



MEDIA BRIEFING

11 December, 2018

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2018 REVIEW

MORE THAN 60% OF THE SOCIAL DEBT
ALREADY AMORTIZED



Sustained source of income



A sound and diversified funding programme



Efficient mechanisms for financing and amortisation



Sustained source of income

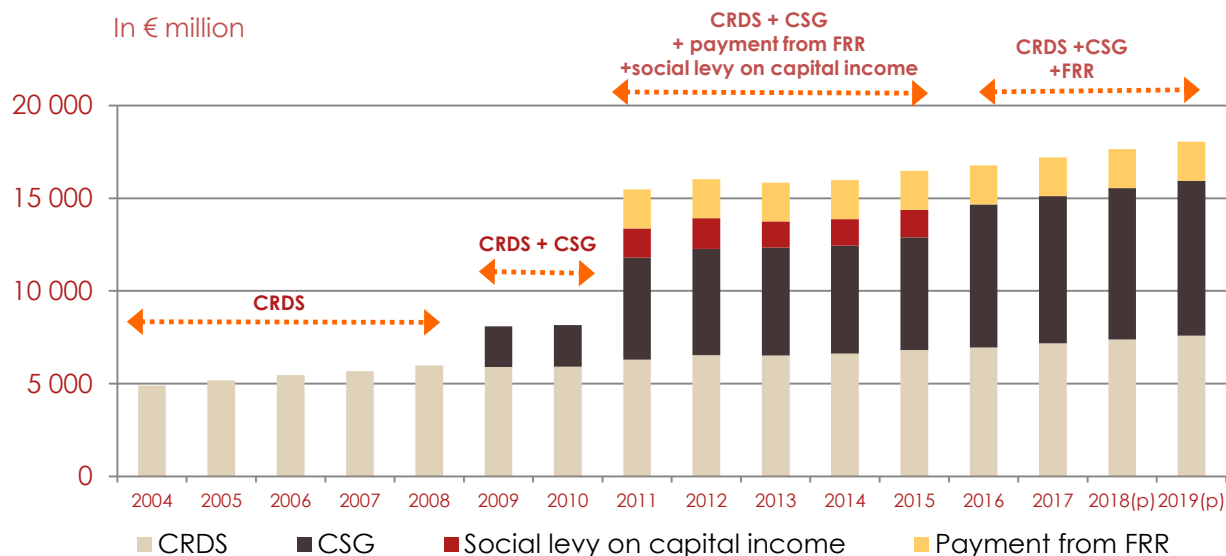


A sound and diversified funding programme



Efficient mechanisms for financing and amortisation

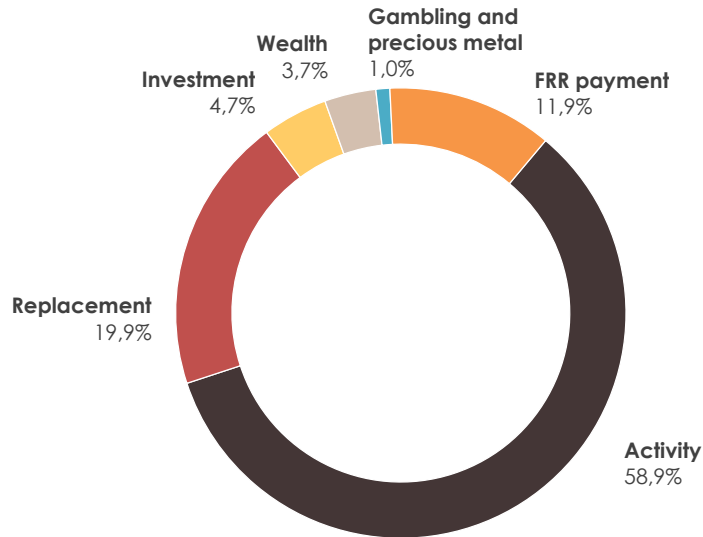
Changes in resources since 2004



- Strong non-cyclical resources, linked to aggregate payroll evolution
- Income mainly based on payroll, which is less cyclical than financial income
- 2019 breakdown of resources:
 - > CRDS (0.5% | €7.6 bn)
 - > CSG (0.6%) | €8.3 bn
 - > FRR | €2.1 bn

