


# Urban Mobility Giants:

The few shaping the public  
transit market dynamics

# Summary

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# Introduction

As presented in the previous Sia Partners study published in 2015, among the main public transport operators, seven stand out and outperform their competitors in terms of the number of networks operated and their turnover: almost 40 billion euros, in around 40 countries.

Four public transport operators particularly stand out: the French **Transdev, Keolis, RATP Group** and the Hong Kongese **MTR Corporation**. Their activity is not slowing down, and they have not changed their strategy of expanding beyond their historic domestic market. While **First Group**, the leading transport operator in the UK and North America, remains an important player in public transport, it has chosen to shift focus to its domestic market in the United Kingdom. The British **Arriva** and Singaporean **ComfortDelGro** maintain international ambitions but struggle to compete with local players.

Shareholders of these global urban transportation & mobility service providers or Public Transport Operators (PTOs) remain mainly institutional, large railway groups or deposit funds. For instance, **Keolis**, a subsidiary of the SNCF Group (70%), and the **Caisse de Dépôt et Placement du Québec** (30%). As for Transdev, it is a subsidiary of the French Caisse des Dépôts et Consignations, holding 66% of its shares. **The capital has been evolving** gradually, with the aim to accelerate the deleveraging of large shareholder groups. The Rhenish industrialist Rethmann has acquired 34% of the capital of Transdev previously belonging to Veolia, keen to focus on its historic activities (water, waste, energy).

PTOs mainly adopt **three strategic orientations**: sustainability of the existing services, development through new solutions, and focusing on profitable markets. The **sustainability** of operations in the **domestic market** remains important (notably in France) as it highlights the operator's capabilities. This is evident through digital innovation and enhancement of customer experience. French and British players, mainly, continue to expand into **international markets** (such as RATP Dev in the United States), particularly through new **modal solutions** tailored to these new countries or arising new opportunities. For instance, Transdev manages a ride-hailing service offer in the United States.

Although contracts are still being awarded in **Europe**, we observe a trend of **disengagement**, particularly when the public service delegation contracts no longer align with the margin objectives. Keolis has, for instance, ceased its activities in Germany. In fact, the main market players are **prioritizing profitable markets**.

Finally, **acquisitions and synergies** are becoming ever more important as PTOs expand and consolidate their presence in different markets. We are witnessing several **buyouts of local operators**, facilitated by their modest capitalization, aimed at consolidating their position in the international market. For instance, Transdev followed this path in Sweden.

**Partnerships** are formed with key industrial players to facilitate the acquisition and maintenance of rail or road rolling stock. For instance, the Line 15 of the Grand Paris Express (France) will be operated by an international consortium comprising of RATP Dev, ComfortDelGro Transit and Alstom.

# Seven companies lead the public transport market across the globe

The Public Transport Operators covered in this study are defined as companies operating multiple public transport systems, independently of each other and distributed across several countries. They also have the common characteristic of using, as often as possible, a single brand. This makes it possible to associate a visual identity with the expertise offered. Among the main public transport operators, seven stand out from the crowd and outperform their competitors both in terms of the number of networks operated and their turnover: Transdev, Keolis, RATP, Arriva, First Group, ComfortDelGro, and MTR Corporation. These seven, referenced under the name of Public Transport Operators (PTO), accumulate almost 40 billion euros in consolidated

revenue worldwide and cover around 40 countries.

## Transdev, a leader undergoing major capital change

From 1992, the subsidiary of Caisse des Dépôts et Consignations became the owner of local transport companies, first in France then abroad, starting in 1997 (Bus London United). In 2006, it consolidated its positions abroad with the acquisition of the first Dutch operator, Connexxion.

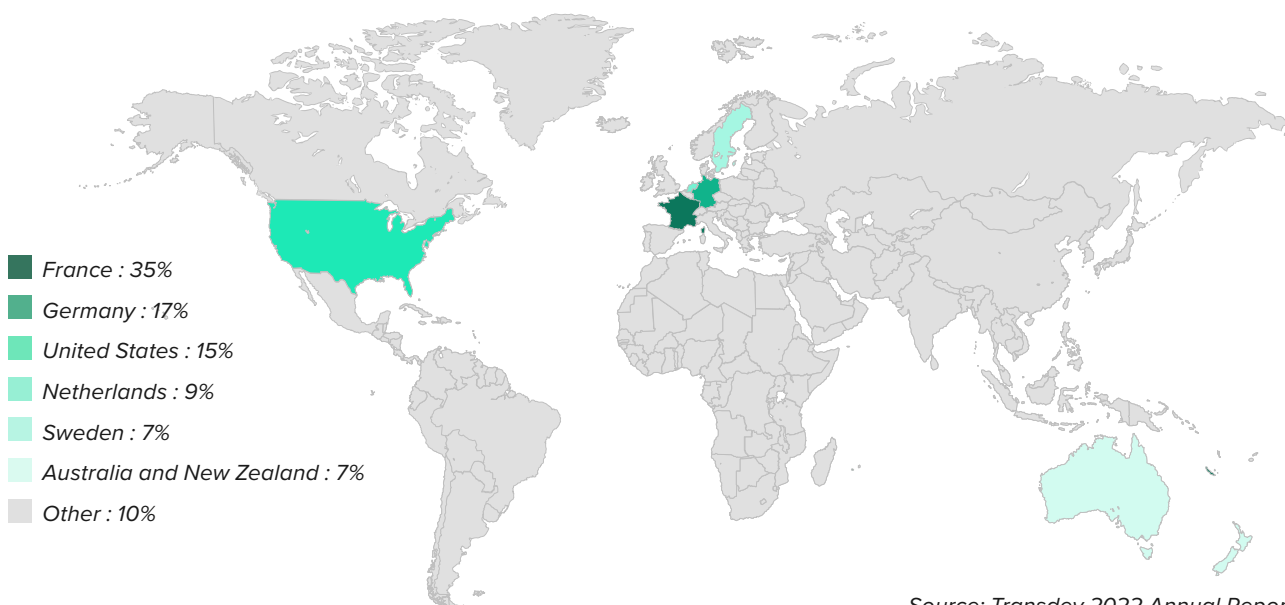
In 2012, a year after the announcement of the Veolia Transport – Transdev merger which aimed to create a public transport giant (bringing together ten billion euros in turnover), Transdev sold its activities in eastern Europe to Arriva

for 152 million euros in a restructuring move.

In the following years, the group's strategy was organized around three key pillars: improving profitability, stabilizing turnover, and reducing debt, mainly through asset sales with an increase in capital (560 million euros in 2013). The 2010's saw a sharp increase in net income for Transdev, notably by separating itself from the sinking SNCM.

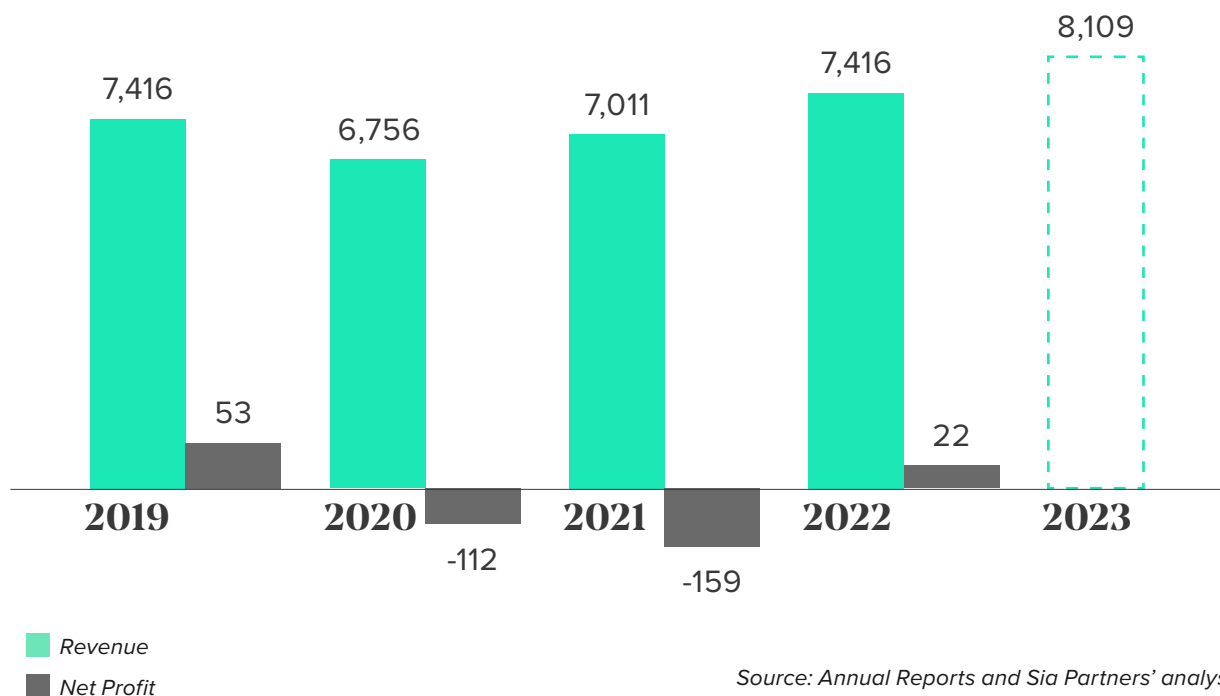
Since 2018, the financial situation has been healthy and Transdev is once again focusing on increasing its sales. Transdev is positioned as a leader in the public transport market and reported a turnover of 7.7 billion euros in 2022.

