SNCF GROUP 2021 HALF-YEAR FINANCIAL REPORT

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STATEMENT OF THE PERSONS RESPONSIBLE FOR THE HALF-YEAR FINANCIAL REPORT

LA PLAINE SAINT-DENIS, 29 JULY 2021,

We attest that, to the best of our knowledge, the condensed consolidated financial statements for the half-year ended 30 June 2021 have been prepared in accordance with the applicable accounting principles and give a true and fair view of the assets and liabilities and the financial position of the issuer as at 30 June 2021 and of the results of its operations for the year then ended, and that the accompanying management report fairly presents the changes in operations, results and financial position of the issuer and a description of its main risks and uncertainties.

JEAN-PIERRE FARANDOU
SNCF GROUP CHAIRMAN AND CEO

LAURENT TRÉVISANI
DEPUTY CHIEF EXECUTIVE OFFICER
FINANCE STRATEGY

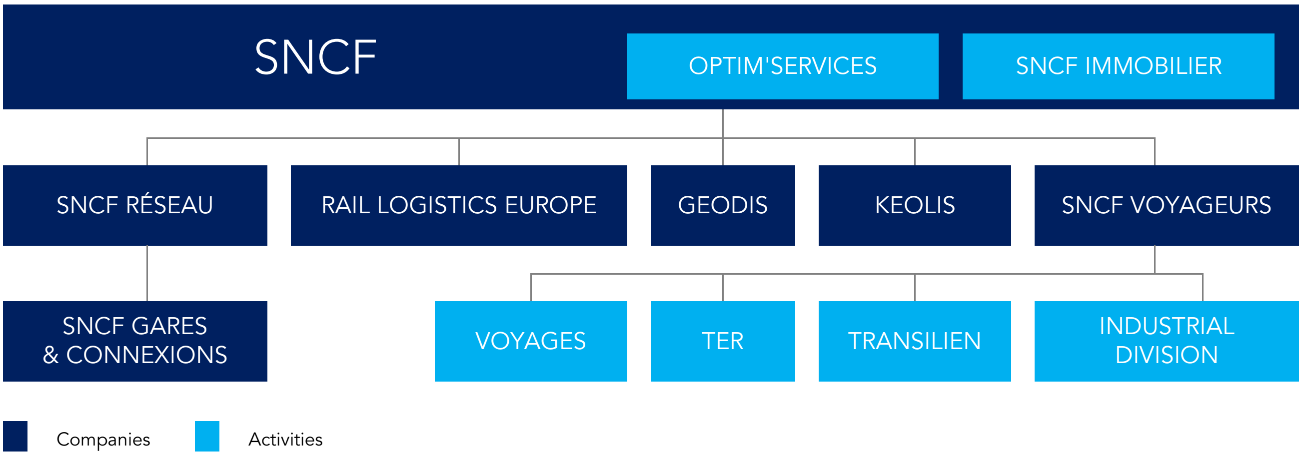
SNCF GROUP

30 JUNE 2021

01 – SNCF GROUP HALF-YEAR ACTIVITY REPORT

THE SNCF GROUP IN THE FIRST HALF OF 2021

Since the rail reform of 01/01/2020, the SNCF Group has been organised into 5 main business lines and 11 activities:



1. MAJOR EVENTS IN THE FIRST HALF OF 2021

SNCF Group draws on a resilient business model and its power to adapt—in both crisis and recovery

All logistics and freight operations are growing rapidly. After a record performance in H2 2020, **Geodis hit a new high in H1 2021**, with revenue up +21% from H1 2020 and +20% from H1 2019, buoyed by robust trends in e-commerce, particularly in the US and Europe. The company also strengthened its operations by acquiring Pekaes in Poland and Condiservices in France. Meanwhile, rail freight revenues were up +13% from H1 2020.

Keolis reported strong growth, particularly on international markets, with revenue up +9% from H1 2020. Notable wins included a contract to operate and maintain Dubai's metro/tram network and an expanded presence in the Australian cities of Adelaide and Sydney. In Sweden, the company confirmed its expertise in operating bus systems powered by green energy, with contracts for a 100% electric bus network in Gothenburg and a biogas/biodiesel bus network serving the eastern county of Uppsala.

In France, Keolis won a contract for the bus network serving the north-eastern city of Thionville, and bid successfully for major contracts in the Paris Region, including two Optile deals and a mobility assistance service in the city's western suburb of Les Yvelines. Together these contracts represent an additional €100m a year in revenues.

Passenger rail services provided under contract by SNCF Voyageurs saw revenues rise steeply, with Transilien commuter services in the Paris Region up +21% and TER regional rail up +16% from H1 2020.

Long-distance passenger rail tapped into steeply rising travel demand as pandemic restrictions were lifted from May on, reporting sales up +2% from H1 2020 at the end of June. The trend gathered strength in June thanks to a **sweeping fare overhaul** designed to boost overall volumes and offset a steep fall in business travel. The move was successful: since the Avantage programme was launched in June, some 210,000 new discount cards have been sold.

International high-speed rail services (Eurostar, Thalys and other cross-border operators) adjusted their offerings for leisure travellers. OUIGO España, the new low-price HS line that opened in May 2021 in Spain, has been a success with seat occupancy running at 95%.

SNCF Réseau reported revenues up +16% from H1 2020.

This resilient response was accompanied by an action plan and exceptional cost-cutting measures in an effort to sharply curtail the pandemic's impact on SNCF Group's financial trajectory. By 30 June, **these had boosted free cash flow by some €830m, or nearly 65% of the Group's full-year target of €1.3bn.**

Essential investments set to continue thanks to the French State's recovery plan

Despite the challenging economic conditions, SNCF is continuing to **invest heavily to complete essential projects and operations**, focusing particularly on revitalizing and upgrading the French network. **The Group**

is investing more than €11.5bn in 2021, with nearly 40% financed by SNCF and **over 90% dedicated to rail in France**.

In the first half of the year, investments totalled €4.7bn, financed in part by the State under its rail industry recovery plan, which includes a €4.05bn capital increase for SNCF SA. All proceeds from this increase are earmarked to keep the network revitalization effort at its original level. Investments financed by SNCF were limited to €874 million in H1 2021.

Thanks to support from the French State—the Group's sole shareholder—**works to revitalize and upgrade the network and improve railway stations are continuing on schedule**.

Financial commitments confirmed

Group finances benefitted from the French State's recovery plan and from the action plan deployed by SNCF itself, including the disposal of a non-strategic asset:

– Rail performance improved and became more competitive. Cost-cutting launched in March 2020 is expected to save €1.3bn full year in 2021;

– Plans to sell Ermewa, a non-strategic subsidiary specializing in wagon and tanker rentals, are expected to be finalized in the second half of 2021;

– SNCF Réseau has received its first payment of €1.645bn under the rail recovery package.

Thanks to the Group's business volumes, its intrinsic performance, and the State recovery plan, **SNCF has confirmed the financial commitments made under the 2018 rail reform package**, including the **target of free cashflow at breakeven by 2022**.

Sound finances maintained and recognized

SNCF Group has maintained its sound financial footing and investor confidence, as reflected in the large number of bonds issued in H1 2021, raising a total of €2.78bn. They included a €1.5bn 40-year public benchmark issue, long private placements in currencies other than the euro, and a return to the Sterling market. Altogether, SNCF Group raised over €900m in non-euro currencies, or 33% of total capital raised in H1 2021, on maturities ranging from two to 50 years.

SNCF remains the world's fifth-largest issuer of Green Bonds (excluding sovereign debt, supranational issues and banks), with €7.6bn outstanding at 30 June 2021. Investors have clearly recognized SNCF's ability to create and develop projects promoting the energy transition.

Eurostar was hit very hard by public health restrictions limiting travel between the UK and continental Europe, and traffic declined sharply in H1 2021. To secure its future as travel restrictions are lifted and business gradually returns to normal, shareholders and banks joined forces in a support plan that raised £250m or around €290m.

Thalys also required a €120m bank loan to cover its short-term needs and finance a smooth resumption of business.

Unlike several of its competitors, SNCF has seen its rating confirmed by all of the rating agencies (S&P AA-, Moody's Aa3, Fitch A+) despite the pandemic.

In short, the Group's **financing capacity is intact, its cash position was a robust €8.65bn at 30 June 2021, and its available credit line comes to €3.5bn**. Together these factors have helped SNCF Group look to the post-pandemic future and move toward its targets boldly and confidently.

Meeting expectations for more sustainable mobility

Over the past six months, **SNCF has worked hard to reduce its carbon footprint**—though rail is already the most eco-friendly transport solution available. Several low-carbon train and truck projects have got under way, among them biofuel- and hydrogen-powered TERs, TGV M, and natural gas-powered trucks. Keolis is ramping up use of biogas, biodiesel and electric buses on the networks it operates. And renewables account for a rising share of the Group's consumption, whether through acquisition of photovoltaic energy under a 20-year power purchase agreement, or development of its own solar power sites.

SNCF is also working to make passengers more aware of low-carbon transport modes by reintroducing overnight Intercités trains and offering users a CO2 calculator that compares emissions across five travel modes.

Despite the crisis, SNCF Group continues to promote regional economic and social development, particularly through its responsible procurement policies.

2. SNCF GROUP KEY FIGURES

In € millions	30/06/2021	30/06/2020
Revenue	16,060	14,129
EBITDA	1,394	69
Net profit/loss attributable to equity holders of the parent	-780	-2,389
Recurring net profit/loss attributable to equity holders of the parent (1)	-790	-2,384
Net investments (2)	874	2,397
Investment from all funding sources (3)	4,662	3,752
Free cash flow (4)	-745	-2,809
Net debt / EBITDA (5)	11.8	13.6
Workforce	269,134	271,949

In € millions	30/06/2021	31/12/2020
SNCF Group net debt	38,404	38,148
of which SNCF Réseau net debt	28,496	29,422

(1) Definition of recurring net profit/loss in the Group activities and financial results chapter of this report.

(2) Net investments are calculated as follows:

In € millions	30/06/2021	30/06/2020
by aggregating the following line items from the cash flow statement:		
- Acquisitions of intangible assets and property, plant and equipment	3,746	3,033
- Investment grants received	-3,010	-764
- New concession financial assets	1,073	693
- Cash inflows from concession financial assets	-935	-565
Total net investments	874	2,397

(3) Investment from all funding sources is calculated as follows:

In € millions	30/06/2021	30/06/2020
by aggregating the following line items from the cash flow statement:		
- Acquisitions of intangible assets and property, plant and equipment	3,746	3,033
- New concession financial assets	1,073	693
minus changes in working capital requirement relating to investing activities, as presented in Note 4.2 to the condensed half-year consolidated financial statements	157	-26
Total investment from all funding sources	4,662	3,752

(4) Free cash flow is calculated as follows:

In € millions	30/06/2021	30/06/2020
by aggregating the following line items from the cash flow statement:		
- Cash from operations after cost of net debt and taxes	769	-520
- Acquisitions of intangible assets and property, plant and equipment	-3,746	-3,033
- Investment grants received	3,010	764
- Repayment of lease liabilities	-476	-502
- Repayment of IFRS 16 lease receivables	0	1
- Proceeds from disposals of intangible assets and property, plant and equipment	147	91
- New concession financial assets	-1,073	-693
- Cash inflows from concession financial assets	935	565
- Impact of change in working capital requirement	-430	398
change in working capital requirement relating to income taxes, included in the cash flow statement line item "Taxes (paid)/collected"	108	109
accrued interest on IFRS 16 lease liabilities, included in the cash flow statement line item "Interest paid on lease liabilities"	0	-0
dividends received from entities accounted for by the equity method, included in the cash flow statement line item "Dividends received"	11	12
Total free cash flow	-745	-2,809

(5) Net debt as of 30 June and EBITDA calculated over 12 months on a rolling basis.

3. SUBSEQUENT EVENTS

There were no significant subsequent events.

SNCF GROUP 2021 HALF-YEAR ACTIVITIES AND FINANCIAL RESULTS

1. ANALYSIS OF GROUP RESULTS

1.1 GROUP RESULTS

In € millions	H1 2021	H1 2020	Change 2021 vs 2020	
Revenue	16,060	14,129	1,931	13.7%
Infrastructure fees	-260	-373	114	-30.5%
Purchases and external charges other than infrastructure fees	-6,371	-5,612	-759	13.5%
Taxes and duties other than income tax	-799	-892	93	-10.4%
Employee benefit expense	-7,307	-7,140	-166	2.3%
Other operating income and expenses	71	-43	113	-266.5%
EBITDA	1,394	69	1,326	-
Depreciation and amortisation	-1,886	-1,980	93	-4.7%
Net movement in provisions	103	-55	158	-286.0%
Current operating profit/loss	-389	-1,966	1,577	-80.2%
Net proceeds from asset disposals	37	61	-24	-39.1%
Impairment losses	11	-13	24	-188.1%
Operating profit/loss	-341	-1,918	1,577	-82.2%
Share of net profit/loss of companies consolidated under the equity method	0	9	-9	-95.8%
Operating profit/loss after share of net profit/loss of companies consolidated under the equity method	-341	-1,909	1,568	-82.2%
Net finance costs of employee benefits	37	-5	42	-778.5%
Net borrowing and other costs	-469	-547	78	-14.3%
Net finance cost	-432	-552	120	-21.8%
Net profit/loss before tax	-773	-2,462	1,689	-68.6%
Income tax expense	-103	-97	-6	6.1%
Net profit/loss from ordinary activities	-876	-2,559	1,683	-65.8%
Net profit/loss from transferred operations	-	-	-	n/a
Net profit/loss for the period	-876	-2,559	1,683	-65.8%
Net profit/loss attributable to equity holders of the parent	-780	-2,389	1,608	-67.3%
Net profit/loss for the period attributable to non-controlling interests (minority interests)	-95	-170	75	-43.9%
Recurring net profit/loss attributable to equity holders of the parent (1)	-790	-2,384	1,593	-66.8%

EBITDA / Revenue	8.7%	0.5%
Current operating profit or loss / revenue	-2.4%	-13.9%

(1) The Group discloses, both internally and externally, on recurring net profit attributable to equity holders of the parent determined on the basis of net profit attributable to equity holders of the parent restated for:

– impairment losses;

– transactions generating an impact on profit or loss that is individually greater than €50 million in absolute value, generally included in and/or allocated between "Fair value remeasurement of previously-held equity interest" and "Net proceeds from asset disposals";

– the Group's share in these various items recorded in companies accounted for under the equity method and included in "Share of net profit/loss of companies consolidated under the equity method";

– changes in the fair value of financial instruments included within "Net borrowing and other costs" that exceed €50 million in absolute value;

– specific transactions involving financial instruments (restructuring, renegotiation or other) with an impact of more than €50 million in absolute value on the cost of net financial debt;

– the change in deferred tax assets recognised on the entities of the SNCF tax consolidation group in the line item "Income tax expense";

– the share of minority interests relating to these various items and included in the line item "Net profit/loss attributable to non-controlling interests (minority interests)".