**Estimated resources for 2019:
€ 18 billion**

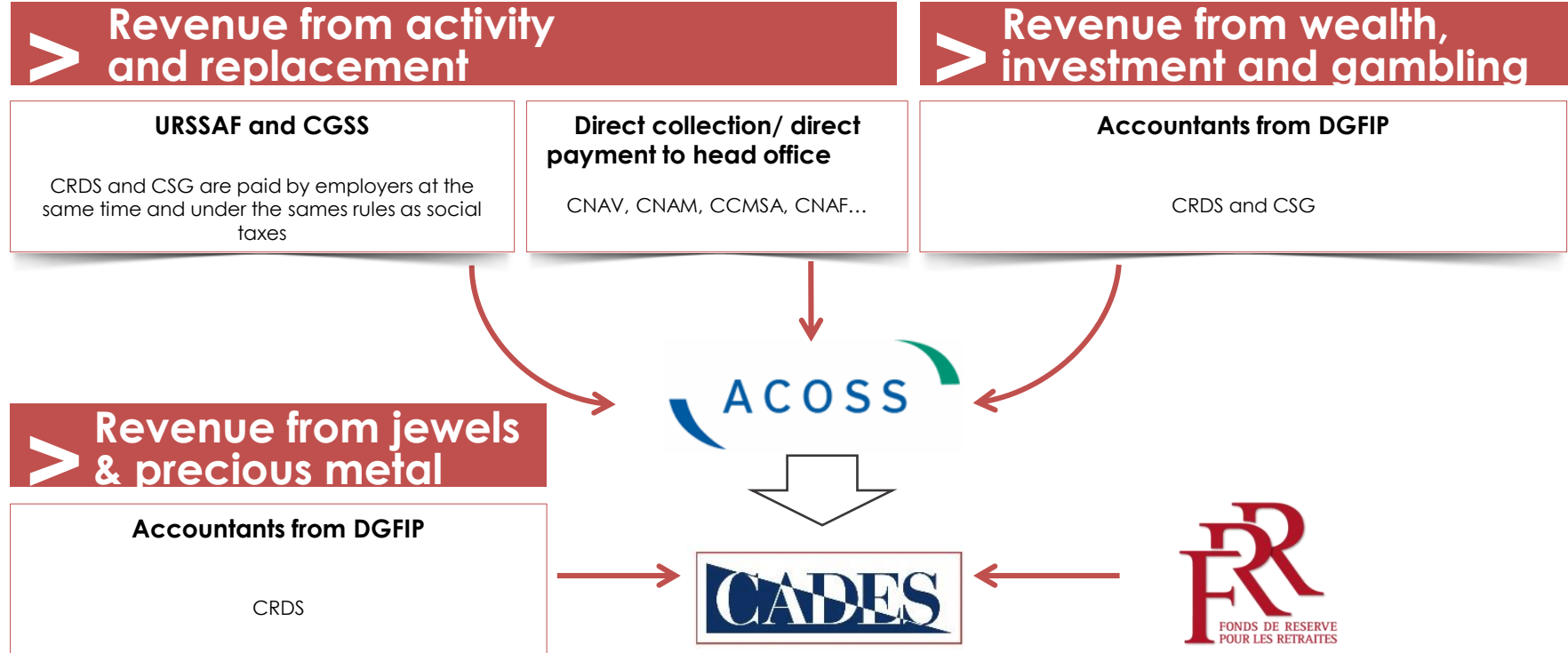
► Breakdown of resource by tax class



<i>En %</i>	2018
Revenue from activity	58.9%
Revenue from capital	21.2%
Revenue from replacement	19.9%



