

Paris, 6 Dec 2016

6 Dec 2016 - Arafer publishes its first report on the accounts of motorway concessions

The French rail & road regulatory body (Arafer) today published its first summary of the accounts of motorway concessionaires for the financial year 2015, with particular insight given into the financial implications for the coming years of the toll freeze decided by the government in February 2015.

2015 was a key year and saw the strengthening of the framework for the motorway concession sector (the "Macron" Act) and the agreement between the State and the concessionaires on a new motorway plan (April 2015).

Designated by the Macron Act to inform Parliament and users regarding the economic and financial performance of concessionaires and to ensure the smooth operation of the toll system, Arafer today published its first report on the accounts for the sector. It covers the financial year 2015.

FINANCIAL RESULTS

Motorway concessionaires achieved a turnover of 9.4 billion euros in 2015, an increase of 2.5%. The nine "historic" motorway concessionaires (1) ¹represent 95% of the sector's turnover.

The increase in turnover was mainly driven by toll revenue (+3.2%), which increased with dynamic traffic (+2.9%). The 7 private motorway concessionaires (ASF, Escota, Cofiroute, APRR, Area, Sanef and SAPN) saw their toll rates frozen by the government on 1 February 2015.

At the same time, operating expenses grew less rapidly (+1.5%) than revenues, which led to an improvement in operating margin, with EBITDA of € 6.6 billion, an increase of 3% compared with 2014.

The extension of the duration of the main concessions, following the agreement on the motorway plan, resulted in a reduction in the depreciation and an improvement in concessionaires' operating income (+7.3%), which totalled 4.8 billion euros.

Dividends paid by dealers' concessionaires sharply to 3.3 billion euros (+127.5%), higher than the sector's net profit of 2.2 billion euros.

¹ Cofiroute, Escota, ASF, APRR, Area, ASF, Sanef, SAPN, ATMB and STRF

THE CONSEQUENCES OF THE FEBRUARY 2015 TOLL FREEZE

The Arafer report sheds light on the implications over upcoming years of the toll freeze decided by the government on 1 February 2015 for the 7 private concessionaires.

The supplementary clauses to the contractual requirements, approved on 21 August 2015, embody the agreement reached with the concessionaires in April 2015, including compensation for the freezing of toll rates.

This freeze will be offset by specific increases spread across the period from 2019 to 2023. For the user, this adjustment over five years' results in an increase in tolls that is higher than that normally expected as of 1 February 2015: from +0.23% to +0.82%, according to the concessionaires.

The differences in tolls vary widely from one concessionaire to another and are all the more important as the toll increase planned as of 1 February 2015 was high.

In the end, users will pay around €500 million in additional tolls over the remaining period of the concessions to offset the cost of the time lag in the increase.

To clarify the terms of the compensation negotiated between the government and the concessionaires, Arafer wished there to be an estimate of the rates resulting from the new rate increases: these rates reflect the cost of the time lag in the collection of revenues initially expected from the expected increases as of 1 February 2015, taking into account the risks borne from the growth in traffic and inflation.

Having been unable to obtain the assumptions used under this agreement, the regulator has built its assumptions on the basis of recent public forecasts. These assumptions lead to discount rates of between 9% and 11% depending on the concessionaires.

- [Read the summary of the accounts of motorway concessionaires for the financial year 2015 here](#) (in French)

About Arafer

Since 2010, the French railway sector has had an independent regulatory body which accompanies its gradual opening to competition. The "Macron" Act of 6 August 2015 extends the powers of the regulator to road activities: bus transport and motorways.

On 15 October 2015, the French rail regulatory body became the rail and road regulatory body (Arafer). Its mission is to contribute to the efficient operation of the public service and competitive activities for the benefit of rail and road transport customers. Its public opinions and decisions are adopted by a group composed of seven independent members chosen due to their expertise in railway, road, legal or economic matters or because of their expertise in competition matters and has been chaired since August 2016 by Bernard Roman.