PRESS RELEASE

LA PLAINE SAINT DENIS, 30 JULY 2020

SNCF GROUP 2020 HALF-YEAR RESULTS

LIKE ALL TRANSPORT COMPANIES, SNCF GROUP WAS HIT HARD BY THE COVID-19 HEALTH CRISIS.

PRIOR TO THE PANDEMIC, THE GROUP HAD BEEN MAKING STRUCTURAL IMPROVEMENTS IN ITS BUSINESS PERFORMANCE, UNDERPINNED BY STRONG OPERATING FUNDAMENTALS.

IN THE UNPRECEDENTED ENVIRONMENT THAT FOLLOWED, SNCF GROUP RESPONDED WITH A SWEEPING ACTION PLAN AND BY 30 JUNE HAD PUT LIQUIDITY ON A SOUND FOOTING, WITH A €1.1BN IMPROVEMENT IN H1 AND A FULL-YEAR OBJECTIVE OF €1.8BN.

- **The first half of the year was marked by labour disputes in January, and the health crisis triggered by the Covid-19 pandemic from 17 March on**, which affected SNCF Group and all rail activities.
- **Prior to Covid-19, SNCF Group's business performance showed structural improvements, with strong fundamentals for day-to-day operations** (safety, service quality, on-time arrivals and passenger information).
- To comply with government-imposed restrictions, in April SNCF reduced rail capacity to 7% of normal for TGV, 34% for Transilien, and 16% for TER, to meet essential needs during the pandemic. **Rail freight services continued operating at around 70% of the normal level.**
- **Revenue came to €14.1bn, down 21% from the first half of 2019,** reflecting the impact of both the health crisis (-€3.9bn) and the January strikes (-€275m).
- **To blunt the impact of these events, the Group deployed a stepped-up crisis mitigation plan and special cost-cutting measures,** projected to total €1.8bn full year. **At 30 June, these efforts had boosted SNCF's liquidity by €1.1bn.**
- **Gross profit-EBITDA came to €136m**, or 1.0% of revenue, down -€2.8bn from the first half of 2019, reflecting the heavy toll of both the health crisis (-€3.2bn) and the January strikes (-€240m)
- **The Group reported a net loss of -€2.4bn for H1 2020 vs a net profit of +€20m at the end of June 2019.**
- To date**, SNCF Group's liquidity is sound and its financing capacity remains intact.** In mid-July, liquid resources stood at €6.8bn, plus an available credit facility of €3.5bn

Business hit very hard by the Covid-19 pandemic

After labour disputes over pension reforms at the beginning of the year, SNCF Group—like all transport and logistics companies—was hit hard by the Covid-19 pandemic in the first half of 2020.

In mid-March, as France moved into lockdown and the government imposed restrictions to fight Covid-19, rail service was gradually cut back as travel needs decreased.

In April, TGV was running at 7% of normal capacity, Transilien at 34%, and TER at 16%, to meet essential needs during the pandemic lockdown. SNCF service to destinations in the rest of Europe also fell of sharply due to restrictions on cross-border travel between many countries. Both Eurostar and Thalys operated at 8% of normal service in April.

As carriers cut their operations, infrastructure managers were hit. SNCF Réseau saw a steep fall in income from track access charges, and SNCF Gares & Connexions suffered as retailers in its stations were forced to close during the lockdown.

Similarly, Keolis experienced a sharp decrease in its business in France, with operations running below 40% of normal and passenger traffic at only 5%-10% of capacity at the height of the crisis. The same applied in the other regions where it does business.

Rail freight nonetheless continued to operate at around 70% of its normal levels, carrying food, fuel, chlorine, and other strategic products essential to the economy.

Geodis quickly scheduled charters to transport urgent shipments as normal air freight capacity was scaled back.

In addition to complying with government-imposed restrictions, SNCF Group stepped up to transport critically ill patients to regions with available hospital beds, organizing, outfitting and operating high-speed hospital trains.