A proven mechanism for financing





Sustained source of income

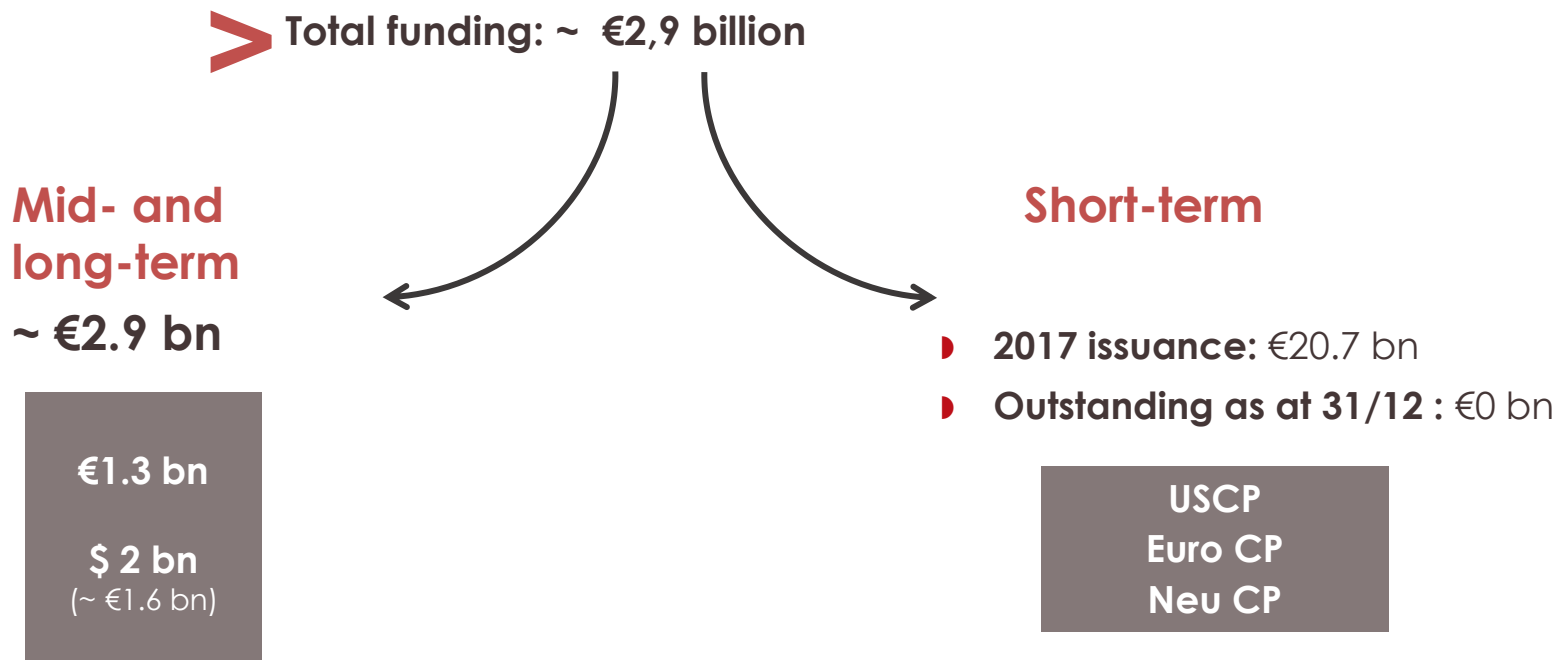


A sound and diversified funding programme



Efficient mechanisms for financing and amortisation

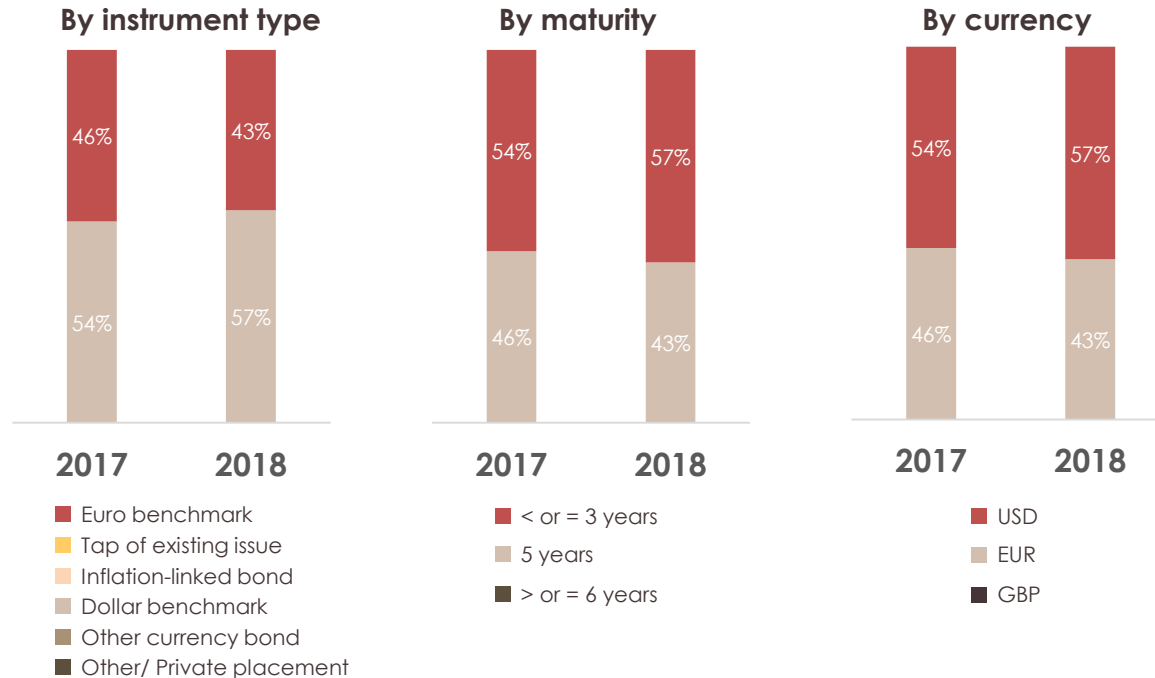
A €2.9 billion funding programme





Continuing with a diversified mid- and long-term funding programme

Funding programme breakdown





A controlled execution

- IPTS MS+14a, priced MS+10 bps / TB+29,6 bps
- Final book in excess of USD 4,7 bn
- Large participation from the Americas (36%), UK (25%), Europe (24%), Asia and Middle-East(15%)



\$

2.0 bn
Jan-21

23/01/2018

- Deal launched before the FED and ECB meetings
- Long 5yr maturity, IPTs OAT+14, priced at OAT+13 bps
- Books closed in excess of EUR 1.7 bn



