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PRESS RELEASE – LA PLAINE SAINT DENIS, 31 JULY 2019

SNCF GROUP 2019 HALF-YEAR RESULTS

SNCF's mission: bringing the freedom of effortless mobility and a greener planet to all. In H1 2019, the Group reported decisive progress on each of the six commitments it has made to reach this goal:

• It grew rail use in France, with a rise of over +11%* in the number of high-speed rail passengers, including SNCF's new InOui experience and low-cost Ouigo service. Conventional rail also benefited, with a +4.3%* increase in travellers using Transilien services in the Paris Region and a 15.9%* rise for TER regional trains. Rail freight slowed, but this was partly offset by operations in Europe, and the start-up of a fifth rail motorway provided a boost.

• A drive to be best on fundamentals generated gains in both safety (events down 11%) and on-time performance, up +1.3 points from the previous high in 2014 for all passenger activities combined. TER regional trains and Transilien commuter trains made their best showing since 2010, at 92.9% and 90.7%, respectively, and TGV high-speed rail's on-time performance rate was 90.9%, its highest since 2015.

• Client satisfaction improved, reaching a record high of 77% for high-speed rail and 74% for TER regional rail, thanks to investment in rail network upgrades, faster renewal of rolling stock, and effective passenger service management.

• Employee engagement and satisfaction are critical to the Group's future success, and SNCF is investing more than ever to build the skills and expertise its workforce needs to meet the rail challenges of tomorrow. A core feature is the negotiation of an attractive, incentive-based labour agreement.

• Strong business performance remains critical, and H1 figures exceeded targets with revenue at €17.9bn, EBITDA up sharply at €2.9bn, and net profit in positive figures.

• The Group worked with regions to advance the ecological and inclusive transition through flagship initiatives, including launch of the Assistant SNCF app to promote shared mobility and the announcement of a 25-year contract to source power from renewable sources.

- **Revenue grew a sustained +10.5%** to total €17.9bn.
  Excluding the negative impact of the 2018 strike, business rose +5.0%.
- **International business was a major growth driver,** with Keolis turning in a particularly strong performance outside France (+21.4%).
- **€400m in additional competitivity gains** for H1 2019, with EBITDA at €2.9bn (16% of revenue).
- **Increased investment** in rail infrastructure upgrades in H1 2019, with the total set to reach €10.1bn for the full year (infrastructure and trainsets/rolling stock, all funding sources combined).
- **Rise in** self-financing capacity **generated by SNCF Mobilités**, where investments in new rolling stock and other areas totalled €1.9bn (all funding sources combined)
- **Recurring net profit came to +€20m, up +€551m over 30 June 2018.**

* The strike in spring 2018 makes a comparison problematic; figures above thus compare H1 2019 with H1 2017.

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Sustained growth across all operations in France, with even stronger gains on international markets

Strong growth in H1 2019 more than made up for ground lost during the strike in spring 2018, as **revenue rose +10.5% to €17.9bn.** Excluding the strike's impact, the rise was +5.0%.

High-speed passenger rail traffic increased +16.9% over the period in France (excluding subsidiaries). When compared with H1 2017 (to avoid distortion from the 2018 strike), the rise was 11.1%, **confirming extremely robust growth for TGV service. Other rail transport traffic also grew, with Transilien (Paris Region) and TER (regional rail) rising +12.5% and +21.4%, respectively,** or +4.3% and +15.9% when compared with H1 2017. TER got a special boost when certain Intercités lines, previously operated under an agreement with the French state, were transferred to TER management under an agreement with French regions.

At Keolis, business was up +11.9%, buoyed by a steep +21.4% rise on international markets, thanks to its contract to operate the Transport for Wales network since year-end 2018, plus business in the United States, Sweden and Germany.

Passenger traffic rose **+4.6% for Thalys, including +22% for low-cost IZY service.**

At SNCF Logistics, revenue was up +2.6%, with a boost from international markets despite a disappointing showing in several sectors in Q2 2019, particularly in June. GEODIS reported robust growth in contract logistics (up +6.9%, including +8.8% in the US).

TFMM rail & multimodal freight transport reported growth of +11.8% (-1.3% excluding the impact of the 2018 strike). June saw a marked slowdown as several European industries struggled. Multimodal transport gained +20% (+7% excluding the impact of the 2018 strike), buoyed by European traffic and commissioning of a **fifth rail motorway,** linking Barcelona with Bettembourg in Luxembourg. Finally, Ermewa, a specialist in rolling stock management and a very active player on international markets, reported growth of +17.8% in H1 2019, thanks in part to its acquisition of Raffles Lease, which consolidated its position as owner of one of the world's largest tank container fleets.

