

SNCF GROUP 2016 HALF-YEAR RESULTS

HIGHLIGHTS

- + In a persistently sluggish environment for transport in France, unsettled by terrorist attacks, **strikes and floods that cost €300 million**, SNCF Group continued to roll out the 2020 roadmap **designed to meet customer needs better**.
- + **Investments totalled €4.0bn** in H1 2016; they focused on the rail network, transport and logistics operators, and the needs of 13.5 million daily passengers around the globe.
- + **Safety and renovation of the French rail network were top priorities**.
- + **An aggressive sales policy gathered pace**, offering passengers **special fares and low-cost deals**, developing **all segments of the shared mobility market**, and promoting **transformation through digital innovation**.
- + **Robust sales trends** in freight logistics and major accounts, thanks to newly acquired/renewed large contracts.
- + **4,900 new hires in France** in the first half of 2016.
- + **Revenue of €16.0bn at 30 June 2016, up 2.6%**.
- + On-going performance plans generated **€300 million in productivity gains** since the beginning of the year and are set to meet the full-year goal of €750 million.
- + Net profit, Group share was negative (-€159m) due to terrorist attacks, flooding and strikes in the second quarter.

SNCF GROUP: H1 2016 KEY FIGURES

CONSOLIDATED DATA (IFRS) € MILLIONS	H1 2016
Revenue	16,033
<i>Change H1 2016/H1 2015</i>	+2.6%
Gross profit (EBITDA)	1,751
<i>As % of revenue</i>	10.9%
Financial profit	-820
Net profit, Group share	-159
Self-financing capacity	835
Total investments	4,030
<i>Including SNCF capital investment</i>	2,884

SNCF Group consolidated financial statements at June 30, 2016 have not been reviewed by statutory auditors.

WHAT THEY SAID

Guillaume Pepy, Chairman, SNCF Executive Board and Chairman & CEO, SNCF Mobilités

"The business environment for transport remains sluggish in France following terrorist attacks, strikes and flooding that together cost us €300m over the six months to July. Yet we are pursuing our 2020 Strategic Plan and working to make SNCF a global standard setter for mobility services and logistics, in France and around the world, serving all of our clients.

With demand for mobility options on the rise and public spending under increasing pressure, SNCF Group is stepping up the pace of transformation for all of our businesses, in part by deploying digital technology.

We are also continuing our performance plans, which have generated €300m in additional productivity gains since the beginning of 2016, putting them on track to meet the full-year target of €750m for 2016."

Patrick Jeantet, Deputy Chairman, SNCF Executive Board, and Chairman & CEO, SNCF Réseau

"At SNCF Réseau, we have our sights set firmly on the future. Our company is now an integrated entity, and we are pursuing and enhancing our focus on safety, maintenance and network upgrades.

Work is pressing ahead on major engineering projects, among them the high-speed line linking Bordeaux and Tours, infrastructure upgrades in Brittany and the Loire Valley region, bypass projects for Nîmes and Montpellier, and start-up of the high-speed rail link serving Eastern Europe. But SNCF Réseau has also expanded upgrades of the existing nationwide network very considerably."

First-half 2016 Highlights

SNCF Réseau

Top priority: safety and maintenance of core rail network

In 2016, SNCF Réseau stepped up all safety programs and maintained its focus on maintenance and renovation:

- **1,500 projects launched, 515 km of track upgraded**
- **214 switches renovated**
- **2,000 km of catenaries checked/replaced.**

SNCF Réseau is pursuing its rail performance policy by digitizing and modernizing maintenance, seeking economies of scale and optimization of engineering works, introducing new equipment and developing industrial partnerships, and stepping up the pace of network upgrades in the Paris Region.

Innovative programmes have increased safety and productivity, particularly through new digital technology used by in inspections. Two new projects were launched: a westward extension of the Eole regional express network serving Greater Paris, and NExTEO, an automated system that enables speeds of up to 120 km/h by calculating the optimum interval between trains.

When floods disrupted rail service, 2,000 staff members stepped up and emergency repairs were completed in record time.

SYSTRA (a subsidiary of SNCF EPIC), **the world's leading designer of track-guided transport systems, continues to expand** in high-growth regions including Asia-Pacific, the Middle East and Northern Europe. At 30 June 2016, **Systra reported revenue up by over 5%** (nearly +20% in 2015).

