PRESS RELEASE

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SNCF GROUP FINANCIAL INFORMATION

RESULTS FOR THE FIRST HALF OF 2014

With the French economy still struggling, SNCF Group is continuing its drive to become **the global benchmark for excellence in mobility and logistics services.**

Revenue totalled €16.0 billion at 30 June 2014, up 0.8% from the first half of 2013 at constant scope of consolidation and exchange rates.

The major loss in revenue caused by the rail strike in June—nearly €210 million—undermined the rally experienced at the beginning of the year. As a result, business in France was down 0.4%.

Operations not affected by the strike did well, especially those outside France.
Revenues from international business rose 5.6%, bearing out the Group's growth strategy. **Keolis in particular reported a 6.8% rise in revenue, with 14.0% outside France.**

Despite on-going efforts to boost operational efficiency and cut costs, EBITDA was down by €229 million. Two-thirds of this decline (nearly €170 million) resulted from the strike. Continued rises in track access charges, particularly for TGV high-speed rail operations, accounted for the rest.

Following the strike, SNCF Group adopted additional measures to cut structural costs further and reduce investments. Its aim is to offset the two-thirds reduction in EBITDA caused by the strike and meet targets for free cash flow and debt.

Net profit was a positive €224 million.

Investment rose during the period to nearly €1.1 billion, while net debt was lower than at the end of June 2013.

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- Revenue of €16.014 billion, up +0.8% at constant scope of consolidation and exchange rates compared with H1 2013
- EBITDA of €1.069 billion
- Recurring net profit of €58 million
- Net profit attributable to equity holders of the parent company of €224 million
- Self-financing capacity of €782 million
- Capital investment of €1.097 billion, up 10%
- Free cash flow of -€77 million
- Net financial debt down slightly at €7.884 billion at June 30, 2014

Guillaume Pepy, Chairman and CEO of SNCF, comments:

“SNCF is on course to meet targets defined in Excellence 2020, our strategic roadmap for the future.

We are going all out to improve the service offering and efficiency we deliver to customers. Innovation and international development are also strategic priorities as we strive to become the global benchmark for excellence in mobility and logistics services.

Faced with the persistently sluggish economy in France, SNCF has demonstrated its ability to meet the challenge, preserving our margins through an unrelenting drive to cut costs.

However the strike in June—which cost €170 million—has forced us to launch an additional cost-cutting programme aimed at erasing two-thirds of that strike’s impact on our accounts.

At the same time, our investments are up at €1.1 billion and our net debt is down from levels reported at 30 June 2013.”

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NOTE:

Since January 1, 2013, in compliance with new accounting standards for consolidation, in particular joint ventures Keolis UK, Eurostar, Westbahn and Chemfreight GmbH no longer appear in SNCF Group's consolidated income statement. Their net result alone appears as a line item: "Share in results of companies consolidated under the equity method."

KEY FIGURES AT JUNE 30, 2014

Consolidated data € MILLIONS	H1 2013	**H1 2014**	Change At constant scope of consolidation and exchange rates(1)	
Revenue	16 010	**16 014**	+132	0.8%
Gross profit (EBITDA) *As % of revenue*	1 296 *8.1%*	**1 069** *6.7%*	-229	
Current operating profit (loss)	501	**252**	-252	
Operating profit (loss) after share of net profit of companies consolidated under the equity method	1 143	**517**	-629	
Financial profit (loss)	-144	**-199**	-56	
Recurring net profit(1)	284	**58**	-228	
Net profit (attributable to equity holders of the parent company)	865	**224**	-643	
Self-financing capacity(2)	968	**782**	-192	
SNCF capital investment	-1 004	**-1 097**	-95	
Disposals	154	**239**	+85	
Free cash flow	118	**-77**	-202	
Net debt	8 010	**7 884**	-126	

(1) Net profit restated for non-recurring items

(2) Includes dividends from companies consolidated under the equity method

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SNCF GROUP PERFORMANCE

Revenue

Half-year consolidated revenue totalled €16,014 million, on a par with the first half of 2013.