€

1.0 bn
Oct-23

13/06/2018

- Tap of existing line issued in EUR
- Long 5yr maturity, priced at OAT+13 bps



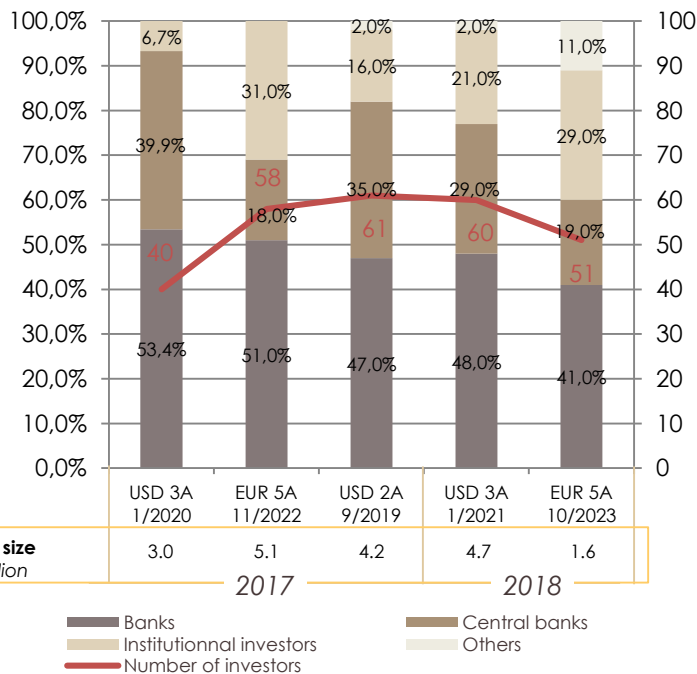
€

0.25 bn
Oct-23

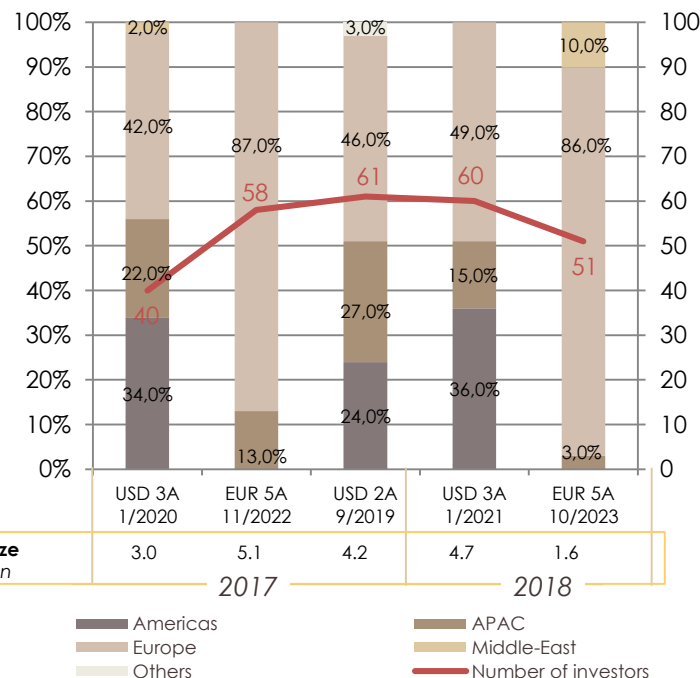
25/10/2018

Amount raised in 2018 : €2.872 bn

Demand breakdown by benchmark and by investor type



Demand breakdown by benchmark and by region

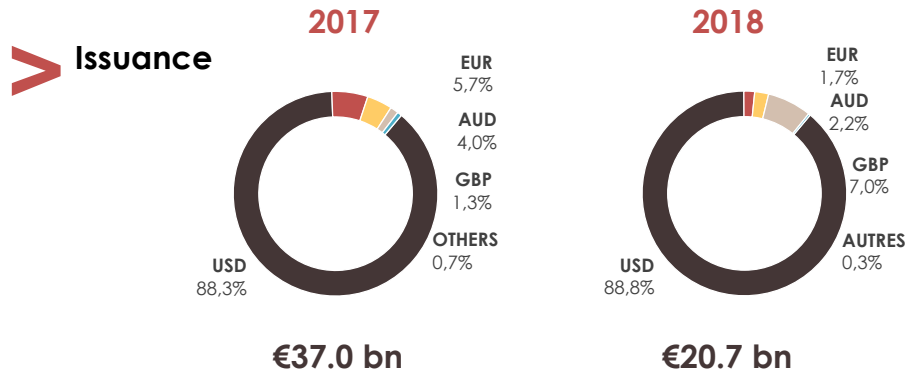




A major player on the international monetary markets

> Outstanding
as at 31/12/2018

ECP €0 bn **USCP** €0 bn **Neu CP** €0 bn

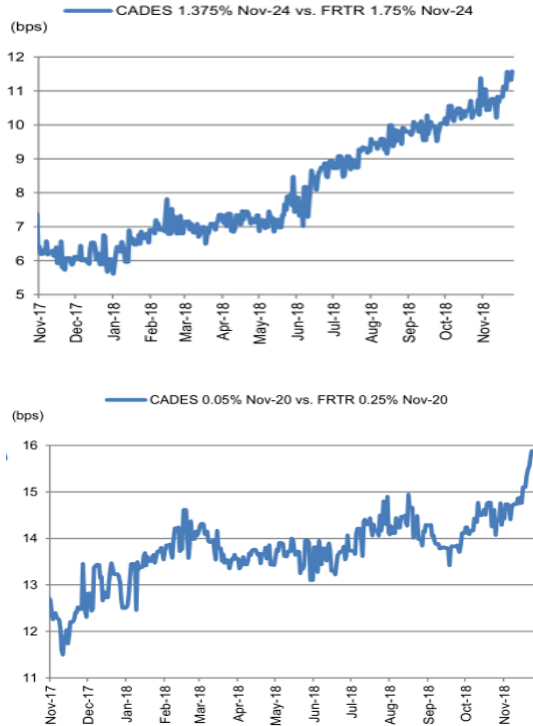


- One of the major issuers of short-term debt in Europe
- Average rate: -0.556% Eonia -20 bps
- Minimum rate: -0.7761 %
- Maximum rate: -0.4457 %
- Average maturity: 117 days

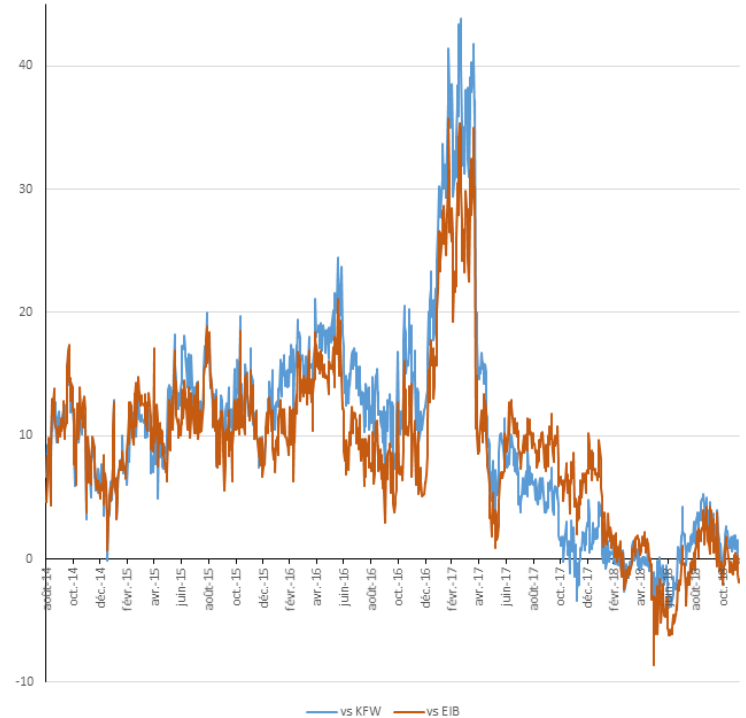


Low refinancing costs

Performance vs. OATs (Yield)

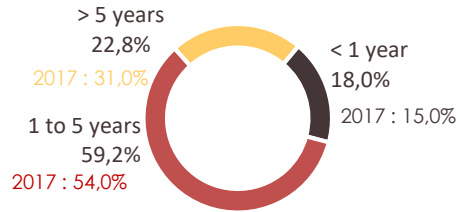


5-year performance vs. KFW, EIB



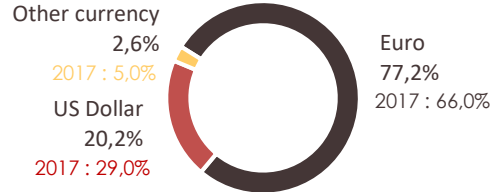
► Breakdown of net debt outstanding as at 31.12.2018

