

PRESS RELEASE – LA PLAINE SAINT DENIS, 27 FEBRUARY 2018

## SNCF GROUP 2017 ANNUAL RESULTS

- Marked commercial and business performance in 2017, yet still insufficient given the finances of SNCF Réseau, which show a structural imbalance. SNCF Réseau remains heavily penalized by €46.6 billion in net debt, which rose a further €1.7 billion in 2017. SNCF Réseau's structural debt increased by €2.1 billion over the same period.
- Revenue totalled €33.5 billion, up +4.2% thanks to commercial momentum that drove strong growth in passenger numbers and freight.
- Investment was a substantial €8.8 billion full year, with nearly 95% in France.
- €830 million in cost cutting combined with business lines' marked performance set EBITDA at €4.6 billion.
- Recurring net profit (attributable to equity holders of parent company) of €679 million.

### SUMMARY

In 2017, SNCF reported a rise in profit and stepped up investments to update its offering and network, aiming to boost service quality and customer satisfaction.

Investment in upgrades is vital to ensure the future of the rail system and of mobility in France.

In 2017, SNCF invested **€8.8 billion**, nearly 95% within France, including:

- **Major investments to regenerate and upgrade the existing rail network (€5.2 billion), including:**
  - 1,600 projects completed, over 1,000 km of track renovated, 4,000 km of catenaries verified, and 5,000 switches replaced.
  - Engineering works to improve mass transit for commuters in the Paris region: EOLE, linkups with Grand Paris projects, and the CDG Express airport shuttle.
- **€2.3 billion to acquire new trains:** 40 in the Paris region, 85 in other French regions (financed regionally) and 20 high-speed trainsets.
- Stepped-up investment in **digital innovation** to boost efficiency, meet client expectations, and invent the mobilities of tomorrow (**€280 million**).

SNCF also continued investing in human resources, with **12,000 new hires in France during the year**. Over half of these are in rail operations. SNCF Group is one of France's top employers, including 7,000 young recruits enrolled in work-study programmes, and has 270,000 employees around the world.

These investments drove improvements in service quality for passengers, as SNCF Group worked to deliver mobility that is safer, easier and accessible to all.

- **Safer:**

- An efficient safety policy through the Prisme programme has cut **Notable Safety Events by nearly 30%** since 2015.
- Continued high punctuality, with on-time arrivals for nearly 90% of trains and client satisfaction steady despite the intense pace of engineering works and management of suspect package incidents.
- Launch of two major programmes: **H00** (on the dot on-time departures) and **FIRST** (reliable, real-time information for all customers).

- **Faster and simpler:**

- Investment in new digital technology and door-to-door service;
- **OUI.sncf, a new website** featuring a more wide-reaching, personalized and interactive digital platform.

- **Mobility for one and all:**

- Serving **14 million commuters and 170,000 shippers** in France and around the globe;
- A **revamped approach to passenger business** to make rail travel and mass transit more attractive. This paid off, with a **steep rise in passenger numbers**: +10% for TGV high-speed rail (including +53% for OUIGO low-cost offers), +4.7% for TER regional rail, +3.3% for Intercités conventional trains, +1.3% for Transilien commuter rail in the Paris region, +5.9% for Keolis (revenue) and +48% for OUIBUS long-distance coach service.
- **Strong, profitable growth on international markets** thanks to good showings by Keolis (+11.9%) and Geodis (freight forwarding +8.4% and contract logistics +11.3%), with the latter also making a positive contribution in France.
- A contributor to the economy in French regions, given **165,000 indirect jobs in France and a total €16.6 billion in purchasing**—also vectors for advancing the Group's societal and environmental commitments.

## SNCF Group's full-year operational and financial performance in 2017 are reflected in:

- **revenue of €33.5 billion, up 4.2%** (at constant scope of consolidation and exchange rates);
- **EBITDA of €4.6 billion, up 16%**, thanks to strong momentum and **strict financial discipline and cost-cutting that generated over €830 million in savings** (optimization of rolling stock and ticket sales, operational efficiency, energy savings, and a sharp reduction in structural costs (around 5%)).
- **net recurring profit** (attributable to equity holders of parent company) **of €679 million**.
- **positive free cash flow** for SNCF Mobilités.

Yet SNCF Group's marked commercial and business performance in 2017 remained insufficient given SNCF Réseau's structural losses, reflecting a massive €46.6 billion in net debt, which rose a further €1.7 billion in 2017. Over the same period SNCF Réseau's structural debt increased by €2.1 billion.

