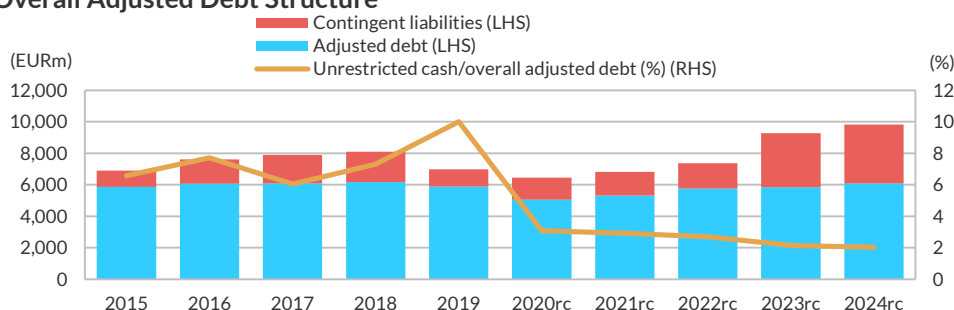
Ile-de-France operates under a robust national and individual debt management framework. Its liabilities carry little risk. At end-2019, debt was 95% fixed rate and 100% was considered risk-free by the national regulation (Gissler Charter). Debt service is structurally well covered by the operating balance (2019: 2.3x). The share of short-term debt is moderate (8%), corresponding to a commercial paper issue. The debt amortisation schedule has some large bullet repayments in 2025-2027 (around EUR750 million in 2025 and around EUR700 million in 2026-2027). However, the risk of bullet repayments is mitigated, in Fitch's view, by the modest amount of these maturities in absolute terms and as a proportion of cash flow.

Off-balance-sheet liabilities are mostly related to Ile-de-France Mobilités, a public-sector entity in charge of public transport in the region, although it is not legally liable for this entity's debt. Ile-de-France and its eight departments are legally required to participate in Ile-de-France Mobilités. The region has 51% of the seats on the board of directors.

Fitch assesses Ile-de-France Mobilités' risk profile as sound. It is largely funded by the levy on transport and its mandates are not subject to competition. It also has sound debt ratios, with leverage of below 3x in 2018. However, Ile-de-France Mobilités' debt has increased sharply in recent years due to significant capital expenditure needs (end-2018: EUR1.9 billion) and we expect this to continue. The entity will also be hit by the coronavirus crisis as it will cause a sharp decline in the transport levy and in fare revenue in 2020.

The level of debt guaranteed by the region is negligible, at around EURO.1 million at end-2019.

Overall Adjusted Debt Structure



rc: Fitch's rating case scenario
Source: Fitch Ratings, Ile-de-France

Liabilities and Liquidity Flexibility: Stronger

Fitch views the framework for emergency liquidity support from the French state as strong. This is evident in cash pooling between French LRGs and the French state, with the formers' liquidity deposited at the national Treasury. French LRGs may benefit from the transfers of tax proceeds in advance from the French state in case of a liquidity shortfall. The counterparty risk of this mechanism is low due to the high sovereign rating (AA/Negative).

Ile-de-France has strong access to liquidity in various forms. It has access to institutional lenders such as Caisse des Depots et Consignations (AA/Negative), like all French LRGs, and also used credit lines from the European Investment Bank (AAA/Stable) in 2019. It benefits also from a EUR587 million revolving line with a bank rated 'A+', which is mainly used as back-up line for the commercial paper programme.

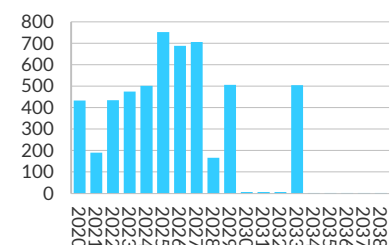
The region uses a EUR1 billion commercial paper programme (Neu CP) and had EUR500 million outstanding at end-2019, which we included in our short-term and net adjusted debt calculation. It uses a EUR7 billion EMTN programme and issued green bonds for its long-term funding. On 22 June 2020, the region issued EUR800 million in green bonds (EUR550 million maturing in 2030; and EUR250 million maturing in 2040), especially to finance its package to support economy, with an average rate of 0.266%.