## Breakdown of Transdev's turnover by geographical area



Source: Transdev 2022 Annual Report

## Development of Transdev's revenue and net profit (in millions of euros)



Source: Annual Reports and Sia Partners' analysis

Currently, Transdev aims to strengthen its position in the French market (regional and urban transportation, regional railways), especially since the company won the Marseille-Nice regional transport contract in the South Provence-Alpes-Côte-d'Azur region.

Regarding its international portfolio, Transdev is withdrawing from low-margin markets, while ensuring its growth in developing markets:

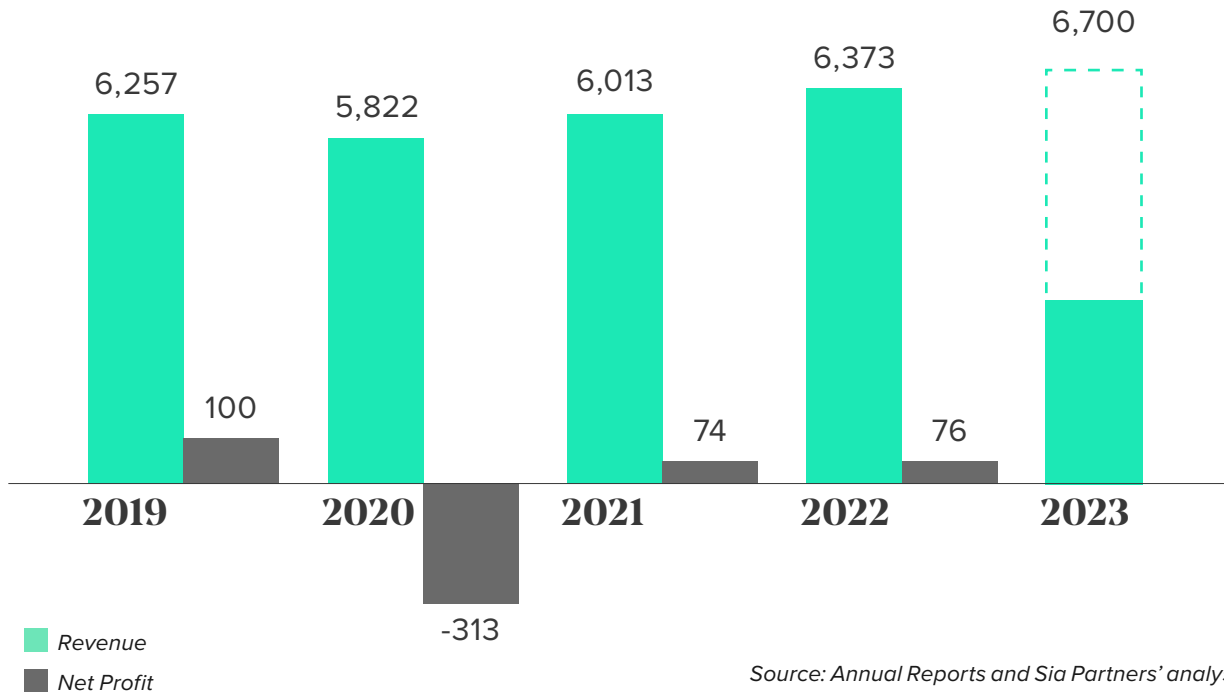
- 2019: Transdev sells Isilines and Eurolines, companies which operate in France, Spain, the Netherlands, Belgium and the Czech Republic to Flixbus. This transaction can be correlated to the fact that in the previous year, Flixbus transported twenty times more passengers in this segment than the Transdev companies (2.5 against 45 million euros).

- 2023: Transdev acquires First Transit, formerly the American subsidiary of First Group, to merge it with its own subsidiary Transdev North America, a dynamic and priority market for the group, resulting in Transdev holding 27% of the public transport market share in North America in 2023<sup>1</sup>.

From a shareholder perspective, Veolia decreased its stakes in Transdev in 2016 by selling 20% of the company's capital to its co-shareholder, the Caisse des Dépôts et Consignations. In 2019, the industrialist Rhine family Rethmann, specialized in logistics and transport activities (Rhenus subsidiary), water and recycling for communities (Remondis) and biotechnologies (Saria), acquired 34% of the capital of Transdev previously owned by Veolia. The latter wanted to focus on energy, water and waste activities and accelerate its debt reduction.

Rethmann becoming a shareholder enables diversification in target markets such as Germany, Eastern Europe, and Australia.

## Development of Keolis's revenue and net profit (in millions of euros)



Source: Annual Reports and Sia Partners' analysis

### Keolis, a leader still in full growth

In 1999, SNCF bought the company VIA-GTI (specialized in urban transport) from the bank Paribas, which merged with Cariane (specialized in urban transport) to create Keolis. Since 2002, the company has expanded internationally, establishing a presence in Quebec and the United Kingdom).

Thanks to GoVia (joint subsidiary with the British operator Go-Ahead), Keolis generated a significant portion of its turnover in the United Kingdom, amounting to 1.46 billion euros in 2022, making it the company's primary market outside of France.

The group has an extensive portfolio of assets, including buses, metros, trams, coaches, rental and self-service bicycles, parking facilities, maritime shuttles, funiculars, trolleybuses,

airport services.

Keolis remains a leader in mobility, in France and internationally. The subsidiary of the SNCF Group (70%) and the Caisse de Dépôt et Placement du Québec (30%) recently won an invitation for bids from Île-de-France Mobilités to operate the T4 tram-train lines, T11, as well as the Esbly-Crécy branch of the P line, the first Ile-de-France railway line open to competition. France remains a major market thanks to the Lyon transport network or even that of Bordeaux.

Just like Transdev, an evolution of the international portfolio can be noted. A trend towards international prioritization and disengagement in European countries (excluding France) can be observed:

- Keolis sold its activities in Germany to TEAM Treuhand GmbH, part of the

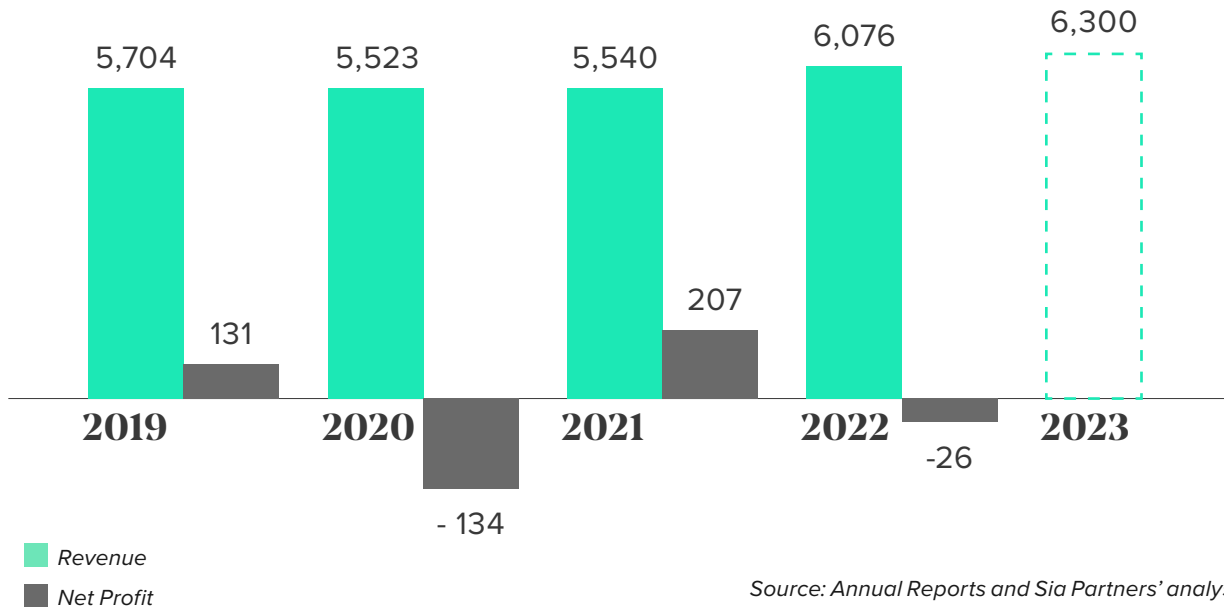
Noerr investment group, in 2021. Here, it is the maturity of the market, but also the operational difficulties making the German adventure unprofitable<sup>2</sup>.