The indicator better reflects the net profit or loss attributable to equity holders of the parent relating to the Group's recurring performance. At the end of the year, it was as follows:

In € millions	Notes (*)	30/06/2021	30/06/2020
Net profit/loss attributable to equity holders of the parent		-780	-2,389
Impairment losses	4.3	-11	13
Included in " Net borrowing and other costs " (specific transactions on financial instruments)		-	1
Included in "Income tax expense"		2	-2
Included in "Net profit/loss attributable to non-controlling interests (minority interests)"		-1	-7
Recurring net profit/loss for the period attributable to equity holders of the parent		-790	-2,384

(*) Refers to the notes to the condensed half-year consolidated financial statements.

1.2 COMPARABILITY OF THE FINANCIAL STATEMENTS

The comparability of the 2021 results with those of 2020 was impacted by the following changes in scope and exchange rates:

In € millions		Impact on change in revenue
Voyages SNCF	Exchange rate fluctuations	0
Passengers - other	Change in 2020 scope (1)	
	Sale of OuiCar	-2
Keolis	Change in 2021 scope	
	Sale of CSG Commuter Security	-5
	Exchange rate fluctuations	12
Geodis	Change in 2021 scope	
	Acquisition of Condi Services	11
	Acquisition of Pekaes	117
	Exchange rate fluctuations	-117
Rail Logistics Europe	Exchange rate fluctuations	0
Freight & Logistics - Other	Change in 2020 scope (1)	
	Acquisition of DEMI	2
	Change in 2021 scope	
	Acquisition of INVEHO Germany	10
	Exchange rate fluctuations	-1
Internal operations		-
Total		28

(1) Transactions carried out in 2020 that had an impact on 2020/2021 revenue trends

1.3 2021 FIRST-HALF RESULTS

1.3.1 Revenue

The SNCF Group generated consolidated revenue of €16,060 million in the first half of 2021, an increase of €1,931 million (+13.7%) compared to 2020, reflecting:

– changes in scope for +€133 million;

– impact of exchange rate fluctuations for -€105 million;

– Group organic growth of +€1,903 million (+13.5%); growth in the business lines was as follows (data at business line level):

2021 first-half organic growth in revenue at business line level		
SNCF Réseau	+€425 million	+16.0%
SNCF Gares & Connexions	+€11 million	+1.6%
Transilien	+€312 million	+21.3%
TER	+€363 million	+16.4%
Voyages SNCF	+€32 million	+1.7%
Industrial Division	+€128 million	+17.5%
Passengers - Other	+€4 million	+1.6%
Keolis	+€248 million	+8.6%
Geodis	+€856 million	+21.4%
Rail Logistics Europe	+€93 million	+13.1%
Freight & Logistics - Other	+€17 million	+7.4%
SNCF Immobilier	+€9 million	+2.9%
Corporate	+€34 million	+6.8%

1.3.2 EBITDA

At €1,394 million for the period ended 30 June 2021, EBITDA improved by €1,326 million compared to 2020, and the EBITDA-to-revenue ratio increased from 0.5% to 8.7% between 2020 and 2021.

The EBITDA loss due to the health crisis was estimated at €2.6 billion in 2021, compared to an estimated loss of €3.2 billion in H1 2020.

In € millions	H1 2021	H1 2020	Change 2021 vs 2020		Change at constant scope and exchange rates	
Revenue	16,060	14,129	1,931	13.7%	1,903	13.5%
Employee benefit expense	-7,307	-7,140	-166	2.3%	-190	2.7%
Purchases and external charges (other than infrastructure fees, traction energy and fuel), and other income and expenses	-5,823	-5,190	-632	12.2%	-587	11.3%
Infrastructure fees	-260	-373	114	-30.5%	114	-30.6%
Traction energy and fuel	-478	-464	-14	2.9%	-12	2.6%
Taxes and duties other than income tax	-799	-892	93	-10.4%	92	-10.4%
EBITDA	1,394	69	1,326	-	1,321	-
EBITDA to revenue ratio	*8.7%*	*0.5%*				

1.3.3 Current operating profit/loss

The current operating loss was -€389 million, up €1,577 million compared to 2020.

The revenue to current operating profit conversion rate thus fell from -13.9% to -2.4%.

The €1,326 million improvement in EBITDA was accentuated by a €93 million decline in depreciation and amortisation and a net increase in provisions, with a net reversal of €103 million in 2021 compared to a net charge of -€55 million in 2020.

1.3.4 Operating profit/loss

Operating profit increased by €1,577 million; the change in current operating profit was compounded by:

– impairment losses of €11 million in 2021 compared with -€13 million in the previous year;

– a €24 million decrease in net proceeds from asset disposals.

1.3.5 Net finance cost

The €120 million decrease in net finance cost between 2020 and 2021 was primarily due to the reduction in the SNCF Réseau cost of debt and the positive impact of changes in employee benefit actuarial assumptions.

1.3.6 Income tax expense

Income tax expense remained relatively unchanged.

1.3.7 Net profit/loss attributable to equity holders of the parent

As a result of all of these changes, the net loss attributable to equity holders of the parent was -€780 million, compared with -€2,389 million in 2020, after recognition of a net loss attributable to non-controlling interests (minority interests) of -€95 million.

2. ACTIVITY RESULTS

The contributions to revenue, EBITDA, net investments, and investment from all funding sources of the Group's components break down as follows (unless otherwise indicated, the financial data per activity shown in the table below and the tables on the following pages are presented as a Group contribution):

In € millions	SNCF Réseau	SNCF Gares & Con-nexions	Transilien	TER	Voyages SNCF	Industrial Division	Passengers - Other	Keolis
a) External revenue	1,280	95	1,609	2,404	1,732	33	12	3,084
b) Internal revenue	1,802	627	167	164	188	827	238	55
a+b Revenue	3,083	722	1,777	2,569	1,919	861	250	3,138
c) External EBITDA	636	112	187	100	-768	12	24	284
d) Internal EBITDA	43	7	17	20	24	15	3	8
c+d EBITDA	680	119	204	120	-744	27	27	292
Net investments (1)	17	37	198	-60	316	39	9	97
Investment from all funding sources (1)	2,534	326	630	430	364	34	8	110

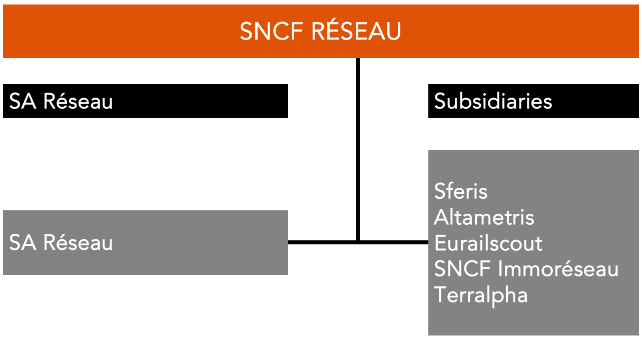
(1) See definition in Note 2 - SNCF Group key figures

In € millions	Geodis	Rail Logistics Europe	Logistics - Other	SNCF Immobilier	Corporate	Inter-segment eliminations	Total
a) External revenue	4,812	745	228	16	9		16,060
b) Internal revenue	54	59	34	309	527	-5,051	-
a+b Revenue	4,865	804	263	325	536	-5,051	16,060
c) External EBITDA	454	85	138	98	31	-	1,394
d) Internal EBITDA	4	26	-	1	28	-196	-
c+d EBITDA	458	111	138	99	60	-196	1,394
Net investments (1)	54	29	108	7	23		874
Investment from all funding sources (1)	50	27	123	7	20		4,662

(1) See definition in Note 2 - SNCF Group key figures

Unless stated otherwise, the analyses of results by activity are not restated for scope and exchange rate impacts. Comments on revenue and EBITDA relate to data calculated at the level of each business line.

2.1 SNCF RÉSEAU



SNCF Réseau sells track slots and is responsible for the management, maintenance, upgrading and development of the national rail network. Its customers are 28 railway operators which use the national rail network and 9 other companies (combined transport operators, ports, etc.) which reserve track slots that they then assign to the railway operator of their choice. The segment includes the Sferis, Altametris, Eurailscout, SNCF Immoréseau and Terralpha subsidiaries.

In € millions	H1 2021	H1 2020	Change
a) External revenue	1,280	1,214	66
b) Internal revenue	1,802	1,443	359
a+b Revenue	3,083	2,658	425
c) External EBITDA	636	222	414
d) Internal EBITDA	43	52	-8
c+d EBITDA	680	274	406
EBITDA / Revenue	22.1%	10.3%	
Net investments	17	1,575	-1,557
Investment from all funding sources	2,534	1,989	545

Highlights

– Major impact of the third lockdown on traffic and infrastructure fees. High-speed and international lines bore the brunt.

– Regarding the Charles de Gaulle Express project, in March 2021 SNCF Réseau obtained a stay of execution and was able to resume construction work pending the appeal decision expected in early July. Work resumed but did not reach the expected pace.

– Payment by the French State on 23 February 2021 of €1,645 million with respect to the first tranche of the recovery plan.

– Roll-out of the "Tous SNCF ambition Réseau" corporate project based on four priorities:

- Absolute customer focus.
- Production quality requirement
- Need for operational and occupational safety.
- Achieve a financial balance in 2024.

– 2021-2030 performance contract is being finalised.

2021 first-half results

– Revenue

SNCF Réseau revenue was up 16.0%, i.e. €425 million, compared to 2020. The impacts of the health crisis and the counter-effect of strikes at the start of 2020 were estimated at +€240 million and +€80 million, respectively. The residual difference was primarily due to the increase in other income (+€48 million), the indexation of infrastructure fees (+€40 million, including +1.4% for TGV and Freight, +2.9% for Intercités and +0.5% for Transilien and TER), a positive volume impact on TGV track slots (+€13 million) as well as the adjustment of the Freight compensation calculation base (+€9 million).

– EBITDA

EBITDA rose by €406 million or 148.3% compared to the previous year, including €244 million in connection with the health crisis and €70 million due to the 2020 strikes. The residual EBITDA amount was due to positive price and volume impacts on fees and the net increase in provisions for current assets.

– Net investments

Net investments for the period (€17 million) were down €1,557 million. The decrease was primarily due to the payment of the French State grant received under the recovery plan (€1,645 million).

– Investment from all funding sources

Investment from all funding sources for the period (€2,534 million) was up €545 million due to the counter-effect of the health crisis which had slowed down work considerably in H1 2020 (work stoppages during lockdown); this change mainly involved renewal operations (+€0.3 billion).

Outlook for the second half of 2021

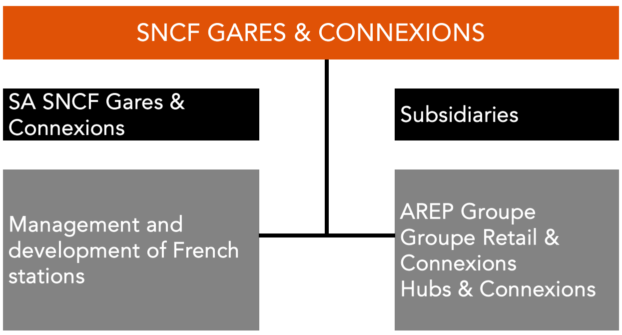
– Roll-out of the "Maintenir demain" project: training, process and extensive reorganisation of production sites and optimisation of head office functions.

– 2021-2030 performance contract: finalisation of contract negotiations with the French State, with a review clause planned for Q1 2022 to take into account the impacts of the health crisis.

– Minor historical regional lines: improvement in compensation amount methodology to obtain the initial estimates for the Occitanie and Grand Est regions in Q3 2021.

– Performance contracts with the regions: set-up of various contractual indicators agreed with the regions to measure SNCF Réseau's ability to deliver the expected service quality.

2.2 SNCF GARES & CONNEXIONS



SNCF Gares & Connexions specialises in the design, operation and marketing of train stations. It includes SNCF Gares & Connexions SA and its subsidiaries Arep, Retail & Connexions and Hubs & Connexions.

In € millions	H1 2021	H1 2020	Change
a) External revenue	95	100	-5
b) Internal revenue	627	611	16
a+b Revenue	722	711	11
c) External EBITDA	112	93	19
d) Internal EBITDA	7	5	1
c+d EBITDA	119	98	21
EBITDA / Revenue	16.5%	13.8%	
Net investments	37	-10	47
Investment from all funding sources	326	261	64

Highlights

– On 20 April 2021, the French Court of Auditors released a public report on passenger rail stations. It drew up 5 recommendations to better define the service offering, create the option of a transfer of ownership for regional stations and enhance the SNCF Gares & Connexions economic model. They were taken into account in the business line's strategic plan.

– On 1 June, the French Transport Regulatory Body (ART) was presented with a 2021 station reference document (DRG), taking into account a decline in the weighted average cost of capital (WACC) to 4.5% before tax instead of 5.5% in 2020. The annual impact on infrastructure fees received totalled -€24 million.

– In the current health context, station retail outlets struggled due to their closure during lockdown and a very slow recovery in trade; this led to a significant drop in concession revenue for SNCF Gares & Connexions.