By maturity



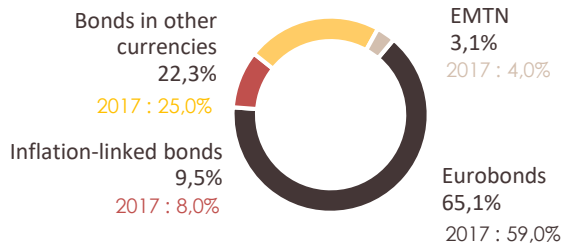
- Shortening the average maturity of outstanding debt from 3.6 years to 3.43 years in 2017
- 22% of debt outstanding has maturity > 5 years vs. 31% in 2017

By currency



- Share of debt denominated in € increased from 66% in 2017 to 75% in 2018
- All issues in \$ are swapped back to € rate

By instrument type



Financing is essentially guaranteed by long-term benchmark bonds in \$ and in €



Sustained source of income



A sound and diversified funding programme



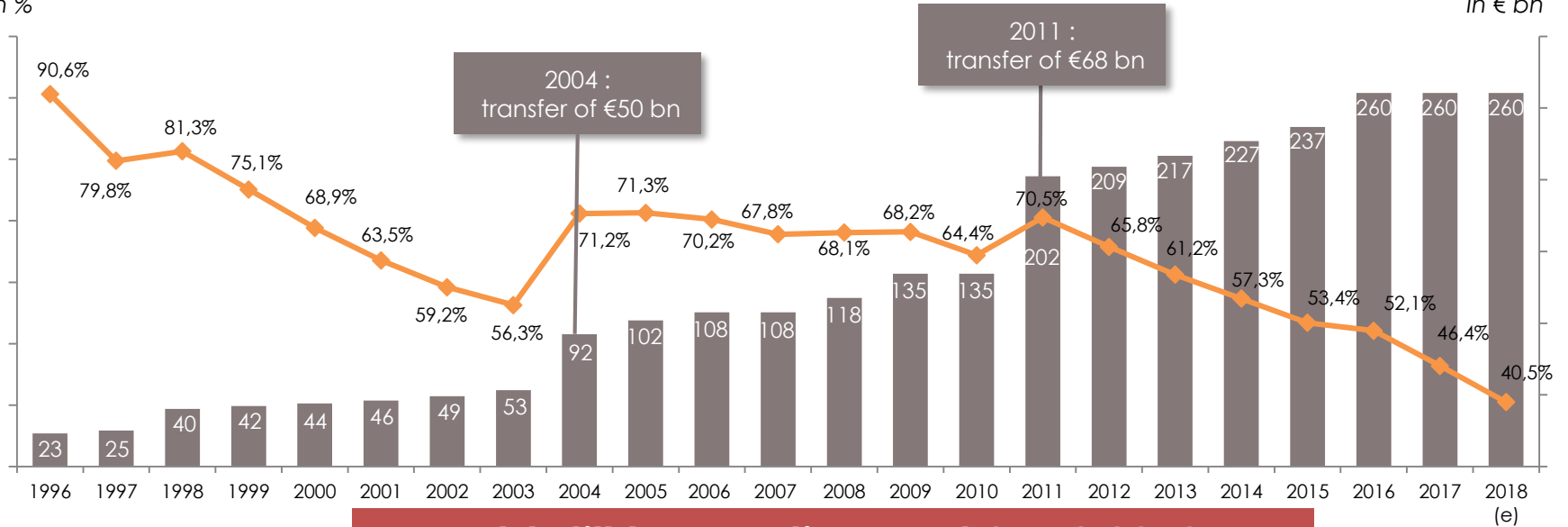
Efficient mechanisms for financing and amortisation



At the end of 2018, 40.5% of social debt still to amortise

Social debt still to amortise
in %

Assumed social debt
In € bn



**Debt still to amortise as at 31.12.2018:
€105.4 billion**



A major contribution to controlling French public debt

Total French public debt
(Maastricht debt)

€2,299.8 bn ⁽¹⁾



of which social security funds: €113,9 bn



of which CADES: €113,9 bn
*i.e. **5.0%** of total French public debt*

As a reminder



Amortised social debt
since 1996, estimated at 30.06.2018

€146.6 bn

(1) Data INSEE, as at 30/06/2018



Key 2018 figures

- **€2.9** billion long-term debt raised
- **€ 20.7** billion short-term debt raised
- **€ 17,6** billion of income tax received
- **€ 2,2** billion of interest paid to investors
- **€ 15.4** billion of social debt amortised