Debt Analysis

	(End-2019)
Fixed rate (% of direct debt)	95
Short-term debt (% of direct debt)	8
Apparent cost of debt (%)	2.1
Average maturity (years)	6
Debt service	602
Operating balance	1,379

Source: Fitch Ratings, Ile-de-France

Debt Amortisation Schedule as of 1 January 2020 - Capital Repayments (EURm)



Source: Fitch Ratings, Region of Ile-de-France

Liquidity

(EURm)	End-2019
Available cash	699
Unrestricted cash	699
Undrawn committed credit lines	587

Source: Fitch Ratings, Ile-de-France

Debt Sustainability: 'aa'

Ile-de-France - Debt Sustainability Assessment

	Primary Metric	Secondary Metrics	
	Payback (x)	Coverage (x)	Fiscal Debt Burden (%)
aaa	$X \leq 5$	$X \geq 4$	$X \leq 50$
aa	$5 < X \leq 9$	$2 \leq X < 4$	$50 < X \leq 100$
a	$9 < X \leq 13$	$1.5 \leq X < 2$	$100 < X \leq 150$
bbb	$13 < X \leq 18$	$1.2 \leq X < 1.5$	$150 < X \leq 200$
bb	$18 < X \leq 25$	$1 \leq X < 1.2$	$200 < X \leq 250$
b	$X > 25$	$X < 1$	$X > 250$

Source: Fitch Ratings

Debt Sustainability Ratios - Fitch's Rating Case Scenario

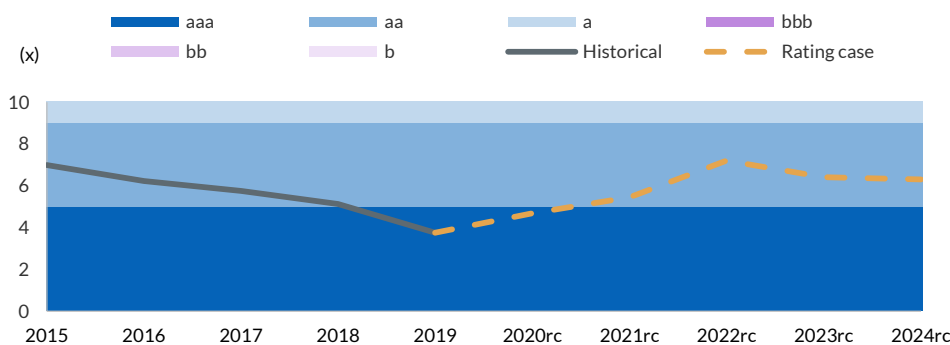
	2019	2024rc
Payback (x)	3.8	6.3
Synthetic coverage (x)	3.4	2.0
Fiscal debt burden (%)	137	179

rc: Fitch's rating case scenario
Source: Fitch Ratings, Ile-de-France

Ile-de-France's debt sustainability is assessed in the middle part of the 'aa' category. In our rating case scenario, we expect the payback ratio (net adjusted debt/operating balance) to be 6x-6.5x in the medium term, the coverage ratio (operating balance/debt service; Fitch's synthetic calculation) to be close to 2x, and the fiscal debt burden (net adjusted debt/operating revenue) to be close to 180%.

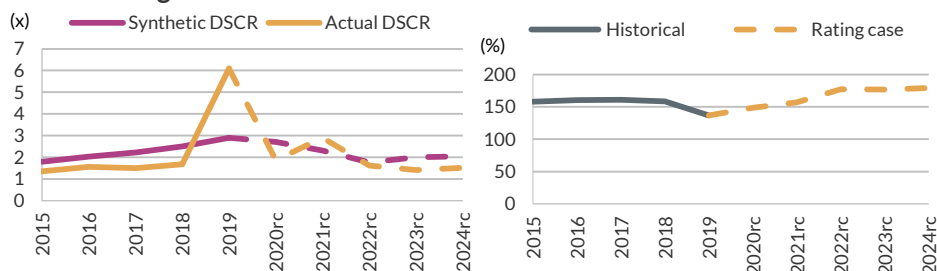
Ile-de-France's fiscal debt burden appears comparatively weaker than the payback and coverage ratios ('a' category in Fitch's guidance table). However, this reflects a structural feature of the French regions, and of Ile-de-France in particular, which are capital intensive.

Payback Ratio - Fitch's Rating Case Scenario



rc: Fitch rating case scenario
Source: Fitch Ratings, Ile-de-France

Synthetic and Actual Coverage Ratios - Fiscal Debt Burden - Fitch's Rating Case Scenario



rc: Fitch's rating case scenario
Source: Fitch Ratings, Ile-de-France

rc: Rating case scenario
Source: Fitch Ratings, Ile-de-France

Fitch's rating case scenario ends in 2024 and is based on the following assumptions. Fitch does not differentiate this year between a "base case scenario" and a "rating case scenario" with additional stress factors due to the exceptional situation linked to the coronavirus pandemic.