SNCF Mobilités (transport services)

The first half saw no marked rise in rail traffic, amid continued economic sluggishness in France and Europe. Competition with other transport modes has never been fiercer, as both air travel and cars (including car-sharing) benefit from lower oil prices, and low-cost airlines and long-distance coaches battle to win market share. Terrorist attacks in Paris and Brussels have hit European railway routes hard.

Commuter rail traffic has continued to decline in French regions other than Paris (TER trains), especially for occasional travel.

Aggressive marketing helped limit the decline for both TER and Intercités trains (100% Eco option). By contrast, **Transilien trains serving Greater Paris rose by 7.1%** in the first half, buoyed by the introduction of a single railpass price for the entire region.

The strike took a toll in the second quarter, Fret SNCF hit doubly hard due to industrial action in ports as well. SNCF Mobilités activated a crisis plan in May to limit the impact of the decline in business, with results anticipated in the second half of the year.

**TOP PRIORITY:
SAFETY AND
MAINTENANCE OF
CORE NETWORK**

**SNCF RÉSEAU
PURSUES RAIL
PERFORMANCE
POLICY**

**+5% GROWTH FOR
SYSTRA**

**RAIL SERVICES IN
PARIS REGION
+7.1%**

**HIGH-SPEED RAIL
SERVICES:
COUNTER-ATTACK
TAKES SHAPE**

The response to increased competition from other travel modes gathered pace:

- **extension of the Ouigo offering, special deals and TGV POP offering;**
- launch of **IZY, a new low-cost offering from Thalys.**

Long-distance coach operator **Ouibus is expanding its network, quadrupling its offering and doubling the number of destinations served.**

Among businesses reporting positive trends:

- **recovery in the profitability of Keolis thanks to work on its contract in Boston;**
- fast-growing rail freight companies in Europe (all SNCF freight rail service business **reports +4% rise** in volumes carried);
- OHL, acquired at the end of 2015, was renamed **Geodis America**, and has confirmed its good fit with existing operations.

Digital technology and door-to-door service remain a Group priority, with a steady stream of initiatives being rolled out. **Keolis integrated LeCab, a major player in chauffeured cars in the Paris Region.** Applications for ID Pass, a key vector for offering door-to-door mobility solutions, are rising sharply.

Gares & Connexions has continued to deploy its multimodal transport hubs and **free wifi service.**

Continued investment to serve customers

In line with its goals, **SNCF Group continued to invest heavily throughout the first half of 2016**, reaching a total (including third-party financing) of **€4.0bn, with SNCF capital investment accounting for over 70% of this figure.**

€2.4 bn was invested in the rail network (SNCF Réseau) including €1.3bn in upgrades. The main focus was hyper-dense commuter zones, including the Paris Region, whose mass transit system received €0.3bn.

€1.6bn was invested in passenger transport (SNCF Mobilités), with over 65% invested in rolling stock.

Hiring

In the first half, SNCF Group once again met its responsibilities as a major French employer by recruiting **over 4,900 new employees on permanent contracts in France. Over half of these positions were in rail functions proper.**

**QUIBUS
QUADRUPLES
ITS OFFERING**

**+4% RISE IN RAIL
FREIGHT TRAFFIC**

**KEOLIS ACQUIRES
LeCab**

**€4bn INVESTED TO
SERVE CUSTOMERS
BETTER**

**OVER 4,900 NEW
HIRES IN FRANCE**

SNCF GROUP PERFORMANCE

CONSOLIDATED DATA (IFRS)
€ MILLIONS

	SNCF Mobilités		SNCF Réseau	
	H1 2015	H1 2016	H1 2015 Pro forma	H1 2016
Revenue	14 260	15 143	3 301	3 179
<i>Change H1 2016/H1 2015 (at constant scope of consolidation and exchange rates)</i>		+6.2% (-2.7%)		-3.7% (-3.7%)
EBITDA	1 121	833	1 047	855
<i>As % of revenue</i>	7.9%	5.5%	NM	NM
Financial profit	-125	-207	-598	-603
Net profit – Group share	318	-25	-197	-167
Self-financing capacity	755	485	1 033 ¹	851 ¹
Total investment	1 591	1 578	2 542	2 486 ²
<i>Of which SNCF capital investment</i>	977	1 073	1 994	1 842
Free cash flow	-76	-397	-1 627	-1 538
Net debt (IFRS)	-7 653	-8 203	-40 864	-44 134 ³

Financial statements for SNCF Mobilités (H1 2015 and H1 2016) and SNCF Réseau (H1 2016) underwent a limited review by statutory auditors (H1 2015 pro forma for SNCF Réseau was not audited). Financial statements at 30 June 2016 for SNCF Réseau and SNCF Mobilités were adopted and approved by these units' Boards of Directors on July 27 and July 29, 2016, respectively.