– Cost-saving measures were implemented to limit the impact of the health crisis.

– A claim was filed by associations on 15 February 2021 regarding the building permit for the Paris Austerlitz station. The disposals planned in 2021 may only be conducted if the permit has been cleared of any claims (clearance estimated in 2022 or early 2023).

2021 first-half results

– Revenue

SNCF Gares & Connexions revenue was up €11 million (1.6%) compared to 2020. The positive net impact of the health crisis (+€33 million, due to continuous construction and maintenance work in H1 2021) was partly offset by the decline in subsidiary revenue (-€10 million) and the decrease in internal rents (-€7 million).

– EBITDA

EBITDA rose by €21 million between 2020 and 2021 in connection with the positive net impact of the health crisis for €24 million.

– Net investments

Net investments for the period (€37 million) increased by €47 million. This was due to improved progress in investment projects (+€64 million), an impact accentuated by the reduction in working capital requirement (-€38 million in 2021, compared to +€203 million in 2020) and attenuated by the collection of higher grants (-€259 million).

– Investment from all funding sources

Investment from all funding sources for the period (€326 million) was up €64 million, reflecting the improved progress in projects in H1 2021 compared to the same period in 2020.

Outlook for the second half of 2021

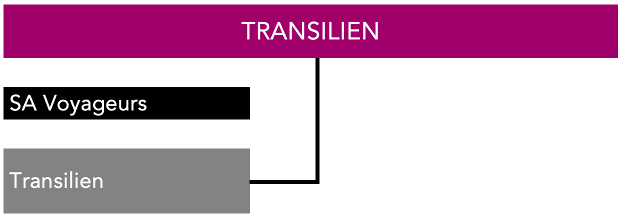
– The opinion of the French Transport Regulatory Body on the 2021 station reference document is expected in September.

– Following the issue of the building permit for the Gare du Nord 2024 project, work is expected to commence at the end of June, provided that the service provider agrees on the planning and the objective cost.

– The operating and capital expenditure cost savings plans were extended to limit the impacts of the health crisis.

– The recovery rate of commercial activity in stations is a key economic performance indicator for SNCF Gares & Connexions.

2.3 TRANSILIEN



Transilien provides local rail transport services in the Île-de-France (Greater Paris) region. This sector also includes the daily mobilities department (the financial data presented below includes data from this department).

In € millions	H1 2021	H1 2020	Change
a) External revenue	1,609	1,311	299
b) Internal revenue	167	154	13
a+b Revenue	1,777	1,465	312
c) External EBITDA	187	-41	228
d) Internal EBITDA	17	16	1
c+d EBITDA	204	-25	229
EBITDA / Revenue	11.5%	-1.7%	
Net investments	198	356	-158
Investment from all funding sources	630	522	108

Highlights

– Application of the contract signed at the end of 2020 with Île-de-France Mobilités for the period 2020-2023, with more requirements for the benefit of passengers:

- Increased capital expenditure to renew rolling stock and improve the service, 100% funded by the organising authority.
- Fines and incentives: bonus/penalty budget multiplied by 4 to reach €100 million per year, including 25% as a direct result of passenger opinions.
- Communication, regularity, safety: service indicators for "better travel".
- Real-time passenger information and support: the investments will help determine the real-time availability of on board vehicle equipment or loads.
- Automatic repayments in the event of strikes if the minimum service is not guaranteed.

– The impact of the health crisis on passenger numbers in Île-de-France (reduced in half at the end of May compared to the nominal reference), together with the roll-out since the end of the first quarter of a transport plan adapted to new passenger behaviour on nearly three quarters of Transilien lines.

– A punctuality rate (94.7% on average at the end of April) surpassing contractual objectives.

– Service quality at its highest ever with an 80% customer satisfaction rate (at the end of May).

– Continued steady roll-out of the investment program with:

- Delivery of 17 NAT trains for lines J and P, 4 Regio2N trains for line N and 5 Dualis tram-trains for line T13 (tangentielle ouest tram).
- Delivery of maintenance and garage sites at Vaires (lines E and P) and Corbeil (lines D and R).
- Ongoing installation of new ticket validation machines in Île-de-France stations.

2021 first-half results

– Revenue

Transilien 2021 revenue rose by €312 million i.e. +21.3% compared to 2020. This increase was attributable for +€233 million to the reduced impact of the health crisis in 2021 compared to 2020 (impact estimated at -€20 million in 2021 compared to -€253 million in 2020); this was due to the non-signing at the end of June 2020 of the new contract with Île-de-France Mobilités (IDFM), and therefore the non-enforcement as at 30 June 2020 of the revenue loss sharing clause with the organising authority. The additional difference of +€79 million was mainly due to the rise in compensation for IDFM under the new contract and the counter-effect of the January 2020 strikes (+€33 million). Traffic increased by 19%.

– EBITDA

Transilien EBITDA rose by €229 million between 2020 and 2021 due to the reduced impact of the health crisis in 2021 compared to 2020 for +€138 million (no enforcement of the revenue loss sharing clause with IDFM in 2020). The additional difference was primarily due to the compensation from the expected improvement in service quality, the counter-effect of the January 2020 strikes (+€11 million) and the net increase in provisions for current assets (+€36 million).

– Net investments

Net investments for the period (€198 million) were down €158 million due to the higher amount of grants received under the new contract with Île-de-France Mobilités (investments fully subsidised) for -€270 million; this impact was offset by a €112 million increase in gross investments.

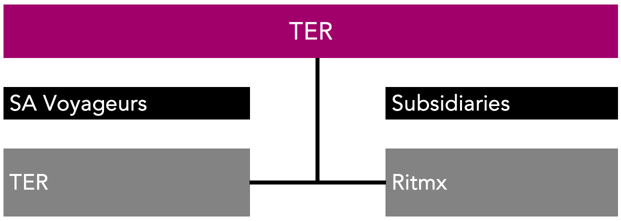
– Investment from all funding sources

Investment from all funding sources for the period (€630 million) was up €108 million. The increase mainly concerns acquisitions of new rolling stock (+€50 million), rolling stock industrial work (+€20 million) and workshop projects and other fixed installations (+€42 million).

Outlook for the second half of 2021

Definition of a transport offering adapted to new passenger behaviour following the summer of 2021 subject to the approval of Île-de-France Mobilités.

2.4 TER



TER provides regulated regional passenger transport services (rail and road, including urban and peri-urban), and related services (via the Ritmx subsidiary).

In € millions	H1 2021	H1 2020	Change
a) External revenue	2,404	2,052	352
b) Internal revenue	164	154	11
a+b Revenue	2,569	2,206	363
c) External EBITDA	100	16	84
d) Internal EBITDA	20	18	1
c+d EBITDA	120	35	85
EBITDA / Revenue	4.7%	1.6%	
Net investments	-60	-112	52
Investment from all funding sources	430	268	162

Highlights

– A first half marked by the health crisis and the decline in traffic with hope of a gradual recovery in the second half.

– Set-up of adapted transport plans for all regions except Auvergne-Rhône-Alpes, particularly during the April lockdown, in close coordination with the Organising Authorities.

– Pre-information notice for a new lot opened to competition published in May by the Hauts-de-France region on services corresponding to links between the following cities:

- Paris – Creil – Compiègne — Saint-Quentin – Maubeuge/Cambrai.
- Paris – Laon.
- Roissy-Creil to Amiens and Saint-Quentin ("TGV" high-speed services not included).

– Ongoing improvement in production quality in H1 2021.

– Further digitalization of distribution at a greater than expected pace as the year-end objective was already surpassed at the end of May.

– Order of the first hydrogen trains from Alstom (12 to 14 dual-mode electric and hydrogen trains) for the Bourgogne-Franche-Comté, Grand Est, Auvergne-Rhône-Alpes and Occitanie regions.

2021 first-half results

– Revenue

TER 2021 revenue rose by €363 million, i.e. 16.4% compared to 2020 due to:

- the reduced impact of the health crisis in 2021 compared to 2020 (+€300 million);
- the counter-effect of the January 2020 strikes (+€61 million).

Traffic increased by 32%.

– EBITDA

TER EBITDA increased by €85 million (246.6%) year-on-year. This increase was mostly due to the reduced impact of the health crisis in 2021.

– Net investments

The rise in TER net investments (€52 million) was due to higher gross investments (+€216 million) in line with the OP'TER rolling stock upgrade programme; this impact was offset by an increase in grants (-€164 million).

– Investment from all funding sources

Investment from all funding sources for the period (€430 million) rose by €162 million primarily due to the start-up of the OP'TER rolling stock upgrade programme.

Outlook for the second half of 2021

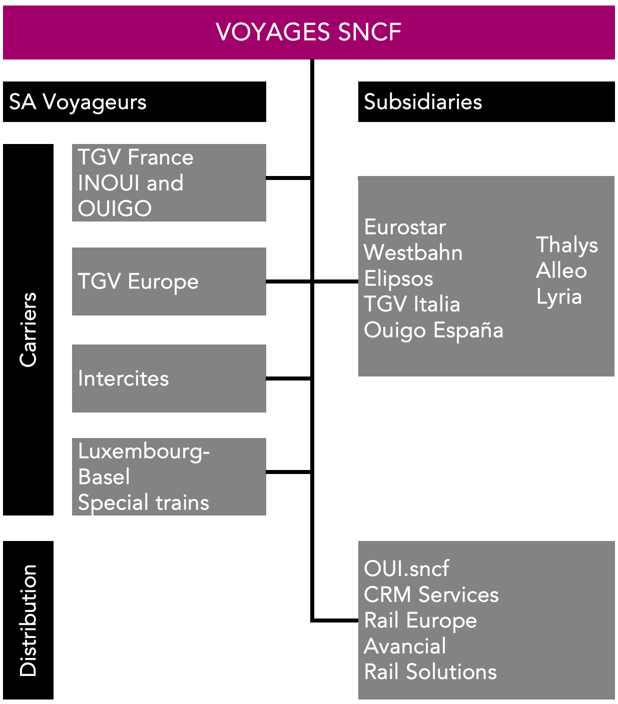
– Set-up of a business recovery plan with all the regions to reboost traffic and revenue (3 million low-cost tickets under €10, TER de France youth passes, regional offers for young people, TER tourist card).

– Negotiations with the Grand Est, Centre-Val-de-Loire and Pays-de-la-Loire regions for new agreements and with Occitanie for the planned review.

– Ongoing discussions with certain Organising Authorities to take into account the impact of the health crisis following the regional elections.

– Decision by the Sud Provence-Alpes-Côte d'Azur region on the allocation of Azur and inter-city lots expected no later than the end of the third quarter. SNCF Voyageurs submitted an offer for two lots.

2.5 VOYAGES SNCF



Voyages SNCF offers its customers:

– door-to-door passenger transport services in France and across Europe via SA Voyageurs (TGV, OUIgo, Intercites) and its subsidiaries (Eurostar, Thalys, Lyria, OUIgo España, etc.);

– distribution of travel-related products (including the subsidiary Oui.sncf).

In € millions	H1 2021	H1 2020	Change
a) External revenue	1,732	1,720	11
b) Internal revenue	188	167	21
a+b Revenue	1,919	1,887	32
c) External EBITDA	-768	-905	137
d) Internal EBITDA	24	30	-6
c+d EBITDA	-744	-875	131
EBITDA / Revenue	-38.8%	-46.4%	
Net investments	316	237	79
Investment from all funding sources	364	350	14

Highlights

Voyages SNCF excluding Intercités

– Business was severely hit by the health crisis that was more widespread and lasted longer than expected. This prevented a return to business at normal levels on both the domestic and international markets. In this exceptional context, the activity proved to be particularly agile and was able to adapt its offering to demand and set up appropriate cost saving measures.

– Following the end of travel restrictions, proactive measures were undertaken to launch a business recovery plan for leisure traffic. The trends for the forthcoming months should improve, with the possible reopening of borders in the summer and the ramp-up in vaccination campaigns in France and Europe.

– A very positive trend was observed for production quality with the boost in the transport plan following the end of lockdown:

- An excellent regularity rate which totalled 87.6% at the end of May for an 84.6% target; performance partly attributable to the Equipment activity (punctuality of over 98.5%).
- A punctuality rate which remained high at 89.8% at the end of May for an 88% target.

– In France, the activity launched an ambitious price range revision (AvantageS programme) on 1 June.

– Internationally, launch of OUIgo España in May 2021, with the initial results surpassing expectations. The finalisation of refinancing measures should lead to a gradual business recovery for Eurostar and Thalys as and when health restrictions are lifted and the relaunch of the Greenspeed project.

Intercités

– Health crisis with major impacts on the level of traffic and revenue. In this exceptional context, Intercités maintained a service on its backbone lines in keeping with the request of its organising authority.

– A agreement framework under development: ongoing negotiations with the Directorate-General for Infrastructure, Transport and the Sea (DGITM) for the forthcoming agreement; the 2021 amendment was approved by the Board of Directors on 23 June 2021.

– Finalisation of the agreement with the DGITM for financial years 2019 and 2020.

– Launch of the Paris-Nice night train.

– Launch of the night train renovation programme (annual budget of €24 million).

2021 first-half results

– Revenue

Voyages SNCF revenue increased by €32 million (+1.7%), mainly due to the counter-effect of the January 2020 strikes (+€143 million) and the greater impact of the health crisis in 2021 compared to 2020 (-€77 million).

Voyages (excluding subsidiaries and Intercités) reported a €215 million/+15.1% increase in revenue. In this market, the €229 million rise in revenue was due to the reduced impact of the health crisis in 2021 compared to 2020. The counter-effect of the January 2020 strikes also had a positive €121 million impact on revenue. However, the generous pricing policy and less business customers in the mix generated a €135 million decline in revenue. Traffic increased by 20% and traffic revenues were up 19%.

Eurostar reported a €192 million/-88.1% decrease in revenue. This was entirely due to the health crisis and travel restrictions in Europe. Traffic declined by 91% and traffic revenue was down 88%.

Thalys reported a €57 million/-48.5% decline in revenue, including -€125 million attributable to the greater impacts of the health crisis in 2021 than in 2020. Conversely, last year's transport plan had been reduced following rolling stock maintenance operations. Traffic declined by 73% and traffic revenue was down 68%.