At June 30, 2014, key changes from H1 2013 include:

- **Change in scope of consolidation: -€3 million**
- **A negative exchange-rate effect of €124 million** reflecting the euro's rise against currencies including the Australian dollar, the Swedish krona, the US dollar, the Argentine peso and the Brazilian real.

Consolidated revenue was up 0.8% over the period at constant scope of consolidation and exchange rates.

The 13-day rail strike in June resulted in lost revenue estimated at €208 million, i.e., -1.3% of total Group revenue, and limited the growth reported through the end of May. Without the strike, revenue would have risen by 2.1%.

Trends varied widely from one Group business unit to the next, with SNCF Infra and Keolis reporting revenue up a substantial +3.4% and +6.8% respectively, including +14.0% on international markets. By contrast, SNCF Geodis revenue edged up 0.6% and SNCF Voyages was down 3.1% from 2013.

At 30 June 2014, markets outside France accounted for 21% of SNCF Group' revenue, up from 20% one year earlier.

Growth in international business stood at 5.6% compared with a 0.4% decline in France.

Excluding the SNCF Infra business unit, international business accounted for 25% of Group revenue at 30 June 2014. Including Keolis operations in the UK and Eurostar in particular (not consolidated, but included in Group accounts under the equity method), **over 28% of total revenue was generated outside France.**

Gross profit (EBITDA)

Gross profit (EBITDA) totalled €1,069 million at 30 June 2014, or 6.7% of revenue compared with 8.1% at 30 June 2013.

The rail strike in June represented a loss of around €170 million.

Performance varied from one business unit to the next:

SNCF Geodis pursued its cost-adjustment drive and **reported a steep rise in EBITDA,** due mainly to stronger showings at Fret SNCF (rail freight in France) and Geodis.

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By contrast, EBITDA at SNCF Voyages continued to decline, reflecting the rise in track access fees and lower income from ticket sales, where the rise in VAT was felt.

The cross-functional performance plan deployed at the beginning of 2013 for a three-year period has already generated over €300 million in savings for the EPIC SNCF cost structure, including overheads, purchasing and IT expenditure.

Operating profit

Operating profit after net profit of companies consolidated under the equity method totalled €517 million, down €629 million from the first half of 2013 at constant scope of consolidation and exchange rates. This was due primarily to the reversal of impairment losses representing €546 million at SNCF Infra in 2013, and €163 million at SNCF Geodis in 2014.

Financial profit (loss) and tax

The group reported a financial loss of €199 million, higher than in the first half of 2013 when it was penalized by a reduction in the current rates applied to the financial cost of commitments to staff and by the calculation of fair value of financial instruments.

Tax on corporate profits declined by €39 million from 2013 to 2014 due to the fall in taxable income over the period.

The **TREF tax on profits of railway undertakings used to finance part of Intercités business represented 80% of SNCF Group tax at 30 June 2014.**

Recurring net profit

Recurring net profit totalled €58 million in the first half of 2014, down €228 million from the first half of 2013 as a direct result of the fall in EBITDA.

Net profit attributable to equity holders of the parent company

Taken together, these trends put net profit attributable to equity holders of the parent company at €224 million, down €643 million from the first half of 2013.

INVESTMENTS

In the first half of 2014, **SNCF's capital investment rose €95 million to €1,097 million**, topped up by outlays financed by Transport Organizing Authorities. **Gross investments thus totalled €1,497 million** including:

- **nearly 70 % for rolling stock**, including in particular:
  - 17 Francilien trainsets for the Paris region's Transilien network, and 4 tram-trains
  - 20 Régiolis trainsets

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- 7 TGV trainsets
- regular investments by Keolis, Geodis, STVA, Akiem and Ermewa to expand and replace their vehicle fleets and rolling stock.

