

# SNCF GROUP 2013 ANNUAL RESULTS

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# HIGHLIGHTS

- In a difficult economy, SNCF Group's 2013 revenue was up (+0.5%)
- EBITDA proved very resilient
- Recurring net profit was a robust €582 million
- Negative net profit was due to write-down of TGV rolling stock
- High investment
- Free cash flow rose sharply
- Debt was stable

# BACKGROUND

# THE ECONOMY WAS DIFIFICULT IN 2013

LIMITED GROWTH IN GDP



+0.3%

WEAK GROWTH IN CONSUMER SPENDING



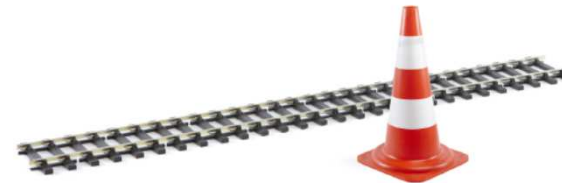
+0.2%

# THERE WERE MAJOR CONSTRAINTS

RISE IN TRACK ACCESS  
CHARGES



ENGINEERING WORKS

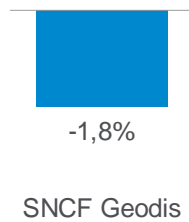


+13.5% NATIONWIDE, WITH A PARTICULAR FOCUS  
ON UPGRADES IN THE GREATER PARIS REGION

# ... THAT HIT GROUP BUSINESS ACROSS THE BOARD

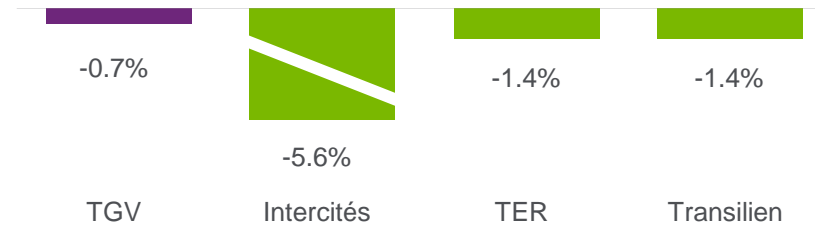
## CONTINUED RECESSION IN FREIGHT

2013 – 2012 TREND  
% CHANGE IN REVENUE



## DECLINE IN PASSENGER TRAFFIC

2013 – 2012 TREND  
% CHANGE



# SNCF GROUP IN 2013

## WARNING

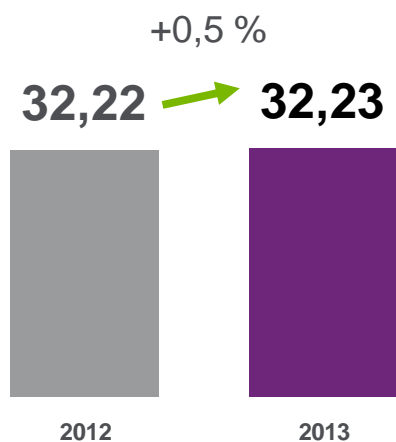
# CHANGES IN ACCOUNTING STANDARDS APPLIED TO CONSOLIDATION (IFRS 10, 11 AND 12)

- Since January 1, 2013, SNCF has applied new IFRS accounting standards for consolidation.
- Joint ventures, previously consolidated under the proportionate method, are now consolidated using the equity method. These include:
  - SNCF Proximités division: Keolis UK joint ventures (including London Midland, First, London South Eastern Railway and Southern Railway)
  - SNCF Voyages division: Eurostar, Westbahn
  - SNCF Geodis division: Chemfreight GmbH within Ermewa unit (equipment management)
- The revenue and expenses of these joint ventures thus no longer appear in SNCF Group's consolidated income statement. Instead, their net result alone appears as a line item: "Share in results of companies consolidated under the equity method".