2

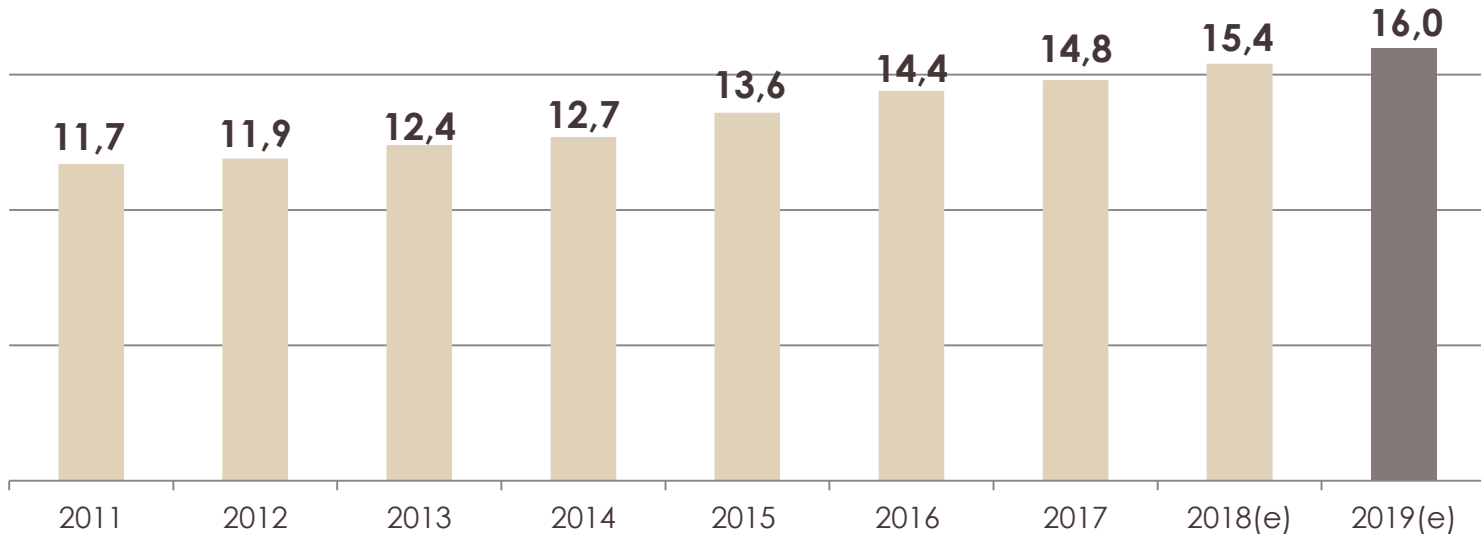
SSFA 2019 – OUTLOOK 2020-2022

CLEAR FRENCH SOCIAL DEBT

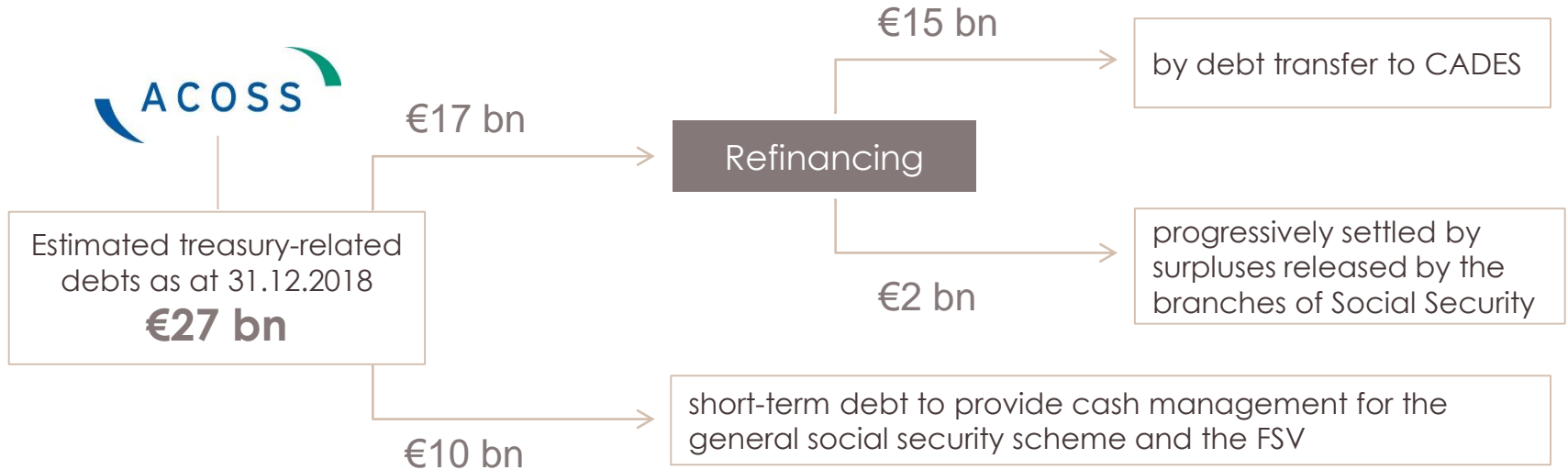


An amortisation objective for 2019 of €16.0 billion

- Change in annual social debt amortised since 2011
in € billion



- ▶ **Debt assumption between 2020 and 2022 by CADES of € 15 billion, over €17 billion of social debt held by ACOSS**
- ▶ Allocation to CADES of an **increased fraction of CSG** made possible thanks to anticipated **surpluses released by the various branches of Social Security** to face this debt assumption
- ▶ **No increase** in levies
- ▶ **No postponement** of the end date



**€ 15 billion of social debt
will be transferred to CADES as of 2020**



€15 billion transfer to CADES between 2020 and 2022

<i>In € bn</i>	2019	2020	2021	2022
Indicative phasing of debt transfer	-	6.0	6.0	3.0
Cumulative debt assumed	260.5	266.5	272.5	275.5
New indicative allocation of CSG		1.5	3.5	5.0
<i>in points</i>	-	0.11	0.23	0.33
Total CSG allocated to CADES (in points)	0.60	0.71	0.83	0.93