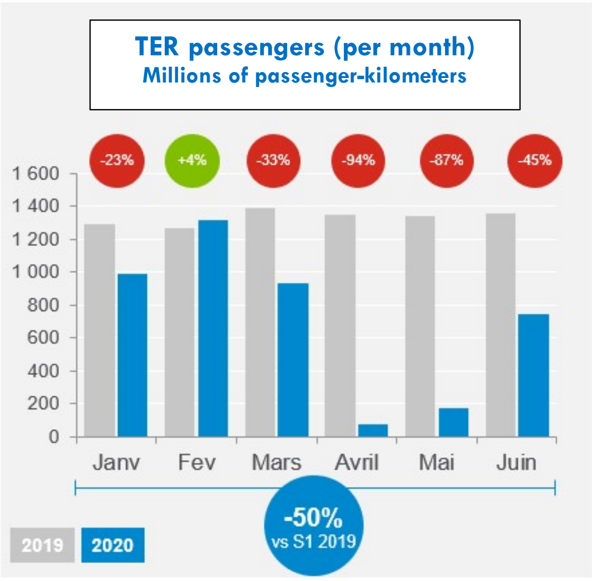
In May, business began a gradual move back to normal, but with train occupancy levels penalized by the lockdown and social distancing measures.

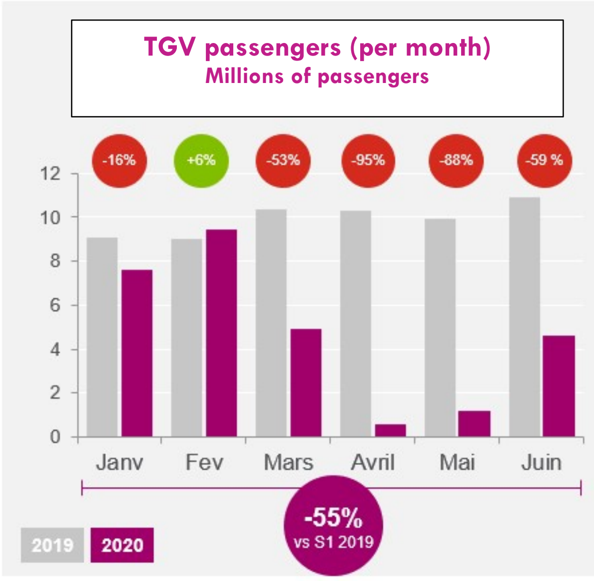
At 30 June, Transilien was running at 98% of its normal service level, TER at 87%, and TGV at 70%.

Meanwhile, freight transport held up well throughout the period and almost returned to its pre-crisis level. **For rail freight, service was back to nearly 85% of the normal service level by the end of June. Also in June, Geodis reported worldwide business hovering between 90% and over 100% of normal levels,** depending on the sector and country.

Passenger numbers mirror crisis

After the pension reform strikes in January, passenger numbers trended up again, but the recovery came to an abrupt end as the health crisis and the resulting lockdown triggered a steep fall. Since the end of the lockdown in May, a gradual recovery has appeared.





Exceptional measures for exceptional times

SNCF has always moved quickly to win customers back in the wake of a crisis. As soon as January's multi-sector strikes had ended, the Group rolled out a successful special offer campaign—only to see it cut short by the lockdown.

When the government lifted the limits on train occupancy numbers in June, SNCF launched post-lockdown promotions, offering deeply discounted tickets and rolling out programs such as "5 million TGV INOUI, OUIGO and Intercités tickets for under €49" and "TER in France", the latter in cooperation with regional transport organizing authorities. The recovery plan also featured refunds and benefits for business and leisure railcard holders, including extensions of card validity and more flexible purchase conditions, with free exchanges and refunds for all tickets. Thanks to these proactive moves, SNCF has begun to win back customers, primarily in leisure travel.

Sweeping crisis mitigation plan

The Group will mitigate the overall impact of the Covid-19 crisis with **an action plan built on proactive special initiatives designed to minimize the pandemic's effect on Group finances over full-year 2020**. Originally adopted to reduce the impact of strikes in January, these were significantly expanded in April to limit fallout from the health crisis as well. The plan has three components:

- reduce structural and operating costs, and introduce measures (including short-time working) without cutting jobs in rail operations;
- postpone or cancel specific projects and investments to refocus on core commitments and essential work;
- practice strict cash management.

At the end of June 2020, this plan had already improved free cash flow by €1.1bn, with +€350m in cost reductions (including short-time working), +€130m in cuts to projects and investments, and +€600m from activating cash flow levers (including +€300m from securitizing the 2017 CICE tax credit receivable).

The plan's impact will continue into H2 2020, improving liquidity by €1.8bn over the full year. It is also designed to provide optimum support as business picks up. This effort reflects management's commitment to effecting lasting change in the Group's management and way of doing business.

Finally, it is worth noting that this unprecedented effort will have no impact on jobs in the rail sector proper, nor will it affect essential investment in the network or in rail operations. Reflecting this, recruitment of rail-sector staff planned for 2020 in France is unchanged.