## IN THIS DIFFICULT ECONOMIC ENVIRONMENT, REVENUE EDGED UP +0.5%

REVENUE  
IN € BN\*



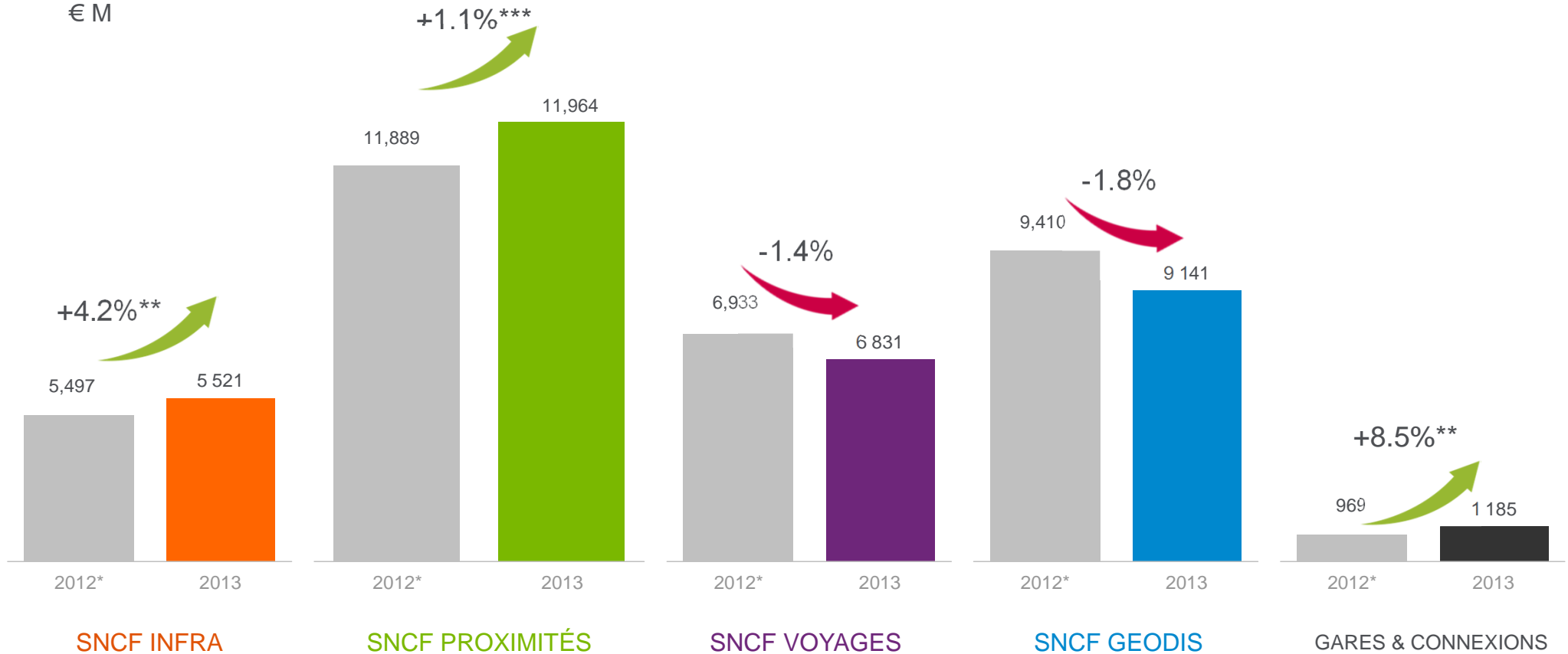
- +0.5% rise (vs projected +2.5%)
- Steep rise for SNCF Infra division (+4.2%) and moderate rise for SNCF Proximités (+1.1%)
- Declines for SNCF Voyages (-1.4%) and SNCF Geodis (-1.8%)
- Excluding SNCF Infra division, international business represents 24% of the total\*\*

\* At constant scope of consolidation and exchange rates

\*\* Including Keolis in the UK and Eurostar in particular—**28% of total business volume is outside France**

# REVENUE BY DIVISION

€ M



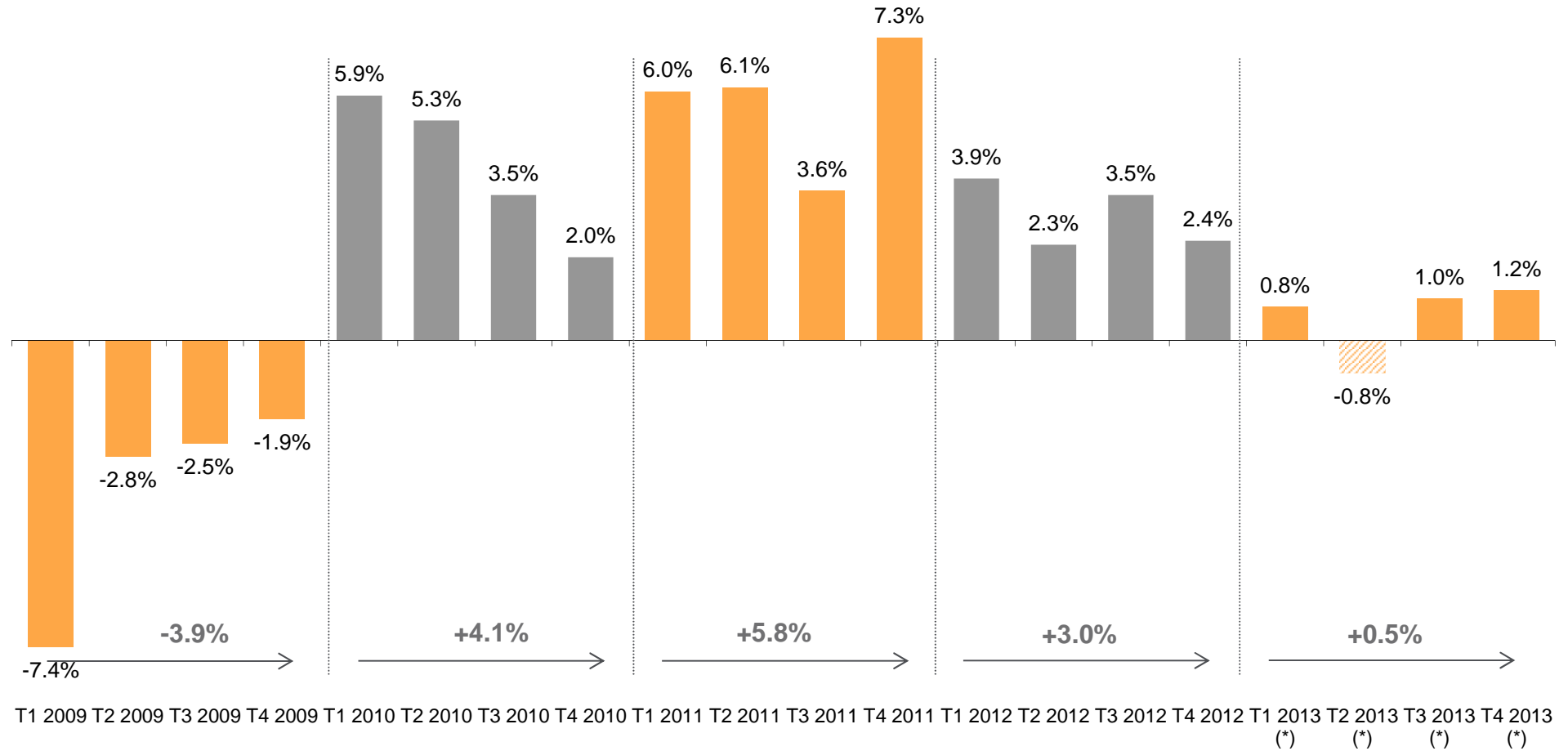
\* Pro forma

\*\* Restated for the transfer of SNCF building maintenance previously managed by the SNCF Infra division to the Gares & Connexions division effective January 1, 2013