Revenue

SNCF Group reported revenue of **€16.03bn in the first half of 2016, 2.6% higher than in the first half of 2015**, primarily due to changes in scope of consolidation (OHL, Eurostar).

SNCF Mobilités reported revenue down 2.7% in the first half of 2016 (at constant scope of consolidation and exchange rates), primarily in the second quarter as a result of strikes.

Impact of strikes on the first half of 2016

Strikes in March, April, May and June 2016 took a heavy toll on SNCF Group results, with losses in ticket sales, reimbursements of railpasses, penalties and lower contributions from regions, and a medium-term impact through loss of contracts and customers at the Group's French entity Fret SNCF in particular.

These problems were compounded by the cost of engineering works following flooding.

Revenue:
+2.6%

1/3 of total
revenue generated
on international
markets

€300m
Cost to SNCF Group
of strikes and
flooding

¹ For SNCF Réseau: excludes financial expense and tax

² For SNCF Réseau: including public-private partnerships and excluding working capital requirement/investments, the total is €2,387m for H1 2016 and €3,273m for H1 2015

³ Net financial debt excluding public-private partnerships. €40,798m debt (reimbursement value per French accounting standards) at 30 June 2016 (€38,427m at 30 June 2015)

EBITDA: Group EBITDA totalled €1,751m at the end of June 2016, or 10.9% of revenue, a decline from the same period of 2015 due to the economy (-€288m for SNCF Mobilités and -€192m for SNCF Réseau).

Against this backdrop, **SNCF Group has pursued its three performance plans** (cross-functional; SNCF Réseau operations; SNCF Mobilités operations and commercial), achieving **additional productivity gains of €300m since the beginning of 2016** (on the heels of over €650m in productivity gains in 2015).

€300m

gains in productivity since the beginning of 2016

Net profit: SNCF Group's net profit shows a -€159 deficit, linked in particular to the decline in EBITDA.

Debt: SNCF Mobilités had net financial debt of €8.2bn at June 30, 2016. The reimbursement value of SNCF Réseau's net financial debt was €40.8bn. The €1.5bn rise in debt in the first half of 2016 was used to finance regeneration of the rail network.

OUTLOOK: Despite the uncertain economic and geopolitical environment, SNCF Group is pursuing its **ambitious goals** and stepping up its **cost-cutting and productivity efforts**.

SNCF Réseau: The French government has announced initial measures for financing the rail system:

€3bn

annual investment in network upgrades starting in 2020

- A roadmap for upgrades at SNCF Réseau **from €2.5bn (2015) to €3bn in 2020, with priority going to existing lines, hyper-dense regions, and the core network;**
- Continue **action plan in rail freight;**
- A report tracking the trend in SNCF Réseau debt to be published in August (shift of all or part of this debt to the French state);
- Publication of a **golden rule** limiting future debt at SNCF Réseau and finalization of a **performance contract by the end of 2016.**
- 2016 and 2017 will see the start-up of new high-speed train lines and connections including Brittany/Pays de la Loire (May 2017), Southern Europe/Atlantic (Tours-Bordeaux) (July 2017), and Nîmes and Montpellier bypass links (October 2017).

SNCF Mobilités: Extension of economy fares for TGV high-speed rail and continued development of low-cost offers to win market share. Regional train service is being aggressively developed to integrate different transport modes and services and offer more competitive solutions.

Ouibus is continuing to expand, serving a total of **120 destinations in France and in Europe.**

For Keolis operations on international markets, bus business is being expanded further through bids in the United States and Australia. The company is preparing responses to major calls for tender in the UK and also readying for **start-up of Hyderabad's automated metro system in India**. Freight business (SNCF Logistics) has seen aggressive sales development in a patchy economic environment, as well as **a stronger international presence (Europe/Asia/United States)**.

**START-UP OF
HYDERABAD
AUTOMATED METRO,
OPERATED BY
KEOLIS (INDIA)**

2016 financial targets: Given the state of the economy and events in the first half of 2016—terrorist attacks, strikes, floods—it will be difficult to meet targets excluding changes in scope of consolidation.

Growth in revenue will come primarily from SNCF Logistics' acquisition of OHL in the USA at the end of 2015 and the consolidation of Eurostar.