Intercités revenue increased by €53 million/+31.3%, due to a net health crisis impact of +€22 million, a +€12 million counter-effect of the 2020 strikes, and an additional difference of +€19 million following the negotiation of the 2021 amendment and payment by the organising authority of a share of revenue losses. Traffic increased by 40% and traffic revenues were up 46%.

– EBITDA

EBITDA rose by €131 million. The negative impact of the health crisis (-€509 million) was more than offset by the counter-effect of the 2020 strikes (+€104 million), the optimisation of the transport plan and the various performance plans.

Voyages (excluding subsidiaries and Intercités) reported a €117 million increase in EBITDA with an estimated health crisis impact of -€179 million, a +€90 million counter-effect of the 2020 strikes and gains from performance plans and adaptation measures.

Eurostar and Thalys reported EBITDA decreases of €21 million and €11 million, respectively; the greater impact of the health crisis in 2021 compared to 2020 was partially offset by the adaptation measures and the counter-effect of the 2020 strikes.

Intercités EBITDA increased by €39 million, with favourable 2020 adjustments for +€13 million, a +€6 million counter-effect of the 2020 strikes and an additional +€20 million for the increase in the contribution received from the organising authority and cost savings.

– Net investments

Net investments totalled €316 million in 2021, versus €237 million in 2020. The increase was attributable for +€123 million to the higher grants received by Intercités in 2020. However, Voyages (excluding Intercités) investments declined by €44 million due to lower TGV acquisitions.

– Investment from all funding sources

There was no significant period-on-period change in the amount of investment from all funding sources.

Outlook for the second half of 2021

Voyages SNCF excluding Intercités

– Ambitious business plan with a "generous pricing" lever to boost leisure traffic.

– Ongoing adaptation measures to limit the impacts of the health crisis with adjusted transport plans.

– Gradual reopening of borders in Europe and relaunch of the Greenspeed project.

– Development of the customer offering for the Paris – Lyon link (RIPOSTE) in connection with the emergence of competition.

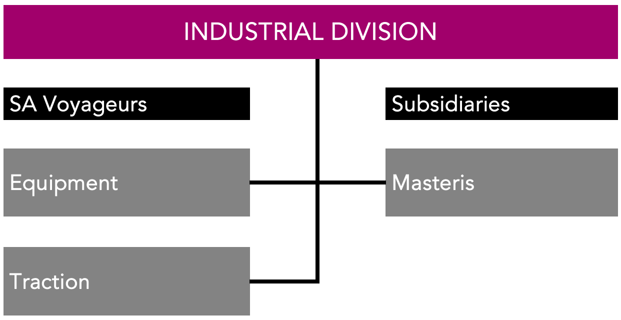
– Launch of the traditional Paris – Vienna night train under a cooperation agreement.

Intercités

– Preparation for the launch of the Paris-Tarbes night train.

– To date, the H2 2021 transport plan will be nominal for the summer depending on the request of our organising authority and then nominal or adapted depending on the current state of the health crisis.

2.6 INDUSTRIAL DIVISION



The Industrial Division coordinates all of the SNCF Group's other operations and business lines. It comprises Equipment, Traction, Rail Production, and their subsidiary Masteris.

In € millions	H1 2021	H1 2020	Change
a) External revenue	33	32	2
b) Internal revenue	827	701	126
a+b Revenue	861	733	128
c) External EBITDA	12	-12	24
d) Internal EBITDA	15	13	2
c+d EBITDA	27	1	26
EBITDA / Revenue	3.1%	0.2%	
Net investments	39	46	-7
Investment from all funding sources	34	37	-3

Highlights

– Gradual return to normal production conditions in technical centres with a workload still affected by the level of passenger traffic.

– Ramp-up of night train renovation programmes.

– Locomotive and wagons: set-up of the 2021 production master plan following the closure of 3 wagon sites in 2020 and the withdrawal of 3 locomotive sites.

– Major shortage and high inflation risks for parts, which will weigh heavily on costs and may require the building of additional back-up inventories to avoid equipment unserviceability.

– OP'TER industrial programme: contract signatures with eight regions.

– Engineering:

- Support measures for OUIgo España: admission to the Spanish Railway Safety Agency (AESF) with the commissioning on 10 May 2021 of the first 4 TGV trains on the Barcelona – Madrid line.
- Launch of dynamic trials for 4 test trains as part of the Transilien RER NG project.

– Continued roll-out of the factory of the future programme (automated management of part flows, tooling 4.0).

– Purchasing performance: 3.15% annual reduction in the weighted average price of parts (objective of -2.7%).

– New rolling stock purchases: signing of the MI20 contract (RER B) for €2.1 billion (SNCF share).

– Traction: implementation of action plans from the Atout Conduite roadmap.

– Rail production: excellent on-time departure rates (91%) and satisfactory incident response rates (81% +3 pts).

2021 first-half results

– Revenue

Industrial Division revenue in 2021 increased by €128 million (17.5%) compared to 2020 due to:

- a reduced health crisis impact in 2021 compared to 2020, generating revenue growth of €160 million;
- counter-effect of the 2020 strikes for +€13 million.

The additional difference of -€46 million was mainly due to the regulated price calculation processes (neutral impact at Group level).

– EBITDA

Industrial Division EBITDA rose by €26 million between 2020 and 2021 due to the reduced impact of the health crisis in 2021 compared to 2020 for +€83 million and the counter-effect of the January 2020 strikes for +€6 million. These positive impacts were offset by the net decrease in provisions for current assets (-€9 million), the decline in revenue in connection with regulated price calculation processes and the counter-effect of furlough reimbursement in 2020.

– Net investments and investment from all funding sources

There was no material change in either net investments or investment from all funding sources during the period.

Outlook for the second half of 2021

– Tighter control of supplies to secure production without having a negative impact on the accounts and inventory.

– The workload level will remain steady in the technical centres, except for the shortage of certain supplies.

– Ongoing contractualisation of the OP'TER industrial programme and collection of the initial instalments (around €80 million).

– Opening-up of TER and mainlines to competition in open access: contribution to SNCF offers and processing of related service requests.

– Engineering:

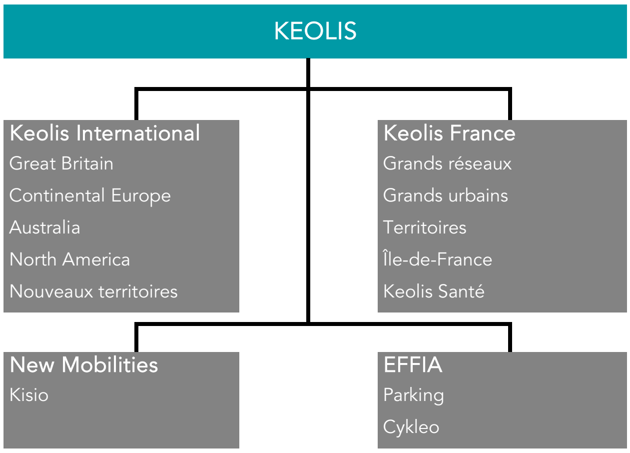
- Roll-out of new predictive maintenance solutions and installation of the first four automatic axle maintenance workshops for Voyages SNCF and Transilien.
- Nexteo Eole: workshop qualification and integration tests and initial tests for RER NG equipment.
- Commissioning of the Baseline 3 ERTMS on TGV Dasye HD trains.

– Signature of the cooperation agreement with SNCF Réseau: maintenance of locomotives and wagons for the period from 2022 to 2026.

– Traction: launch of the Sirius Next project and ongoing roll-out of action plans from the Atout Conduite roadmap.

– Rail production: further development of programmes focusing on on-time departures and incident responsiveness.

2.7 KEOLIS



Keolis is a mass transit operator in sixteen countries worldwide. Its expertise covers all modes of transportation (train, bus, car, underground, tramway, ferries, bicycles), and parking management.

In € millions	H1 2021	H1 2020	Change
a) External revenue	3,084	2,836	247
b) Internal revenue	55	46	8
a+b Revenue	3,138	2,883	255
c) External EBITDA	284	189	95
d) Internal EBITDA	8	8	-0
c+d EBITDA	292	197	95
EBITDA / Revenue	9.3%	6.8%	
Net investments	97	103	-6
Investment from all funding sources	110	115	-5

Highlights

– The health crisis again had a negative impact on the use of transport networks in France and EFFIA car parks, particularly station car parks due to the decline in business customers. Due to the ongoing crisis, the priorities remained cash preservation, finalisation of the 2020 "COVID compensation" agreements with the Organising Authorities and the launch of compensation discussions for 2021.

– France

- Keolis won major contracts, particularly in Île-de-France, including two Optile contracts in Yvelines for a total amount of €680 million over the contract term, a PAM 77 contract (transport of people with disabilities in Seine-et-Marne) and an offensive call for tenders in Thionville. These four contracts represent additional full-year revenue of €100 million.
- Several contract renewals were obtained in the interurban Territoires segment, particularly in the Alpes-Maritimes, Grand-Est and Rhône regions and in educational activities in Pays-de-la-Loire / Eure regions.
- In April, Keolis launched the operation of the 100% electric Tram'bus lie between Tarnos city centre and Bayonne in the Basque region.

– International

- Keolis expanded its coverage in Australia with the start-up on 31 January of the operation and maintenance of the Adelaide rail network and the contract win on 28 May for the operation and maintenance of a 406 bus network in the region of Sydney.
- On 20 March, the Dubai transport organising authority, RTA, announced that it would award Keolis a 9-year contract for the operation and maintenance of the world's longest automatic underground train network and the city's 100% catenary-free tram.
- On 11 May, Keolis won the contract for the operation and maintenance of the bus network for the county of Uppsala in Sweden, starting June 2022 for a term of 9 years, with a biogas and biodiesel bus fleet.
- The Welsh government decided to take over the operations of the Transport for Wales network starting 7 February. At the same time, a technical support partnership with KeolisAmey was signed to help Transport for Wales develop its mobility offers.

2021 first-half results

– Revenue

Keolis 2021 revenue increased by €255 million (8.9%) compared to 2020. This was mainly due to:

– a negative scope impact of -€5 million (see section 1.2, "Comparability of the financial statements"),

– a positive foreign exchange impact of +€12 million.

At constant scope and exchange rates, Keolis revenue increased by +€248 million (+8.6%). The health crisis had an impact of +€224 million. The remaining difference was attributable to France revenue (including Effia) of around €130 million, offset by a decline of around €110 million internationally following the renationalisation of the Transport for Wales network by Wales.

– EBITDA

Keolis EBITDA was up €95 million. Excluding scope and foreign exchange impacts, the increase was €90 million. The impact of the health crisis, net of the adaptation measures, was estimated at +€64 million; the remaining balance was mainly due to the solid performance in North America and Sweden as well as the set-up of a technical support contract with the Wales & Borders network organising authority.

– Net investments and investment from all funding sources

There was no material change in either net investments or investment from all funding sources during the period.

Outlook for the second half of 2021

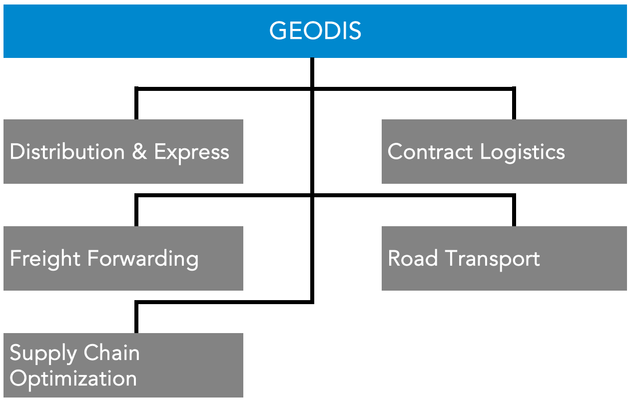
– The second half will be intense in terms of calls for tender, in Île-de-France for the Optile bus network following the opening up to competition and in Sweden with the major Stockholm and Göteborg Hisingen projects.

– Several 2020 "COVID compensation" negotiations are expected to be finalised in the Grands Urbains segment.

– Ongoing negotiations with the organising authorities regarding 2021 "COVID compensation".

– Internationally, the Keolis group plans to continue and launch several contracts in Dubai and Australia (bus network in the Sydney region) and new operations in Denmark (Movia A18bus) and Australia (Adelaide rail network).

2.8 GEODIS



Geodis is a European operator with a global reach, offering management solutions across all or part of the logistics chain (Supply Chain Optimization, Air & Sea Freight Forwarding, Distribution & Express, Road Transport, Contract Logistics).

In € millions	H1 2021	H1 2020	Change
a) External revenue	4,812	3,949	862
b) Internal revenue	54	48	5
a+b Revenue	4,865	3,998	867
c) External EBITDA	454	283	171
d) Internal EBITDA	4	3	1
c+d EBITDA	458	286	172
EBITDA / Revenue	9.4%	7.2%	
Net investments	54	61	-6
Investment from all funding sources	50	52	-2

Highlights

– In the first half, Geodis acquired Pekaes and Condiservices, respectively expanding Road Transport activities in Poland and Contractual Logistics in France.

– US Contract Logistics operations reported strong growth in the first half, driven by strong volumes in the e-commerce market and with major customers. In Europe, substantial growth was also reported in Italy driven by e-commerce and several contract wins and France continued to deliver a strong performance in the distribution and consumer goods markets.

– Freight Forwarding activities improved due to rising air and sea freight prices. Air freight charter operations launched in 2020 continued. Furthermore, for the first time and to meet the lack of capacity in the sea freight market, Geodis chartered several complete vessels between Shanghai and Hamburg to transport goods in containers.

– In France, Distribution & Express activities regained a first-half business level comparable to that before the crisis, whereas Road Transport activities remained impacted by the lack of volumes.

– Having demonstrated its resilience and ability to adapt in both France and internationally in 2020, with a record performance in the second half of 2020, Geodis set a new record in the first half of 2021.