- Conversely, we note the development in new, less mature markets: the operation of the Newcastle tramway in Australia won in 2017, or the participation in a joint venture with RATP Dev and Hamad Group to operate the Doha Metro in Qatar in 2018<sup>3</sup>.

The company's management team is currently being renewed. Laurence Broseta, the new International Managing Director, is responsible for Australia, North America, the United Kingdom, the Middle East, India, and China<sup>4</sup>.

The company's capital is very stable and has not seen any major changes since 2012.

## Development of RATP Group revenue and net profit (in millions of euros)



Source: Annual Reports and Sia Partners' analysis

### RATP, and its international subsidiary RATP Dev in full expansion

Created in 1949 to operate, under management, all means of public transport in Paris, RATP has been able to develop outside the Ile-de-France region since 2000 (law relating to Urban Solidarity and Renewal).

Since then, RATP has developed in the network operation markets but also in transport engineering expertise. These consulting missions allow it to gain visibility in markets unoccupied by its competitors: Brazil, Algeria, South Africa, etc.

Its subsidiary RATP Dev centralizes the group's actions in public transport networks outside of the Paris region. Its activities are mainly focused on the United Kingdom, although the United States and South Africa are experiencing significant developments.

In its "Vision 2020" strategic plan, RATP's ambition was to increase the turnover of RATP Dev by 50%, thanks to its international activities. The objective will not be achieved due to the Covid-19 pandemic, despite a very good performance by RATP Dev in 2022 (6.1 billion euros in turnover for RATP Group in 2022).

Regarding its portfolio, the impressive performance of RATP Dev allows development at all scales, including work-in-progress projects:

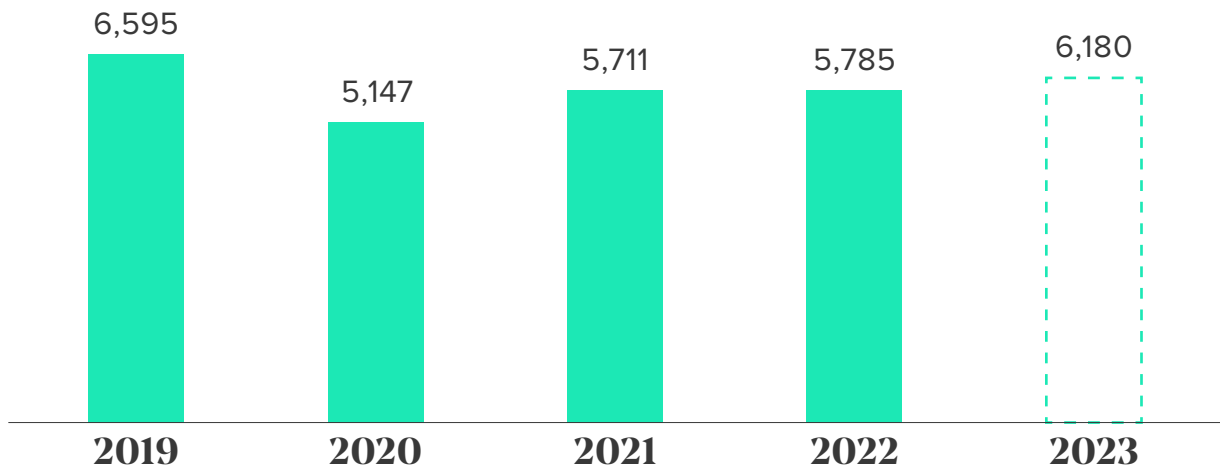
- In France, RATP Dev is developing in the conurbations, historically the playground of Transdev and Keolis. The operator has notably operated the Angers tramway since 2019 and was designated in 2023 to operate the Toulon bus network, following Transdev. With Getlink, RATP Dev created the Régionéo brand in 2020 in order to respond to calls for tenders launched as part of opening up competition of lines.

- Europe is also a developing market, for example, being awarded the operation of 54 bus lines in the inner suburbs of Stockholm in 2023. Since 2023, RATP Dev has been considering discontinuing its activities on behalf of Transport for London, a loss-making activity for the French group.<sup>5</sup>

- Globally, RATP Dev stands out for its entrance into several international markets in small but key operations; Hong Kong tram, line 3 of the Cairo metro (2020), or even technical assistance on line 1 of the Manila light metro. RATP operated numerous tram networks in Algeria until 2023 through a joint subsidiary with Transdev. Nevertheless, the operator remains developed in other countries in the region, notably Egypt and Morocco, and especially the United States with approximately 30 bus networks.

RATP Dev has been entirely owned by the RATP Group since its creation in 2002.

## Development of MTR Corp revenue (in millions of euros)



■ Revenue

Source: Annual Reports and Sia Partners' analysis

### MTR Corporation, based in Hong Kong, is developing in Europe and Australia

MTR Corporation (or Mass Transit Railway Corporation) is a Chinese company established in 1975 to operate the Hong Kong metro. Since 2000, it has opened its capital and developed outside Asia.

Its activities are concentrated around the metro and urban train networks. It manages the Stockholm metro, part of the Beijing metro and two other Chinese cities as well as part of the urban trains of Melbourne and London (in partnership with Arriva).

In 2014 MTR Corporation expanded its scope by winning an urban train network in Sydney, still under construction. With a 2022 turnover of 5.8 billion euros,

including 1.3 billion generated outside Asia, MTR Corporation has in recent years continued its efforts on two levels: development in the previously mentioned markets outside Asia, particularly in the United Kingdom, and in four Chinese metropolises. To reach this goal, the operator particularly relies on partnerships with local operators: with FirstGroup for the operation of South Western Railway in the United Kingdom, and in Beijing in China with two city investment funds.

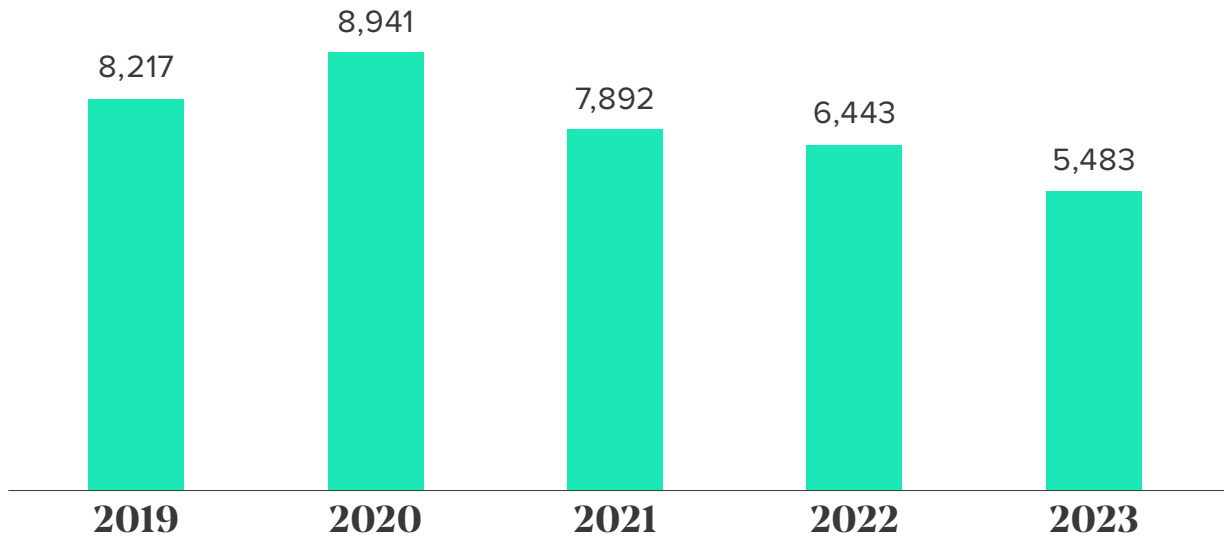
Despite this strategy, the MTR Corporation model also faces some difficulties; in Stockholm, the urban train operation will not be renewed by the SL public transport authority, which is insufficiently satisfied and chose to lift the optional four additional years following the 10-year fixed period of the contract<sup>6</sup>.

