

CREDIT OPINION

24 April 2025

Update



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RATINGS

Tisseo Collectivites

Domicile	France
Long Term Rating	A2
Type	LT Issuer Rating - Fgn Curr
Outlook	Stable

Please see the [ratings section](#) at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Tisseo Collectivites (France)

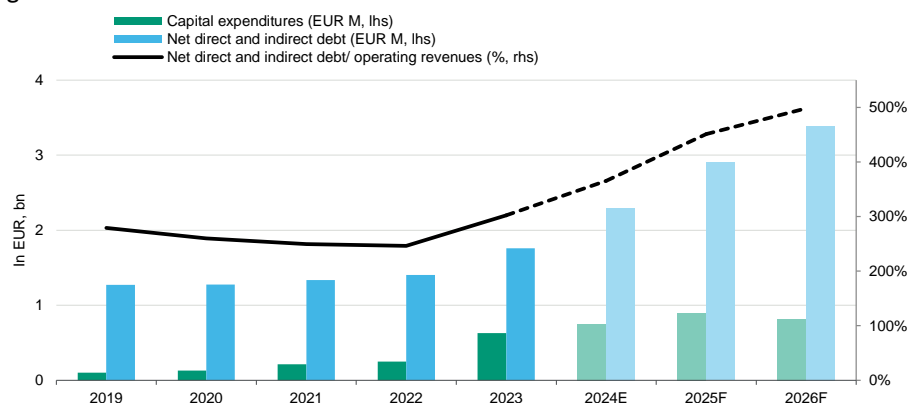
Update following outlook change to stable from negative

Summary

The credit profile of [Tisséo Collectivités](#) (A2 stable/Prime-1) reflects its very strong operating performance, sound governance and attractive territory with strong potential economic growth. The ratings are constrained by a very high and costly debt, which will increase further on the back of a large multiyear fixed capital investment plan. Tisséo Collectivités' credit profile is also supported by the moderate likelihood of extraordinary support from [France, Government of](#) (Aa3 stable) in the event that the issuer faces extreme liquidity stress.

Exhibit 1

A very high debt that will further increase on the back of a large fixed capital investment programme



F: forecast, E: estimate

Source: Tisseo Collectivites, Moody's Ratings.

Credit strengths

- » A very strong operating performance
- » An attractive territory with strong potential economic growth
- » Sound governance and liquidity

Credit challenges

- » A very high debt that will further increase on the back of a large multiyear fixed capital investment plan
- » A high cost of debt

Rating outlook

The stable outlook reflects Tisseo Collectivites' capacity to maintain a very strong operating performance over the next two to three years. It also reflects our view that Tisseo Collectivites' very strong governance and its strong access to financing will help it navigate the current uncertain and challenging political, economic and financial environment, while carrying a very high and costly debt.

Factors that could lead to an upgrade

One or a combination of the following could lead to an upgrade: (1) a higher than currently expected operating performance, and (2) a lower than currently expected debt burden.

Factors that could lead to a downgrade

- » One or a combination of the following could lead to a downgrade: (1) a prolonged period of lower operating margin, compared to our current expectations; (2) a materially and permanently higher debt burden compared to our current forecasts and (3) a material weakening in liquidity position or market access.
- » A downgrade of the sovereign bond rating would most likely have negative implications for the ratings.

Key indicators

Exhibit 2

Tisseo Collectivites

	2019	2020	2021	2022	2023	2024E	2025F	2026F
Primary operating balance / operating revenues (%)	44.7%	40.7%	43.4%	44.6%	39.9%	40.3%	42.7%	44.3%
Capital spending/total expenditure (%)	22.1%	27.1%	37.9%	41.1%	61.5%	62.7%	66.7%	62.8%
Self-financing ratio	1.65	0.93	0.73	0.81	0.33	0.39	0.34	0.34
Net Direct and Indirect Debt / operating revenue (%)	246.9%	279.7%	272.1%	262.4%	308.9%	365.5%	451.1%	498.3%
Interest expenses / operating revenues (%)	14.4%	17.5%	14.4%	12.0%	8.8%	11.0%	12.4%	15.7%
Debt repayment / operating revenue (%)	21.1%	21.0%	20.2%	28.3%	18.1%	18.3%	18.9%	19.0%

F: forecast, E: estimate

Source: Tisseo Collectivites, Moody's Ratings.

Detailed credit considerations

On 18 April 2025, we changed Tisseo Collectivites' outlook to stable from negative and affirmed the A2/Prime-1 ratings. We have also changed the support provider for our assumption of extraordinary support to the Government of France. The likelihood of extraordinary support is moderate, in line with other intermunicipalities we rate.