• **over 30 % for station refits and upgrades**, service and repair centres, equipment for track maintenance and engineering works, and information systems for rail operations.

FINANCIAL POSITION

Capital investments remained a high €1.1 billion in the first half of 2014, **with only 71% covered by the Group's self-financing capacity as lower EBITDA took a toll.**

Total disposals (primarily property assets) came to €239 million in the first half of 2014, and thus eased the impact on **free cash flow**.

Yet free cash flow remained a negative €77 million at the end of June 2014, down €202 million from the end of June 2013 at constant scope of consolidation and exchange rates.

Net debt stood at €7,884 million at 30 June 2014 compared with €8,010 million at 30 June 2013.

EMPLOYMENT

In the first half of 2014, SNCF Group hired **over 6,500 new employees worldwide**, with **more than 4,700 of them in France**.

At 30 June 2014 a total of **over 600 youth employment contracts** had also been signed under the French state's special Contrat Emplois d'Avenir programme.

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PERFORMANCE BY BUSINESS UNIT

NOTE:

Starting in 2014, business unit figures reflect only revenue from customers outside SNCF Group. Intra-unit revenue is no longer included.

Revenue by business unit at 30 June 2014

€ MILLIONS	H1 2013	H1 2014	Change	Change at constant scope of consolidation & exchange rates
SNCF Infra (infrastructure & engineering)	2 509	**2 593**	+3.4%	+3.4%
SNCF Proximités (local & regional passenger transport)	5 799	**5 879**	+1.4%	+2.0%
SNCF Voyages (long-distance passenger services and distribution)	2 946	**2 849**	-3.3%	-3.1%
SNCF Geodis (freight transport & logistics)	4 440	**4 385**	-1.2%	+0.6%
Gares & Connexions (station management & development)(2)	126	**137**	+9.0%	+9.0%

(1) Using prior method for booking Group business, i.e., including Gares & Connexions revenue from other Group business units: €567 million in H1 2014 vs €566 million in H1 2013.

Gross profit (EBITDA) by business unit at 30 June 2014

€ MILLIONS	H1 2013	H1 2014	Change	Change at constant scope of consolidation & exchange rates
SNCF Infra	68	**60**	-8	**-8**
As % of revenue (1)	*2.6%*	***2.2%***		
SNCF Proximités	313	**292**	-21	**-20**
As % of revenue (1)	*5.2%*	***4.8%***		
SNCF Voyages	389	**259**	-130	**-128**
As % of revenue (1)	*11.4%*	***8.1%***		
SNCF Geodis	147	**190**	+42	**+42**
As % of revenue (1)	*3.2%*	***4.2%***		
Gares & Connexions	107	**121**	+14	**+14**
As % of revenue (1)	*18.9%*	***21.3%***		

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(1) EBITDA is calculated on the basis of all revenues reported by each business unit with Group entities and with third parties.

SNCF INFRA BUSINESS UNIT

Highlights in H1 2014

- Steep rise in business driven by **a programme of track maintenance and upgrades targeting the Paris region** but also the country as a whole, including major lines originating in Marseille, north of Bordeaux and Normandy in particular.
- Launch of a **special programme designed to ensure smoother operations and boost the network's performance in the Paris region**.
- **Higher profile on international markets**:
  - **Systra** won a project management and supervision contract for the construction of Doha's metro system (Qatar);
  - Creation of a new company—**SNCF Indra LBA**—to produce catenary components **for China's high-speed rail network**.

Revenue

Revenue came to €2,593 million, up 3.4% from the first half of 2013.

Restated for non-recurring items, the rise was even stronger at +4.0%.

Growth was due in particular to increased track maintenance and renovation, particularly in the Paris region.

EBITDA

EBITDA was €60 million, virtually unchanged from the first half of 2013, against a backdrop of continued major work on infrastructure.