## WHAT THEY SAID

**Frédéric Saint-Geours**  
Chairman, Supervisory Board,  
SNCF Group:

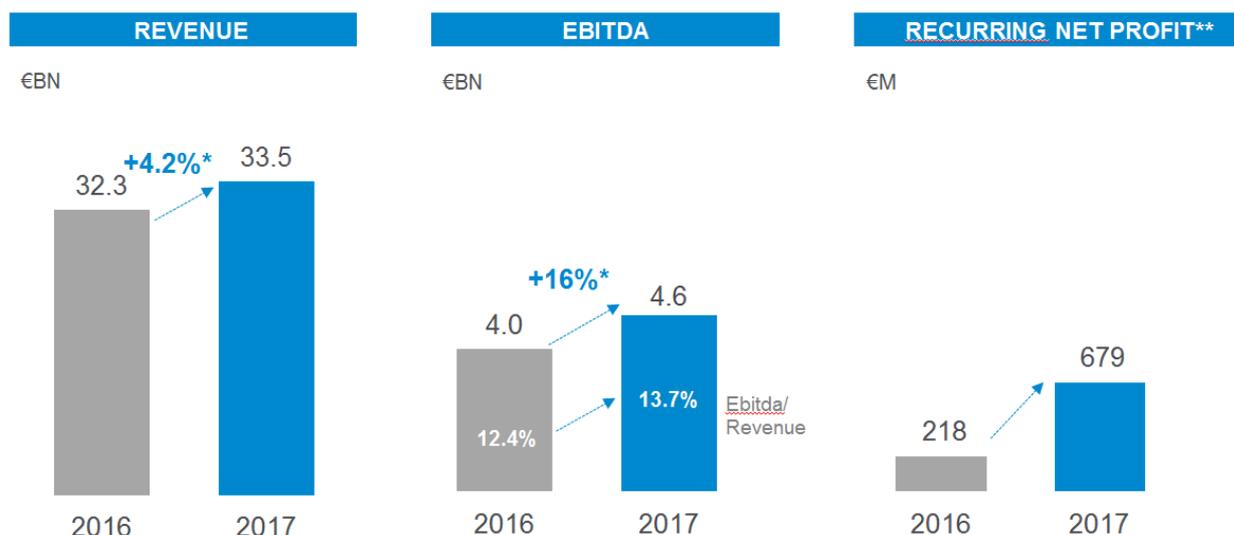
*"Our 2017 results show that SNCF Group—a leading employer and economic player in France—has the ability to create value and redistribute it in every region where we do business. And that's equally true of our international growth, which benefits our base in France and reflects our country's appeal and economic dynamism."*

**Guillaume Pepy**  
Chairman, SNCF Group Executive  
Board, and Chairman and CEO,  
SNCF Mobilités:

*"SNCF Group's 2017 results reflect our efforts to tailor our offer to the expectations of passengers, municipalities and businesses. We're becoming more competitive. Our three priorities are unchanged: accelerating modernization of the network and rolling stock; making our offer more robust to serve customers better; and delivering better, more personalized customer information. Investment is vital to meet these goals."*

**Patrick Jeantet**  
Deputy Chairman, Executive  
Board, SNCF, and Chairman and  
CEO, SNCF Réseau:

*"With €5.2 billion invested—over half of that in network renovation—2017 is an important year for investment. Thanks to this effort, we are stepping up modernization of our commuter network and continuing to transform our operational assets and our business lines. The result will be better performance for the rail companies that are our customers."*



\* At constant scope of consolidation and exchange rates

\*\* Attributable to equity holders of parent company

## SNCF GROUP: KEY FIGURES FOR 2017

CONSOLIDATED DATA (IFRS)  
€ MILLIONS

	2016 P	2017 <sup>4</sup>	At constant scope of consolidation and exchange rates
<b>Revenue</b>	32 273	<b>33 515</b>	
<i>Change 2017/2016</i>		+3.8%	+4.2%
<b>EBITDA<sup>1</sup></b>	3 994	<b>4 578</b>	+16%
<i>As % of revenue</i>	12.4%	13.7%	
Financial profit	-1 491	-1 476	
<b>Recurring net profit (attributable to equity holders of parent company)<sup>2</sup></b>	218	<b>679</b>	
Net profit (attributable to equity holders of parent company)	567	1 330	
Self-financing capacity <sup>3</sup>	2 269	2 857	
<b>Total investment</b>	8 573	<b>8 834</b>	
<i>Including investment financed by SNCF</i>	5 525	5 138	

Financial statements at 31 December 2017 for SNCF Group, SNCF Mobilités and SNCF Réseau have been audited.

<sup>1</sup> P = Proforma. A revised definition of Gross margin (EBITDA) was adopted in January 2017: EBITDA now excludes write-backs of provisions utilised, i.e., after deduction of costs covered by provisions. This definition corresponds to that normally used by comparable companies.

<sup>2</sup> For a definition of recurring net profit (attributable to equity holders of parent company), see SNCF Group Management Report, section 6.4.2—Group Results. This aggregate is not audited.