\*\*\* Excludes the impact of accounting for the new agreement between Transilien (Paris Region Railway services) and STIF (Paris Region Transport Autorité), and the sale of receivables.

# GROUP REVENUE EDGES UP

GROWTH IN REVENUE  
AT CONSTANT SCOPE OF CONSOLIDATION AND EXCHANGE RATES

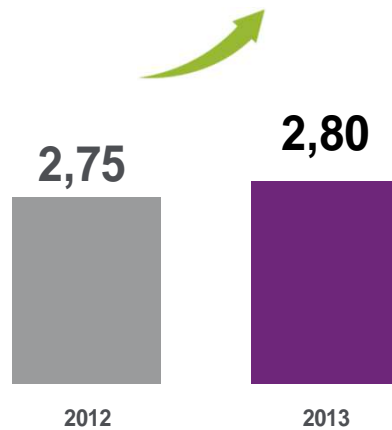


Data excludes Cézembre effect starting in Q2 2012

(\*) 2013 vs 2012 applying IFRS 10-11-12 and IAS 19 (revised)

# EBITDA PROVES RESISTANT THANKS TO FIRM CONTROL OF COSTS

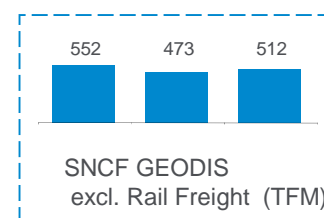
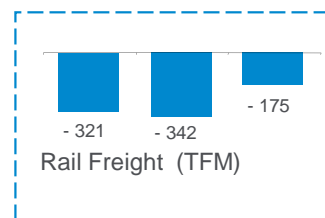
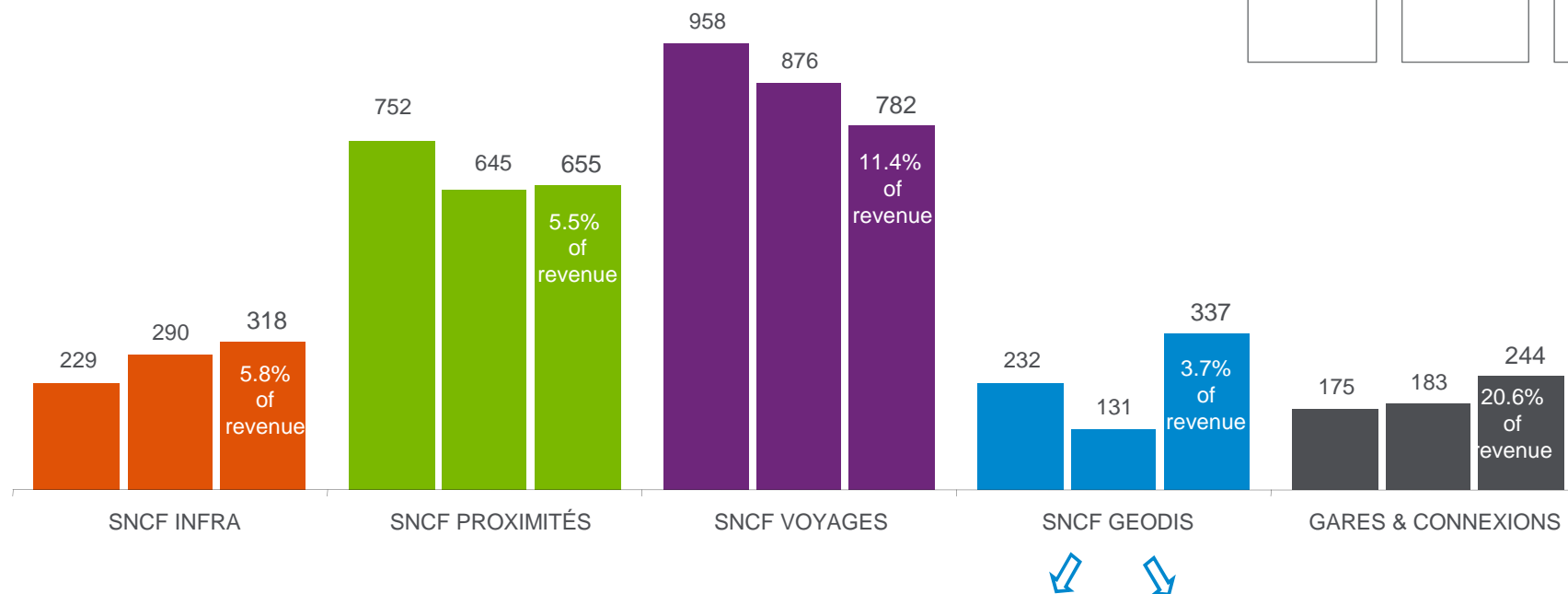
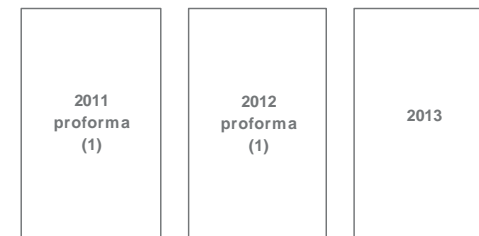
EBITDA  
€ BN