Gares & Connexions also made strong gains with revenue up +10.9%. It is aggressively marketing commercial space in stations, and has signed a technical services contract to help renovate two stations in southern India.

Meanwhile, SNCF Group continued to improve its business performance …

Ongoing performance plans have generated an additional €400m in competitivity gains since the beginning of the year, or nearly 60% of the Group's full-year target of €700m. These include optimizing procurement for network upgrades, cutting operating costs, deploying a highly responsive sales strategy, adapting SNCF's offer, fighting passenger fraud, and reducing structural costs.

At the same time, the Group continued planned recruitment, hiring **nearly 6,400 new employees in France** in H1 2019. Of the new hires, over one-third were in rail.

… made additional investments in customer services …

As planned, investments continued on a massive scale, with **over €10bn expected for the full year**. Over 50% will be financed by SNCF Group from its own funds, **and over 90% will be in France**. First-half outlays totalled **€4.3bn.**

SNCF Réseau invested heavily in renovation works and upgrades (€2.4bn), spending €248m more in H1 2019 than in H1 2018, with €5.6bn projected full year. **Regional development projects, co-financed by regional authorities and the French State, rose €185m over the period.** They included start-up of the central command unit for the network serving Belfort, in eastern France, after more than ten years of analysis and works; the move will cut operating costs significantly while delivering substantially improved service quality. In the Paris Region, France's largest railway tunnel-boring machine began work in February on the six-kilometre section of the EOLE line linking Courbevoie Gambetta to Paris. Works aimed at improving accessibility for people with limited mobility also continued.

In addition to these **massive investment in the rail network, SNCF Mobilités invested €1.9bn** (all funding sources combined)**,** with new rolling stock accounting for two-thirds of the total. This included 56 trainsets: 22 for Transilien in the Paris Region, 28 for TER and Intercités serving French regions, and six high-speed TGV Océane trainsets serving western France.

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...and delivered good results.

Strong business performance combined with cost-cutting set **Group EBITDA at €2.9bn, up €1.7bn** (+€1.2bn using identical IFRS accounting rules). At constant scope of consolidation and discounting the negative impact of H1 2018 (including the strike) on financial statements, EBITDA improved nearly €270m.

This improvement in EBITDA was mitigated by a +€150m increase in amortization resulting from the increase in value of high-speed rail assets and stations in 2018.

Recurring net profit came to +€20m, up +€551m from 30 June 2018.

These results are well above Group projections for mid-year 2019, and H2 is enjoying a more robust seasonal boost than expected.

OUTLOOK FOR FULL-YEAR 2019

SNCF Group is pursuing ambitious aims for H2 2019 in the run-up to implementation of French rail reform and creation of a new unified state-owned group in 2020. This has meant stepping up efforts to improve rail service quality to meet passenger demand, while trimming costs and increasing competitive edge. At the same time, it has rolled out an aggressive sales strategy to win more revenue and prepare for the opening of France's domestic rail market to outside competition. Within SNCF Réseau, the Nouvel R transformation programme, launched in 2018, is strengthening the critical role of infrastructure manager, improving client relations and boosting operational performance with contributions from key production areas.

In logistics, the Group will track business conditions and global cargo volumes carefully.

SNCF GROUP: KEY FIGURES, H1 2019

CONSOLIDATED DATA (IFRS) *€ MILLIONS*	*H1 2018* *Proforma*	***H1 2019***	*Change at constant scope of consolidation, IFRS 16 and exchange rates*
Revenue	*16,079*	***17,854***	
Change H1 2018/H1 2017		*+11.0%*	*+10.5%*
EBITDA	*1,238*	***2,888***	*+ 1,164*
As % of revenue	*8.0%*	*16.2%*	
*EBITDA excluding IFRS 16**		*2,398*	
Recurring net profit attributable to equity holders of parent co.	*-579*	*10*	*+631*
Net profit (attributable to equity holders of the parent company)	*-488*	*20*	*+551*
Investments (all funding sources combined)	*3,964*	***4,317***	*+453*
Incl. net investments (financed by SNCF)	*2,635*	*3,055*	*+520*
Free cash flow for SNCF Mobilités	*-71*	*-77*	
Free cash flow for SNCF network	*-1,815*	*-1,481*	
Net indebtedness SNCF Mobilités	*-8,167*	*-8,078*	
Net indebtedness SNCF Réseau	*-48,595*	*-51,641*	

SNCF Mobilités and SNCF Réseau financial statements at 30 June 2019 underwent a limited review by the statutory auditors.
SNCF Group consolidated financial statements at 30 June 2019 were not subject to the same review.