<sup>3</sup> After net financial debt, tax and dividends received from companies consolidated under the equity method.

<sup>4</sup> Audited financial statements subject to a qualified opinion by the statutory auditors regarding the valuation of the assets of Infrastructure and Gares & Connexions Cash-Generating Units and of deferred tax assets.

## 2017: A CLOSER LOOK

### As the economy improved, SNCF stepped up the pace of transformation and went on the offensive to serve customers better

#### Major works on rail network

In 2017 SNCF and the French State signed a performance plan that called for investing €46 billion over ten years to accelerate modernization of the country's rail network. With works at 1,600 sites in 2017, this effort is now Europe's largest infrastructure project. Core projects have been deployed to improve train circulation, including "rail control towers" at Paris-Roissy-Mitry and at Paris-Lyon station, which required several years of works. Start-up of commercial service on the new high-speed rail lines serving France's Atlantic seaboard (Océane and Brittany) was an unmitigated success.

#### Commuters choose rail

Amid continued streamlining and re-organization of multimodal offers, commuters in congested cities returned to mass transit in 2017, even as the intensity of vital upgrades increased.

Buoyed by tickets sales through OUI.sncf and by attractive fare packages, TER saw regional passenger traffic rise +4.7%, as on-time performance climbed to 90.5% overall. In the Paris Region, Transilien traffic also increased as Navigo railcard coverage expanded to include the entire metropolitan region.

**Keolis strengthened its position as a leader in French urban transport**, winning major contract renewals in Lille, Rennes, Amiens, Caen and Dijon, and new contracts in Besançon, Bayonne and other cities. On international markets, Keolis grew its business significantly in 2017, with launches in Manchester (light rail, UK), Aarhus (light rail, Denmark) Teutoburger-Wald-Network (rail, Germany), Zwenzwoka and Almere (rail and bus, the Netherlands), a new contract in Greater Los Angeles via Foothill (bus, US), a launch in Newcastle (multimodal, Australia), contract renewal in Melbourne and an extension of the Gold Coast line (both in Australia), start-up of the Hyderabad metro (India), and a new contract for the metro in Pudong (China). The end of the year brought a major milestone with signature of a 20-year, €3bn contract for a metro line in Doha, Qatar, awarded jointly to Keolis and RATP.

#### Long-distance travel buoyed by tourism and low prices

New customers were attracted by SNCF's revamped passenger strategy, built around new offers and low prices. The strategy generated an unprecedented volume of low-cost ticket sales and results were amplified as the economy improved and tourists began returning to France.

The upswing in passenger volume on high-speed lines resulted from:

- launch of new TGV Atlantique lines on 2 July. On the Paris-Bordeaux line, the volume of business travellers and young people doubled, and customer satisfaction for TGV Océane rose +10%.
- the TGVmax pass (unlimited travel for 16- to 27-year-olds), launched in January. Some 100,000 young people—who also use ride-sharing—made an average of five journeys per month, accounting for nearly half of the growth in high-speed traffic in 2017. Occupancy rates increased by five points, excluding the TGV Atlantique line.

#### INFRASTRUCTURE

Over 1,000 km of track renovated  
4,000 km of catenaries verified  
500 switches replaced

#### TRAFFIC

TER: +4.7%.  
Transilien: +1.3%  
TGV: +10%  
Ouigo: +53%  
Intercités: +3.3%  
Eurostar: +2.9%.  
Thalys: +7.3%.  
Ouibus: +48%

#### TER REGIONAL CONTRACTS

2017-2024: Grand Est  
2017-2023: Auvergne-Rhône-Alps  
2018-2019: Normandy  
2018-2023: Pays de la Loire

- Ouigo. In 2017 this low-cost line carried 7.6 million passengers on only ten trainsets. The number of Ouigo destinations rose from 19 to 22, and on 1 December 2017, it began serving central Paris.

Ouibus continued to expand its network, strengthening its position as a leading provider of long-distance coach transport in France. In 2017 it carried a total of 4.2 million passengers (including franchise operators).

## **New trains attract travellers and improve operational performance**

Steady investment in new, more efficient and more comfortable rolling stock was a hit with travellers. This was particularly true for Intercités conventional trains, whose carriages were replaced under a framework agreement with the French State covering 2016-2020. In the Paris Region, more new Regio 2N and Francilien trainsets were rolled out.

## **Freight logistics boosted by rebound in international trade**

All division business lines grew. Geodis reported a 3.1% rise in business driven by a host of successful commercial operations on international markets, notably with Geodis America. Freight forwarding business rose 8.4% thanks to strong growth in volume, and contract logistics rose 11.3%. Rail and multimodal freight operations, which face a persistently tough and fiercely competitive environment, saw their contract with Arcelor renewed.