Fitch's Rating Case Main Assumptions – Pro Forma Evolution

	2015-2019	2020-2024rc
National nominal GDP growth (Fitch's assumptions) ^a	2.6	1.2
Operating revenue growth (%)	2.6	0.2
Tax revenue growth (%)	2.1	0.9
Central Government Primary Balance / GDP (%) ^a	-1.5	-
Transfers received growth (%)	-1.6	0.0
GDP deflator ^a	0.9	0.8
Operating expenditure growth (%)	-2.3	1.0
Net capital expenditure (average per year; EURm)	-973	-988
Sovereign Benchmark (10y bond, Mid-July 2020)	-0.13	-
Apparent cost of debt (%), 2019	2.1	2.1

rc: Fitch rating case scenario

^a Sovereign assumptions come from the *Global Economic Outlook* published by Fitch on 29 June 2020 for 2020-2022. For 2023-2024, we have assumed a return to the 2015-2019 average for growth and the GDP deflator.

Source: Fitch Ratings

Ile-de-France was affected by some ad hoc effects in recent years, and we expect this will continue. It includes transfers of responsibilities (apprenticeships in 2020), EU funds and vocational training plans financed by the state. Some but not all of these effects could be neutralised in the pro forma calculation. The comparison between data is therefore not always meaningful.

We have revised our rating case scenario to take into account the impact of the expected economic recession, linked to the coronavirus pandemic and containment measures. In the case of Ile-de-France, the main expected impacts are: a sharp drop in CVAE proceeds by around 10% over 2021-2022; a decline by 6.2% in VAT proceeds in 2020 (to the level guaranteed by the state); and a drop of 15%-20% in vehicle registration fees in 2020.

Sound Operating Performance and Debt Ratios

Ile-de-France's debt ratios improved in recent years. The payback ratio was 3.8x in 2019, compared with 7x in 2015. The operating balance increased sharply to EUR1.380 million in 2019, up from EUR773 million in 2015 and EUR1.087 billion in 2018, as a result of growing tax revenue, a decline in operating spending, and a part of pre-financing by the French state of the vocational training plans.

In our rating case scenario, we expect operating balance to be EUR900 million-EUR1 billion in the medium term due to the sharp expected decline in CVAE proceeds, linked to the economic recession. Much will depend on the magnitude of the economic rebound at the local and national level, which will drive tax collection. Our rating case scenario does not take into account at this stage the possibility of additional transfers from the French state to compensate French regions for their loss in tax revenue triggered by the coronavirus pandemic. We expect the region to keep a good control over operating spending in the coming years, especially in a context of lower tax revenue.

Significant Capex and Expected Debt Increase

Ile-de-France's net adjusted debt declined to EUR5.2 billion at end-2019, from EUR5.6 billion at end-2018, and compared to EUR5.4 billion at end-2015. The region was able to self-finance its large capex in 2019 (EUR1,758 million in 2019), thanks to the sharp increase in operating balance.

In our rating case scenario, we expect the region's capital expenditure to be close to EUR1.7 billion a year on average in 2020-2024, and the net adjusted debt to be around EUR6.2 billion at end-2024.

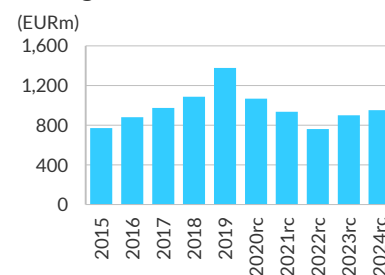
Debt Sustainability Ratios:

- **Payback:** Net adjusted debt/operating balance (x)
- **Synthetic coverage:** Operating balance/mortgage style debt annuity; Fitch's synthetic calculation (x; see Appendix C)
- **Fiscal debt burden:** Net adjusted debt/operating revenue (%)

Fitch's Rating Case Scenario

The rating case is a through-the-cycle scenario that incorporates a combination of revenue, cost or financial risk stresses.

Operating Balance - Fitch's Rating Case Scenario



rc: Fitch rating case scenario
Source: Fitch Ratings, Ile-de-France

Other Rating Factors

Ile-de-France's final rating (IDR) results from its SCP. The rating is not capped by the sovereign and does not take into account any extraordinary support from the French state. No other rating factor affects the final ratings. However, the Negative Outlook mirrors that of the sovereign.