A planned return to social security balance

Forecast of Social Security balances ⁽¹⁾

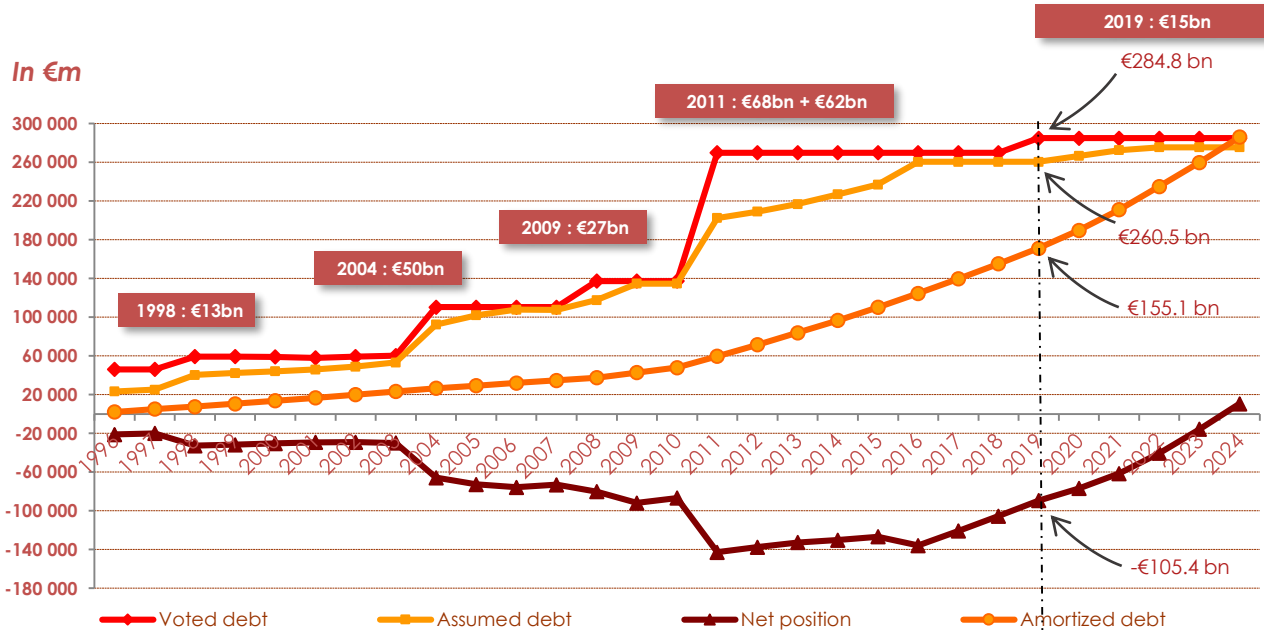
En milliards d'€	2016	2017	2018 e	2019 e	2020 e	2021 e	2022 e
General system balance	- 4.1	- 2.2	1.1	2.1	1.5	1.1	0.7
Of which Illness	- 4.8	- 4.9	-0.9	-0.7	0.0	0.0	0.0
Elderly	0.9	1.8	0.8	0.6	0.7	0.3	-0.1
Family	- 1.0	-0.2	0.4	1.1	0.0	0.0	0.0
Work accident/ professional illness	0.8	1.1	0.8	1.1	0.8	0.9	0.8
FSV balance	- 3.6	- 2.9	-2.1	-2.0	-0.9	-0.5	0.0
G^{al} system + FSV balance	- 7.7	- 5.1	-1.0	0.1	0.6	0.6	0.6

(1) Source: Provisory SSFA 2019 - Data incorporating the 2019 measures, including additional CSG allocation to CADES



Social debt extinction is maintained for 2024

Evolution of voted, assumed and amortized debt, at January 1, 2019 (1)



(1) Median scenario



3

2019 FUNDING PROGRAMME

SECURE CADES' VISIBILITY

In € billion

Needs

ST maturities	0
MLT maturities	19.6
Payment of interest	2.0
Cash as at 31.12.2019	3.0