## **Connected trains and stations offer more services**

In 2017 80% of TGV passengers had access to free WiFi, and 3/4G service was available on commuter line RER C in Paris. Free, unlimited WiFi was also available in 253 stations, where shops and services were expanded to include lockers, childcare facilities, co-working units and more.

## **Digital innovation sparks leap in performance**

The SNCF app was an unmitigated success with over 27 million visits a month and nearly 8 million downloads. At the end of 2017, the new OUI.sncf website gave sales a boost using digital innovation to create a more intuitive, interactive, personalized platform that encouraged users to travel more. The customer response was enthusiastic, and sales volumes rose 15% following the launch at year-end 2017.

Moves to incorporate digital technology in rail operations proper also accelerated, with €280 million invested in 2017; connected objects and the IoT were particular targets. These offer vast scope for improving quality at low cost. For example, over 1,000 freight cars were outfitted for geolocation, generating gains in productivity. SNCF Réseau is expanding use of sensors to monitor infrastructure operations, with 6,000 km of track already under remote surveillance. Drones were also introduced to inspect facilities with limited access (bridges, power stations, rolling stock and more).

## **Strategic acquisitions abroad continue**

SNCF aims to generate 50% of revenue outside France (including half in Europe), compared with one-third at present. This will provide new momentum for growth, allow it to take advantage of its international experience, and boost the profits needed to finance future investments, above all in France. To this end, SNCF Logistics expanded its presence in Europe by acquiring 45% of rail freight specialists BLS Cargo, a subsidiary of Switzerland's Bern Lotschberg Simplon. EFFIA Stationnement, France's second largest car-park builder and manager, made its first cross-border acquisition by purchasing Belgium's Alfa Park. OUI.sncf acquired Loco2, a very promising tech start-up in the UK, to expand ticket sales in Europe, and signed a strategic partnership with Alibaba to develop operations in China.

## **NEW ROLLING STOCK**

**Transilien**, Paris Region:  
22 Francilien trainsets,  
6 Régio2N trainsets,  
and 10 tram-train trainsets

**TER** regional rail:  
21 Régiolis trainsets and  
39 Regio2N TER trainsets

**TGV** high-speed rail:  
14 OCEANE trainsets  
**Eurostar**: 5 VELARO  
trainsets

**Intercités**: 25 Régiolis  
trainsets

## **SNCF APP**

Over **27 million**  
visits/month  
and **8 million** downloads

## Major investments in 2017

Investments totalled €8.8 billion full year, including €5.1 billion financed by SNCF itself. Nearly 95% were made in France.

The rail network accounted for €5.2 billion of this total. In April 2017, the French State and SNCF Réseau signed a multiyear performance contract that reiterated a focus on upgrading commuter networks and the importance of investment in new technologies and safety. At the same time, SNCF Mobilités invested €3.6 billion in its capacity as transport operator, with nearly two-thirds of this in rolling stock.

## 2017 INVESTMENTS

SNCF Group total:  
**€8.8 billion**  
including:  
Réseau: **€5.2 bn**  
Mobilités: **€3.6 bn\***  
of which rolling stock:  
**€2.3 bn**

\*€2.2 bn financed by SNCF

## SNCF Group turns in marked performance

Revenue totalled €33.5 billion in 2017, up a steep 4.2% (at constant scope of consolidation and exchange rates) from 2016 and exceeding initial targets.

**The year saw €830 million in productivity gains**, on top of the €825 million achieved in 2016. This included optimization of procurement for network upgrades, a reduction in operating costs, and more efficient processes (optimization of rolling stock and related maintenance, energy savings, etc.). Gains came from adapting the Group's product and service offering (optimizing fares and ticket sales) and from efforts to fight passenger fraud (stepped-up filtering, monitoring of boarding, and development of platform access gates). Structural costs were reduced by around 5% through staff reductions, cuts in procurement volumes and expense, bundled purchasing and optimization of tendering. Also noteworthy was a reduction in outlays on communications for the year.

## BUSINESS PERFORMANCE

Revenue: **€33.5 bn**  
**(+4.2%)**

**>€830 million** savings  
(productivity gains)

EBITDA: **€4.6 bn (+16%)**

Recurring net profit:  
**€679m**

An upswing in business combined with on-going cost-cutting set EBITDA at €4.6 billion, or 13.7% of revenue. Profitability improved in all business lines. Altogether tighter financial management enabled SNCF to outperform its initial targets and report €679 million in recurring net profit attributable to equity holders of the parent company.

At the same time, the Group continued its recruitment policy as planned, taking on 12,000 new hires<sup>1</sup> in France over the year, more than half in rail-related operations.

Safety, improved service and improved customer satisfaction remain SNCF Group's top priorities. Noticeable Safety Events have declined by nearly 30% since 2015 (-9% from 2016, including -10% for SNCF Mobilités). Punctuality remained high, with on-time arrivals for 90% of all trains, and customer satisfaction was steady despite the intense pace of vital engineering upgrades on the network and management of suspect package incidents. Two major programmes were launched: H00 (on the dot on-time departures) and FiRST (reliable, real-time information for all customers).