From SCP to IDR: Factors Beyond the SCP

SCP	Sovereign rating	Support				Cap	Notches above the sovereign	IDR
		Intergovern. financing	Ad hoc support	Floor	Asymmetric risks			
aa	AA	-	-	-	-	AA	-	AA

Source: Fitch Ratings

Fitch believes that the region benefits from good governance, which is reflected in tight expenditure control and prudent debt management. The considerations relating to governance are reflected in our 'strong' assessment of the rating factors 'Expenditure Sustainability' and 'Liability and Liquidity Robustness', and in our rating case assumption relative to the evolution of expenditure.

Peer Analysis

Ile-de-France compares well with other French Metropolitan regions in terms of risk profile (assessed at 'High Midrange') and debt sustainability ('aa'). It has the same SCP and IDR as Bretagne, Centre Val de Loire and Occitanie. In our rating case scenario, Ile-de-France's payback ratio is lower than that of Bretagne and Centre Val de Loire, and close to that of Occitanie.

Peer Comparison

French regions	Risk profile	Payback (x) ^{rc}	SCP	IDR	Outlook
Bretagne	High midrange	8.1	aa	AA	Negative
Centre-Val de Loire	High midrange	8.1	aa	AA	Negative
Ile-de-France	High midrange	6.3	aa	AA	Negative
Occitanie	High midrange	6.4	aa	AA	Negative

International peers	Risk profile	Payback (x) ^{rc}	SCP	IDR	Outlook
City of Barcelona	High midrange	1.4	aaa	A-	Stable
Region of Valle d'Aosta	Midrange	3.7	aa	BBB+	Stable
Province of Trento	High midrange	3.4	aaa	BBB+	Stable

rc: Fitch's rating case scenario
Source: Fitch Ratings

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of 3 – ESG issues are credit neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity.

For more information on our ESG Relevance Scores, visit <https://www.fitchratings.com/site/esg>.

Appendix A: Financial Data

Ile-de-France

(EURm)	2016	2017	2018	2019	2020rc	2024rc
Taxes	2,650	2,798	3,312	3,530	3,131	3,199
Transfers received	665	633	139	224	191	199
Fees, fines and other operating revenue	110	53	66	43	42	43
Operating revenue	3,424	3,484	3,517	3,797	3,365	3,442
Operating expenditure	-2,543	-2,508	-2,430	-2,417	-2,298	-2,465
Operating balance	881	976	1,087	1,379	1,067	977
Interest revenue	25	24	21	14	23	10
Interest expenditure	-129	-128	-123	-126	-118	-130
Current balance	778	872	986	1,268	972	857
Capital revenue	763	666	767	730	868	650
Capital expenditure	-1,611	-1,630	-1,581	-1,759	-1,650	-1,750
Capital balance	-848	-964	-814	-1,028	-782	-1,100
Total revenue	4,212	4,174	4,306	4,541	4,255	4,102
Total expenditure	-4,283	-4,266	-4,134	-4,302	-4,066	-4,345
Surplus (deficit) before net financing	-71	-91	172	239	190	-243
New direct debt borrowing	650	530	600	200	990	765
Direct debt repayment	-436	-520	-527	-476	-452	-521
Net direct debt movement	214	10	-73	-276	538	243
Overall results	143	-81	245	-37	728	0
Debt						
Short-term debt	500	500	500	500	500	500
Long-term debt	5,577	5,587	5,661	5,384	5,922	6,874
Intergovernmental debt	0	0	0	0	0	0
Direct debt	6,077	6,087	6,161	5,884	6,422	7,374
Other Fitch-classified debt	0	0	0	0	0	0
Adjusted debt	6,077	6,087	6,161	5,884	6,422	7,374
Guarantees issued (excluding adjusted debt portion)	0	0	0	0	0	0
Majority-owned GRE debt and other contingent liabilities	1,529	1,807	1,931	2,893 ^a	3,793	6,000
Overall adjusted debt	7,606	7,895	8,091	8,777	10,215	13,374
Total cash, liquid deposits, and sinking funds	587	478	807	699	1,177	1,177
Restricted cash	0	0	224	0	0	0
Unrestricted cash	587	478	583	699	1,177	1,177
Net adjusted debt	5,490	5,610	5,577	5,185	5,246	6,197
Net overall debt	7,019	7,117	7,508	8,079	9,039	12,197