2021 first-half results

– Revenue

Geodis 2021 revenue increased by €867 million (21.7%) compared to 2020. It was impacted by:

- a scope impact of +€128 million (see section 1.2 "Comparability of the financial statements"),
- an exchange rate impact of -€117 million.

At constant scope and exchange rates, revenue was up 21.4% (+€856 million). This increase was attributable to Freight Forwarding (+€471 million / +31%), whose prices are driven by a demand that exceeds transport capacities, Contract Logistics (+€280 million / +23%) which continued to enjoy a solid US demand and robust e-commerce activity and Distribution & Express which continued its recovery compared to 2020 (+€67million / +9%).

– EBITDA

EBITDA rose by €172 million.

At constant scope and exchange rates, it increased by €173 million. This growth stemmed from Freight Forwarding (+€43 million), Contract Logistics (+€38 million) and especially Distribution & Express (+€63 million) which regained a level comparable to 2019 following a H1 2020 that was severely affected by the health crisis.

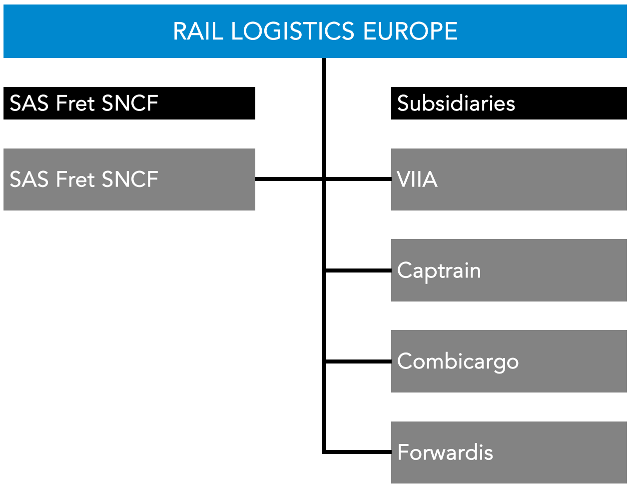
– Net investments and investment from all funding sources

There was no material change in either net investments or investment from all funding sources during the period.

Outlook for the second half of 2021

Business momentum will be solid for all segments and geographical areas; the level of macro-economic uncertainty will nevertheless remain high, particularly regarding the development in air and sea freight capacities and prices.

2.9 RAIL LOGISTICS EUROPE



Rail Logistics Europe comprises rail and combined freight operators and freight forwarders in Europe and worldwide, through various companies (SAS Fret SNCF, Captrain, Combicargo, Forwardis and VIIA).

In € millions	H1 2021	H1 2020	Change
a) External revenue	745	664	81
b) Internal revenue	59	47	12
a+b Revenue	804	711	93
c) External EBITDA	85	-44	129
d) Internal EBITDA	26	31	-5
c+d EBITDA	111	-14	124
EBITDA / Revenue	13.7%	-1.9%	
Net investments	29	16	13
Investment from all funding sources	27	14	13

Highlights

Transverse Rail Logistics Europe

– Set-up of a new legal organisation by segment as of 1 January 2021 and change of name from TFMM to Rail Logistics Europe.

– Less impacts from the health crisis than expected since the start of the year.

SAS Fret SNCF

– A 3.3% improvement in business due to a quicker than expected post health crisis turnaround, particularly in steel and combined transport.

– Positive volume impacts ahead of budget in two production schemes:

- Dedicated scheme: ahead of budget by 19% (+€6.2 million) due to combined transport momentum.
- Shared scheme: ahead of budget by 1% (+€2.3 million) with favourable impacts on existing contracts (increase in Steel and Minerals segments overcompensating for the decline in Chemicals focused on single wagons), and new contract development down on the budget during the first two months of the year.
- A high level of quality: total Freight order completion rate at the end of May of 98.4%, five minute departure punctuality at 73.9%, exceeding the sector rate.

Captrain

– In Europe, there was a slow turnaround in business in Italy and to a lesser extent in Germany, particularly in the automobile sector which was impacted by the semi-conductor crisis.

– Poor weather in February in North Eastern Europe with a substantial impact on traffic.

– Locomotives acquired by Captrain France from Fret SNCF.

Forwardis

– Growth surpassing budget objectives could not compensate for several contract losses (Sabic, Lyondell, Saipol Lezoux).

– Low volumes in the cereal/fertiliser (Borealis, Borsari, Etea contracts) and PPL (Exxon and SIPLEC contracts) sectors.

Combicargo

– Strong performance with significant growth in Navitrucking and a high modal shift rate (28%), driven by rail activity.

– Confirmation of additional combined transport subsidies (ATC) with respect to 2020 traffic (+€2.9 million).

VIIA

– Very high level of business at Lorry Rail: record traffic on the Bettembourg - Le Boulou line.

– Operational problems for VIIA departing from Calais, due to Brexit at the beginning of the year, and due to migrant pressure on a recurring basis.

– Confirmation of additional combined transport subsidies with respect to 2020 traffic (+€1.3 million).

2021 first-half results

– Revenue

Rail Logistics Europe 2021 revenue was up €93 million (13.0%) compared to 2020.

H1 2020 had been badly hit by the health crisis and the consequences of the 2019 year-end strike.

– EBITDA

EBITDA rose by €124 million.

The counter-effect of the January 2020 strike was estimated at +€22 million. The balance was attributable to business recovery and controlled expenses.

– Net investments and investment from all funding sources

There was no material change in either net investments or investment from all funding sources during the period.

Outlook for the second half of 2021

SAS Fret SNCF

– Second half business momentum similar to that in the first half for Steel and Rail Motorways, nevertheless curbed by the delay in the development of new contracts in the first half.

– Emerging difficulties: the accident on the main North-East line will reduce traffic despite the remarkable work of the production and sales teams; furthermore, the development of the national social climate should also be taken into account.

– The advance acquired in the first half and the regained confidence of our customers in 2020 should absorb some of these losses.

– Subsidies for infrastructure fees and single wagons which are still to be confirmed.

Captrain

– Growth in intragroup traffic promoted by the development of synergies for RLE.

– Accelerated turnaround in the steel sector.

– Business outlook in Italy will remain flat.

– Opportunity for subsidies for track slots in Germany (from €6 million to €13 million).

Forwardis

– Strong business development challenge in a highly competitive context.

Combicargo

– Steady robust commercial and operational performance.

– Opportunity for additional combined transport subsidies with respect to 2021 traffic (+€2.9 million).

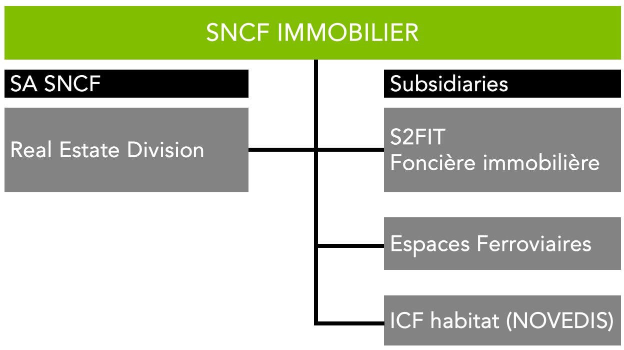
VIIA

– Optimisation of the Calais-Orbassano line with the roll-out of high capacity trains and a new operating model.

– Risk regarding energy saving certificates obtained for the latest commissioned wagons (forecast amount of €4.0 million).

– Opportunity for additional combined transport subsidies with respect to 2021 traffic (+€1.5 million).

2.10 SNCF IMMOBILIER



SNCF Immobilier acts as agent or service provider for the other SNCF business lines in four main areas:

– Managing real estate used in operations (including master plans to optimise real estate assets, the construction and refurbishment of buildings, and managing leased properties);

– Monetising assets not required for railway operations;

– Managing the working environment in key office premises;

– Managing residential properties through the ICF Habitat group, a subsidiary of SNCF SA.

In € millions	H1 2021	H1 2020	Change
a) External revenue	16	13	3
b) Internal revenue	309	303	6
a+b Revenue	325	316	9
c) External EBITDA	98	99	-1
d) Internal EBITDA	1	0	1
c+d EBITDA	99	99	0
EBITDA / Revenue	30.5%	31.4%	
Net investments	7	1	6
Investment from all funding sources	7	4	2

Highlights

– Real estate strategy:

• Release of assets in the 10th district of Paris.

• Launch of two service optimisation files: for Transilien and SNCF Voyageurs.

– Urban development:

• As developer of the "Raynal Gare Basse" lot, Espaces Ferroviaires Promotion Commun awarded the design and construction of offices covering 13 000 m² located at the centre of the Grand Matabiau, quais d'Oc project in Toulouse to a grouping comprising GA Smart Building and the architect François Leclercq.

• In Pantin, SNCF Immobilier finalised the undertaking to sell the land of the former freight station les Quatre-Chemins: a key phase in the launch of the future eco-district where housing, offices, shops and a municipal park will be built.

• On 31 March, Espaces Ferroviaires Aménagement and the City of Paris presented changes to the Ordener - Poissonniers development project.

– Housing

• On 28 May, Emmanuelle Wargon, the minister in charge of Housing, and Jean-Pierre Farandou, SNCF Group Chairman signed a new five-year charter promoting the use of railway property to create housing.

• On 2 April, an ICF Habitat Sud-Est Méditerranée housing complex located on the plateau des Minguettes in Vénissieux was demolished to make room for new housing as part of an urban renewal project.

– Working environment

• SNCF Immobilier is tasked by SNCF Réseau with organising and coordinating the use of its future training campuses. The opportunity for SNCF Immobilier to thoroughly implement its first "Full FM" type contract.

2021 first-half results

– Revenue

Between 2020 and 2021, SNCF Immobilier revenue increased by €9 million, i.e. +2.9%.

– EBITDA

SNCF Immobilier EBITDA was stable.

– Net investments and investment from all funding sources

There were no material amounts of net investments or investment from all funding sources.

Outlook for the second half of 2021

– Organisation of working groups to help activities set up new work areas.

– Ongoing discussions with the City of Paris on the future of Parisian sites.

– Support by SNCF Réseau in its exceptional plan to improve working conditions.

3. INVESTMENTS AND NET DEBT

3.1 INVESTMENTS

In € millions	H1 2021	H1 2020	Change	
Investment from all funding sources	4,662	3,752	910	+24%
Disposals	147	91	56	+62%
Investments, net of disposals	4,516	3,662	854	+23%

The level of investment from all funding sources, up €910 million compared to 2020, stood at €4,662 million in 2021. The volume of investments in the previous year had been severely impacted by the health crisis (stoppage of infrastructure work during the first lockdown).

Disposals rose by €56 million compared to 2020; disposals during the financial period consisted mainly of real estate assets.

3.2 GROUP NET DEBT

In € millions	30/06/2021	31/12/2020	Change
Non-current debt	73,711	76,196	-2,485
Non-current receivable	-30,840	-33,490	2,651
Net non-current debt used to calculate net debt	42,872	42,706	166
Current debt	10,314	8,240	2,073
Current receivable	-14,782	-12,798	-1,984
Net current debt used to calculate net debt	-4,468	-4,558	90
Net debt	38,404	38,148	256
Net debt / EBITDA	11.8	19.7	
Gearing (Net debt / Equity)	3.0	3.0	

Net debt amounted to €38,404 million as at 30 June 2021, for a gearing (net debt/equity) of 3.0 (compared with 3.0 as at 31 December 2020). The ratio of net debt to EBITDA (on a twelve month rolling basis) decreased from 19.7 as at 31 December 2020 to 11.8 as at 30 June 2021.

Net debt was impacted by the following movements in the first half of 2021:

Opening net debt	38,148
Cash from operations	-769
Net investments	874
Disposals	-147
Dividends received from companies accounted for by the equity method	-11
Repayments of lease liabilities and related interest	475
Scope transactions	146
Change in operating WCR	430
Dividends paid	3
Changes in fair value, amortised cost, translation differences	-504
Change in tax WCR	-108
Change in net debt of the Ermewa group - application of IFRS 5	-51
Other	-83
Closing net debt	38,404

3.3 FUNDING SOURCES AND DEBT MANAGEMENT

Non-current debt decreased by -€2,485 million and current debt increased by €2,073 million.

The main reasons for these movements were:

– increase in bonds less issue premiums for +€2,722 million;

– borrowings from credit institutions of +€333 million, net of issue premiums;

– repayment of bonds for -€1,437 million;

– decrease in fair value for -€1,035 million;

– decrease in cash payables for -€692 million;

– repayment of loans from credit institutions for -€173 million.

The non-current receivable decreased by €2,651 million and the current receivable increased by €1,984 million.

The main reasons for these movements were:

– increase in cash and cash equivalents of +€1,201 million.

– repayment of the PDF debt for -€623 million.

– decrease in deposits paid for -€577 million;

– decrease in fair value for -€496 million;

– decline in grants receivable under public-private partnerships for -€139 million.

The SNCF Group's long-term debt was rated as follows by the main rating agencies:

	Long-term rating	Outlook	Date of the report
Standard & Poor's	AA-	Negative	21-Oct.-20
Moody's	Aa3	Stable	20-Oct.-20
Fitch Ratings	A+	Negative	22-May-20

3.4 EXPOSURE OF THE GROUP TO MARKET RISKS AND USE OF FINANCIAL INSTRUMENTS

Market risk management is subject to a general framework approved by the Group's Board of Directors.

Details of the strategy implemented are described in the Capital and financing note to the consolidated financial statements.

4. ACQUISITIONS OF EQUITY INVESTMENTS

The only major equity investment in the first half of 2021 was the acquisition by Geodis of the Polish transport and logistics group Pekaes.

5. FINANCIAL RELATIONS WITH THE STATE AND LOCAL AUTHORITIES

SNCF receives:

– network investment grants,

– public service orders (as is the case with any public service agent or supplier to the French State and local authorities) in a monopoly legislative and regulatory framework,

– operating and investment grants received mainly for Transilien, TER and Intercités operations.