** Application of IFRS 16: IFRS 16, which takes effect on 1 January 2019, changed the way leases are accounted for. Today a single approach has been adopted for all—"on balance sheet", i.e., all leases are registered as an asset on the balance sheet with the corresponding financial commitment appearing as a liability. This has little impact on net profit since the positive impact of cancelling rents (boosting EBITDA) is offset, first, by depreciation of assets (impacting ROC) and second, by financial expense relating to the debt. This debt is excluded from net financial debt.*

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FOCUS: SNCF MOBILITÉS

SNCF Mobilités reported revenue of €17bn, up +10.7%, for a remarkable first half that was driven by business at Keolis, SNCF Transilien & TER and TGV high-speed rail. Excluding the negative impact of the strike in spring 2018, **growth was a sustained +5%.**

EBITDA as a percentage of revenue was up +70% (vs H1 2018 like-for-like). The improvement was visible across the board and testified to SNCF Mobilités' capacity to generate profitable business.

Recurring net profit stood at a positive €164m, a rise of over €300m that bears out this analysis, despite the negative impact of additional amortization linked to revaluation of TGV assets in 2018.

Total investments financed by SNCF own funds reached **a record €1.3bn, up €436m**, **with self-financing capacity significantly higher at 80%.** Free cash flow was nearly balanced, while net debt was held to €8.1 billion at 30 June 2019, for a €0.9 billion rise from 31 December 2018. This was due to **a €537 million contribution from SNCF Mobilités' previous results ("dividend"), as provided under the Rail Pact—all of which will be used to accelerate SNCF Réseau's investment** in renovating and upgrading rail infrastructure, as well as for targeted acquisitions.

See *SNCF Mobilités H1 2019 financial statements at* *https://www.sncf.com/en/finance/financial-publications-sncf*

FOCUS: SNCF RÉSEAU

The first half of 2019 saw record investment in railway infrastructure, with **a full €2.4bn poured into renovation and upgrades—a rise of €248m** from 30 June 2018, with €5.6bn planned full year. Priority went to renovating the network's core structures, building on increased mechanization and greater use of industrialized processes.

Despite no change in the volume of train slots from the first half of 2018 (excluding the strike's impact), **revenue came to €3.3bn**, **up 3.6%** (excluding strike), buoyed by the positive impact of track usage fees (+1.7%). **EBITDA stood at €947m, up €400m** from the first half of 2018, with a €44m structural improvement over the same period. **The resulting €75m performance gain** reflected SNCF Réseau's industrial performance plan, which called for optimizing methods, boosting efficiency and cutting costs, and was in line with formal commitments made under that contract.

Together these factors **increased free cash flow by +€335m** compared with June 2018, for a total -€1,481m at 30 June 2019. Healthier finances—another key priority for SNCF Réseau—reflected successful efforts to bring interest expense under control as average interest rates edged down. **The cost of net financial indebtedness was nearly unchanged at -€746m despite the rise in net debt**, which stood at €51.7bn at 30 June 2019 vs €49.6bn at the end of 2018. In addition to the change in free cash flow, H1 2019 to date–and temporarily—was hit by a -€570m change in fair value of financial instruments compared with -€149m at the end of June 2018.

See *SNCF Réseau's H1 2019 financial statements at:* https://www.sncf-reseau.com/en/entreprise/finance

ABOUT SNCF GROUP – sncf.com

A global leader in passenger transport and freight logistics, SNCF reported €33.3 billion in revenue in 2018, with one-third generated on international markets. With 272,000 employees in 120 countries, SNCF draws on its foundations in French rail and its extensive experience as an architect of transport services. SNCF Réseau (management and operation of the French rail network); commuter transport (mass transit in the Paris region, TER regional rail, and Keolis in France and worldwide); long-distance rail (TGV inOui, Ouigo, Intercités, Eurostar, Thalys and more, and ticket sales through Oui.sncf); SNCF Gares & Connexions (station management and development), SNCF Logistics (freight transport and logistics worldwide with Geodis, Fret SNCF and Ermewa) and SNCF Immobilier (management and optimization of SNCF property and land assets).

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