- Altogether, gross profit (EBITDA) rose from 8.5% of revenue in 2012 to **8.7% in 2013**
- Variable performance: rise at SNCF Geodis including Fret SNCF, decline at SNCF Voyages
- Performance plan generated **€225 million in savings on structural costs**

# EBITDA BY DIVISION

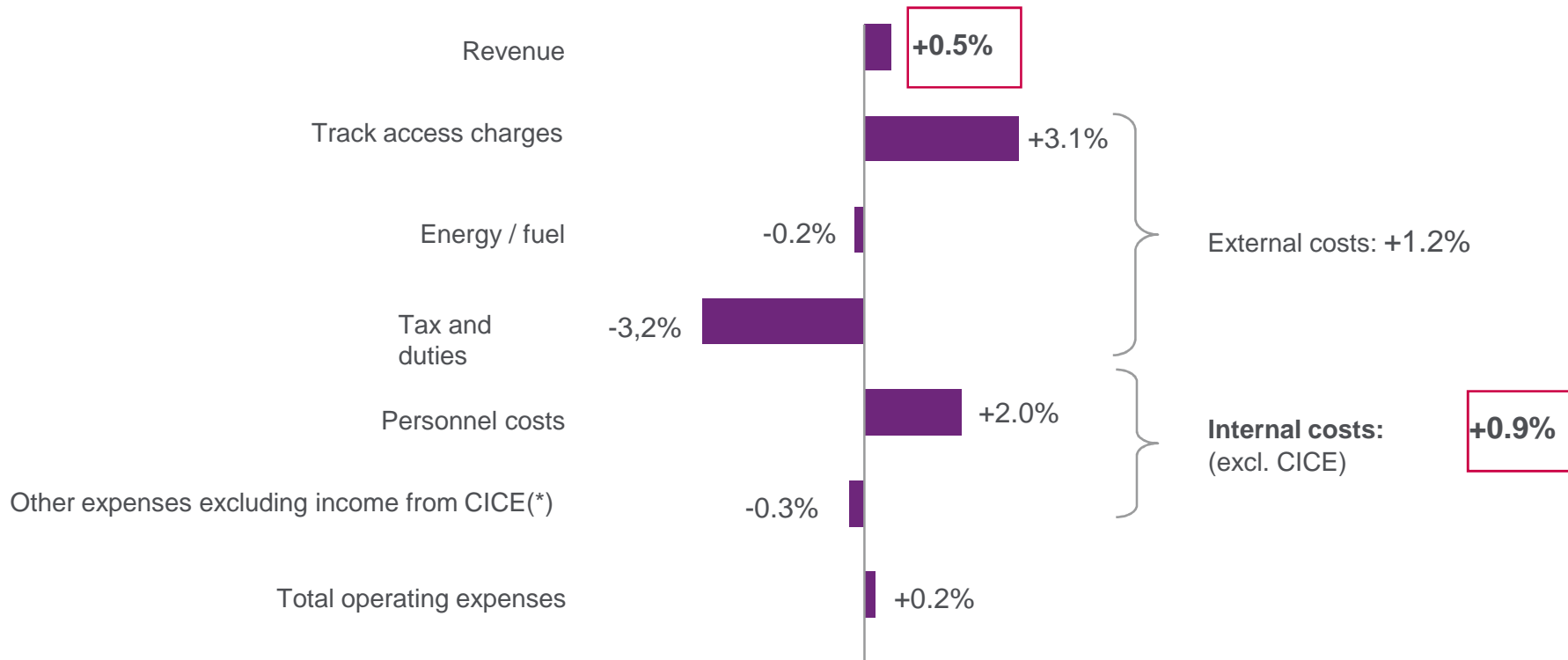
€ M



(1) 2012 and 2011 data including impact of new IFRS

# FIRM CONTROL OF INTERNAL OPERATING COSTS HELPS OFFSET STAGNANT SALES

COMPARISON OF TRENDS AT CONSTANT SCOPE OF CONSOLIDATION AND EXCHANGE RATES(1)  
 OPERATING COSTS AND GROUP REVENUE — 2012 PRO FORMA VS 2013  
 % CHANGE

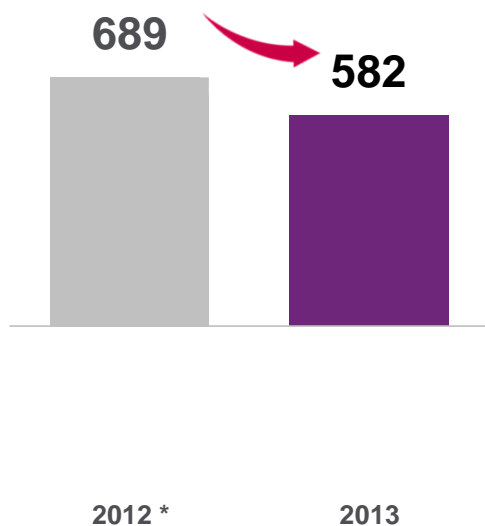


\* Incl. Impact of CICE (new tax credit: *Crédit d'Impôt pour la Compétitivité et l'Emploi*).  
 other expenses are down -2.3%