The credit profile of Tisseo Collectivites, as expressed in its A2 rating, reflects its Baseline Credit Assessment (BCA) of a3 and a moderate likelihood of extraordinary support from the Government of France in the event the entity faces acute liquidity stress.

Baseline credit assessment

A very strong operating performance

We expect Tisséo Collectivités' operating performance to remain very strong, with a primary operating balance (POB) representing a stable 43.5% of operating revenue over 2025-26 (compared with a 42.3% average over 2019-2024). Tisséo Collectivités' three main sources of operating revenue will thus benefit from consistent growth rates. Mobility tax proceeds — a tax paid on payroll by private companies, as well as public entities, and that represents more than half of operating revenue — will move along with France's positive nominal GDP growth per our baseline scenario. Proceeds will reach €372 million or 55% of operating revenue in 2026. Fare revenue was €123 million at year-end 2024 (21% above the 2019 pre-pandemic level) and we expect it to grow by an average of 4% a year in 2025-2026 on the back of planned increases in public transit supply and already implemented increases in tariffs. Mandatory transfers from the intermunicipality's members, including Toulouse Métropole (Aa3, stable), the main one, will increase to €174 million by 2026 (or 26% of operating revenue) from €125 million as of year-end 2024.

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Operating expenditure (excl. interest expense) will, after a 10% increase in 2024 driven by the entry into force of the new contract with its operator following two years of inflation, decrease by 2% in 2025, to €370 million. We expect it to reach around €380 million in 2026, in line with the new agreement. Costs to operate the public transportation network represent around 80% of Tisséo Collectivités' operating expenditures (excl. interest).

An attractive territory with strong potential for growth

As the local government organising, managing and funding mobilities (mainly public transportation) in Toulouse Métropole, Tisséo Collectivités benefits from the attractiveness of the territory in which it operates and from its strong potential economic growth. Both support the intermunicipality's large tax base (its mobility tax base is the highest in France, excluding [Region Ile-de-France](#) [Aa3 stable]), demand for public transportation and its four members' credit strength.

As of year-end 2023, local gross domestic product (GDP) per capita represented 115% of the national GDP per capita. The territory is also the only one in France meeting the Europe 2020 target for research and development (R&D) intensity of 3% of GDP, a long-term economic growth factor. Although the economy, as France's historical capital city of aeronautics and now the European aerospace industry's capital city (about a quarter of all European aerospace jobs), was hurt by the pandemic-induced economic shock, it bounced back more rapidly than expected, because well diversified and benefitting from the location of headquarters and R&D teams and activities — including those of market leaders, such as [Airbus SE](#) (A2 positive), [Thales](#) (A2 stable), Rockwell Collins and Safran, established in the area for a long time — as well as the significant share of orders originating from the public sector to the defense and aerospace industries.

The attractiveness of the area is reflected in its demographics. With a fast-growing population (increase of 8.3% over 2015-21, compared with 1.8% for France over the same period) and 818,491 people as of year-end 2021, Toulouse Métropole is the fourth-largest metropolitan area among the 22 in France. The territory is also characterized by very large population of students (one in four inhabitants in Toulouse city) and researchers.

Sound governance and liquidity

Tisséo Collectivités has sound governance, reflected in its transparent and well-defined financial strategy, with a clear focus on the entity's ability to have a high operating margin to fund capital spending, shared by elected representatives, its members and the administration. Tisséo Collectivités' sound governance is also reflected in its prudent budgetary practices and sophisticated multiyear financial planning. This allows Tisséo Collectivités to have a credible contingency plan and to use budgetary flexibility in case of cost overruns or a revenue shock. In the recent years, Tisséo Collectivité has a track record of using effectively its budgetary flexibility. In 2022, to mitigate the impacts of inflationary pressures on operating and capital expenses (CAPEX) and thus comply with its internal targets (including a debt-to-gross operating balance ratio below 18 years), Tisséo Collectivités decided to postpone CAPEX projects and transfers from Toulouse Métropole are increasing as CAPEX is.