5.1 PUBLIC SERVICE ORDERS

The table below shows revenue generated by SNCF Voyageurs SA and SNCF Réseau SA with the French regional authorities, Île-de-France Mobilités and the State:

In € millions	H1 2021	H1 2020	Change
Compensation for regional rates	12	11	2
Services for the Organising Authorities (Regions and Île-de-France Mobilités)	3,474	2,656	818
Defence	70	37	33
Trains d'Equilibre du Territoire (TET)	106	74	32
TER and TET access fees	981	953	28
Total	4,643	3,731	913

5.2 GRANTS AND PUBLIC FUNDING RECEIVED FROM THE FRENCH STATE AND OTHER PUBLIC BODIES

Public funding granted to the Group by the French State and government authorities is presented in the following table:

In € millions	H1 2021	H1 2020	Change
Operating grants	120	176	-56
Cash inflows from concession financial assets	935	565	369
Investment grants relating to intangible assets and PP&E (1)	3,010	764	2,246
Freight business rate compensation	80	38	41
Trains d'Equilibre du Territoire (TET)	106	74	32
Total	4,251	1,618	2,634

(1) See Note 4.2 to the condensed half-year consolidated financial statements.

With respect to its network investments, SNCF Réseau receives co-financing from public and private partners. Public partners include the Agence de financement des infrastructures de transport de France (AFITF) or other regional authorities.

SNCF Voyageurs and Keolis receive investment grants in the form of third-party financing, primarily from local authorities, particularly for rolling stock.

In accordance with IFRIC 12, grants received as part of a concession are presented in the statement of financial position as a deduction from intangible assets or financial assets, according to the applicable model, following the analysis of each concession agreement. With regard to concession financial assets, the grants received are considered as a means of reimbursing such assets.

Investment grants received are deducted from intangible assets and property, plant and equipment in the balance sheet. In the income statement, they are recorded in operating profit or loss (as a deduction from depreciation and amortisation) according to the estimated economic life of the corresponding assets.

Freight business rate compensation is paid to cover the marginal cost of freight traffic, in addition to fees paid by freight companies.

6. EMPLOYEE MATTERS

6.1 WORKFORCE

	30/06/2021	30/06/2020		Change		Change at constant scope
SNCF Réseau	57,547	57,607	-0.1%	-60	-0.1%	-60
SNCF Gares & Connexions	5,070	4,885	+3.8%	185	+3.8%	185
Transilien	14,407	14,467	-0.4%	-60	-0.4%	-60
TER	28,423	28,516	-0.3%	-94	-0.3%	-94
Voyages SNCF	22,743	23,760	-4.3%	-1,017	-4.3%	-1,017
Industrial Division	10,639	10,988	-3.2%	-350	-3.2%	-350
Passengers - Other	480	507	-5.2%	-27	+2.9%	15
Keolis	66,610	68,908	-3.3%	-2,298	-3.0%	-2,048
Geodis	41,637	40,904	+1.8%	733	-1.6%	-659
Rail Logistics Europe	9,204	9,535	-3.5%	-330	-3.5%	-330
Freight & Logistics - Other	1,216	755	+61.2%	462	+1.7%	13
SNCF Immobilier	1,610	1,576	+2.2%	34	+2.2%	34
Corporate	9,548	9,542	+0.1%	6	+0.1%	6
TOTAL	269,134	271,949	-1.0%	-2,815	-1.6%	-4,365

6.2 PRINCIPAL AGREEMENTS SIGNED IN 2021

An agreement on long-term furlough within the scope of the five SNCF companies was signed on 15 January 2021.

CHALLENGES AND OUTLOOK

While current trends are positive, SNCF's outlook for the rest of the year remains cautious due to persistent uncertainty linked to the pandemic. In France, the Group's strategy is focused on winning back customers and encouraging both passengers and shippers to shift away from the most polluting transport modes towards more eco-friendly alternatives. Internationally, SNCF stands by its targets, with Keolis continuing to win select contracts and Geodis expanding its e-commerce and logistics operations. These two strategic businesses are powerful drivers of growth, resilience and profitability.

In recent months, SNCF has adapted and transformed itself, honing its competitive advantages. Once economic conditions have stabilized, it will be clearly positioned to become a world-class champion of sustainable mobility for passengers and freight.

30 June 2021

02 –

SNCF GROUP CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In € millions	Note	30/06/2021	30/06/2020
Revenue	3	16,060	14,129
Purchases and external charges	3	-6,631	-5,985
Employee benefit expense		-7,307	-7,140
Taxes and duties other than income tax		-799	-892
Other operating income and expenses		71	-43
EBITDA		1,394	69
Depreciation and amortisation	4.2	-1,886	-1,980
Net movement in provisions	4.4	103	-55
Current operating profit/loss		-389	-1,966
Net proceeds from asset disposals	4.2	37	61
Impairment losses	4.3	11	-13
Operating profit/loss		-341	-1,918
Share of net profit/loss of companies consolidated under the equity method		0	9
Operating profit/loss after share of net profit/loss of companies consolidated under the equity method		-341	-1,909
Net finance costs of employee benefits		37	-5
Net borrowing and other costs	5	-469	-547
Net finance cost		-432	-552
Net profit/loss before tax from ordinary activities		-773	-2,462
Income tax expense		-103	-97
Net profit/loss from ordinary activities		-876	-2,559
Net profit/loss from discontinued operations, net of tax		-	-
Net profit/loss for the period		-876	-2,559
Net profit/loss attributable to equity holders of the parent		-780	-2,389
Net profit/loss for the period attributable to non-controlling interests (minority interests)		-95	-170

Notes 1 to 7 are an integral part of the half-year consolidated financial statements.

STATEMENT OF PROFIT OR LOSS AND GAINS/LOSSES RECOGNISED DIRECTLY IN EQUITY

In € millions	30/06/2021	30/06/2020
Net profit/loss for the period	-876	-2,559
Change in foreign currency translation differences	58	-97
Tax on change in foreign currency translation differences	-2	4
	56	*-93*
Change in fair value of cash flow hedges	510	-204
Tax on change in fair value of cash flow hedges	-6	4
	505	*-200*
Change in fair value of hedging costs	105	-44
Tax on change in fair value of hedging costs	0	0
	105	*-44*
Share of recyclable other comprehensive income of companies consolidated under the equity method	0	-3
Total recyclable other comprehensive income/loss	666	-340
Actuarial gains/losses on employee defined-benefit plans	219	59
Tax on actuarial gains/losses on employee defined-benefit plans	8	0
	227	*59*
Change in value of equity instruments at fair value through equity	-1	0
Share of non-recyclable other comprehensive income of companies consolidated under the equity method	*-3*	-4
Total non-recyclable other comprehensive income/loss	223	55
Total gains/losses recognised directly in equity	889	-286
Net profit/loss and gains/losses recognised directly in equity for the period	13	-2,844
Attributable to equity holders of the parent	*61*	*-2,627*
Attributable to non-controlling interests	*-47*	*-217*

Notes 1 to 7 are an integral part of the half-year consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED ASSETS

In € millions	Note	30/06/2021	31/12/2020
Goodwill	4.1	2,261	2,127
Intangible assets		2,120	2,148
Lease right-of-use assets	4.2	3,507	3,836
Property, plant and equipment	4.2	51,807	52,217
Non-current financial assets	5	33,255	35,732
Equity investments		1,004	1,014
Deferred tax assets		4,729	4,615
Non-current assets		98,683	101,690
Inventories and work-in-progress		1,359	1,288
Operating receivables		9,628	9,924
Operating assets		10,987	11,212
Current financial assets	5	5,719	4,996
Cash and cash equivalents	5	9,181	7,939
Current assets		25,887	24,147
Assets classified as held for sale	4.2.6	2,292	2,113
Total assets		126,862	127,949

CONSOLIDATED EQUITY AND LIABILITIES

In € millions	Note	30/06/2021	31/12/2020
Share capital		1,000	1,000
Consolidated reserves		12,419	14,721
Net profit/loss for the period attributable to equity holders of the parent		-780	-3,030
Equity attributable to equity holders of the parent		12,639	12,691
Non-controlling interests		27	4
Total equity		12,665	12,696
Non-current employee benefits		2,613	2,814
Non-current provisions	4.4	1,251	1,412
Liabilities relating to concession assets excluded from the scope of IFRIC 12		2,384	2,409
Non-current financial liabilities	5	74,791	77,150
Non-current lease liabilities		2,838	3,127
Deferred tax liabilities		158	112
Non-current liabilities		84,034	87,023
Current employee benefits		163	163
Current provisions	4.4	138	150
Operating payables		17,145	17,343
Operating liabilities		17,446	17,656
Current financial liabilities	5	10,314	8,242
Current lease liabilities		862	888
Current liabilities		28,621	26,786
Liabilities associated with assets classified as held for sale	4.2.6	1,542	1,444
Total equity and liabilities		126,862	127,949

Notes 1 to 7 are an integral part of the half-year consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € millions	Share capital	Additional paid-in capital	Actuarial gains/losses on employee defined-benefit plans	Equity instruments at fair value through equity	Group translation reserves	Cash flow hedge	Hedging costs	Retained earnings and other reserves	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
Equity published as at 01/01/2020	13,736	-0	-607	-66	-181	-1,465	-47	-20,117	-8,746	118	-8,628
Net profit/loss for the period	-	-	-	-	-	-	-	-2,389	-2,389	-170	-2,559
Gains/losses recognised directly in equity	-	-	64	-0	-65	-192	-44	-2	-239	-47	-285
Net profit/loss and gains/losses recognised directly in equity	-	-	64	-0	-65	-192	-44	-2,391	-2,627	-217	-2,844
Dividends paid	-	-	-0	-	-	-	-	-762	-762	-	-762
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-16	-16
Capital transactions	-	-	-	-	-	-	-	0	0	4	4
Changes in scope, non-controlling interests and non-controlling interest purchase commitments (*)	-	0	2	-	-0	-0	-	316	317	165	482
Other changes (**)	-12,736	29	0	-	-	100	-	37,607	25,001	-0	25,001
Equity published as at 30/06/2020	1,000	29	-541	-65	-246	-1,557	-91	14,653	13,182	55	13,237
Equity published as at 31/12/2020	1,000	4,079	-612	-68	-303	-1,626	-96	10,316	12,691	4	12,696
Net profit/loss for the period	-	-	-	-	-	-	-	-780	-780	-95	-876
Gains/losses recognised directly in equity	-	-	189	-1	51	497	105	-0	841	48	889
Net profit/loss and gains/losses recognised directly in equity	-	-	189	-1	51	497	105	-781	61	-47	13
Dividends paid	-	-	-	-	-	-	-	-1	-1	-	-1
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-5	-5
Capital transactions	-	-	-	-	-	-	-	0	0	30	30
Changes in scope, non-controlling interests and non-controlling interest purchase commitments (*)	0	0	-0	-	-0	0	-	-114	-114	-16	-130
Other changes	-	-	0	-	-	-4	-	5	1	61	62
Equity published as at 30/06/2021	1,000	4,079	-422	-69	-253	-1,132	9	9,426	12,639	27	12,665

(*) Of which changes in Eurostar and THI Factory non-controlling interest purchase commitments.
(**) Includes the raising of the share capital of SNCF SA after its transformation into a *société anonyme* on 1 January 2020 for €1 billion and transfer of -€12,736 million in share capital as at 31 December 2019 to consolidated reserves, and assumption by the French State of SNCF Réseau's debt for €25 billion at 1 January 2020

Notes 1 to 7 are an integral part of the half-year consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

In € millions	Note	30/06/2021	30/06/2020
Net profit/loss for the period	IS(1)	-876	-2,559
Eliminations:			
share of net profit/loss of companies consolidated under the equity method	IS(1)	-0	-9
deferred tax expense/(income)		-46	-24
depreciation, amortisation, impairment losses and provisions		1,706	2,127
revaluation gains/losses (fair value)		27	11
net proceeds from disposals and gains and losses on dilution		-42	-66
Cash from operations after net borrowing costs and taxes		769	-520
Eliminations:			
current income tax expense/(income)		150	121
net borrowing costs		457	535
dividend income		-2	-2
Cash from operations before net borrowing costs and taxes		1,373	134
Impact of change in working capital requirement		-430	398
Taxes paid (collected)		-40	-12
Dividends received		13	14
Cash flow from operating activities	5	916	534
Acquisitions of subsidiaries, net of cash acquired		-123	30
Disposals of subsidiaries, net of cash transferred		2	-5
Acquisitions of intangible assets and property, plant and equipment	4.2	-3,746	-3,033
Disposals of intangible assets and property, plant and equipment		147	91
New concession financial assets, net of concession liabilities		-1,073	-693
Cash inflows from concession financial assets, net of concession liabilities	3.3	935	565
Cash inflows from lease receivables		0	1
Acquisitions of financial assets		-0	-0
Disposals of financial assets		1	0
Changes in loans and advances		32	-215
Changes in cash assets		575	-473
Investment grants received		3,010	764
Cash flow used in investing activities	5	-241	-2,969

(1) Consolidated income statement

In € millions	Note	30/06/2021	30/06/2020
Cash inflows from equity transactions		29	4
New borrowings		3,181	4,969
Repayments of borrowings net of PDF receivables		-986	-325
Cash inflows from PPP receivables		139	138
Cash outflows on PPP payables		-141	-141
Net interest paid		-548	-866
Repayments of lease liabilities		-476	-502
Interest paid on lease liabilities		-68	-73
Dividends paid to Group shareholders	Chg. in equity(2)	-0	-0
Dividends paid to non-controlling interests	Chg. in equity(2)	-3	-8
Increase/decrease in cash borrowings		-692	157
Cash flow from financing activities		435	3,354
Effects of exchange rate fluctuations		23	-25
Impact of changes in accounting policies		5	1
Impact of changes in fair value		-7	1
Increase/decrease in cash and cash equivalents		1,131	896
Opening cash and cash equivalents	5	7,519	7,273
Closing cash and cash equivalents	5	8,651	8,169

(2) Consolidated statement of changes in equity.

Notes 1 to 7 are an integral part of the half-year consolidated financial statements.

NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Notes 1 to 7 are an integral part of the half-year consolidated financial statements.

All amounts are in millions of euros, unless stated otherwise. As the Group has elected not to round off figures, there may be minimal differences.