Essential projects and investments continue

Despite the crisis, **investment remained high at €3.7bn, including €2.4 billion financed by SNCF** (down -€660m from 2019) in the first half of the year. A full **95% of investments were in rail operations within France**. While the lockdown reduced outlays overall, urgent maintenance and engineering works were given priority. In particular, **the Group invested €2.1bn to renovate and upgrade the national rail network**.

Nor did the crisis slow all development projects, particularly in Europe. In May, the Group signed an agreement with the national rail network manager in Spain, marking SNCF's official entry into the country's high-speed rail market. Keolis won an extension of its rail operating contract with Southeastern in the UK and a new electric bus contract in Denmark's Greater Copenhagen region, along with renewal of its existing bus contract in Odense. In the United States, its operating and maintenance contract for Boston's suburban rail network was extended, and in Virginia and Washington, DC its rail network operating contract was also renewed.

Overall financial performance

Group revenues stood at €14.1bn at 30 June 2020, down -21% from the end of June 2019, due to the combined impact of the health crisis (-€3.9bn) and the January strikes (-€275m). **Yet the decline varied from one business line to another, with the crisis biting harder in some areas**.

Revenues fell -37% at SNCF Voyageurs, including -58% for Voyages SNCF (TGV, high-speed rail in Europe, Intercités and OUI.sncf), with a drop of 17% for TER, -14% for Transilien, -20% for SNCF Réseau. SNCF Gares & Connexions reported a decline of -5% (-10.0% at comparable scope of consolidation and including station assets contributed by SNCF Réseau as part of the rail reform pact in France). Keolis revenues were down -12%, and TFMM rail and multimodal freight business fell -20%, while Geodis reported a +0.3% rise.

Gross profit-EBITDA stood at €136m, thanks in particular to the Group's successful crisis mitigation plan, which generated more than €350m in direct productivity gains over the period. At constant scope of consolidation, accounting standards and exchange rates, gross profit-EBITDA was down €2.8bn from the first half of 2019, hit hard by the health crisis (-€3.2bn) and by strikes in January (-€240m).

A more detailed analysis shows that, before the crisis mitigation plan, Covid-19 cut gross profit-EBITDA by -€2.0bn for SNCF Voyageurs (including €1.5bn for TGV service alone), -€720m for SNCF Réseau, -€120m for Keolis, -€135m for Geodis, and -€70m for TFMM.

Net profit attributable to equity holders of the parent company came to -€2.4bn, hit hard by operating losses from the health crisis and the January strikes.

As a result, **free cash flow was a negative -€2.8bn,** linked directly to the -€2.8bn fall in EBITDA.

The Group's net indebtedness stood at -€38.3bn at 30 June 2020, or €22bn lower than at 31 December 2019 (-€60.3bn). This change reflects the transfer to the French State of part of SNCF Réseau's debt (€25bn) under French rail reform, and the negative free cash flow of -€2.8bn in the first half of 2020.

Outlook for year-end 2020

SNCF remains highly vigilant in ensuring the safety of travellers, working alongside the transport organizing authorities.

Special offers, including the sale of heavily discounted tickets for both TGV and TER services, should generate a further significant increase in train occupancy this summer.

Since July, OUIGO services have been running from Paris to Lyon city centre, ahead of the route being opened up to competition.

In September, the Group will launch a recovery plan, focused on adapting its price bands and digital tools to new customer behaviour patterns, in particular working from home. New multimodal offerings for occasional travellers will also be unveiled, and an ambitious sales strategy will be launched to win back business travellers.

It is still difficult to judge the long-term financial impact of the Covid-19 pandemic with any degree of precision, given the high level of uncertainty about how and when the crisis will end, and what the economic fallout will be. It will also depend on SNCF Group's ability to maintain its rebound, in particular through special measures to support economic recovery in France and around the world.

Against this backdrop, talks are now under way with the French State to define the financial support SNCF Group needs to strengthen the resilience of the national rail network and deliver a rail service as planned. The aim is to ensure a healthy financial position, without incurring further long-term debt. The outcome of these talks is expected to be announced before the end of the year.