Tisséo Collectivités benefits from sound and secure liquidity, supported by predictable and regular cash flow, in line with other French regional and local governments (RLGs). Tisséo Collectivités also benefits from very good access to external funding, including the secured funding of public development banks, such as the [European Investment Bank](#) (Aaa stable), [Caisse Des Depots et Consignations](#) (Aa3 stable) and [SFIL](#) (Aa3 stable). As of year-end 2024, public lenders represented 66% of Tisséo Collectivités' outstanding debt, while the remaining was split between highly rated French and foreign commercial banks (32% and 2%, respectively). To meet its growing future needs and further diversify its funding sources, the intermunicipality has launched a €200 million Negotiable European Commercial Paper (NEU CP) programme in 2023, and a €3 billion European Medium-Term Notes (EMTN) programme under which Tisséo Collectivités can issue either regular or green bonds. Its inaugural bond issuance (in green format) amounting to €300 million was successfully carried out in the first half of 2024, followed by additional issuances for an amount of €158 million in August. As investment needs increase, we expect Tisséo Collectivité to become a regular issuer in the financial markets.

A very high debt that will further increase on the back of a large multiyear fixed capital investment plan

By 2026, we expect Tisséo Collectivités' debt burden to increase to 498% of operating revenue (€3.4 billion) to fund its capital spending. Over 2024-30, we expect Tisséo Collectivités to spend €3.7 billion to expand its network, including the construction of a new metro line (the third one), to support the territory's growth, densification and sustainability goals (including the creation of a Low Emission Zone and the reduction in carbon emissions). As a result, we expect capital spending to remain consistently high, from €749

million in 2024 to its peak at €900 million in 2025, followed by €820 million in 2026, compared with an average of €127 million over 2016-21.

Tisséo Collectivités' capital spending programme benefits from significant funding from the Government of France and the [European Union](#) (Aaa stable) as part of the Connecting Europe Facility, and we expect Tisséo Collectivités' capital subsidies to total €470 million over 2024-30, or 13% of total capital spending over the period. Although this large multiyear capital investment plan should also generate economic and social benefits (including the creation of 3,000 permanent new jobs) by 2030, it will be massively funded through debt. Tisséo Collectivités' outstanding debt should reach its highest level around 2027, around €3.8 billion, representing 2.7x the 2022 outstanding debt.

A high cost of debt

As of year-end 2024, Tisséo Collectivités' net direct and indirect debt (NDID) reached €2.3 billion or 366% of operating revenue, and interest burden averaged 12% of operating revenue (taking into account interest rate swaps) over 2021-24, much higher than those of its peers we rate. We expect the ratio to increase to 16% by 2026, constraining the rating. Over the years of negative interest rates, Tisséo Collectivités' somewhat complex debt structure - because of legacy transactions - also contributed to its high interest burden.

Extraordinary support considerations

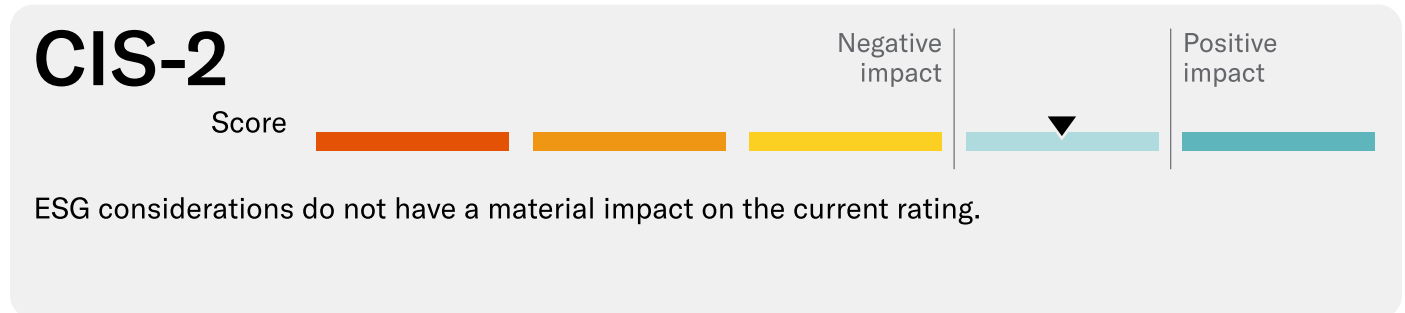
The moderate level of extraordinary support from the government of France, factored into the rating, reflects the various mechanisms the central government implemented during the global financial crisis to support RLGs, as well as the coronavirus supportive measures.