SNCF Group also adjusted its asset portfolio in 2017, disposing of STVA (auto logistics) and various non-strategic property holdings for €370 million.

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<sup>1</sup> Permanent or temporary contracts at Group level.

## 2018 OUTLOOK

In 2018 all business lines will continue to reinvent their operations to meet customer expectations, while maintaining **safety and security** as top priorities. SNCF will also pursue programmes launched in 2017 **to revolutionize its approach to operations and passenger information**. The aim is twofold: **improve the efficiency and quality of operations** by addressing incidents that disrupt daily commutes, and deliver **precise information** in real time across all channels.

Commercial enhancements include facilitating life on the go with a new **personalized mobility assistant** and rollout of a **comprehensive digital rail pass on NFC devices**. InOui will launch a new five-pronged offering, while the number of passengers using **Ouigo** low-cost rail is expected to double. **Ouibus** will expand its reach in Europe, and Keolis, SNCF Logistics, AREP and Systra will continue to **develop operations on international markets**.

As a result, SNCF Group's revenue is expected to rise by over 3% in 2018.

A further rise in Investment is also scheduled in 2018, with commitments totalling **over €9.5 billion** including:

- **€5.2 billion** in the rail network, including **€2.7 billion** for upgrades;
- **new rolling stock: 60 new trains for Greater Paris, 45 for other French regions, and 13 high-speed trainsets;**
- **massive works to renovate rail stations** (Nantes, Rennes, Lyon Part-Dieu, Paris-Montparnasse, Paris-Saint-Lazare, Paris-Austerlitz and Paris-Nord. **WiFi or 3/4G coverage** for the entire rail network serving Greater Paris.

Plans also call for 830 new residential units and rehabilitation of 1,700 more, including 780 social housing units (€330 million budgeted), plus the sale of 34 ha of land that will be used for nearly 3,000 new housing units.

Lastly, there will be no let-up in **cost-cutting** as SNCF Group strives to meet demand from customers, and prepares for the French rail market opening up to competition. At the same time, it will pursue a robust recruitment drive, **hiring more than 10,000 new employees in France**, half in rail operations.

**On February 15, 2018 Jean-Cyril Spinetta delivered his special report on the future of the French rail sector to France's prime minister.** Commissioned three months ago, this was produced in consultation with stakeholders and experts. It is aimed at giving the French government the information it needs to develop a new model for rail transport in a market open to competition, while continuing to deliver an essential public service.

### INTERNATIONAL MARKETS IN 2018

#### KEOLIS

Continental Europe  
North America  
China, Australia

#### SNCF LOGISTICS

4th rail motorway, Calais<->  
Orbassano (Turin) for VIIA  
Geodis worldwide

#### AREP

Dubai, China, Qatar,  
Saudi Arabia,  
South Korea, Iran

#### SYSTRA

Crossrail in the United Kingdom  
Santiago de Chile  
Casablanca-Tangier TGV line  
Xiamen metro in China  
TER in Dakar, Qatar

### 2018 INVESTMENTS

Group total:> **€9.5 bn**  
incl:

Réseau: **€5.2 bn**  
Mobilités: **€4.1 bn\***  
Incl. rolling stock: **€2.5 bn**

\* €2.4 bn financed by SNCF

## SNCF MOBILITÉS: 2017 FULL-YEAR RESULTS

### Revenue

In 2017, transformation of SNCF Mobilités continued and its business rebounded as the economy picked up. Drivers were the development of new passenger offers (Ouigo, TGV Max and TGV Atlantique), trends in Freight Forwarding and Contract Logistics (Geodis), and new contracts and renewals for Keolis in France and on international markets.

Revenue thus reached €31.8 billion; up a steep 4.7% from 2016 (at constant scope of consolidation and exchange rates).

Voyages SNCF rose 8.6% at constant scope of consolidation and exchange rates, including +8.7% for high-speed rail in France and +8.4% for Europe (Eurostar +8.1% and Thalys +12.0%). Oubus revenue rose +22.8%. Rail carriers under public transport contracts reported a +2.5% rise, with TER regional rail up +3.6%, Transilien commuter rail in the Paris region +3.3% and Intercités conventional long-distance rail up +3.7%.

SNCF Gares & Connexions reported an +11.1% rise, with growth in engineering works/consulting and at subsidiaries (particularly AREP).

At Keolis, revenues rose +5.9% (at constant scope of consolidation and exchange rates), buoyed by international business up +11.9%. In France growth was +0.8%.