2022 remains a positive year with some wins for MTR, including the commissioning of the Melbourne metropolitan rail network and the extension of its UK operating contracts until 2025.

77% of MTR Corporation is owned by the Hong Kong government. The company has an interesting business model. In fact, the local government entrusts it with the management of 316,007 m<sup>2</sup> near major train stations, which generates annual rental income of €457 million (2022 data, Sia Partners study for UTP, French Public Transport Union).



## Development of First Group revenue (in millions of euros)



■ Revenue

Source: Annual Reports and Sia Partners' analysis

If First Group remains an important player in public transport, the operator therefore loses its international dimension, which amends its leader status when compared to the other mentioned operators, despite the know-how gained when it operated internationally.

### First Group, discontinuation of international development

This British company began operating long-distance coach journeys in 1995 and shortly after entered the rail network (1998).

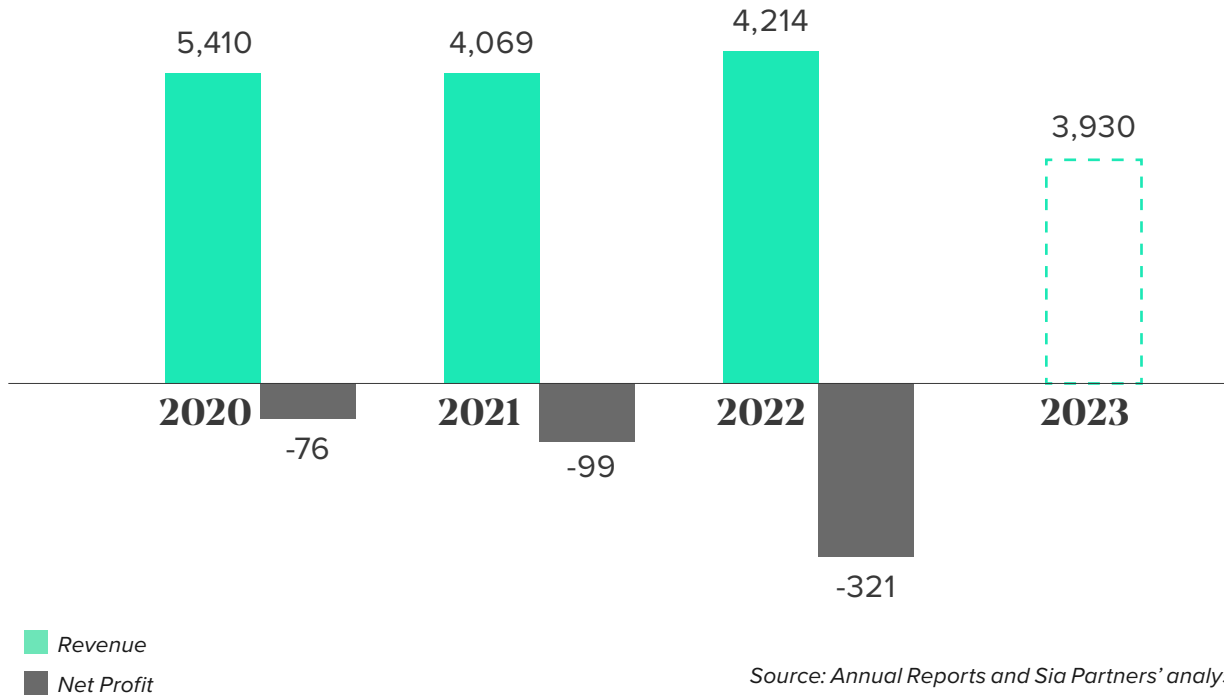
Subsequently, the group expanded its activities to urban transport and other countries, in the United States and Canada, notably with school

transport (in 2015 it covered 27% of the market while its main competitor, National Express, covered 11%). It has also diversified into specialized travel (medical transport, on-demand transport, etc.) and ferries.

In 2022, the group's overall turnover dropped to 6.4 billion euros (-22% compared to 2019 and of which €1.2 billion still arises from discontinued activities). This follows the decision taken in 2019, under pressure from some investors, to sell its struggling American subsidiaries to focus on the core businesses in Great Britain<sup>7</sup>. In 2021, First Group separated itself from First Transit (now belonging to Transdev), First Student and then Greyhound to focus on its historic domestic market.

In this same logic, the operator abandoned and sold its branches and participations in Canada, Germany, and even Hong Kong. We have clearly observed the drop in revenue over recent years and in 2023, First Group's turnover is made up only of activities which have been maintained.

## Development of Arriva revenue and net profit (in millions of euros)



### Arriva, the leading operator in Eastern Europe

Historically a motorcycle dealership, Arriva developed its public transport activities around buses and British rail in the 1990s.

In the 2000s, Arriva opened in Western European markets, mainly the Netherlands, Denmark, and Sweden. The acquisition of the company in 2010 by Deutsche Bahn provided it with the resources for external growth. This was the case in 2013, when Arriva bought the shares of Veolia-Transdev in Eastern Europe (Poland, Serbia, Slovakia, Slovenia, Hungary, Czech Republic).

To diversify its bus, coach and train product portfolio, Arriva is now shifting towards tramway networks. It has

operated the Porto's since 2010 (via the consortium created with Keolis and a local company).

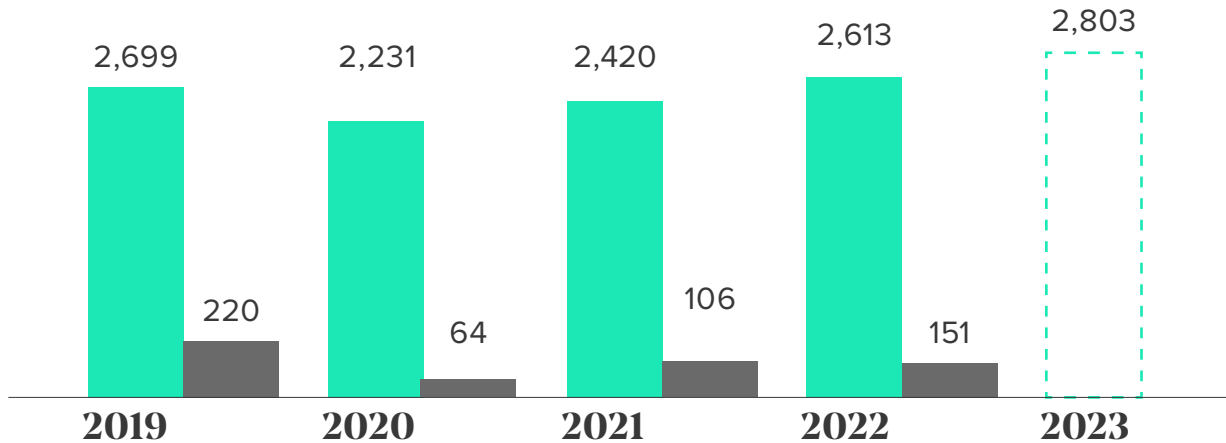
From a geographical point of view, Arriva is less extensive than other PTOs, particularly the three French ones. It is confined to Europe (mainly Eastern), and to the United Kingdom where the operator is based and had nearly 14% of the market in 2018. If Arriva operates in countries mentioned above, it should be noted that it's trending towards a tightening of activity, with few recent developments. Some markets were abandoned, including Sweden in 2022, where all tram and bus operations were sold.

