Research Update:

Societe Nationale SNCF Downgraded To 'A' Following Similar Action On France; Outlook Stable

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Rating Action Overview

- On Oct. 17, 2025, S&P Global Ratings lowered its unsolicited long- and short-term sovereign ratings on France to 'A+/Stable/A-1' from 'AA-/Negative/A-1+' due to heightened risks to budgetary consolidation.
- We view France's 100% ownership of integrated rail group Societe Nationale SNCF (SNCF) as a key credit driver of our rating on the latter, as it relies on significant financial support from the state to serve debt issued at SNCF Reseau, and to finance its railway network investments.
- Our view that there is an extremely high likelihood of SNCF receiving timely and sufficient extraordinary government support, if needed, from France is unchanged despite current budgetary pressures and political instability.
- We lowered our long-term issuer credit ratings on SNCF to 'A' from 'A+' and our issue ratings on its senior unsecured debt to 'A' from 'A+'. We affirmed our short-term issuer credit rating on SNCF at 'A-1'.
- We revised the outlook on SNCF to stable from negative mirroring that on France.

Rating Action Rationale

The downgrade on SNCF follows a similar rating action on France ("France Ratings Lowered To 'A+/A-1' From 'AA-/A-1+' On Heightened Risks To Budgetary Consolidation; Outlook Stable," Oct. 17, 2025). On Oct. 17, 2025, S&P Global Ratings lowered its long- and short-term sovereign credit ratings on France to 'A+/Stable/A-1' from 'AA-/Negative/A-1+' based on our view that uncertainty on public finances remains elevated, and our expectation that it will affect the French economy by dragging on investment activity and private consumption, and therefore economic growth. The downgrade on France translates into a similar rating action on SNCF because, despite our unchanged view that there is an extremely high likelihood that SNCF will receive timely and sufficient extraordinary government support if needed, our lower rating on France is now insufficient to sustain our rating on SNCF at 'A+'.

We view SNCF as a government-related entity with an 'extremely high' likelihood of extraordinary government support based on a 'very important' role and an 'integral' link to the

government of France. We think that SNCF plays a central social and economic role for the French government, since it operates and manages the monopolistic railway network through its fully owned subsidiary SNCF Reseau. It also plays a vital role in France's strong carbon-reduction policies, for instance, by capturing traffic transferred from more polluting modes of transport. Our view is equally supported by our assessment of an integral link between the group and the government, as we think that the French state maintains very tight controls and supervision over the group's strategy and financial standing via its nontransferable 100% ownership of the group and very material financial support. For instance, in 2020 and 2022 the French government absorbed €35 billion of debt outstanding at SNCF Reseau, which, at the time, represented about 70% of SNCF Reseau's reported debt. Moreover, we expect state grants will continue to cover about 60% of SNCF's capital expenditure (capex) needs.

We expect SNCF will continue to perform with significant headroom within our 'bbb' stand-alone credit profile (SACP) in coming years. We anticipate that funds from operations (FFO) to debt may stabilize at about 12%-13% supported by manageable net capex around €3.5 billion and sound cash flow generation. For instance, in 2024, the group reported about €1.6 billion free operating cash flow (FOCF), which is well above SNCF's financial commitment to the market of a minimum €0.5 billion of free cash flow. It also reduced its reported net debt to EBITDA to 3.6x, from 3.8x in 2023, well below its 5.5x financial commitment. Furthermore, we forecast ongoing solid performance underpinned by low-single-digit traffic growth, and higher track access charges. Additionally, we expect that the share of EBITDA from rail infrastructure and passenger activities will remain above 70%, and that the relatively more volatile businesses of the logistic and international business will remain below 30% over the long term, which we view as credit supportive because it contributes to SNCF's earnings predictability.

Outlook

The stable outlook on SNCF mirrors that on France (unsolicited; A+/Stable/A-1).

Our view that SNCF is extremely likely to receive timely and sufficient extraordinary support, if needed, is unchanged despite the French government's current budgetary pressures and political instability. This is because of SNCF's very important social and economic role for the government, and our view that the group and the government maintain an integral link as the group executes on business and financial strategy.

Downside scenario

We would consider a negative action on SNCF under any of the following circumstances:

- A negative rating action on the sovereign rating on France;
- If SNCF's link with, or role for, the state weakened, potentially leading us to consider a multi-notch downgrade of SNCF, which we see as unlikely at this stage. This could stem from a reduction of state controls over the group and its strategy, or if the group's public-service role for the government weakens; or
- All else being equal, if we revised downward the SACP for SNCF to 'b+', which we see as very unlikely at present. This could materialize, for example, if the group failed to maintain FFO to debt above 6%, due to for instance a significant decrease in the state's grants, combined with a weaker assessment of the group's business strengths.

Although it would not affect the rating, we could revise downward the SACP on SNCF by one notch, all else being equal, if:

- The group cannot maintain its FFO to debt above 9% on average over 2024-2026; or
- SNCF significantly changes its business mix so that exposure to non-infrastructure segments, including its logistics subsidiary and bus operations at Keolis, increases to above one third of EBITDA (from about 26% in 2024), which could weaken our view of SNCF's cash flow stability, and this is not mitigated by further leverage reduction.