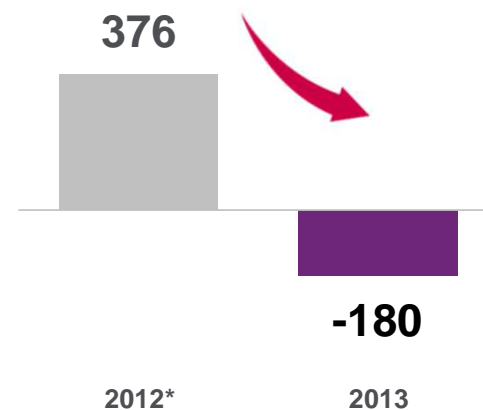
(1) Excluding book impact of agreement between Transilien and STIF and sale of financial receivables

# DECLINE IN NET PROFIT DUE MAINLY TO IMPAIRMENT LOSS ON TGV ROLLING STOCK

RECURRING NET PROFIT  
€ M



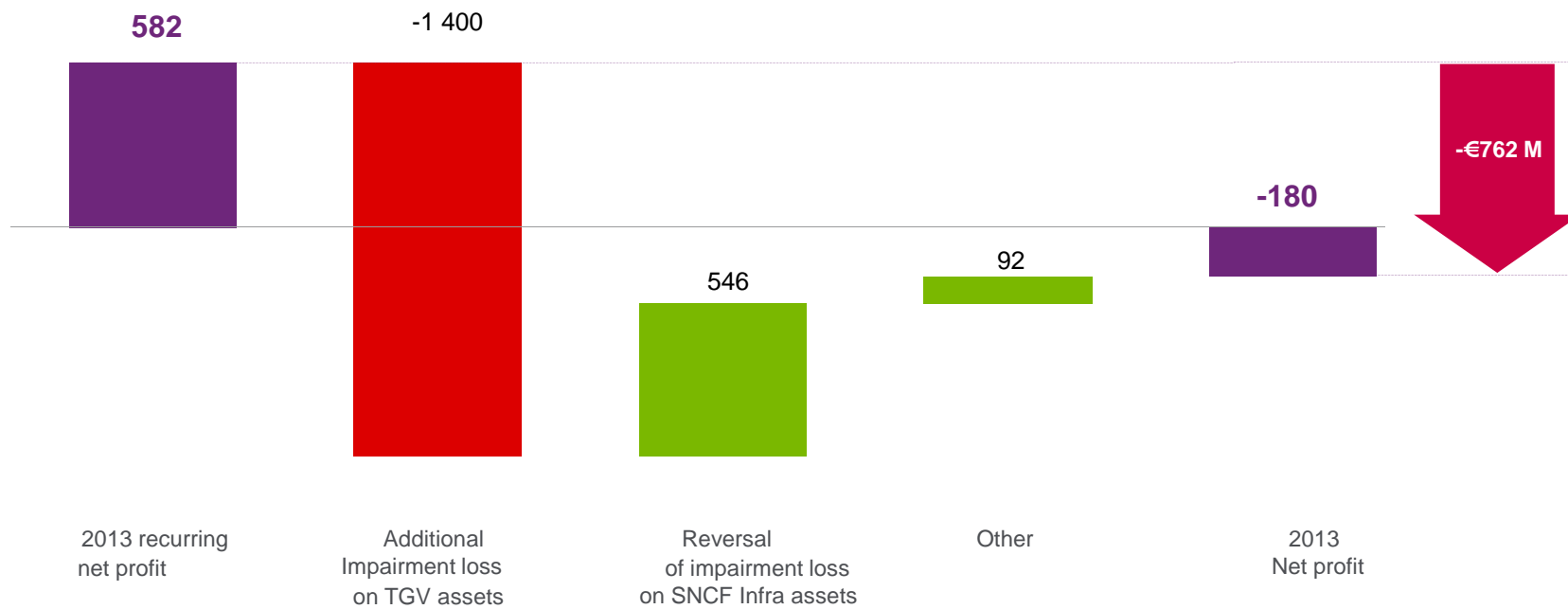
NET PROFIT (ATTRIBUTABLE TO EQUITY  
HOLDERS OF THE PARENT COMPANY)  
EN M€



\* Pro forma

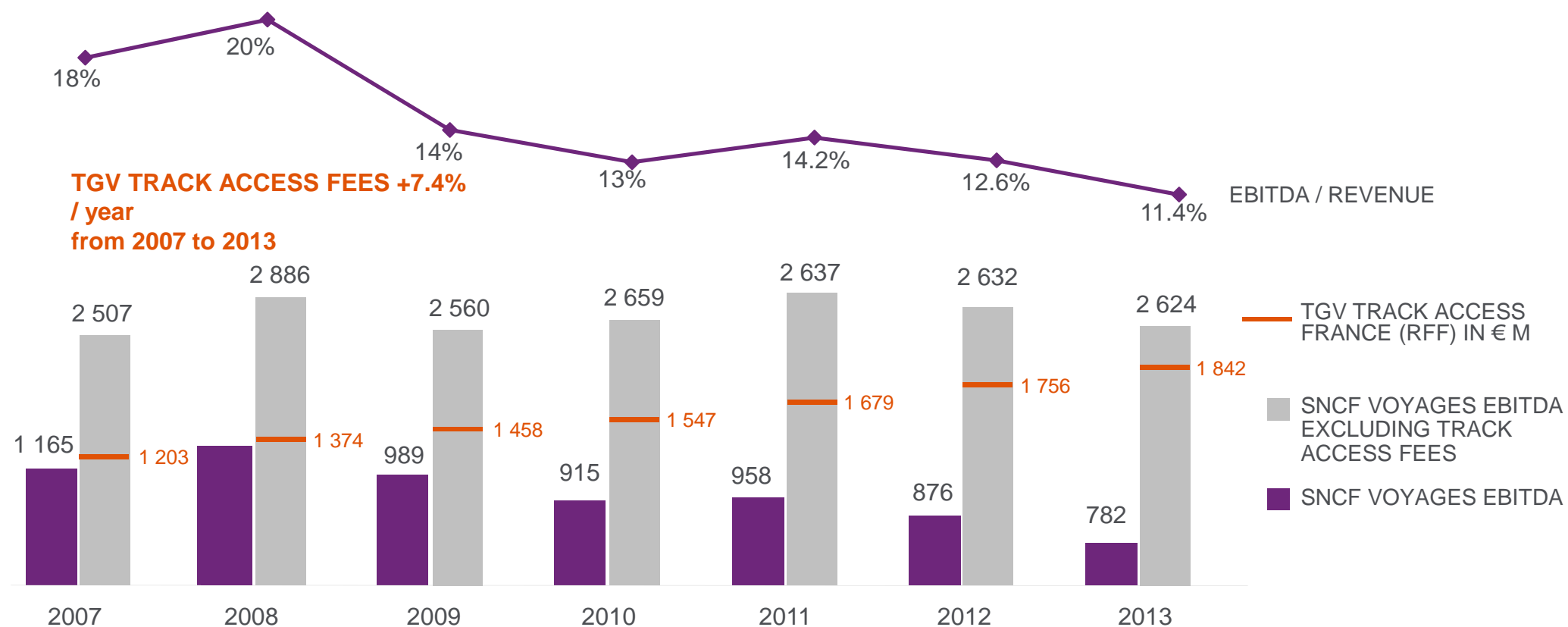
# NON-RECURRING ITEMS CUT NET PROFIT BY -€762 MILLION IN 2013

€ M





# TGV PROFITABILITY, SUFFERING FROM ECONOMIC CRISIS SINCE 2008, WORSENEDED BY ONGOING RISE IN TRACK ACCESS CHARGES



**SNCF VOYAGES DIVISION INITIATIVES IMPROVED EBITDA (EXCLUDING TRACK ACCESS FEES)/ REVENUE RATIO IN 2013 (+0.5%)**

Pro forma: EBITDA excluding Eurostar



# 2013 DECLINE RESULTS FROM 5 FACTORS

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## 1 CRISIS

- Revenue down sharply due to sluggish growth: GDP, household spending and inflation indicators all declined significantly from 2011 to 2013. For 2014:
    - Projected 0.6% rise in GDP in 2013 test\*\*SIMULATION? (vs 1.6% in 2011 test\*\*)
    - Projected 0.3% rise in household spending in 2013 test\*\* (vs 1.1% in 2011 test\*\*)