SNCF PROXIMITÉS BUSINESS UNIT

Highlights in H1 2014

Transilien

- **Accelerated work to upgrade the rail network** and continued deployment of new rolling stock in the Paris region.

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Intercités

- Pursued **efforts to improve service regularity and quality** and simultaneously rolled out **attractive fares for travel to over 300 destinations** in France.

TER

- Signed new 7-year agreement with the Centre region and extended an agreement with Brittany for TER service through 2017.

- Rolled out new **Régiolis rolling stock in 6 French regions.**
- Presented TER goals to Regional Transport Authorities; these include **controlling costs, stepping up decentralization** to deliver **improved local service and greater responsiveness, and making on-going improvements to service** offered clients.

Keolis

- **Won an eight-year contract to operate Boston's rail network**, starting in July 2014 (revenue over the period: €1.9 bn).
- Won **operating contract for the Thameslink Southern and Great Northern franchise in the UK** with partner Go-Ahead. This seven-year contract is scheduled to start up in September 2014 and represents over 20% of all rail journeys in the United Kingdom. Generating more than €15.5 billion in revenue over the period, it will be the largest single network jointly operated by Keolis and consolidates the company's position as a provider of public transport in densely populated urban areas.
- Signed a contract with **Canada's Region of Waterloo to operate and maintain a new tramway** to be launched in 2017—the first for Keolis in North America, signalling the company's move into western Canada.
- Announced winning bid to operate **the London Docklands' automated metro** with 30% partner Amey. The contract runs seven years and will generated €883 million in revenue.
- **EFFIA** (car parks): won a tender to operate parking facilities in **Cassis**, expanding its presence in south-eastern France, as well as car parks at **Gare du Nord**, Rome Batignolles and Suresnes in Paris and its surroundings.

Revenue

Revenue totalled €5,879 million, a 2.0% rise at constant scope of consolidation and exchange rates.

Transilien commuter rail transport in the Paris region edged down 1.5% and income from ticket sales fell 9.2%, including 7.3% representing reimbursements to railcard holders following strikes in June. Traffic as measured in passenger-km was down 0.7%.

TER regional express trains reported revenue up 1.1%, driven primarily by a rise in payments by Transport Organizing Authorities for higher track access fees and implementation of a new tax for platform

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maintenance and upgrades, which is paid on to RFF in full. Passenger traffic was down 3.4%, a decline amplified by the strike in June.

Intercités revenue was down 3.9%, due mainly to a decline in ticket sales (-4.7%) and in traffic (-4.3%), in turn linked to the sluggish economy and its impact on private/holiday travel as well as fallout from the strike in June.

Keolis reported revenue up a strong 6.8%, with international sales up 14.0% (at constant scope of consolidation and exchange rates). Half-year highlights included development of a tramway offering in Australia, increased coach operations in Sweden, start-up of the coach contract in Las Vegas and development of taxi business in the United States.

At 30 June 2014, 48% of Keolis business was generated outside France, including operations in the United Kingdom that are no longer included in SNCF Group accounts but instead consolidated under the equity method since 1 January 2013.

EBITDA

EBITDA stood at €292 million. At constant scope of consolidation and exchange rates, EBITDA was down €20 million, due mainly to fallout from strikes in June that cut into ticket sales and generated extra costs due to replacement services and reimbursement of monthly railcards.

SNCF VOYAGES BUSINESS UNIT

Highlights of H1 2014

- Expanded transport offering on **international markets**:
  - Direct **Thalys** service from Lille-Europe station to Belgium and the Netherlands
  - Start-up of a third daily round-trip service between **Paris and Barcelona**
  - Launch of **new iDBus links** to Spain and to Northern Europe, including the first entirely international link between Amsterdam, Brussels and London
- Launch of "Instants V" packages by **Voyages-sncf.com,** allowing passengers to book travel and tickets for sports, cultural and other events at the same time.
- **Rise in VAT** on tickets for domestic passenger travel **from 7% to 10% starting 1 January 2014.**