Upside scenario

We see any upside scenario on SNCF as unlikely unless it is driven by sovereign rating actions. This is because raising our long-term issuer credit rating on SNCF by one notch, would necessitate a three-notch upward revision to the current SACP, given the support that our rating on SNCF receives from that of France.

Although it would not affect the rating, a revision of SNCF's SACP by one notch, all else being equal, is constrained by SNCF's relatively high adjusted debt to EBITDA, its large capex plan, and our expectation that competition may erode some of SNCF's market share over the medium term. Still, we could consider an upward revision of the SACP if SNCF were able to maintain an FFO to debt comfortably above 12%, combined with:

- Better visibility on the potential effect of increasing competition on SNCF's market share and of the TGV M delivery on traffic;
- Additional track record of the group's ability to deliver FOCF generation in line with its target, and this translating into further debt-to-EBITDA improvement; and
- An upgrade would also hinge on SNCF's exposure to non-infrastructure businesses remaining below one third of EBITDA over the medium term.

Company Description

SNCF is the holding company of French integrated rail and transportation services provider SNCF Group.

Fully owned by the French government, the group is France's incumbent provider of passenger rail services through its 100%-owned subsidiary SNCF Voyageurs (34% of total EBITDA in 2024), and the monopolistic rail infrastructure and train station manager in France through its 100%-owned subsidiary SNCF Reseau (37% of total EBITDA, including its subsidiary SNCF Gares & Connexions). The group also owns rail freight and logistics operations through Geodis, SNCF Fret, and logistics subsidiaries (21% of total EBITDA), and mass-transit transportation activities through Keolis (8% of total EBITDA).

Environmental, Social, And Governance

Environmental factors are a positive consideration in our credit rating analysis of SNCF, as the entity plays a vital role in France's strong carbon reduction policies. This is demonstrated the French government recently introducing a new tax on long-distance transport infrastructure--mainly toll roads and airports--to fund the decarbonization of the transport sector and by the ban on short-haul domestic flights in favor of rail. We understand that this recent tax, as well as the higher corporate tax rate applied to large corporates in 2025, does not apply to SNCF.

Furthermore, the group's goal to reduce by 30% its greenhouse gas emissions from transportation services by 2030, from 2015 levels, supports the country's climate agenda.

Social factors are an overall neutral consideration. This balances the group's key social mandate and the strong support received by the French government (€35 billion debt relief approved in 2020-2022 as part of the rail reform) against the exposure to social conflicts, which have historically hurt SNCF financially. For instance, industrial action linked to wage demands led to about €350 million of revenue losses in 2023, while opposition to reforms led to a 24-day strike in 2016 that reduced revenues by about €500 million.

Rating Component Scores

Rating Component Scores

Component	
Foreign currency issuer credit rating	A/Stable/A-1
Local currency issuer credit rating	A/Stable/A-1
Business risk	Strong
Country risk	Low risk
Industry risk	Low risk
Competitive position	Strong
Financial risk	Significant
Cash flow/leverage	Significant
Anchor	bbb
Modifiers	
Diversification/portfolio effect	Neutral/Undiversified
Capital structure	Neutral
Financial policy	Neutral
Liquidity	Adequate
Management and governance	Neutral
Comparable rating analysis	Neutral
Stand-alone credit profile	bbb

Related Criteria

- Criteria | Corporates | General: Sector-Specific Corporate Methodology, July 7, 2025
- Criteria | Corporates | General: Corporate Methodology, Jan. 7, 2024
- Criteria | Corporates | General: Methodology: Management And Governance Credit Factors For Corporate Entities, Jan. 7, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- Criteria | Corporates | General: Reflecting Subordination Risk In Corporate Issue Ratings, March 28, 2018

- General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- General Criteria: Stand-Alone Credit Profiles: One Component Of A Rating, Oct. 1, 2010

Related Research

- Societe Nationale SNCF Outlook Revised To Negative After Similar Action On France; 'A+' Ratings Affirmed, March 6, 2025
- Research Update: France 'AA-/A-1+' Ratings Affirmed; Outlook Revised To Negative On Weakening Public Finances, Feb. 28, 2025
- Issuer Ranking: EMEA Transportation Infrastructure Companies, Feb. 25, 2025
- EMEA Transportation Infrastructure: Handbook 2025, Jan. 23, 2025
- Industry Credit Outlook 2025: Transportation Infrastructure, Jan. 14, 2025
- Société Nationale SNCF S.A. Downgraded To 'A+' Following Similar Action On France; Outlook Stable; SACP Revised Upward, June 7, 2024
- Research Update: SNCF Reseau Downgraded To 'AA-' After Similar Action On The Sovereign; Outlook Stable, June 7, 2024
- Research Update: France Long-Term Rating Lowered To 'AA-' From 'AA' On Deterioration Of Budgetary Position; Outlook Stable, May 31, 2024
- Societe Nationale SNCF's Better-Than-Anticipated 2023 Results Will Help It Make Large Expected Rail Investments, March 4, 2024

Ratings List

Ratings List		
Downgraded; Outlook Action		
	To	**From**
Societe Nationale SNCF		
Issuer Credit Rating	A/Stable/A-1	A+/Negative/A-1
Downgraded		
Societe Nationale SNCF		
Senior Unsecured	A	A+
Commercial Paper	A-1	A-1