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CORPORATE  
PRESS RELEASE N°XX – PARIS, 14 OCTOBER 2013

# SNCF PRESENTS NEW STRATEGIC VISION “EXCELLENCE 2020”

SNCF today presented Excellence 2020, its new strategic vision, to the Board of Directors, following a year of contributions from teams throughout the Group.

## “DESTINATION 2012” TARGETS ACHIEVED OVERALL

Building on its rail operations in France and its three main business lines—passenger mobility services, freight transport and logistics, and railway infrastructure design and management—SNCF Group has grown over the past five years to become **a benchmark in Europe and throughout the world:**

- No. 1 worldwide in public transport systems for commuters
- No. 4 in Europe and no. 7 worldwide in freight transport and logistics
- Strong international presence in high-speed rail through Eurostar, Thalys, Lyria and Alleo, plus NTV in Italy.

From 2007 to 2012, **revenue rose more than 40% to €33.8 billion**, while **EBITDA increased 30%**.

This allowed **SNCF to invest an average of more than €2.2 billion annually—nearly €13 billion in all—while keeping debt under control, paying over €1 billion in taxes and duties in France each year, and paying €800 million in dividends to its shareholder, the French state.**

Over the same period, **the Group increased its international business from 13% to nearly 25% of total revenue and hired 80,000 new employees.**

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### GOAL FOR 2020: BECOME THE GLOBAL BENCHMARK FOR EXCELLENCE IN MOBILITY AND LOGISTICS SERVICES

SNCF aims to become **the global benchmark for mobility and logistics services, and no. 1 for service excellence:**

- A **champion service provider, dedicated to increasing satisfaction for every client**
- **An industrial champion** striving for **operational excellence and optimum efficiency**
- A **champion competitor, ready to face rivals in Europe and around the world**, harnessing innovation to stay at the cutting edge of expertise and technology, and to find new sources of growth in markets outside France
- Last but not least, a **champion for sustainable mobility**, capable of combining mobility and a reduced carbon footprint.

To succeed, SNCF must meet three challenges:

- **Make a technological leap**, designing and operating **high-volume mobility services to cope with growth in traffic**, especially **commuter travel, while stepping up personalization of services** to meet individual needs
- Be the **partner for innovation & competition that clients need**, for both freight and passenger transport, with **an appropriate service and pricing policy**.
- Enhance client satisfaction **through employee commitment and quality work**.

### THREE OPERATIONAL PRIORITIES

#### 1. Make commuter service—rail and beyond—an absolute priority

SNCF Group is committed to three core projects:

- Deploy projects and services under **Nouveau Grand Paris**, the infrastructure plan now underway in Greater Paris
- Launch a **high-volume passenger plan for smoother rail operations in densely-populated cities and urban areas**, especially in Paris and its region
- Work with transport organizing authorities to implement the **next generation of public service contracts** offering expanded, multi-modal services.

#### 2. Give every client a personalized, connected experience

**In freight transport and logistics**, SNCF Geodis has demonstrated its ability to combine a range of transport modes, delivering made-to-measure services with real-time tracking. To serve shippers, this offer will now be expanded for very long-distance transport, particularly on routes linking Europe and Asia, using accessible ports, rail motorways and other innovative solutions. Providing logistics for the final kilometre of deliveries is also a priority.

**In passenger services**, the challenge is to shift from point-to-point or station-to-station service to integrated door-to-door solutions—personalized options that make full use of digital technology. This approach, which will involve working with all of the sector's stakeholders, will make public transport easier to use for everyone.

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These initiatives will be rolled out in stages:

- Starting in **2014**, every customer will have access to real-time multimodal information for all passenger rail services.
- Starting in **2015**, two million passengers will enjoy door-to-door travel options, rising to nearly all SNCF customers by **2020**.

To deliver these made-to-measure services, all of the affected business lines must leverage game-changing digital technology—an area where SNCF can draw on a rich store of experience and expertise.

### 3. Step up international growth

While France—SNCF's largest single market in size and importance—will remain a priority, the main source of new growth is international expansion.