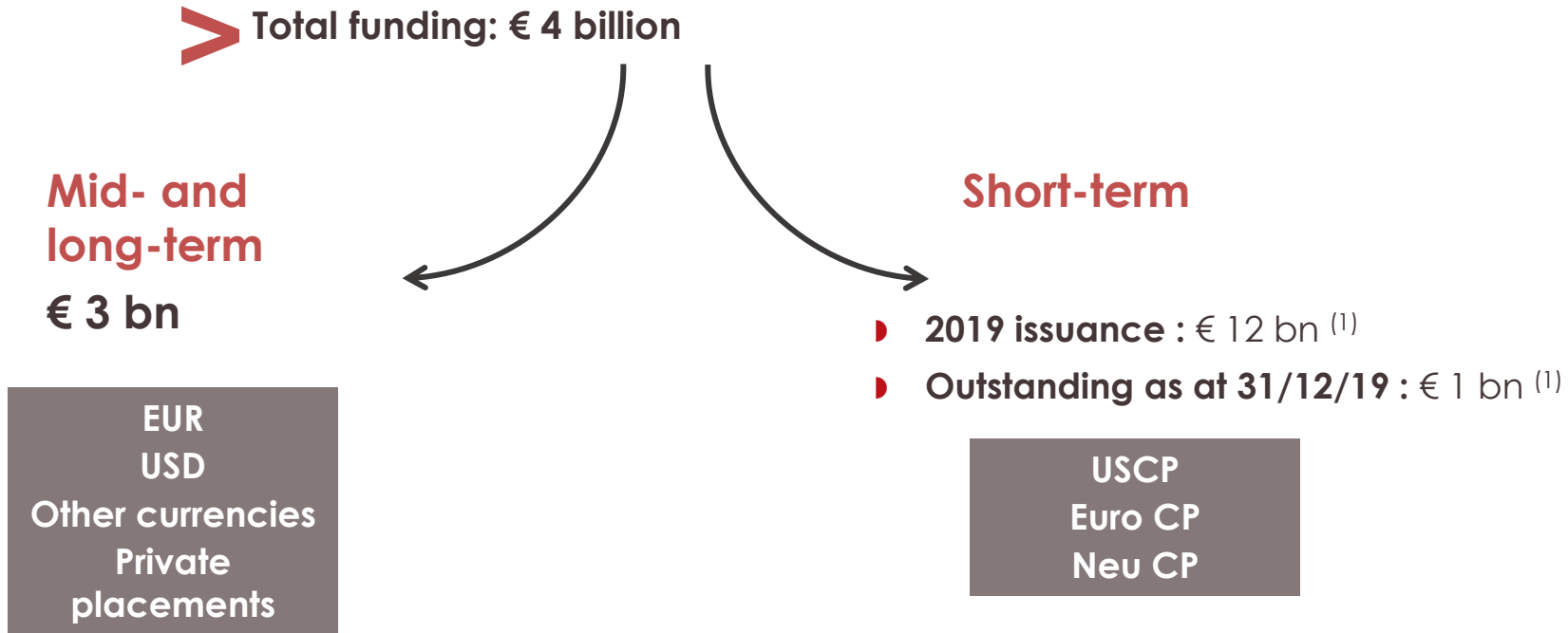
Ressources

CSG + CRDS	15.9
FRR	2.1
Cash as at 31.12.2018	2.8
Financing needs	3.8





An indicative funding programme of € 4 billion for 2019



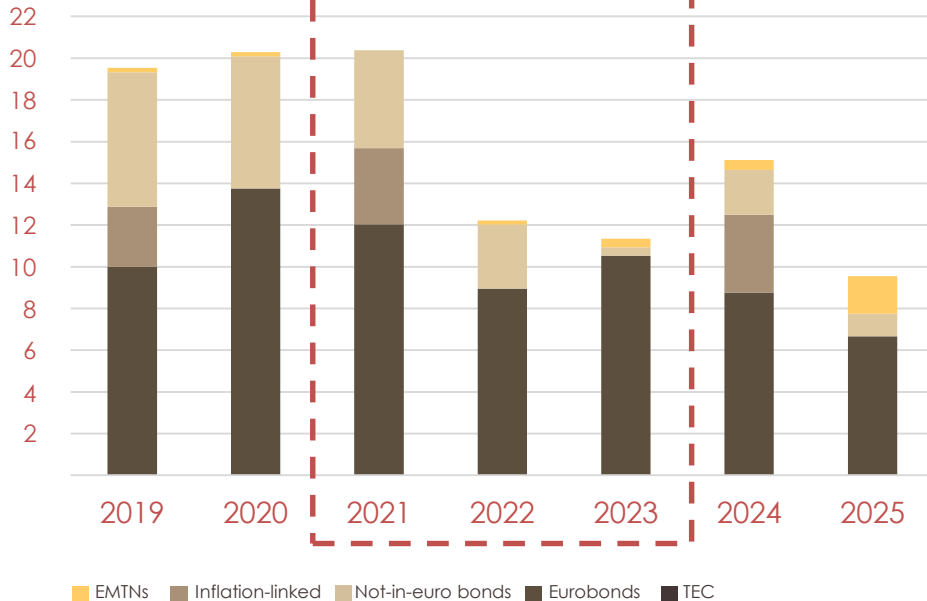
(1) Estimation



Opportunities to issue bonds up to 4-year maturity

Outstanding mid- and long-term debt maturities/ redemption profile

In € billion



- Concentration of issuances in the 2 to 4 year bracket
- Adjustment of yearly redemption to the amount of tax proceeds received
- Room for issuances of 3-year (2022) and 4-year (2023) maturity



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APPENDICES



Key figures since 1996

Year	Transfer of debt	Payment expressed as amount carried forward	CANAM payment	payment under SSFA	Assets FRR	Govt off balance sheet	SS off balance sheet	Govt payment	Voted debt	Assumed debt	Payment of interest/borrowings	Resources (CRDS+CSG+real estate)	Resources (CRDS+CSG+real estate+assets FRR)	Result	Net situation	Estimate of aggregate amortised debt (8) + (12)	Estimate of annual amortised debt
		(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)	(9)	(10)		(11)	(12)	(13)	(14)
1996	20 886		457			22 867		1 906	46 116	23 249	1 027	3 211	3 211	-179	-21 065	2 184	2 184
1997						20 962		1 906	46 116	25 154	976	3 883	3 883	1 001	-20 063	5 091	2 907
1998	13 263					19 056		1 906	59 379	40 323	1 590	4 034	4 034	538	-32 788	7 535	2 444
1999						17 150		1 906	59 379	42 228	1 524	4 504	4 504	1 074	-31 713	10 515	2 980
2000						14 818		1 906	58 952	44 134	1 462	4 688	4 688	1 138	-30 393	13 741	3 226
2001						12 000		1 852	57 986	45 986	1 560	4 581	4 581	1 169	-29 224	16 762	3 021
2002						9 000	1 283	3 000	59 269	48 986	1 433	4 660	4 660	227	-28 997	19 989	3 227
2003				1 283		6 000	1 097	3 000	60 366	53 269	1 432	4 728	4 728	-987	-29 984	23 285	3 296
2004	35 000			1 097		3 000	15 000	3 000	110 366	92 366	1 554	4 899	4 899	-752	-65 736	26 630	3 345
2005	6 610						6 700	3 000	110 366	101 976	2 548	5 181	5 181	-367	-72 713	29 263	2 633
2006	5 700								110 366	107 676	2 664	5 479	5 479	2 815	-75 598	32 078	2 815
2007	-65								110 366	107 611	3 103	5 681	5 681	2 578	-72 955	34 656	2 578
2008	10 000								137 366	117 611	3 095	5 980	5 980	2 885	-80 070	37 541	2 885
2009	17 000								137 366	134 611	2 822	8 082	8 082	5 260	-91 810	42 801	5 260
2010									137 366	134 611	3 016	8 151	8 151	5 135	-86 675	47 936	5 135
2011	67 767				2 100				269 833	202 378	3 794	13 372	15 472	11 678	-142 764	59 614	11 678
2012	6 648				2 100				269 833	209 026	4 075	13 924	16 024	11 949	-137 463	71 563	11 949
2013	7 719				2 100				269 833	216 745	3 399	13 742	15 842	12 443	-132 739	84 006	12 443
2014	10 000	142			2 100				269 833	226 887	3 253	13 870	15 970	12 717	-130 164	96 723	12 717
2015	10 000	188			2 100				269 833	236 887	2 744	14 345	16 445	13 513	-126 651	110 236	13 513
2016	23 609				2 100				269 833	260 496	3 399	13 742	15 842	12 443	-137 817	122 679	12 443
2017(est)					2 100				269 833	260 496	2 163	15 107	17 207	15 044	-120 790	139 706	15 044
2018 (est)					2 100				269 833	260 496	2 208	15 546	17 646	15 438	-105 352	155 144	15 438
TOTAL	234 137		457	2 380	18 900	0	0	23 380	284 833	260 496	56 888	207 338	226 238	142 763	-89 351	171 145	169 162