Continued bold performance plans (cross-functional performance; SNCF Réseau operations; and SNCF Mobilités operations and sales) aim to generate **over €750 million in productivity gains in 2016**.

Appendix: Business performance as presented in financial statements for SNCF Mobilités and SNCF Réseau

REVENUE — H1 2016

	H1 2015 ^P	H1 2016	Change	At constant scope of consolidation and exchange rates
€ MILLIONS				
SNCF RÉSEAU	3 301	3 179	-3,7%	-3,7%
<i>Includes track access fees billed to SNCF Mobilités</i>	1 857	1 816		
SNCF MOBILITÉS				
SNCF Voyageurs	7 259	7 502	+3.3%	-3.5%
<i>Including Voyages SNCF</i>	3 109	3 351	+7.8%	-5.5%
<i>Including Gares & Connexions</i>	148	206	+39.3%	+9.1%
SNCF Logistics	4 389	4 936	+12.5%	-1.7%
SNCF Keolis	2 490	2 526	+1.4%	-0.8%

EBITDA — H1 2016

	H1 2015 ^P	H1 2016
€ MILLIONS		
SNCF RÉSEAU	1 047	855
<i>As % of revenue</i>	NM	NM
SNCF MOBILITÉS		
SNCF Voyageurs	638	411
<i>As % of revenue (at business scope level— Voyageurs)</i>	8.5%	5.4%
<i>Including Voyages SNCF</i>	265	146
<i>As % of revenue (at business scope level— Voyages SNCF)</i>	7.8%	4.0%
<i>Including Gares & Connexions</i>	103	78
<i>As % of revenue (at business scope level— G&C)</i>	17.8%	13.3%
SNCF Logistics	246	214
<i>As % of revenue (at business scope level— Logistics)</i>	5.4%	4.3%
SNCF Keolis	125	146
<i>As % of revenue (at business scope level— Keolis)</i>	4.9%	5.7%

^P Proforma

PRESS RELEASE



Consult SNCF Réseau's half-year 2016 financial results at: <http://www.sncf-reseau.fr/en/investing-for-the-rail-network-of-the-future>

Consult SNCF Mobilités' half-year 2016 financial results at: http://www.sncf.com/ressources/reports/sncf_mobilites_rapport_financier_semestriels_2016_29_07_2016.pdf

About SNCF Group

SNCF is a global leader in passenger and freight transport services, with revenue of €31.4 billion in 2015, of which 33% on international markets (including OHL full year). With 260,000 employees in 120 countries, SNCF draws on its foundations in French rail and on its extensive experience as an architect of transport services. It aims to become the benchmark for mobility and logistics solutions, both in France and worldwide. SNCF has five core businesses: SNCF Réseau (management and operation of the French rail network); SNCF Voyageurs (commuter transport in the Paris region, regional and inter-city public transport, high-speed rail in France and Europe, and management and development of stations); SNCF Logistics (freight transport and logistics worldwide); Keolis (mass transit and public transport in Europe and around the globe); and SNCF Immobilier (management and optimization of SNCF property and land assets). www.sncf.com

About SNCF Réseau

Within SNCF Group, one of the world's leading mobility and logistics groups, SNCF Réseau manages, maintains and sells access to the French rail network, serving all French regions. It guarantees the safety and performance of 30,000 km of track, including 2,000 dedicated to high-speed rail, with 800 km more to come in 2017. SNCF Réseau operates four businesses: network access, train circulation, maintenance and works, and engineering and projects. Its focus is on improving customer service, bringing its finances into balance by 2020, and boosting the quality of the travel experience for 5 million passengers a day and over 75 million tkm of rail freight a year. France's second largest public investor with 54,000 employees and 2015 revenue of €6.5 billion (including €3.8bn in track access fees from SNCF Mobilités). www.sncf-reseau.fr/en/investing-for-the-rail-network-of-the-future

About SNCF Mobilités

Within SNCF Group, SNCF Mobilités is a global leader in passenger and freight transport services, with revenue of €29.3 billion in 2015, of which 33% on international markets (including OHL full year). The company has 200,000 employees, is present in 120 countries, and aims to become the world benchmark for excellence in mobility and logistics services. SNCF Mobilités has three business units: SNCF Voyageurs (commuter transport in the Paris region, regional and inter-city public transport, high-speed rail in France and Europe, and management and development of stations); SNCF Logistics (freight transport and logistics worldwide); and Keolis (mass transit and public transport in Europe and around the globe). www.sncf.com

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