SNCF Logistics reported a +3.1% rise (at constant scope of consolidation and exchange rates), with Geodis up +3.1%. Freight Forwarding rose +8.4% driven by strong growth in volumes, while Contract Logistics were up +11.3% and Contract Logistics US increased +4.6%. TFMM rail and multimodal freight increased 3.6% and Ermewa was up 1.1% from 2016.

### EBITDA and recurring net profit

EBITDA totalled €2.8 billion in 2017, a rise of over €627 million (+30% at constant scope of consolidation and exchange rates) that was driven by passenger business—8.7% of revenue vs. 7.1% in 2016. All business lines showed growth. Against this backdrop, SNCF Mobilités continued to focus on performance, deploying tight cost controls that generated an additional €587 million in savings full year, well above its annual target.

Recurring net profit (attributable to equity holders of the parent company) stood at €895 million.

### Cash flows

Net investment (financed by SNCF Group own funds) totalled €2.24 billion, up nearly 15% from 2016. This reflects the company's focus on "transformation"—increasing the robustness of its systems, improving information, and boosting customer satisfaction. Self-financing capacity covered 93% of investments in 2017, up from 77% in 2016, while tight financial discipline generated free cash flow of +€184 million.

### Net indebtedness

Despite record investments in 2017, SNCF Mobilités' net financial debt stood at €7.91 billion, down from €7.97 billion at year-end 2016. The ratio of net indebtedness/EBITDA was 2.9, a sharp improvement on 3.7 in 2016.

### Challenges and outlook

Prospects for 2018 stand to benefit from continued passenger momentum in France and the rebound in international traffic. Even so, SNCF Group will continue to focus on commercial promotion, aggressive cost-cutting, and further tight financial management. Efforts in these areas will go hand in hand with a focus on meeting three major priorities: developing mass transit, international operations and digital technology.

## SNCF MOBILITÉS: 2017 KEY FIGURES

SNCF Mobilités' financial statements at 31 December 2017 were audited, then closed and approved by the Board of Directors of SNCF Mobilités at its meeting on 23 February 2018.

CONSOLIDATED DATA (IFRS) € MILLIONS	2016 P	2017 <sup>5</sup>	Change	At constant scope of consolidation and exchange rates
<b>Revenue</b>	30 571	<b>31 831</b>	+4.3%	<b>+4.7%</b>
Voyages SNCF	6 816	7 373	+8.2%	<b>+8.6%</b>
Transilien, TER & Intercités	7 876	8 071	+2.5%	<b>+2.5%</b>
SNCF Keolis	4 978	5 295	+6.4%	<b>+5.9%</b>
SNCF Gares & Connexions	443	493	+11.1%	<b>+11.1%</b>
SNCF Logistics	10 040	10 218	+1.8%	<b>+3.1%</b>
<b>EBITDA<sup>1</sup></b>	2 158	<b>2 759</b>	+601	<b>+627 (+30%)</b>
<i>As % of revenue</i>	7.1%	<b>8.7%</b>		
Voyages SNCF	624	<b>1 178</b>	+555	<b>+568</b>
Transilien, TER & Intercités	468	<b>496</b>	+29	<b>+29</b>
SNCF Keolis	276	<b>305</b>	+29	<b>+22</b>
SNCF Gares & Connexions	198	<b>220</b>	+22	<b>+22</b>
SNCF Logistics	429	<b>407</b>	-21	<b>+18</b>
Financial profit	-301	<b>-290</b>		
<b>Recurring net profit</b> (attributable to equity holders of parent company) <sup>2</sup>	387	<b>895</b>		
Net profit (attributable to equity holders of parent company)	511	<b>1 136</b>		
Self-financing capacity <sup>3</sup>	1 506	<b>2 086</b>		
<b>Total investment</b>	-3 392	<b>-3 590</b>	+5.8%	
<i>Including SNCF Mobilités own investment</i>	-1 961	<b>-2 244</b>	+14.4%	
Free cash flow <sup>4</sup>	-462	<b>184</b>		
<b>Net indebtedness</b>	7 974	<b>7 914</b>		

P = Pro forma

<sup>1</sup> A revised definition of Gross margin (EBITDA) was adopted in January 2017: EBITDA now excludes write-backs of provisions utilised, i.e., after deduction of costs covered by provisions—the definition normally used by comparable companies. Note that under the prior definition, EBITDA for FY 2017 would be €2,920 million (9.2% of revenue) vs. €2,284 million for 2016 (7.5% of sale).

<sup>4</sup> A revised definition of Free cash flow was also adopted in January 2017 to better reflect operational resources by integrating changes in working capital requirement and tax. Note that under the prior definition Free cash flow for FY 2017 would be +€178 million vs. -€27 million in FY 2016.

<sup>2</sup> The definition of recurring net profit (attributable to equity holders of the parent company) is included in SNCF Mobilités Management Report under "Group results and finances", point 1. This aggregate is not audited.