In 2022, Arriva's turnover reached 4.2 billion euros (compared to 5.4 billion in 2020). The decrease is explained by the sale of certain subsidiaries. Urban

public transport represents nearly 3 billion euros.

In 2020, a restructuring was undertaken to reduce the size of Arriva, in public transport activities, and in favour of long-distance transport (Arriva is targeting a link between Paris and the north of the Netherlands<sup>9</sup>). In addition, the Deutsche Bahn Group, owner of the British company, has been trying to sell its subsidiary since 2019 to focus on its domestic market, modernize and strengthen its transport offer. Local sales are however possible, particularly in Sweden where its local subsidiary Arriva Sverige AB was sold to the Finnish Railways. The trade press is now discussing the recent formalization of the sale of Arriva to an infrastructure investment fund called Squared Capital<sup>9</sup>.

## Development of ComfortDelGro revenue and net profit (in millions of euros)



■ Revenue  
■ Net Profit

Source: Annual Reports and Sia Partners' analysis

### ComfortDelGro, based in Singapore, is also a leader in the Asian market

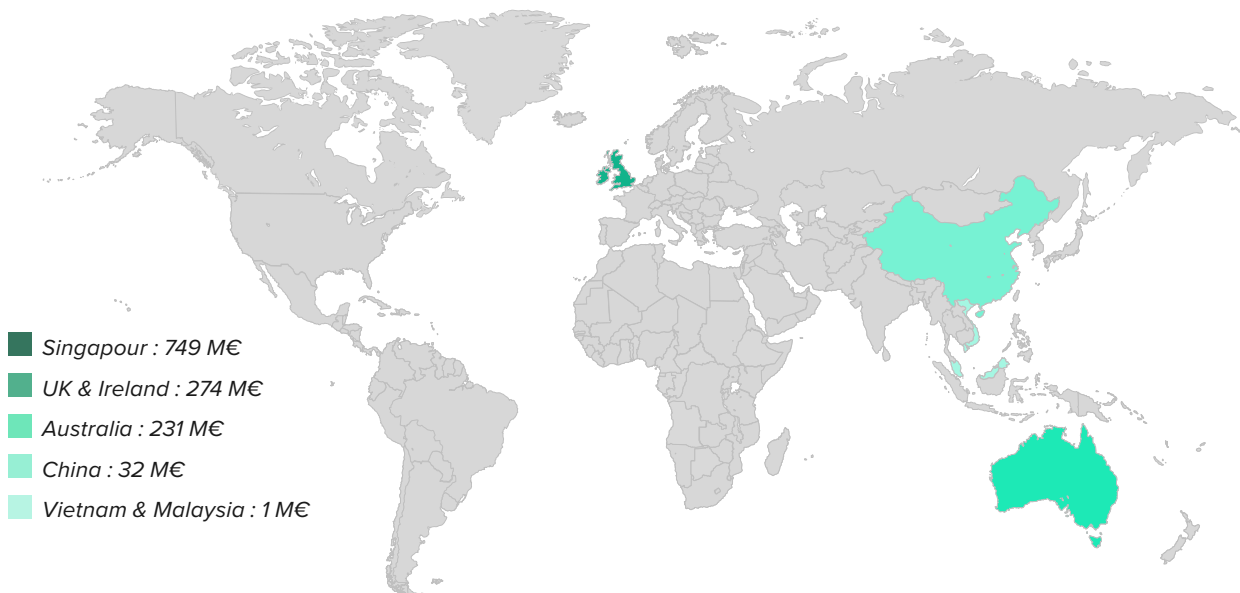
Created in 2003 during the merge of Comfort Group and DelGro Corporation, the company owns 75% of the operator SBS (one of the main operators in Singapore, with 3 million passengers per day). Present in 7 countries today, it has extended its activity to several Asian countries: Vietnam, Malaysia and China, where it operates in 10 cities (notably Beijing, Shanghai and Guangzhou).

In 2000, DelGro Corporation acquired Metroline Bus Company, operating 1,200 buses in London. In 2013, the company bought part of First London's activities and managed 18% of London bus traffic.

Its turnover of 2.6 billion euros in 2022 has been constant in recent years. Public transport activities represent 2 billion. ComfortDelGro notably generates an additional turnover of 388 million euros from its taxi activities (China, Ireland, United Kingdom, Australia, Vietnam). Mainly positioned in the Asian markets, Australia and

the United Kingdom, ComfortDelGro justifies its status of international PTO by continuing to develop in the Asia-Oceania area (award of a service contract railways in Auckland, New Zealand in 2021), but also with an eye on new markets. It joined forces with RATP Dev and Alstom in 2020 to respond to calls for tender for the Grand Paris Express<sup>10</sup>. Moreover, this group won the contract to operate the Line 15 of the Paris metro network. This is also an opportunity for this company, mainly present in the road transport market, to develop an expertise in rail.

## Breakdown of ComfortDelGro's turnover by geographical area



Source: ComfortDelGro H1 2023 Financial Report

# Other public transport operators are striving to gain market share from these dominant players

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Other companies with a more modest turnover operate in several countries and can challenge major players in public transport.

Less specialized in urban public transport, these companies mainly carry out rail or long-distance road transport. More recently, they have either expanded or focused on their domestic market.

These secondary public transport operators are mainly positioned in their domestic market, and to a lesser extent in a small number of international markets (sometimes only one), with a commitment that may even be limited to consulting activity. As for large public transport operators, this sometimes involves partnerships with local players to facilitate market penetration.

Three of these urban operators, **Go-Ahead**, **Stage Coach** and **Mobico Group**, are British companies, historically specialized in intercity coach transport. These companies have since expanded into rail, metro, tram and bus services (for example the Sheffield tram operated by Stage Coach and the Birmingham bus network by Mobico Group). They also operate in specialized markets such as school transport, medical transport, airport shuttles, etc. Their turnover

mainly comes from intercity transport.

Here, we can see the double dynamic described previously: Go-Ahead Group begins to develop internationally from 2015 (Singapore 2015, Australia 2023) while mainly continuing its development in the domestic market (Manchester 2019). Stage Coach preferred to sell its subsidiaries in Kenya, Malawi, Portugal, Sweden and Hong Kong to concentrate on two markets: the United Kingdom, where it is the second PTO behind First Group, and the United States, where the company represents less than 1% of the market, operates 2,800 buses and employs 4,400 employees. Finally, the Mobico Group has chosen to operate a wide variety of modes (trains, coaches, buses, trams, airport shuttles), mainly for its domestic market, but also with a few subsidiaries in other countries: the United States, Canada, Germany, Spain, etc.

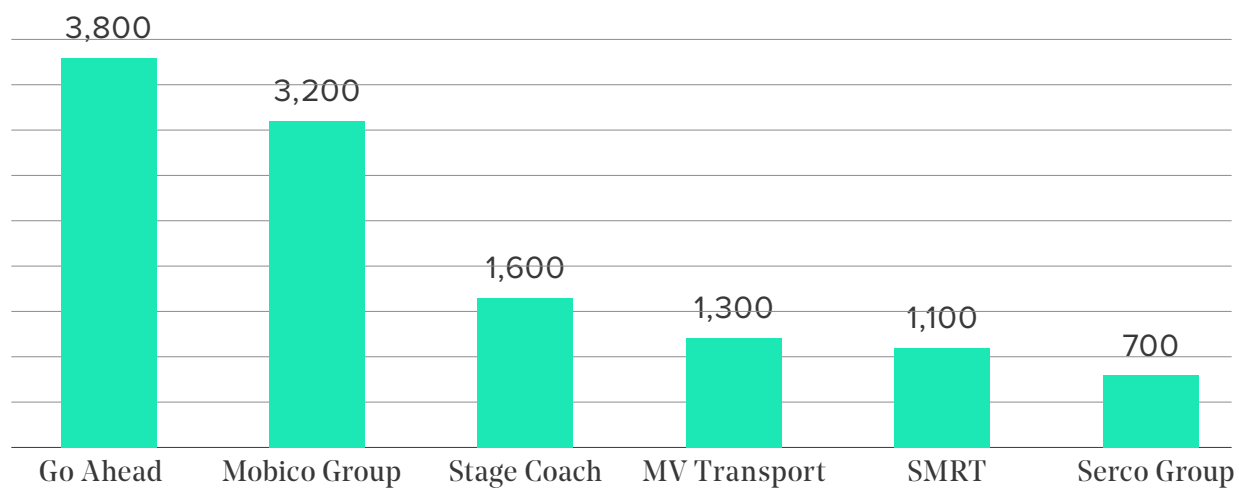
In the shadow of ComfortDelGro, **SMRT** is the second largest public transport operator in Singapore with a turnover of nearly 1.1 billion euros in 2022 from its transport activities. Its expertise has led to consulting missions throughout Asia: China, India, Vietnam, Thailand, South Korea, Taiwan, Philippines; as well as in Brazil and the Middle East. The public transport operator, was nationalized in 2016 after the buyout by

the sovereign fund Temasek Holdings.