ESG considerations

Tisseo Collectivites' ESG credit impact score is **CIS-2**

Exhibit 3

ESG credit impact score

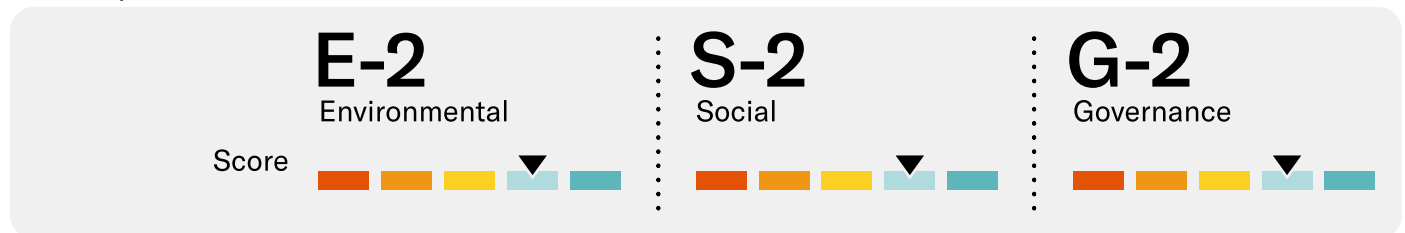


Source: Moody's Ratings

Tisseo Collectivites' ESG Credit Impact Score (**CIS-2**) reflects low exposure to environmental, social and governance risks, as well as strong resilience to shocks thanks to its intrinsic fiscal strength and external support (including central government support in case of major natural disaster).

Exhibit 4

ESG issuer profile scores



Source: Moody's Ratings

Environmental

Tisseo Collectivites' exposure to environmental risks is generally low across most categories. The one exception which we consider to be moderately negative relates to the territory's exposure to heat stress. Its overall environmental issuer profile score is therefore **E-2**.

Social

Tisseo Collectivites' exposure to social risks is generally low across most categories. The one exception which we consider to be moderately negative relates to the exposure to health and safety, given the scope, complexity and labor-intensiveness of mass transit operations that can drive capital costs. Its overall social issuer profile score is therefore **S-2**.

Governance

Tisseo Collectivites' governance issuer profile score (**G-2**) reflects supportive institutional structure and governance practices, including prudent budgetary practices and sophisticated planning. At the same time, financial management is characterised by a somewhat complex debt structure and a high cost of debt, reflecting legacy transactions.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click [here](#) to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Rating methodology and scorecard factors

The assigned BCA of a3 is in line with the BCA scorecard-indicated outcome.

The principal methodology used to rate Tisseo Collectivites is the [Regional and Local Governments rating methodology](#), published in May 2024.

Exhibit 5

Tisseo Collectivites

Regional & Local Governments

Baseline Credit Assessment – Scorecard	Score	Value	Sub-factor Weighting	Sub-factor Score	Factor Weighting	Total
Factor 1: Economy					25%	0.62
Regional Income [1]	1.15	73753.76	15%	0.17		
Economic Growth	6.00	a	5%	0.30		
Economic Diversification	3.00	aa	5%	0.15		
Factor 2: Institutional Framework and Governance					30%	1.35
Institutional Framework	3.00	aa	15%	0.45		
Governance	6.00	a	15%	0.90		
Factor 3: Financial Performance					20%	0.23
Operating Margin [2]	0.50	39.86%	10%	0.05		
Liquidity Ratio [3]	0.50	33.85%	5%	0.03		
Ease of Access to Funding	3.00	aa	5%	0.15		
Factor 4: Leverage					25%	3.88
Debt Burden [4]	16.45	308.94%	15%	2.47		
Interest Burden [5]	14.09	8.79%	10%	1.41		
Preliminary BCA Scorecard-Indicated Outcome (SIO)						(6.08) a2
Idiosyncratic Notching						-1.0
Preliminary BCA SIO After Idiosyncratic Notching						(7.08) a3
Sovereign Rating Threshold						Aa3
Operating Environment Notching						0.5
BCA Scorecard-Indicated Outcome						(6.58) a3
Assigned BCA						a3

[1] Regional GDP per capita in terms of purchasing power parity (PPP) terms, in international dollars

[2] Primary Operating Balance / Operating Revenue

[3] Cash and Cash Equivalents / Operating Revenue

[4] Net Direct and Indirect Debt / Operating Revenue

[5] Interest Payments / Operating Revenue

Source: Moody's Ratings; Fiscal 2023.

Ratings

Exhibit 6

Category	Moody's Rating
TISSEO COLLECTIVITES	
Outlook	Stable
Baseline Credit Assessment	a3
Issuer Rating	A2
Senior Unsecured -Dom Curr	A2
Commercial Paper -Dom Curr	P-1

Source: Moody's Ratings

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