<sup>3</sup> After cost of net financial debt, tax and dividends received from companies consolidated under the equity method.

<sup>5</sup> Audited financial statements subject to a qualified opinion by the statutory auditors regarding the valuation of the assets of Gares & Connexions Cash-Generating Units and of deferred tax assets.

## SNCF RÉSEAU: 2017 FULL-YEAR RESULTS

### Highlights and operations

In 2017 three new high-speed rail lines opened—Tours-Bordeaux, Le Mans-Rennes and Nîmes-Montpellier—giving SNCF Réseau one of the largest high-speed networks in the world.

Other 2017 highlights included the start-up of “rail control towers” at Paris-Roissy-Mitry and at Paris-Lyon stations, and reconstruction of a traffic control unit at Vitry, southeast of Paris—major leaps in technology to create a more modern, efficient and safe network.

Work on two other key development projects also got under way: Eole, the extension of the RER E commuter line serving suburbs west of Paris (€3.7 billion) and CDG Express, a direct rail link between Roissy-CDG airport and Paris-Est rail station (€2.0 billion).

On 31 March 2017 the decree setting out rules for financing SNCF Réseau’s investments was published, setting a ceiling (called “golden rule”)<sup>1</sup> on SNCF Réseau’s spending on growth and development projects. Meeting on February 22, the Board of Directors noted that this ratio, officially capped at 18, stood at 23.85 based on 2017 financial statements.

At the same time, performance targets defined in the multi-year contract signed with the French State in April 2017 were met, including savings of €150 million through operational initiatives, and improved procurement practices.

SNCF Réseau revenue stood at €6.5 billion, up +0.9% from 2016.

Key developments in 2017 were a +10 million rise in train-kilometres, +2.1% from 2016, due primarily to start-up of the three new high-speed train lines. This increase in traffic was offset by the impact of prices as well as a decline in freight subsidies paid by the State.

### EBITDA and recurring net profit

EBITDA stood at €1.9 billion at 31 December 2017, up 1.6% from 2016 due primarily to increased traffic and cost savings.

With financial expense under tight control amidst rising interest rates and exceptional financial income, financial profit was steady, despite a €1.7 billion rise in net indebtedness.

SNCF Réseau’s recurring net profit (attributable to equity holdings of the parent company) stood at -€157 million, unchanged from 2016.

### Cash flows

Net investment financed by own funds totalled €2.8 billion, reflecting the priority given to renovating and upgrading the core network. Self-financing capacity of €1.9 billion covered 67% of investment outlays, a marked rise from 52% in 2016.

### Net indebtedness

Net debt totalled €46.6 billion, up €1.7 billion from €44.9 billion at year-end 2016, in line with the 2017 financing programme. Long-term funds raised in 2017 stood at €4.9 billion representing 16 transactions in different currencies, with an average maturity of 16.8 years. SNCF Réseau’s strategy is based on new products and formats—a Green Bond, a US dollar programme, inflation-indexed bonds, and more. The company is fully committed to a shift to environment-friendly policies. In 2016 SNCF Réseau was the world’s first rail infrastructure manager to issue a Green Bond, following this up in 2017 with two more for a total of €1.75 billion that made it one of the top five Green Bond issuers last year. SNCF Réseau was presented with a Climate Bond Award in recognition.

### Challenges and outlook

SNCF Réseau works unrelentingly to improve efficiency by combining innovation with cost controls. In 2018, it will help SNCF Group improve on-time arrivals and passenger information (H00 and FiRST programmes); pursue substantial investments to replace and upgrade its core network; consolidate efforts to improve service quality and safety, notably by increased use of new surveillance technologies (connected sensors, predictive maintenance, etc.); and step up its performance drive to meet the targets set in its multi-year contract with the French State.

<sup>1</sup> Ratio of net financial debt at reimbursement value and EBITDA: 18

## SNCF RÉSEAU: 2017 KEY FIGURES

SNCF Mobilités' financial statements at 31 December 2017 were audited, then closed and approved by the Board of Directors of SNCF Mobilités at its meeting on 22 February 2017.

CONSOLIDATED DATA (IFRS) € MILLIONS	2016 P	2017 <sup>7</sup>	Change
<b>Revenue</b>	6 441	<b>6 496</b>	+0.9%
<i>Incl. track access fees billed to SNCF Mobilités</i>	3 502	<b>3 568</b>	+1.9%
<b>EBITDA<sup>1</sup></b>	1 868	<b>1 897</b>	+1.6%
Current operating profit	1 016	<b>1 099</b>	+8.2%
Financial profit	-1 173	<b>-1 172</b>	+0.1%
<b>Recurring net profit</b> (attributable to equity holders of parent company) <sup>6</sup>	-157	<b>-157</b>	-
Net profit (attributable to equity holders of parent company)	-120	-201	-67.6%
Self-financing capacity <sup>2</sup>	1 869	<b>1 894</b>	+1.4%
<b>Total investments, all sources<sup>3</sup></b>	-5 231	<b>-5 180</b>	-1.0%
<i>Incl. net investments financed by SNCF</i>	-3 614	<b>-2 829</b>	-21.7%
<b>Free cash flow<sup>4</sup></b>	-2 412	<b>-2 057</b>	+14.7%
<b>Net debt<sup>5</sup></b>	-44 872	<b>-46 630</b>	+3.8%