- 

## 2 TRACK FEES

- Mechanical impact of the steep, steady and ongoing rise in track access charges boosted TGV's contributions to network financing
- 

## 3 ASSETS

- Rise in value of TGV assets of +€750 M from 2011 (post impairment loss) to 2013 with acquisition of new trainsets.
  - Negative impact on cash flows of agreement signed with Alstom in 2013 and early\*\* renewal (future TGV)
- 

## 4 FARES

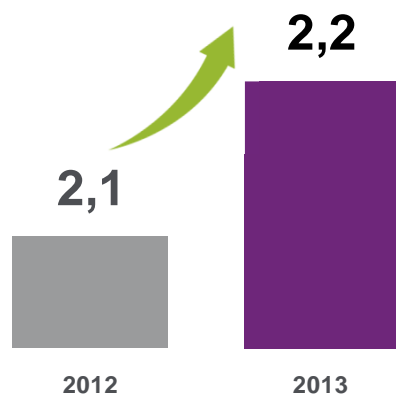
- Rise in VAT rate (7% to 10% starting in 2014)
  - Development and launch\*\*\*OK? of promotional fares to offset stagnant household spending
  - Reduction in subsidies received for low social fares\*\*
- 

## 5 NEW DESTINATIONS

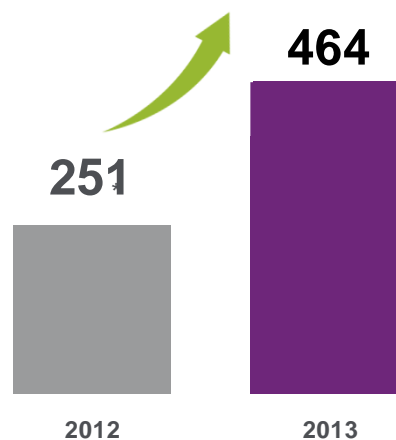
- Cost of adding additional trains on the new Southern Europe-Atlantic seaboard line for 2017 launch
-

# INVESTMENT REMAINS HIGH, FREE CASH FLOW IS POSITIVE AND DEBT IS STABILIZING

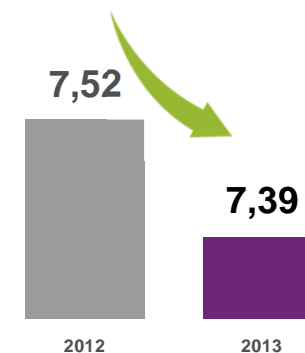
INVESTMENT  
€ BN



FREE CASH FLOW  
€ M



NET INDEBTEDNESS  
€ BN



\* Excluding the exceptional sale of financial receivables related to Transilien rolling stock (€952 million)

