

# PRESS RELEASE



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## NEW FRENCH RAILWAY PACT AND DEBT RETAKE

Prime Minister Edouard Philippe presented, during a press conference on February 26, the main lines of a "new French railway pact". Since then, a new draft law enabling to proceed by ordinance (*projet de loi d'habilitation*) has been adopted by the National Assembly at first reading on April 17. It is expected that this text will be examined by the Senate in the coming days in order to be definitively adopted before the summer.

Under the current draft law, it is envisaged in particular, as from January 1, 2020, to:

- Reorganize the SNCF group for a greater efficiency: transform the current group into a unified group; change the legal status of its constituent entities towards a statute of national society with public capital; transfer the entity *Gares & Connexions* into the perimeter of SNCF Réseau.
- Change the organization of work by putting an end to the recruitment of staff under the regulated railroad staff (*cheminot*) status, as from January 1, 2020, in parallel with the opening of a negotiation at the level of the railway branch - current employees continuing to benefit from the status.
- Define the modalities of a successful opening to the competition of the rail transport of passengers.

In addition, the Prime Minister said during a press conference on May 25 that the State would take a substantial part of the debt of SNCF Réseau, i.e., € 35 billion, in two stages: €25 billion as of January 1, 2020 and an additional €10 billion in 2022, according to modalities that remain to be determined.

In addition, the Prime Minister announced that:

- the increase in TGV and freight charges would now be limited, in agreement with the ARAFER, to that of inflation;
- the renewal of the network would be accelerated by increasing the investment effort as of 2022 by an additional €200 million per year, particularly on signaling; and

- the SNCF group committed to reduce, by 2026, 2/3 of its competitiveness gap compared to its competitors.

The saving of about €1 billion in financial costs per year once the debt retake is effective and the reduction in the competitiveness gap with respect to its competitors aim to ensure the economic viability of SNCF Réseau as of January 1, 2020.

SNCF Réseau invites all interested parties, including its bond investors, to follow all developments related to the news of the group.

#### **About SNCF Réseau**

Within SNCF Group, one of the world's leading mobility and logistics groups, SNCF Réseau manages, maintains, develops and sells access to the French rail network. It guarantees the safety and performance of more than 30,000 km of track, including 2,600km dedicated to high-speed rail. Second French public investor, counting 55 000 employees for 6.5bn EUR revenues in 2017. <http://www.sncf-reseau.fr>

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