1. ACCOUNTING STANDARDS BASE

Pursuant to European Regulation 1606/2002 of 19 July 2002, the SNCF Group prepares its consolidated financial statements in accordance with IFRS (International Financial Reporting Standards).

The consolidated financial statements for the half-year ended 30 June 2021 were approved by the SNCF Group Board of Directors on 29 July 2021.

The terms "the SNCF Group", the "Group" and "SNCF" refer to the group.

The "company SNCF" refers solely to the parent company.

1.1 APPLICATION OF IFRS

The accounting policies used for the preparation of the SNCF Group consolidated financial statements for the half-year ended 30 June 2021 are the same as those adopted for the year ended 31 December 2020, adapted to reflect new applicable standards and interpretations endorsed by the European Commission.

The consolidated financial statements for the half-year ended 30 June 2021 were prepared in accordance with IAS 34, "Interim Financial Reporting". Consequently, they do not include all the disclosures and notes required by IFRS for the preparation of annual consolidated financial statements, but only selected notes explaining significant events for the period. These half-year consolidated financial statements should therefore be read in conjunction with the 2020 full-year consolidated financial statements.

The basis of preparation of the half-year consolidated financial statements, as described in the following notes, is a result of:

– standards and interpretations of mandatory application for financial periods commencing on or before 1 January 2021;

– options and exemptions used to prepare the financial statements for the half-year ended 30 June 2021. The options and exemptions are described in Note 1.1.2 and the valuation methods specific to interim reporting periods in Note 1.2.

1.1.1 Standards and interpretations applicable to half-year consolidated financial statements for financial periods beginning on or after 1 January 2021

Amendments to standards and interpretations as well as the new standards published and applicable as at 1 January 2021 that more specifically concern the Group's half-year consolidated financial statements are as follows:

Standard or interpretation	Summary description	Impacts
Amendments to IFRS 9, IAS 39 and IFRS 7, "Interest Rate Benchmark Reform - Phase 2"	Issued by the IASB: 27 August 2020 Endorsed by the EU: Regulation (EU) 2021/25 of 13 January 2021. Phase 2 amendments cover the accounting treatment of the impacts arising from the update of contracts following the interest rate benchmark reform and specific disclosures on these impacts.	See Capital and financing note
Amendment to IFRS 16 extending practical relief regarding COVID-19-related rent concessions to 30 June 2022.	Issued by the IASB: 31 March 2021 Endorsed by the EU: not yet endorsed The amendment, which permitted lessees, as a practical expedient, not to assess whether particular rent concessions relating to the COVID-19 pandemic prior to 30 June 2021 were lease modifications and to recognise their impact in profit or loss for the period, was extended until 30 June 2022.	The SNCF Group has applied this amendment. No material impacts were identified as of 30 June 2021.

The Group has not opted for the early application of standards and interpretations of mandatory application in fiscal periods starting on or after 30 June 2021, regardless of whether or not they were adopted by the European Commission.

1.1.2 Description of accounting policies applied

The accounting principles applied by the Group are described in the relevant notes to the 2020 consolidated financial statements. They apply to the consolidated financial statements for the half-year ended 30 June 2021 with the exception of the tax on rail company profits (TREF), employee benefits and income tax, which are subject to valuation methods specific to interim reporting periods as described in Note 1.2.

1.2 VALUATION METHODS SPECIFIC TO INTERIM REPORTING PERIODS

1.2.1 Employee benefits

Use of the furlough scheme in response to the COVID- 19 crisis was made easier by the latest government job protection measures. Order no. 2020-346 of 27 March 2020 extended the scheme to "non-State employees of enterprises included in the national register of undertakings under majority State control, as mentioned in paragraph 3 of Article L.5424-1 of the French Labour Code", thereby bringing all SNCF Group companies within the scheme.

As a result, SNCF Group companies were able to use the scheme from mid-March 2020 onwards. The Group recognised net unemployment allowances (excluding the portion self-insured under the UNEDIC unemployment insurance scheme) of €15 million, which were offset against the expected cost of short-term employee benefits.

The net provision for employee benefits is updated based on the most recent actuarial valuations available on the closing date of the previous period. Actuarial assumptions relating to the 5 SNCF companies (excluding subsidiaries) created by the rail reform, the main contributors within the Group, were reviewed in full as at 30 June 2021.

Group commitments declined by €201 million in the first half of 2021, of which €145 million for the 5 SNCF companies created by the rail reform: this decrease mainly reflected the increase in the discount rate from 0.43% as at 31 December 2020 to 0.86% as at 30 June 2021, the increase in the inflation rate from 1.60% to 1.70% over the same period and the use of new mortality tables.

Regarding the 5 aforementioned companies: the actuarial gain resulting from changes in discount and inflation rates therefore amounted to €124 million and was recorded in net financial cost for €42 million and non-recyclable reserves for €82 million. The update of the mortality tables gave rise to an actuarial gain of €48 million, of which €49 million recognised in non-recyclable reserves. Experience adjustments generated actuarial gains of €19 million, including €9 million recognised in non-recyclable reserves.

1.2.2 Income tax expense

The income tax expense for the half year is calculated by applying the best known estimate of the effective tax rate for each tax entity to the accounting profit of consolidated companies before tax. As at 30 June 2021, the forecast future results used to assess the probability of recovering deferred tax assets were updated considering the new financial trajectory presented to the Board of Directors on 29 July 2021 prior to the closing of the Group half-year financial statements. This update did not result in any major change in recognised deferred taxes.

2. MAJOR EVENTS

2.1 MAJOR EVENTS IN THE FIRST HALF OF 2021

2.1.1 COVID-19 health crisis

The COVID-19 health crisis continued to have a severe impact on SNCF Group operations in the first half of 2021.

The Passengers business was still badly affected by travel restrictions which hindered TGV passenger traffic, mainly business customers.

SNCF continued its efforts to absorb some of the losses and maintain its solid financial position with the ongoing savings plan and specific cash management measures (see Note 5 to the condensed half-year consolidated financial statements). At the same time, furlough measures were renewed.

2.1.2 Eurostar and Thalys financial support

Severely hit by strict UK travel restrictions, Eurostar benefited from a refinancing plan to compensate for the 90% slump in traffic. Its shareholders, including SNCF, performed a recapitalisation in the amount of £50 million. They also contributed a first-demand guarantee to secure the new bank loan in the amount of €170 million. The current banks also granted a payment deferral of £53 million, enabling Eurostar to obtain a total contribution of £250 million or around €290 million.

Thalys was also required to take out a bank loan of €120 million, of which €55 million drawn down as at 30 June 2021, to safeguard its future in a context of lifted travel restrictions and gradual business recovery.

2.1.3 Payment of the first instalment of French State aid to SNCF Réseau

An initial instalment of €1.645 billion was paid on 23 February 2021 by the French State to SNCF Réseau under the rail recovery plan.

2.1.4 Planned sale of the Ermewa subsidiary

The planned sale of Ermewa Holding SAS and its subsidiaries, approved by the Board of Directors on 08/10/2020, should be finalised in the second half of 2021.

2.1.5 Acquisition of the Polish carrier Pekaes by the Geodis subsidiary

On 1 February 2021, Geodis acquired all the shares of the Polish group Pekaes through its subsidiary Calberson GE. This transaction will strengthen Geodis' positions in Poland which is the no. 3 logistics market in Europe. Provisional goodwill recognised as at 30 June 2021 amounted to €95 million (see Note 4.1).

2.2 SUBSEQUENT EVENTS

There were no significant subsequent events.

3. PERFORMANCE FOR THE PERIOD

3.1 SEGMENT INFORMATION

3.1.1 Determination of reported segments

As of 1 January 2020, the operations of the SNCF Group are organised into five business lines and eleven segments:

– The Infrastructure Management business line, comprising two segments:

- SNCF Réseau, whose mission is to commercialise, manage, maintain, upgrade and develop the French national rail network. Its customers are 28 railway operators which use the national rail network, and 9 other companies (combined transport operators, ports, etc.) which reserve track slots that they then assign to the railway operator of their choice. This segment includes the following SNCF Réseau subsidiaries: Sferis and Altametris.
- SNCF Gares & Connexions handles the operation and development of France's 3,030 railway stations, ensuring that all operators have fair and equal access. It includes Gares & Connexions SA, and its subsidiaries Arep Group and Retail & Connexions.

– The Passengers business line comprises four segments

- Transilien: local regulated rail transport services in the Île-de- France (Greater Paris) region.
- TER: regulated regional passenger transport services (rail and road, including urban and suburban), and associated services (Ritmx).
- Voyages SNCF: door-to-door passenger transport in France and across Europe via SNCF Voyageurs SA (TGV, OUIgo, Intercités) and its subsidiaries (Eurostar, Thalys, Lyria, Rielsfera, etc.), and distribution of travel-related products (including via the subsidiary Oui.sncf).
- the Industrial Division: Equipment, Traction, and Rail Production activities and the Masteris subsidiary, which coordinates the Group's industrial operations.

– Keolis handles mass transit systems in 16 countries around the world. Its expertise covers all modes of transportation (train, bus, car, underground, tram, ferries, bicycles), and the management of interconnection hubs (stations, airports) and parking.

– The Freight & Logistics business line, comprising two segments:

- Geodis: a European operator with global reach, offering management solutions across all or part of the logistics chain (Supply Chain Optimisation, Air & Sea Freight Forwarding, Contract Logistics, Distribution & Express, Road Transport, US Contract Logistics).
- Rail Logistics Europe, formerly TFMM: comprises rail and combined freight operators and freight forwarders in Europe and worldwide, through various companies (SAS Fret SNCF, Captrain, Combicargo, Forwardis and VIIA).
- Ermewa is presented in the Logistics business line under the Other heading.

– SNCF Immobilier acts as agent or service provider for the other SNCF Group companies in four main areas: managing real estate assets used in operations (master plans to optimise real estate assets, the construction and refurbishment of buildings, and managing leased properties), monetising assets not required for railway operations, managing the working environment in key office premises, and managing residential properties through SNCF SA subsidiary ICF Habitat Group.

All of these segments are served by corporate support functions and other service providers from within the SNCF Group: Shared Service Centres, holding company activities within SNCF Participations, and SUGE (rail safety), along with certain operational subsidiaries that comprise the "Other" segment.

3.1.2 Indicators reported

The key indicators reported for each segment are:

– External revenue, excluding transactions with the Group's other segments.

– Internal revenue, comprising transactions between segments.

– EBITDA as presented in the consolidated income statement.

– Net investments, which comprise gross acquisitions of property, plant and equipment and intangible assets (including own production capitalised and finance costs), net of investment grants received and new concession financial assets net of cash inflows, i.e. after the impact of changes in working capital requirements relating to investing activities.

– Gross investment from all funding sources, which comprises gross acquisitions of property, plant and equipment and intangible assets as recognised for accounting purposes (including own production capitalised and finance costs), plus new gross concession financial assets.

– Net indebtedness is the sum of current and non-current financial liabilities less current and non-current financial assets, when the latter arise from transactions which, in substance, only involve exchanges of cash flow: issue or receipt of cash in consideration for an expected cash reimbursement or remuneration.

The accounting methods adopted for the preparation of financial data for each segment are those used in the preparation of the consolidated financial statements. The internal revenue is eliminated in an "Inter-segment" line item for purposes of reconciliation with the Group consolidated financial statements.

3.1.3 Segment information

30/06/2021

In € millions	External revenue	Internal revenue	Revenue	External EBITDA	Net investments	Investment from all funding sources	Net indebtedness
SNCF Réseau	1,280	1,802	3,083	636	17	2,534	28,496
SNCF Gares & Connexions	95	627	722	112	37	326	853
Intra-business line eliminations		-216	-216				
Infrastructure Management	1,375	2,213	3,588	749	55	2,859	29,349
Transilien	1,609	167	1,777	187	198	630	360
TER	2,404	164	2,569	100	-60	430	-1,509
Voyages SNCF	1,732	188	1,919	-768	316	364	5,839
Industrial Division	33	827	861	12	39	34	857
Other	12	238	250	24	9	8	-1,368
Intra-business line eliminations		-1,208	-1,208				
Passengers	5,791	376	6,168	-445	501	1,467	4,178
Keolis	3,084	55	3,138	284	97	110	916
Geodis	4,812	54	4,865	454	54	50	777
Rail Logistics Europe	745	59	804	85	29	27	27
Other	228	34	263	138	108	123	-23
Intra-business line eliminations		-46	-46				
Freight & Logistics	5,785	100	5,886	677	191	200	780
SNCF Immobilier	16	309	325	98	7	7	-236
Corporate	9	527	536	31	23	20	3,417
Inter-segment eliminations		-5,051	-5,051				
Total	16,060	-	16,060	1,394	874	4,662	38,404

In € millions	External revenue	Internal revenue	Revenue	External EBITDA	Net investments	30/06/2020 Investment from all funding sources	31/12/2020 Net indebtedness
SNCF Réseau	1,214	1,443	2,658	222	1,575	1,989	29,422
SNCF Gares & Connexions	100	611	711	93	-10	261	786
Intra-business line eliminations		-223	-223				
Infrastructure Management	**1,314**	**1,831**	**3,145**	**315**	**1,565**	**2,250**	**30,208**
Transilien	1,311	154	1,465	-41	356	522	-56
TER	2,052	154	2,206	16	-112	268	-1,232
Voyages SNCF	1,720	167	1,887	-905	237	350	4,926
Industrial Division	32	701	733	-12	46	37	872
Other	32	216	248	32	-3	17	-1,251
Intra-business line eliminations		-1,038	-1,038				
Passengers	**5,147**	**354**	**5,501**	**-910**	**523**	**1,195**	**3,259**
Keolis	**2,836**	**46**	**2,883**	**189**	**103**	**115**	**1,034**
Geodis	3,949	48	3,998	283	61	52	669
Rail Logistics Europe	664	47	711	-44	16	14	18
Other	199	36	235	139	90	97	-14
Intra-business line eliminations		-43	-43				
Freight & Logistics	**4,812**	**88**	**4,901**	**378**	**166**	**163**	**673**
SNCF Immobilier	**13**	**303**	**316**	**99**	**1**	**4**	**-286**
Corporate	7	495	502	-2	38	25	3,260
Inter-segment eliminations		-4,423	-4,423				
Total	**14,129**	**-**	**14,129**	**69**	**2,397**	**3,752**	**38,148**