P : Proforma

<sup>1</sup> A revised definition of Gross margin (EBITDA) was adopted in January 2017: EBITDA now excludes write-backs of provisions utilised, i.e., after deduction of costs covered by provisions—closer to the definition normally used by comparable companies. Note that under the prior definition, EBITDA for FY 2017 would be €1,930 million at 31 December (29.7% of revenue) vs. €1,889 million at 31 December 2016 (29.3% of revenue).

<sup>2</sup> Excludes interest expense and taxes.

<sup>3</sup> Integrating investments in the SEA (Sud Europe Atlantique high-speed line) concession financed by third parties, operating costs excluding capitalized interest and working capital requirement for investments, the total stood at €5,387 million at 31 December 2017 and €5,245 million at 31 December 2016.

<sup>4</sup> A revised definition of Free cash flow was also adopted in January 2017 by integrating changes in working capital requirement and tax. Note that under the prior definition Free cash flow for FY 2017 would be -€1,976 million vs. -€2,784 million at 31 December 2016.

<sup>5</sup> Net indebtedness is Net financial debt + PPP debts – PPP receivables. Debt at reimbursement value (French GAAP) was €45,243 million at 31 December 2017 vs. €42,007 million at 31 December 2016, and corresponds to debt at book value (French GAAP) excluding PPP, accrued interest not yet due and collateral.

<sup>6</sup> Recurring net profit (attributable to equity holders of parent company) is defined in SNCF Group's Management Report; see part 1.4 Key financial and extra-financial figures. This aggregate is unaudited.

<sup>7</sup> Audited financial statements subject to a qualified opinion by the statutory auditors regarding the valuation of the assets of Infrastructure Cash-Generating Units and of deferred tax assets.

SNCF Group's 2017 financial report is available at:  
<https://www.sncf.com/sncv1/en/meet-sncf/finance/news>

SNCF Mobilités' 2017 financial report is available at:  
<https://www.sncf.com/sncv1/en/meet-sncf/finance/financial-documents>

SNCF Réseau's 2017 financial report is available at: <https://www.sncf-reseau.fr/en/investors>

## About SNCF

SNCF is a global leader in passenger and freight transport services, with revenue of €33.5 billion in 2017, of which one-third on international markets. With 270,000 employees in 120 countries, SNCF draws on its foundations in French rail and its extensive experience as an architect of transport services. It aims to become the benchmark for mobility and logistics solutions in France and worldwide. SNCF has six core businesses: 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, Ouibus 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). <https://www.sncf.com/sncv1/en/group>

## About SNCF Réseau

Within SNCF Group, one of the world's leading mobility and logistics players, SNCF Réseau manages, maintains, develops and sells access to the French rail network. It guarantees the safety and performance of nearly 30,000 km of track, including 2,600 km dedicated to high-speed rail (one of the largest high-speed rail networks in the world). SNCF Réseau guarantees access to the network and to service infrastructures for its 39 customers in transparent, non-discriminatory conditions. Twenty-four railway operators use the network and 15 other companies, called authorized users (combined transport operators, ports, etc.) order track slots that they then assign to the railway operator of their choice. SNCF Réseau is the second largest public investor in France, with 58,000 employees and 2017 revenue of €6.5bn (including €3.6bn in track access fees from SNCF Mobilités). <https://www.sncf-reseau.fr/en/investors>

## About SNCF Mobilités

Within SNCF Group, one of the world's leading mobility and logistics players, SNCF Mobilités is a transport operator with revenue of €31.8 billion in 2017, of which one-third comes from international markets. The company has 202,000 employees, is present in 120 countries, and aims to become the world benchmark for excellence in mobility and logistics services. SNCF Mobilités has four business units: Mobility for commuter transport (Transilien mass transit in the Paris region, TER regional rail, and Keolis in France and worldwide); long-distance rail (TGV inOui, Ouigo, Intercités, Eurostar, Thalys, Ouibus and more, and ticket sales through Oui.sncf); SNCF Gares & Connexions (station management and development), in the Paris region, regional and inter-city public transport, high-speed rail in France and Europe); and SNCF Logistics (freight transport and logistics worldwide, notably with Geodis, Fret SNCF and Ermewa). <https://www.sncf.com/sncv1/en/group>

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