# INVESTMENT POLICY— VERY SUBSTANTIAL OUTLAYS CONTINUE

€3,171 M

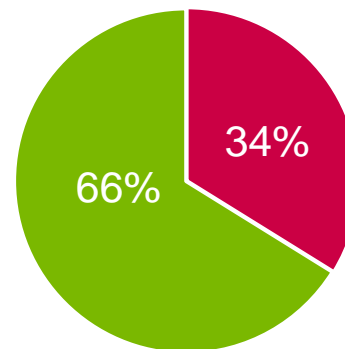
TOTAL INVESTMENT  
INCLUDING OUTLAYS FINANCED BY  
TRANSPORT ORGANIZING AUTHORITIES

€2,240 M

INVESTMENTS  
MADE BY SNCF

## ROLLING STOCK

- Francilien trains in the Greater Paris region
- Tram-Train trainsets
- TGV high-speed trainsets
- Locomotives
- Rolling stock for Keolis, Geodis, STVA, Akiem and Ermewa

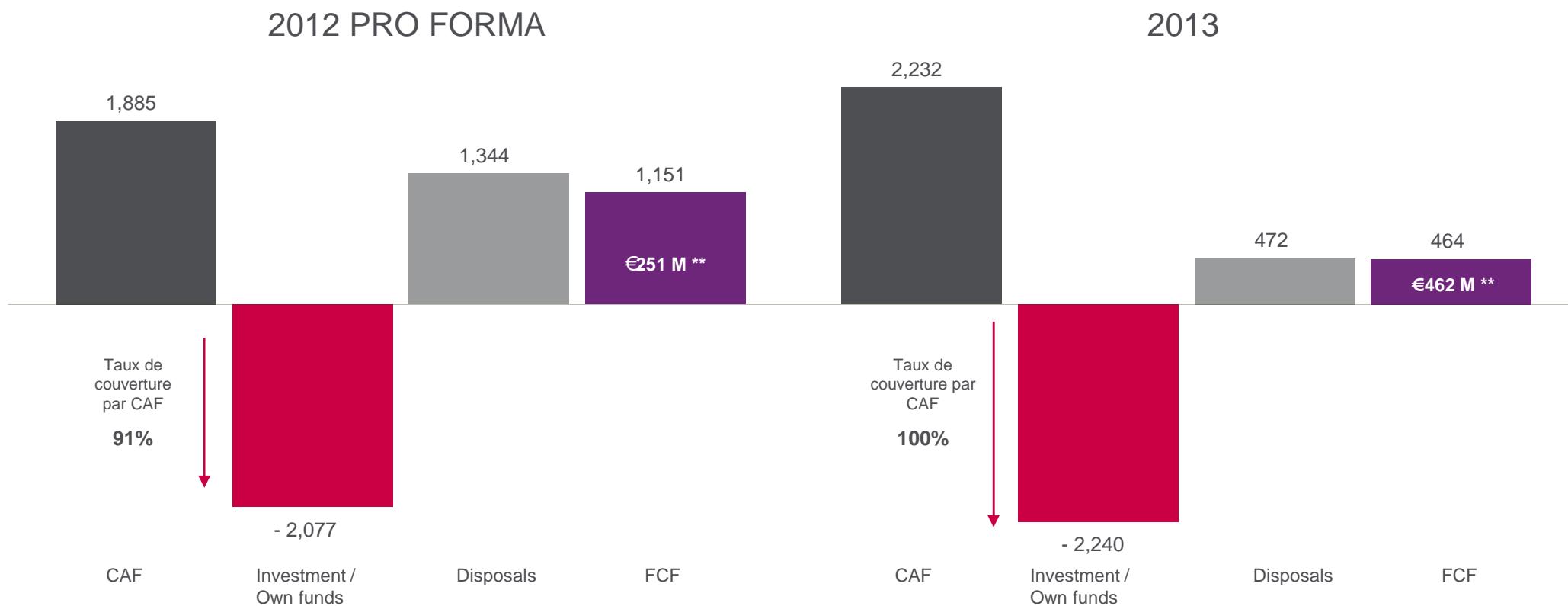


## OTHER FIXED ASSETS

- Station renovations incl. Greater Paris
- Technicentres and repair shops
- Passenger information systems
- Maintenance equipment for tracks and bridges
- Business information systems