For SNCF, the aim is to become a global player, generating **around one-third of revenue on international markets by 2020**, through Geodis, Keolis, Voyages-SNCF.com and high-speed rail in Europe.

The Group will target specific regions and forge partnerships with solid industrial allies, using all available resources to the full. In any case, essential acquisitions made over the period will be self-financed.

## MEETING TARGETS

### Continuous improvement in service quality and efficiency

Steady improvements in quality and efficiency are hallmarks of Excellence 2020: **the links between customer satisfaction, employee pride and commitment, and business performance are clear**. To achieve this goal, SNCF will build on the QA and progress programmes at the core of its corporate culture.

These programmes will have a major impact on client satisfaction, operational efficiency and costs, with SNCF **targeting a €1.3 billion rise in EBITDA for 2020**.

In addition, the cross-functional performance plan launched in early 2013 will be completed, generating cost-structure efficiencies of €700 million (purchasing, structure, IT systems and property) by 2015.

### Growth through innovation

Innovation is an **essential driver** of both sales growth (digital, door-to-door services) and business and industrial performance.

Building on initiatives developed in the past few years, **SNCF will triple its current spending on research and innovation**. The aim is to develop a **business culture that is open to innovation**, fully connected and capable of relaying information quickly—through the SNCF expert network, shared platforms and other options. The resulting ecosystem—both inside and outside the Group—will be capable of supporting start-ups through dedicated investment vehicles and partnerships with top-tier international universities and institutions of higher education. SNCF know-how will be protected by active filing of patents.

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### Harnessing human development for success

To succeed, Excellence 2020 must win the support of all employees, and SNCF is dedicated to maintaining and expanding the **high quality social pact** that unites all of its employees. Between now and 2020, the Group is committed to:

- maintaining **mission-critical competencies**, especially in industrial and operational activities, as long-time employees are replaced by new hires.
- giving all employees the means to **acquire new competencies** to stay ahead of the digital curve, take changes in job content in stride (especially in client relationship management), and work efficiently in an increasingly international environment.
- **revamping workplace organization** to keep pace with changes in business lines and competencies, so as to better meet client needs.

### KEY BUSINESS AND FINANCIAL TARGETS

Faced with a market in flux, SNCF must maintain the financial flexibility to continue investing and face up to increasingly aggressive competitors.

The core target for **SNCF's future role as a mobility and logistics services provider<sup>1</sup> is the ability to finance these investments without taking on new debt.**

Business and financial targets for 2020 therefore include:

- **Organic growth in revenue of +3% per year on average**, including international expansion
- **EBITDA of over 10%, a two-point increase**
- **Massive reduction in net debt to below €5 billion.**

### OFFERINGS DESIGNED AROUND CUSTOMER SATISFACTION

**Satisfying every client is the core of SNCF's strategic vision.**

To increase client satisfaction, SNCF will step up systematic deployment of tools to measure progress in each of its units. Immediate feedback on the client experience will help the Group's teams fine-tune their responses to better meet user needs and expectations.

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<sup>1</sup> Business and financial targets for operations that will come under the remit of the GIU will be announced by the end of 2013, using the infrastructure business plan as a basis. The GIU is the single public entity, to be created under the railway reform, that will bring together RFF, current owner of the French rail network, and SNCF's Infra division, which is responsible for network management (including the DCF/Rail Traffic Department).



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### About SNCF Group

Present in 120 countries, SNCF is a world leader in mobility and logistics. Its total workforce of 250,000 generated revenue of €33.8 billion in 2012, with over 1/5 of sales from markets outside France. A public sector group dedicated to public service, SNCF builds on its foundations in rail to offer a broad range of services, delivering seamless door-to-door mobility for transport and logistics operators, passengers and the regional and local governments that are its organizing authorities. SNCF Group targets cross-border and international markets, and has five divisions: SNCF Infra manages, operates, maintains and develops rail and related infrastructure; SNCF Proximités operates local, urban and regional passenger services; SNCF Voyages operates long-distance passenger services and distribution; SNCF Geodis provides freight and logistics services; and Gares & Connexions manages and develops train stations. [www.sncf.com](http://www.sncf.com)