Revenue

Revenue totalled €2,849 million, down 3.1% from H1 2013 at constant scope of consolidation and exchange rates. In a persistently stagnant economy, compounded by a 3-point rise in VAT and stepped-up

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competition from car-sharing and low-cost flights, **H1 2014 traffic was unchanged excluding the impact of June strikes and assuming an identical product offering.**

Excluding the unfavourable trend in fare subsidies—with a reduction in the French State's contribution to offset the special reductions for low-income families, military personnel, etc. that SNCF is required to apply—the 3.9% fall in ticket sales was due primarily to a decline in average customer spend excluding tax, in turn a direct result of the group's range of budget travel options. **The strike in June was also a factor, although to a lesser extent.**

Due to the 3-point rise in VAT, passengers' perception of average ticket prices including tax was of a rise lower than inflation
Growth in business within Europe (+0.7% of total traffic) partially offset the decline in France.

At 30 June 2014, **SNCF Voyages generated nearly 20% of its total revenue outside France,** including Eurostar operations which are no longer consolidated and have been included in SNCF Group accounts under the equity method since 1 January 2013.

EBITDA

EBITDA came to €259 million in the first half of 2014, down a steep €128 million from H1 2013 at constant scope of consolidation and exchange rates. While business declined, external expenses, notably track access fees, showed a steep rise +4.4% due to the price effect.

Excluding railway track access charges, the worsening trend in EBITDA eased, edging down from 38.5% in H1 2013 to 37.3% in H1 2014. This reflected measures adopted to offset the decline in revenue that was accentuated by the strike in June.

SNCF GEODIS BUSINESS UNIT

Highlights of H1 2014

This business unit's main commercial successes were:

Geodis

- Signed new contracts with building supply specialist **Point P** to build and manage a new logistics platform in Northern France. Geodis also signed an agreement with retailer **Conforama Poland** to transport, store and distribute furniture and housewares in France and Spain.
- Renewed or extended equipment transport contracts with the French **Ministry of Defense** and with **Moët Hennessy Diageo** for warehousing and distribution of wines and spirits.

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- STVA (automobile logistics)
  - Expanded operations in used car segment with major players including **Aramis**, **Natixis** and **Renault VO.**
- Rail and multimodal transport
  - Won a new contract with German steel producer **Salzgitter Mannesmann Großrohrwerk GmbH** (Fret SNCF and Captrain Deutschland).
  - Renewed or extended contracts with **Brasseries Kronenbourg** and **Saint-Gobain**.
- Equipment management (management of wagon and locomotive fleets)
  - Won contract with **Orlen Koltrans**, the transport subsidiary of Poland's largest oil group Orlen, representing a key stage in deploying Akiem's offer in Poland.

Revenue

Revenue totalled €4,385 million, up a slight 0.6% at constant scope of consolidation and exchange rates, despite the lacklustre economy in Western Europe—which still accounts for 80% of total business for SNCF Geodis.

After rising 1.7% in the first quarter, revenue—**restated to exclude the impact of the June strike in France—increased 0.5% in the second quarter.**

Without the strike, Fret SNCF (rail freight services in France) would have reported growth in service revenue for the first time since 2007.

The business unit's growth was driven by international business, including:

- **Geodis revenue rose 0.9%** thanks to an increase in freight forwarding (air and sea transport commission) and logistics on international markets that more than offset the decline in French business.
- **Revenue at the rail and freight transport hub TFM and Multimodal services rose 1.5%,** with drivers including **a 14.0% increase in rail transport operations in Europe other than France.**

The SNCF Geodis business unit thus continued to expand, driven by international business up 4.0% compared with a 2.7% fall in France. Excluding Europe, growth rose to a robust 7.7%.