# FREE CASH FLOW UP +€211 M FROM 2012, REACHING +€464 M IN 2013

CHANGE IN GROUP FREE CASH FLOW FROM 2012\*- 2013  
€ M

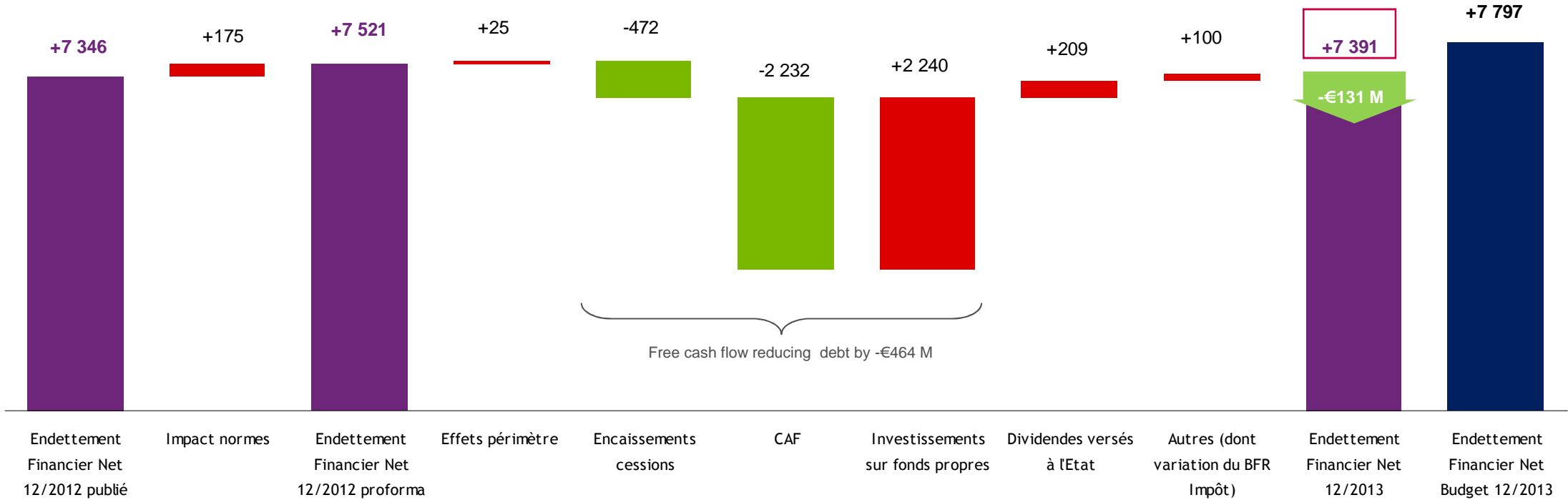


\* Pro forma

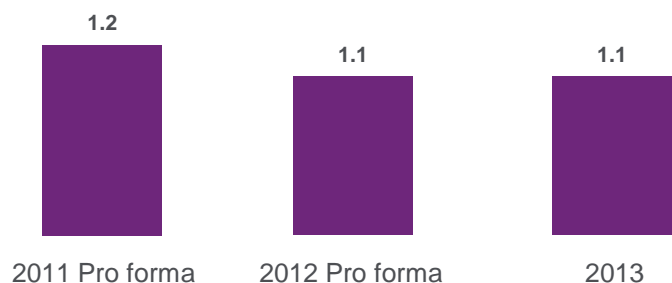
\*\* Excludes book impact of agreement between Transilien and STIF and sale of receivables

# NET INDEBTEDNESS OF €7.4 BN AT YEAR-END 2013, DOWN -€131 M

CHANGE IN GROUP NET INDEBTEDNESS 2012 – 2013  
(€ M)

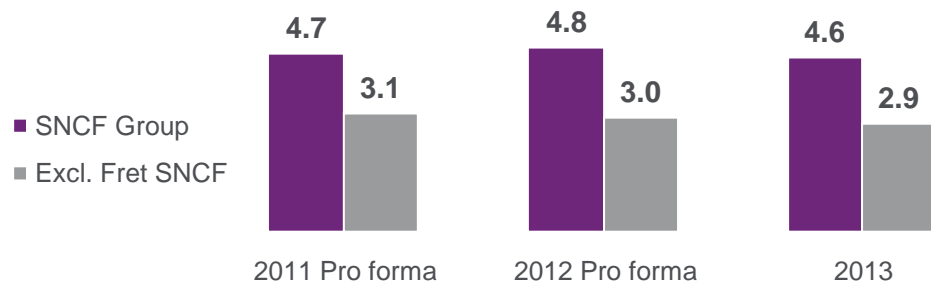


# 2013 GEARING: 1.1, UNCHANGED FROM 2012 RESTATED NET INDEBTEDNESS/EBITDA RATIO: 4.6, BETTER THAN IN 2012



NET INDEBTEDNESS / OWN FUNDS (GEARING) (GROUP)

↗ 2013 Gearing of 1.1: unchanged from 2012



RESTATED NET INDEBTEDNESS\* / EBITDA (GROUP)

↗ Improved ratio in 2013 (4.6 vs 4.8 in 2012)

(\* Restated by rating agencies (S&P))

# 2014 TARGETS



# 2014 OUTLOOK: SEVERE CONSTRAINTS AHEAD

Economy shows signs of a moderate recovery, but outlook tempered by severe constraints:

## PUBLIC FUNDING

Transport Organizing Authorities under increasing pressure



## TAXES

VAT on domestic passenger fares up from 7% to 10%  
Corporate profits tax up from 36.1% to 38.0%



## TRACK ACCESS FEES

Up +4.8%



2014 projections:

- **Freight volumes stagnant**
- **Modest growth in passenger rail travel,**  
with slight contraction possible (-0.3%) for SNCF Voyages division

# 2014 OUTLOOK: SEVERE CONSTRAINTS AHEAD

Yet SNCF's financial targets for 2014 are in line with the financial performance defined for the first year of its Excellence 2020 programme:

## REVENUE GROWTH >

**+2.0%**

Thanks to strong momentum at SNCF Infra and international growth for Keolis (major calls for tender in Britain, Australia and North America)

## GROWTH IN GROSS PROFIT (EBITDA)

at SNCF Geodis and Keolis offsetting difficulties at SNCF Voyages

## INVESTMENT HIGH AT €2.3 BN

Continued acquisition and renovation of rolling stock and refurbishment of stations in the Greater Paris region

## BALANCED FREE CASH FLOW AND FIRM CONTROL OF DEBT

**To meet these 2014 targets, SNCF must pursue its performance programme relentlessly, generating €350 million in savings including nearly 2/3 in structural costs**

THANK YOU.