In any case, SNCF Group currently enjoys particularly sound liquidity that enables it to meet its obligations. Investor confidence has not wavered, as shown by the successful rounds of bond issues carried out in April, May, June and July. **In mid-July, the Group had liquid resources of €6.8bn, plus an available credit facility of €3.5bn.**

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SNCF GROUP: KEY FIGURES, H1 2020

CONSOLIDATED DATA (IFRS) € MILLIONS	H1 2019	H1 2020	Constant scope of consolidation & exchange rates
Revenue	17,854	**14,129**	
Change H1 2018/H1 2019		-20.9%	-20.7%
Gross profit	2,888	136	
As % of revenue	16.2%	1.0%	
EBITDA*	2,906	69	
Recurring net profit attributable to equity holders of parent company	10	-2,384	
Net profit (attributable to equity holders of the parent company)	20	-2,389	
Investments (all funding sources combined)	4,317	**3,726**	
Incl. net investments financed by SNCF	3,055	2,397	
Free cash flow	-1,666	-2,809	
Net indebtedness SNCF*	-59,161	-38,327	

SNCF Group's consolidated financial statements at the end of June 2020 were subject to a limited review by the statutory auditors, who reiterated their qualified opinion in respect of the carrying amount of the Infrastructure cash-generating unit's assets and the amount of deferred tax assets.

** EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) consists of revenue and other income minus expenses directly attributable to operating activities. Those expenses mainly comprise purchases; sub-contracting and other external services; employee benefit expenses; taxes and duties other than income tax; disposals of operating assets (property, plant and equipment - mainly transport equipment - used in the operating cycle and disposed of in connection with upgrades to production facilities); and movements in provisions for current assets.. This new indicator is virtually equivalent to the "Gross profit" indicator previously reported by SNCF. The difference is due mainly to movements in provisions for trade receivables and for employee benefits.* ***With effect from the close of 2020 accounts, the SNCF Group will report EBITDA as a performance indicator in the consolidated income statement, in place of gross profit.***

*** At 1 January 2020, SNCF Group's net debt stood at around €35bn after the transfer of part of SNCF Réseau's debt to the French State (€25bn) as provided under the Railway Reform Pact.*

€ MILLIONS	REVENUE	GROSS PROFIT -EBITDA*	Gross profit-EBITDA*/ REVENUE
SNCF Réseau	2,658	290	*10.9%*
Change H1 2018/H1 2019	*-19.5%*		
SNCF Gares & Connexions	711	98	*13.8%*
Change H1 2018/H1 2019	*-5.0%*		
SNCF Voyageurs	5,501	-799	*-14.5%*
Change H1 2018/H1 2019	*-36.7%*		
Transilien	1,465	8	*0.5%*
Change H1 2018/H1 2019	*-14.3%*		
TER	2,206	38	*1.7%*
Change H1 2018/H1 2019	*-16.7%*		
Voyages SNCF	1,887	-874	*-46.3%*
Change H1 2018/H1 2019	*-57.5%*		
Keolis	2,883	199	*6.9%*
Change H1 2018/H1 2019	*-12.1%*		
Freight and Logistics	4,901	394	*8.0%*
Change H1 2018/H1 2019	*-3.2%*		
TFMM Rail & Multimodal Freight Transport, incl Fret SNCF	711	-7	*-1.0%*
Change H1 2018/H1 2019	*-19.6%*		
Geodis	3,998	290	*7.3%*
Change H1 2018/H1 2019	*+0.3%*		
Other & inter-segment eliminations	-2,524	-46	
Total	14,129	136	1.0%

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SNCF Group's 2020 financial report is available at: www.sncf.com/en/group/finance

ABOUT SNCF GROUP

SNCF is a global leader in passenger and freight transport services, including management of the French rail network, with revenue of €35.1 billion in 2019, of which one-third on international markets. The Group does business in 120 countries and has 275,000 employees, with over half in its core rail business and 60,000 working outside France. The new SNCF, a public limited company that began operating on 1 January 2020, consists of a parent (SNCF) and five subsidiaries: SNCF Réseau (management, operation and maintenance of the French rail network, plus railway engineering) with its own subsidiary SNCF Gares & Connexions (station design and operation, management of retail space); SNCF Voyageurs and its subsidiaries Transilien (mass transit in the Paris region), TER (regional rail), TGV INOUI, OUIGO and Intercités (long-distance rail), Eurostar, Thalys, Alleo and Lyria (international rail), and OUI.sncf (online ticket sales); Keolis (a global operator of urban, suburban and regional mass transit systems); SNCF Fret (rail freight); and Geodis (freight transport and logistics solutions). SNCF Group works closely with its customers—passengers, local authorities, shippers and railway operators using SNCF Réseau services—and with regional communities, building on its expertise in all aspects of rail and all types of transport to deliver simple, seamless, sustainable solutions for every mobility need. Learn more at **sncf.com**

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