^a estimated data

rc: Fitch's rating case scenario (see Debt Sustainability: 'aa'). The last year of the rating-case scenario is 2024

Source: Fitch Ratings, Ile-de-France

Appendix B: Financial Ratios

Ile-de-France

Fiscal performance ratios	2016	2017	2018	2019	2020rc	2024rc
Operating balance/operating revenue (%)	25.7	28.0	30.9	36.3	31.7	28.4
Current balance/current revenue (%)	22.5	24.9	27.9	33.3	28.9	24.9
Operating revenue growth (annual % change)	0.1	1.7	0.9	8.0	-11.4	2.5
Operating expenditure growth (annual % change)	-4.0	-1.4	-3.1	-0.5	-5.0	1.2
Surplus (deficit) before net financing/total revenue (%)	-1.7	-2.2	4.0	5.3	4.5	-5.9
Total revenue growth (annual % change)	0.8	-0.9	3.1	5.5	-6.3	-3.7
Total expenditure growth (annual % change)	-4.3	-0.4	-3.1	4.1	-5.5	0.5

Debt ratios - type B

Primary metrics

Payback ratio (x)	6.2	5.7	5.1	3.8	4.9	6.3
Overall payback ratio (x)	8.0	7.6	6.9	5.9	8.5	12.5

Secondary metrics

Fiscal debt burden (%)	160.3	161.0	158.6	136.6	155.9	180.1
Synthetic debt service coverage ratio (x)	-	-	2.5	3.4	2.6	2.1
Actual debt service coverage ratio (x)	1.6	1.5	1.7	2.3	1.9	1.5

Other debt ratios

Liquidity coverage ratio (x)	2.4	2.4	2.4	3.3	3.1	3.3
Direct debt maturing in one year/total direct debt (%)	16.8	16.8	15.8	15.9	-	-
Direct debt (annual % change)	3.6	0.2	1.2	-4.5	9.1	3.4
Apparent cost of direct debt (interest paid/direct debt) (%)	2.2	2.1	2.0	2.1	1.9	1.9

Revenue ratios

Tax revenue/total revenue (%)	62.9	67.0	76.9	77.7	73.6	78.0
Current transfers received/total revenue (%)	15.8	15.2	3.2	4.9	4.5	4.8
Interest revenue/total revenue (%)	0.6	0.6	0.5	0.3	0.5	0.2
Capital revenue/total revenue (%)	18.1	16.0	17.8	16.1	20.4	15.8

Expenditure ratios

Staff expenditure/total expenditure (%)	9.8	10.1	10.5	10.2	-	-
Current transfers made/total expenditure (%)	42.5	41.6	41.6	39.5	-	-
Interest expenditure/total expenditure (%)	3.0	3.0	3.0	2.9	2.9	3.0
Capital expenditure/total expenditure (%)	37.6	38.2	38.2	40.9	40.6	40.3

rc: Fitch's rating case scenario (see Debt Sustainability: 'aa'). The last year of the rating-case scenario is 2024
Source: Fitch Ratings, Ile-de-France

Appendix C: Data Adjustments

Net Adjusted Debt Calculation

Fitch-adjusted debt includes the region's short-term debt (EUR500 million at end-2019) and long-term debt (EUR5.384 billion at end-2019). Fitch net adjusted debt corresponds to the difference between Fitch-adjusted debt and the cash at the end of the year considered as unrestricted by Fitch (EUR699 million).

Synthetic Coverage Calculation

Fitch's synthetic coverage calculation assumes a mortgage-style amortisation over 15 years of the entity's net adjusted debt, using its average cost of debt. This synthetic calculation is used to assess the French LRGs' debt sustainability.

Specific Adjustments for Ile-de-France

Fitch considers the transfers by the region to offset the amount of CVAE proceeds it received as pass-through revenue. These transfers include a transfer made to the state for the other regions ("fonds national de garantie individuelle des ressources"; EUR675 million in 2019), the equalisation funds (EUR110 million) and the transfer to the Ile-de-France departments to compensate for the doubling of CVAE regional share proceeds as of 2017 (EUR1,372 million).

Fitch believes these restatements allow a meaningful comparison with other LRGs. They are neutral for Ile-de-France's operating balance, and so also for the payback and coverage assessment. However, they reduce the level of operating revenue and are negative on the fiscal debt burden assessment (net adjusted debt/operating revenue).

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