At 30 June 2014, **SNCF Geodis derived nearly half of its total business from international markets.**

EBITDA

EBITDA came to €190 million, a rise of €42 million at constant scope of consolidation and exchange rates due to a **strong rise in profitability driven by Geodis** (+€35 million) and by the TFM and Multimodal hub (+€20 million). Within that hub, Fret SNCF rail freight is continuing its recovery (+€11 million despite the strike), building on its **Industrial Efficiency and Growth programme.**

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GARES & CONNEXIONS BUSINESS UNIT

Highlights of H1 2014

Services and retail outlets in stations

- **Selecta** won 10-year contract for vending machines in more than 800 stations.
- Deployed **free and unlimited Wifi**.

Station construction and refurbishment

- Opened renovated stations in **Cannes and Perpignan**.

- Launched renovation and extension of **Bordeaux-Saint-Jean and Paris-Austerlitz stations**.
- Start-up of refurbishment of **Paris-Montparnasse station** and **Transmanche terminal at Paris Gare du Nord station.**
- **AREP** (architecture and urban development) continued work on existing contracts, with a particular focus on international markets.

Revenue

Revenue generated outside SNCF Group totalled €137 million, up 9.0% from H1 2013.

Growth came primarily from increased revenue from retail and other outlets, especially advertising space and parking facilities, and through the signage and security amendment to the station services agreement signed with RFF, operator of the French rail network. This agreement was deployed in the second half of 2013.

EBITDA

EBITDA totalled €121 million, up €14 million from H1 2013, due primarily to growth in revenue from sources outside the Group.

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CHALLENGES AND OUTLOOK

- 2014 targets are, on the whole, in keeping with the financial roadmap defined in the Excellence 2020 programme.
- In view of the persistently sluggish economy in France and lost revenue resulting from the recent strike, **full-year 2014 prospects remain uncertain:**
  - Projections for year-end 2014 call for **slight rise in freight transport volumes, a modest increase in passenger traffic** and a contraction at SNCF Voyages. However both SNCF Infra and Keolis are set for further robust growth, driven by trends on international markets.
  - A determined effort to promote a strong **rise in EBITDA at SNCF Geodis and Keolis** and thus offset difficulties anticipated at:
    - Intercités, which is running a structural loss despite an agreement with the French State acting as Transport Organizing Authority; its operations are currently financed almost entirely by SNCF;
    - SNCF Voyages, experiencing unchanged traffic levels combined with a decline in average spend per customer and continued rise in track access charges.
  - A €2.1 billion investment programme, at once selective and optimized, to ensure quality service, particularly in the Paris region;
  - Target calling for **positive free cash flow and continued control of debt**
- However, **meeting these 2014 targets assumes unrelenting pursuit** of the company's **performance programmes and deployment of a new programme aimed at achieving structural savings and reducing investments between now and the end of the year,** as well as **a return to growth in France in particular.**
- **Economic and financial targets are critical. SNCF must maintain its financial room for manoeuvre if it is to pursue investment and face up to increasingly aggressive competitors.**

UPCOMING ANNOUNCEMENTS

Revenue for the first nine months of 2014: 30 October 2014

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Consolidated financial statements for 2014 are available on the SNCF Group website under "Finance" at www.sncf.com/finance/a-la-une

About SNCF Group

SNCF is a French world leader in mobility and logistics with a presence in 120 countries and a total workforce of over 250,000 generating revenue of €32.2 billion in 2013. International markets accounts for 25% of business volumes. A public sector group dedicated to public service, SNCF builds on its foundations in the French rail industry to offer an extended range of services for smooth door-to-door mobility in the interest of transport and logistics operators, passengers and the regional and local governments that are its organizing authorities. Targeting cross-border and international markets, SNCF Group is made up of five divisions: SNCF Proximités, operating local, urban and regional passenger services; SNCF Voyages, operating long-distance passenger services and distribution; SNCF Geodis, providing freight and logistic services; Gares & Connexions, charged with train-station management and development and SNCF Infra, managing, operating, maintaining and developing rail and related infrastructure. **www.sncf.com**

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