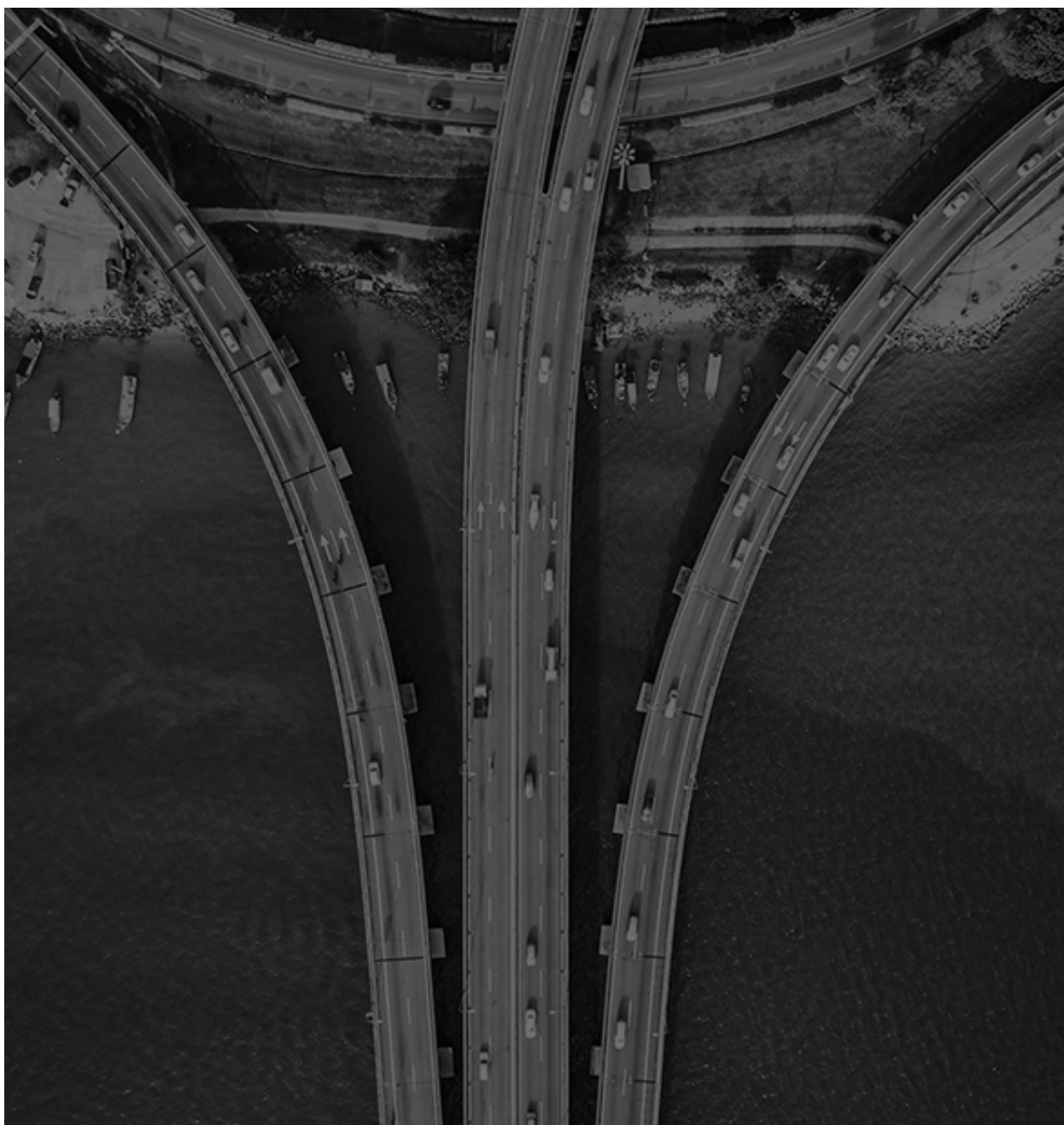
**Serco Group** is a major industrial group with a turnover of 5.2 billion euros. The British group operates in public transport, defense, science, health, and justice. Among its activities, public transport services generate nearly 700 million euros in turnover. It operates in the domestic market, notably the railway network in Liverpool and its surroundings, as well as internationally, with the metros and tramway in Dubai. With diversified expertise, the group also manages ferry connections, and offers technological traffic management solutions for all modes combined.

**MV Transportation** is an American company in constant development since it is now the first private transport company in the United States with 1.3 billion euros in turnover in 2022. Although it aimed for development in the Middle East markets (Qatar and Saudi Arabia) around ten years ago, the public transport operator finally remained in the domestic market as well as in the neighboring Canadian market to strategically ensure its leading position.

## 2022 turnover of PTO «challengers» (in millions of euros)



Source: Annual Reports and Sia Partners' analysis



# Profile and strategies of urban transportation & mobility service providers predominantly consist of French and British companies

The analysis carried out shows that France and the United Kingdom are home to a significant share of the main public transport operators' head offices. The public transport markets in these countries have effectively enabled local companies to develop domestically. By allowing companies like Transdev or Keolis to manage several networks under the delegation of public service (DSP), the French ecosystem has been particularly adapted to develop and provide real expertise that can be valued internationally.

Another example, the British bus network market was suddenly opened to competition following the privatization of the national monopoly of British Bus. Many local urban transportation and mobility service providers emerged and amalgamated to form larger companies.

Conversely, the organization of Germany as a "Stadtwerke", with an organization of public services by city, makes it less possible for German companies to develop sufficiently to claim international expansion. Only Deutsche Bahn was thus able to create a PTO-type subsidiary with the

acquisition of British Arriva.

Most of the public transport operators have large railway groups (SNCF for Keolis, Deutsch Bahn for Arriva) or public institutions (the Caisse des Dépôts et des Consignations for Transdev, the Caisse de dépôt et placement du Québec for Keolis) as majority shareholders. These positions provide a sufficient financial base for the expansion of the companies. Institutional investors are also very stable in their behavior: the Caisse des Dépôts has been a shareholder of Transdev since its creation, Caisse de dépôt et placement du Québec has been a shareholder of Keolis since 2012, and RATP is the sole shareholder of RATP Dev since its creation in 2002.

The strategies employed by public transport operators can be classified according to three axes: perpetuate the existing service, develop using new solutions, focus their strategy on profitable markets.

In mature markets, such as the United Kingdom and Scandinavian countries, the different positions of public transport operators come together under the following characteristics:

## **Sustaining the existing service**

For established networks, improving customer service, especially the innovation of digital services, is a factor on which public transport operators rely. Many companies integrate quality of service and user satisfaction rate (regularity, punctuality, cleanliness, clarity of information, etc.) into their main performance indicators and publish it, representing a showcase in their commercial documents. That trend is noticeable for RATP in the Parisian market, which is developing a quality improvement program in conjunction with the Public Transport Authority, carrying out the renewal of rolling stock, the extension of lines and the automation of 4G/5G network coverage.

## **Develop new markets and new solutions**

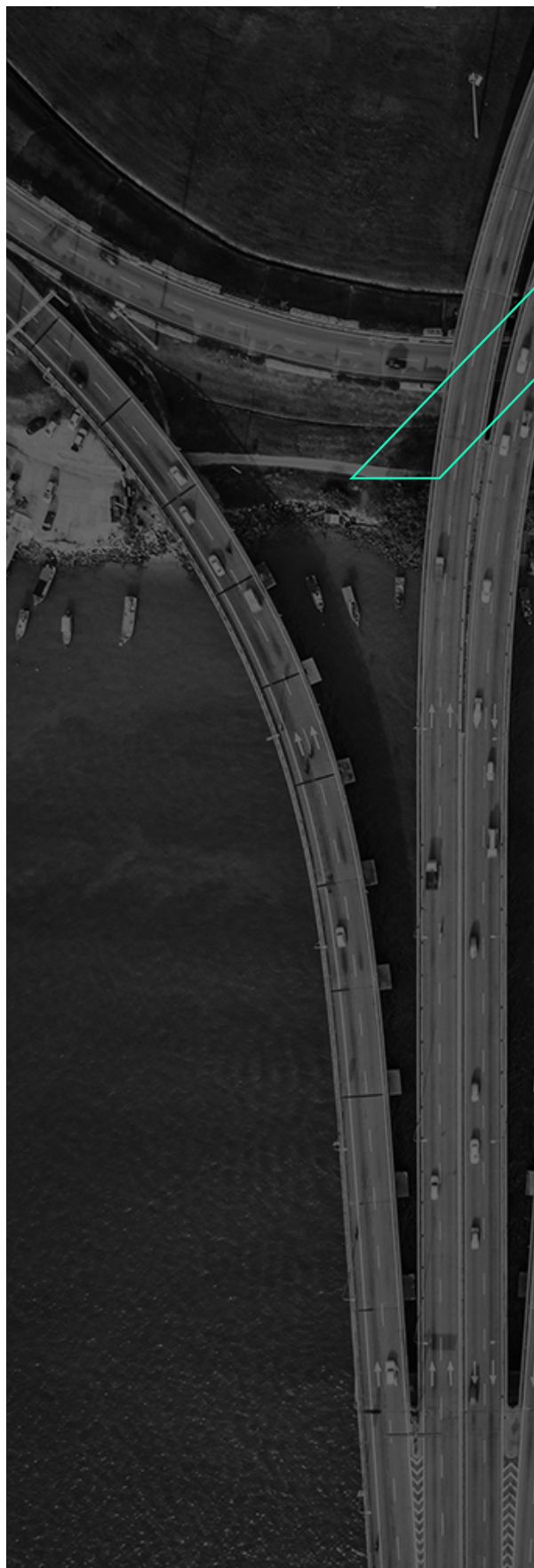
To address a market occupied by well-established companies, some public transportation operators do not

hesitate to use more accessible transport modes and niche markets, thus giving more local visibility to their brand.

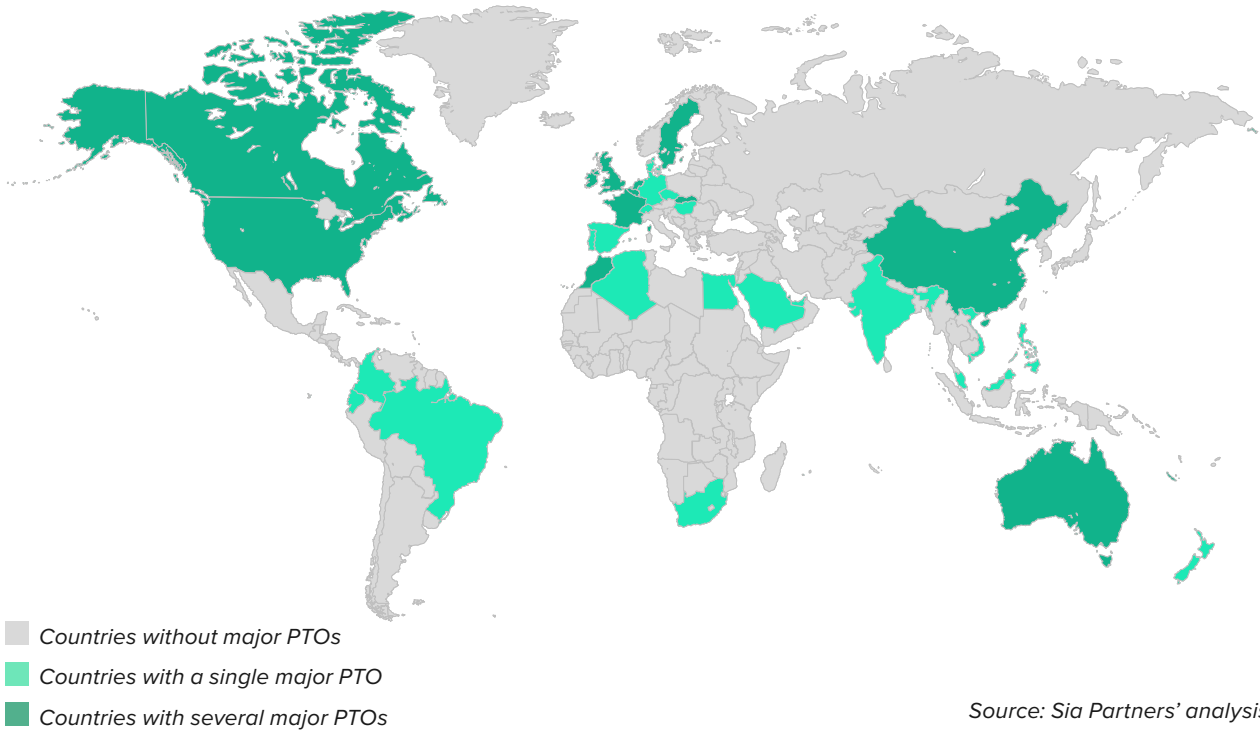
Transdev is therefore developing a ride-hailing services offer in the Netherlands and the United States. Transdev and Keolis are testing autonomous shuttle projects, Serco is supporting the operational management of London's self-service bicycle (Barclays Cycle Hire). Keolis also offers a healthcare offering via its subsidiary Keolis Santé.

RATP relies on its experience in the Ile-de-France region to grow: its subsidiary RATP Dev publishes a study carried out with Kantar, aimed at improving the passenger experience<sup>11</sup>. Internationally and in its networks outside the Paris region, RATP Dev highlights the quality of life in the city, the practicality of using public transport and the advantages in terms of costs.

The emergence of new shareholders into the capital is also a guarantee of being able to access new markets. Thus, the entry into the capital of Transdev by the Rethmann company offers the French group new prospects in the German, Eastern European and Australian markets.

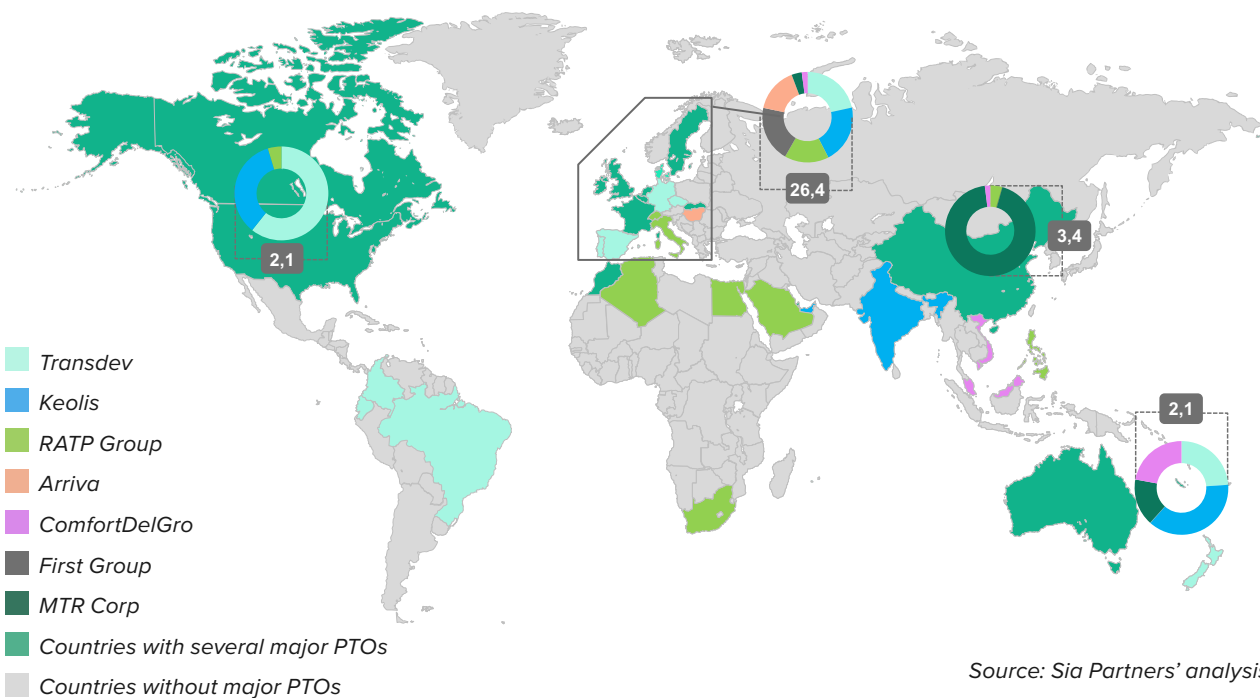


## A public transport world divided into three types of zones: no competition, with only one major PTO, with several major PTOs



From a global point of view, public transport is mainly characterized by a lack of competition between the major PTOs, the lack of public transport services or the dominance of local companies. Only in a few countries, mostly OECD ones, there is more than one major public transport operator: Canada, United States of America, Ireland, United Kingdom, France, Benelux, Sweden, Slovakia, Morocco, Qatar, China, Singapore, Hong-Kong, Australia.

## Global presence of major PTOs





Public transport operators are mainly present in Europe, their historic market, and enter new markets with strong competition from local players. The UK stands out as the only country where all seven players operate. Several Anglo-Saxon countries such as the United States, Canada and Australia also have a strong presence of major PTOs. Transdev is the public transport operator present in the most countries with 19 international markets, notably in South America. RATP Dev enjoys a development particularly focused on Africa and the Middle East.

### Focus their strategy on profitable markets and / or domestic markets

The Public transport operators and their shareholders regularly make strategic choices intended to guarantee the profitability of the company. This results in a focus on the domestic market and a disengagement from markets that have already reached maturity.

Thus, First Group, a British company, left the American market, by selling its subsidiary First Transit to Transdev. The company carried out the sale of its shares to Arriva. These two public transport operators wish, in fact, to focus on their domestic markets, to finance investments, particularly in rolling stock.

In addition, the maturity of certain markets weighs on the accounts of public transport operators. Keolis, which entered the German market in 2000, gave up its four regional train networks in the North Rhine-Westphalia region in western Germany, comprising approximately 1,000 km, 15 lines and 40 million passengers per year. An investment fund, TEAM Treuhand GmbH, acquired the activity.

Similarly, Deutsche Bahn sold its subsidiary Arriva Sverige AB to Finnish Railways.

Through infrastructure and associated investments, the mode of transport also conditions the strategy to be adopted.

### In the road sector: consolidation through the purchase of local operators

In the regional bus and coach network, the capitalization of local operating companies is sufficiently low to facilitate acquisition. This is the case of Arriva, which successively acquired bus network operating companies in Germany, Denmark and Poland. Transdev followed the same strategy with operators in Sweden, Australia and Austria. These acquisitions of often family-owned companies make it possible to gradually consolidate the player's presence in the market.

Transdev also used this buyout strategy in the North Ame-

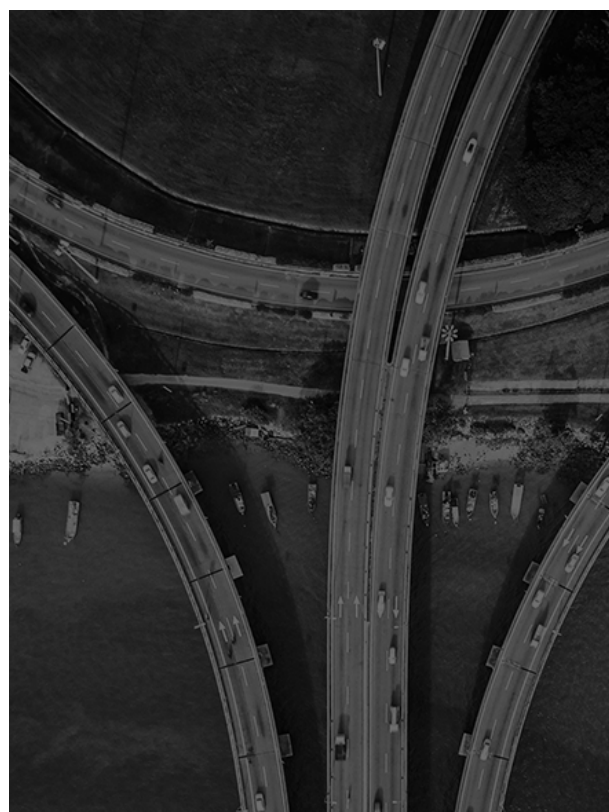
rican specialized transportation market: airport shuttles and on-demand transportation before carrying out the aforementioned takeover of First Transit.

### Rail transportation: create consortia to facilitate the acquisition and maintenance of rolling stock

Partnerships between operators are increasingly frequent particularly in networks requiring significant investments such as rail or metro.

Three types of partnership stand out:

- Between a public transport operator and a local operator. This type of partnership makes it possible to support the candidacy of the multinational, legitimate due to its expertise, with a local company, more accepted and better known. This strategy is used to penetrate a new market. For example, Keolis has partnered with Go-Ahead in the United Kingdom.
- Between two types of public transport operator. In this way, RATP and Transdev have joined forces for the management of the Shenyang tramway.
- Between one or more types of public transport operators and a railway manufacturer. This type of partnership is likely to facilitate access to rolling stock by the Public Transport Authority and to smooth the cost of maintenance over the entire lifespan of the rolling stock. In France, this model inspired by public-private partnerships already exists through an alliance in the form of a consortium between RATP Dev, ComfortDelGro and Alstom. This consortium is the winner of line 15 Sud of the Grand Paris Express of the Société du Grand Paris (SGP).



# Despite international competition, local operators remain the predominant option by far

Certain countries have started the liberalization of their market, at different paces.

The public transport market in the United States was estimated to represent 75 billion euros in 2023. However, only a few billion euros are today attached to the main public transport operators presented above. With the withdrawal of First Group from the American market, only French operators remain. If this figure reaches almost 7 billion euros when considering secondary PTO, the total ratio is low since it represents less than 10% of the American market.

In 2023, 6,800 organizations operated transportation activities in the country, and more than three-quarters of public operators use federal funds. Currently, several dozen American cities are planning either a metro or a tramway. These are all opportunities for Public Transport Operators to establish themselves progressively in the country via the PPOP (Public-Private Operating Partnership) model. However, in recent years we have observed a slowdown in projects, particularly linked to frequent cost overruns. Nevertheless, this can be seen as an opportunity for PTOs, particularly the French one, because the American specialized articles report a need to learn from foreign know-how and seem to favour French knowledge<sup>12</sup>.

The Asian urban transport market is estimated at several hundred billion euros. China, comprising around forty cities with more than 3 million inhabitants, is currently structuring its public transport policy, and has validated numerous construction projects. In particular, the country aims to increase its urban rail transport networks by 6,600 to 10,000 km by 2025<sup>13</sup>. It also changed the legislation which was a barrier to foreign investments. Like the Shenyang tramway, managed by an operating company, 51% of which is owned by the municipality and 49% by the RATP Dev / Transdev joint venture, the development model is focused on partnership between local players (private or public) and experienced

industrialists. To emphasize the “expertise” factor, the two French companies RATP Dev and Transdev have created a joint venture dedicated to Asian markets. Present in Mumbai and Seoul until 2020, this operation has shown limits in the long term, since RATP Dev took over the entire operations of the joint venture in 2020.

In certain countries, private operators have little room for maneuver as long as the system is not modified.

The South American market is very different. Interventions by private operators are almost non-existent and never without the support of a local operator (Ex: RATP Dev, which joined the consortium which manages line 4 of the Sao Paulo metro, particularly for technical assistance, before leaving the project in 2015). Due to the low CAPEX required, the bus quickly established itself as the transport of choice and causes complications in many metropolises (congestion, pollution, etc.). Thus, in Brazil, in 2013, nearly 19 billion euros were invested by the government in the improvement of public transport, in particular, the development of rail (train, metro, tramway).

In Russia, the few private public transport companies operate on mini-bus networks. The legal framework for private and public operators is different and driven by the government’s desire to maintain a fare reduction policy (nearly 50% of urban passengers travel with reduced fares). The quality of transport is clearly questionable and is not helped by the reduction in State subsidies. Note that the transport plans are in full reconstruction. The current organization makes the financing of rolling stock too complex (financing of companies by the cities, which themselves expect annual financing from the regions or federal programs), associated with a lack of investment which is nevertheless necessary for the renewal of the fleet (nearly half of urban buses are more than 10 years old<sup>14</sup>).

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