3.2 REVENUE

The SNCF Group derives revenue from providing services at a point in time, or continuously over a period of time, to private individuals and to public and private sector customers. The key revenue-generating service lines are:

In € millions	30/06/2021	30/06/2020	Change	Segment
Passenger transport revenue	1,471	1,480	-9	Voyages SNCF
Freight transport revenue	4,234	3,404	830	Freight & Logistics business line
Other services ancillary to transport	1,319	1,207	112	Voyages SNCF, Freight & Logistics business line
Fees from Transport Organising Authorities (TOA) for regulated operations	7,100	6,069	1,031	Transilien, TER, Keolis
Rail network management fees	1,164	1,123	41	SNCF Réseau
Station management revenue	96	101	-5	SNCF Gares & Connexions
Real estate rental revenue (excluding rent generated by stations)	45	50	-5	Freight & Logistics business line, Voyages SNCF, Corporate
Transport equipment leasing revenue	185	179	7	Freight & Logistics business line, Transilien, TER, Keolis
Upkeep and maintenance services	135	103	32	All segments
Other revenue	311	413	-102	All segments
Revenue by main service line	16,060	14,129	1,931	
Public sector (public bodies)	8,281	7,128	1,154	
Private individuals	1,556	1,555	1	
Private sector companies	6,223	5,446	776	
Revenue by customer type	16,060	14,129	1,931	
Immediate or one-day transfer	4,454	2,770	1,684	
Point-in-time transfer over a period of less than one year (logistics, freight transport and compensation from OA)	11,285	10,829	455	
Services provided continuously over more than one year (real estate, some station management operations, etc.)	322	530	-208	
Revenue by recognition rate	16,060	14,129	1,931	

3.3 TRANSACTIONS WITH TRANSPORT ORGANISING AUTHORITIES

Transactions with Transport Organising Authorities (TOAs) had the following impacts on the SNCF Group's consolidated financial statements:

In € millions	30/06/2021	30/06/2020	Change
Services with OA	6,331	5,199	1,132
Revenue generated from passenger ticket sales	632	761	-129
Services with the French state as OA of the Trains d'Équilibre du Territoire	104	72	33
Interest income arising from concession financial assets	32	38	-5
Impacts on revenue (*)	7,100	6,069	1,031
New concession financial assets	-1,073	-693	-379
Cash inflows from concession financial assets	935	565	369
Investment grants relating to intangible assets and PP&E (1)	3,010	764	2,246
Impacts on cash flow used in investing activities	2,872	636	2,237
(*) of which Keolis revenue	2,888	2,579	309
of which SNCF Voyageurs revenue	4,212	3,490	722

In € millions	30/06/2021	31/12/2020	Change
Intangible concession assets	101	109	-8
Non-current concession financial assets	2,197	2,016	181
Impacts on non-current assets	2,298	2,125	173

(1) Includes €2,556 million in 2021 (€538 million in 2020) of grants for the SNCF Réseau rail network infrastructure.

The new concession financial assets presented in the table above represent the investments in returnable assets in connection with passenger transport regulated activities (Transilien €568 million, TER €326 million and Intercités €168 million). The grants relating to these investments are presented under "Cash inflows from concession financial assets" and are deducted from concession financial assets in the balance sheet.

3.4 OTHER ITEMS

3.4.1 Purchases and external charges

Purchases, sub-contracting and other external charges:

In € millions	30/06/2021	30/06/2020	Change
Sub-contracting	-3,536	-2,932	-604
Eurotunnel and other infrastructure fees	-260	-373	114
Other purchases and external charges	-2,592	-2,422	-170
Traction energy	-244	-259	15
Purchases and external charges	-6,631	-5,985	-646

4. OPERATING ASSETS AND LIABILITIES

4.1 GOODWILL

Movements in goodwill during the period break down as follows:

In € millions	Gross value	Impairment	Net value
As at 1 January 2020	2,914	-402	2,513
Acquisitions	0	0	0
Impairment losses	0	-4	-4
Disposals	-20	10	-11
Currency translation	-76	1	-75
Other changes	-302	7	-295
As at 31 December 2020	2,516	-389	2,127
As at 1 January 2021	2,516	-389	2,127
Acquisitions	108	0	108
Impairment losses	0	0	0
Disposals	0	0	0
Currency translation	37	-1	36
Other changes	-11	0	-11
As at 30 June 2021	2,650	-390	2,260

In 2021, the acquisitions of the subsidiaries Pekaes sp. Z o.o and INVEHO GmbH generated goodwill of €95 million and €11 million, respectively. The amount of €11 million, corresponding to the goodwill of the Ermewa subsidiaries, was reclassified as assets held for sale (in "Other changes").

In 2020, disposals mainly included the sale of Ouicar for -€11 million. The "Other changes" heading primarily includes the reallocation of Effia goodwill as contractual rights for -€131 million and deferred tax liabilities for €32 million and the reclassification of Ermewa goodwill as assets held for sale in the amount of -€197 million (see Note 4.2.6).

The main goodwill balances recorded by the group at the end of the reporting period were as follows:

In € millions	30/06/2021	31/12/2020	Change
Keolis	628	627	1
SNCF Voyageurs (*)	413	396	17
Freight & Logistics	1,220	1,104	116
of which Geodis CGU	*1,188*	*1,072*	*116*
of which Rail Freight Fleet Management CGU	*0*	*0*	*0*
Of which Other rail operations	*32*	*32*	*0*
SNCF Corporate	0	0	0
Total	2,261	2,127	133

(*) Of which €370 million for Eurostar (€353 million in 2020).

4.2 PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

4.2.1 Property, plant and equipment

Property, plant and equipment breaks down as follows by category:

	30/06/2021			31/12/2020		
In € millions	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Investment property	294	-24	270	302	-24	278
Land and buildings	25,945	-11,823	14,122	25,368	-11,472	13,895
Tracks, earthworks, engineering works and level crossings	58,524	-24,573	33,951	56,921	-24,023	32,898
Technical, electrical, telecoms and signalling equipment, plant and tooling, and other assets	30,106	-15,341	14,765	29,679	-14,873	14,806
Transport equipment (*)	32,077	-21,550	10,527	31,642	-21,293	10,349
Property, plant and equipment under construction	17,070	-14	17,057	16,841	-21	16,820
TOTAL EXCLUDING GRANTS	164,016	-73,323	90,693	160,753	-71,706	89,047
Investment grants	49,585	-10,700	38,885	47,109	-10,279	36,830
TOTAL	114,431	-62,623	51,807	113,644	-61,427	52,217

(*) of which €1,286 million for transport equipment under construction (2020: €987 million).

Movements in property, plant and equipment, after investment grants, break down as follows:

In € millions	Investment property	Land and buildings	Tracks, earthworks, engineering works and level crossings	Technical, electrical, telecoms and signalling equipment, plant and tooling, and other assets	Transport equipment (*)	Property, plant and equipment under construction	Investment grants	Total net of grants
Net carrying amount as at 31/12/2019	288	13,581	32,659	15,426	12,296	14,857	-37,433	51,674
Acquisitions	0	6	0	194	784	6,166	-3,594	3,556
Disposals	-9	-3	0	-6	3	-1	0	-15
Net depreciation	-1	-628	-1,104	-1,177	-1,212	0	1,462	-2,660
Impairment losses	0	-75	0	-78	-23	0	0	-176
Change in scope	0	516	-534	7	-1	1	0	-10
Currency translation	0	-3	0	-11	-56	-1	-1	-71
Other changes	0	501	1,877	452	-1,443	-4,202	2,733	-82
Net carrying amount as at 31/12/2020	278	13,895	32,898	14,806	10,349	16,820	-36,830	52,217
Acquisitions	0	10	0	44	450	2,947	-2,746	705
Disposals	-7	-6	0	-39	-17	0	1	-68
Net depreciation	0	-336	-550	-585	-454	0	677	-1,248
Impairment losses	0	-2	0	1	12	7	0	19
Change in scope	0	35	0	6	1	1	0	43
Currency translation	0	3	0	5	45	0	0	53
Other changes	0	523	1,602	527	141	-2,719	13	87
Net carrying amount as at 30/06/2021	270	14,122	33,951	14,765	10,527	17,057	-38,885	51,807

(*) Includes transport equipment under construction.

Acquisitions in the amount of €3,451 million are described in Note 4.2.3. Depreciation charges and the impacts of impairment losses on the income statement are presented in Notes 4.2.4 and 4.3.

In 2021, other changes mainly correspond to the commissioning of completed PP&E previously recognised as PP&E under construction and the acquisitions of Ermewa and its subsidiaries during the period which were reclassified as assets held for sale (see Note 4.2.6).

Investment grants recognised in the period for property, plant and equipment amounted to €2,746 million, comprising €119 million for rail equipment and €2,627 million for fixed installations and rail infrastructure projects (expansions/renewals). The amount of investment grants received during the period is provided in Note 4.2.3.

4.2.2 Leases

Right-of-use assets break down by category as follows:

	30/06/2021			31/12/2020		
In € millions	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Land and buildings	3,276	-1,311	1,965	3,315	-1,137	2,178
Transport equipment	2,327	-933	1,394	2,433	-909	1,524
Other	265	-118	147	231	-98	133
TOTAL	5,868	-2,361	3,507	5,979	-2,143	3,836

Leases in the "Land and Buildings" category relate mainly to buildings such as warehousing, retail stores, offices, etc. and leases in the "Transport equipment" category include leases of rail and road transport equipment (including buses, trains, locomotives, cars, etc.). Leased assets in the "Other" category mainly comprise technical equipment used in the operating cycle with significant financial implications.

Movements in leases break down as follows:

In € millions	Land and buildings	Transport equipment	Other	Total
Net carrying amount as at 31/12/2019	2,252	1,559	138	3,948
New leases contracted	534	415	65	1,015
Impact of expired or terminated leases	-78	-8	-7	-93
Depreciation	-530	-424	-55	-1,009
Impairment losses	-23	0	0	-23
Change in scope	12	-22	-1	-11
Other changes (lease amendments, remeasured assumptions, etc.)	12	4	-7	9
Net carrying amount as at 31/12/2020	2,178	1,524	133	3,836
New leases contracted	165	195	36	397
Impact of expired or terminated leases	-167	-144	-1	-311
Depreciation	-258	-193	-28	-479
Impairment losses	0	0	0	0
Change in scope	11	5	3	19
Other changes (lease amendments, remeasured assumptions, etc.)	36	6	3	45
Net carrying amount as at 30/06/2021	1,965	1,394	147	3,507

For details of depreciation charged to profit or loss, see Note 4.2.4

4.2.3 Investment

Net cash outflows from investing activities relating to acquisitions of property, plant and equipment and intangible assets break down as follows:

In € millions	30/06/2021	30/06/2020
Intangible assets	-138	-154
Property, plant and equipment	-3,451	-2,905
Total acquisitions	-3,590	-3,059
Change in investment WCR	-157	26
Intangible assets and PP&E capital expenditure flows	-3,746	-3,033

Investments in property, plant and equipment in the period relate mainly to:

– investment expenses at SNCF Réseau for rail infrastructures in the amount of €2,501 million, mainly involving network upgrade investments (track renewal, deployment of fibre optics, signalling and Centralised Network Command), network compliance and development projects (EOLE, CDG Express, regional development projects),

– investments at Gares and Connexions for €324 million primarily relating to station upgrades, station accessibility work, regional development projects financed by the French State-Region plan (CPER) and the EOLE project,

– acquisitions and upgrades of rail and road transport equipment amounting to €449 million (including acquisitions of "NAT" trains for Transilien, TGV UFC trains, Eurostar trains, wagons, transcontainers and containers, TGV upgrades, and electric railcars).

The amount of investment grants received during the period for property, plant and equipment totalled €3,010 million. The difference with the amount of investment grants recognised during the period (€2,746 million, see Note 4.2.1) mainly corresponds to investment grants claimed in advance, received during the period and recognised in other operating liabilities (particularly at SNCF Réseau which recognises the "earned" grant as an investment grant).

4.2.4 Depreciation and amortisation

Depreciation and amortisation breaks down as follows:

In € millions	30/06/2021	30/06/2020	Change
Amortisation of intangible assets	-185	-209	24
Depreciation of property, plant and equipment	-1,926	-1,952	26
Depreciation of right-of-use assets	-478	-507	29
Grants released to profit or loss	678	663	15
Reversal of liabilities relating to concession assets excluded from the scope of IFRIC 12	25	25	0
Depreciation and amortisation	-1,886	-1,980	93

4.2.5 Net proceeds from asset disposals

Asset disposals had the following impacts on profit or loss:

In € millions	30/06/2021	30/06/2020	Change
Disposals of intangible assets	2	-1	3
Disposals of property, plant and equipment	31	58	-26
Disposals of right-of-use assets	1	3	-1
Disposals of financial assets	2	1	1
Net proceeds from asset disposals	37	61	-24

For the period ended 30 June 2021, net proceeds from asset disposals related mainly to sales of various real estate assets by SNCF Réseau for €9 million (including Tolbiac and Docks de Saint Ouen) and ICF-Novedis for €5 million as well as the sale of property, plant and equipment at SNCF Voyageurs for €8 million.

4.2.6 Assets and liabilities classified as held for sale

As at 30 June 2021, assets and liabilities of Ermewa were classified as being held for sale (see Note 2.1.4).

The ERMEWA group was considered as a group of assets classified as held for sale, in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations".

The 30 June 2021 financial statements did not include any profit or loss from the future sale of Ermewa.

In € millions	30/06/2021	31/12/2020
Assets classified as held for sale	2,292	2,113
Liabilities associated with assets classified as held for sale	1,542	1,444
Net balance sheet impact	750	668

The main asset and liability categories reclassified in accordance with IFRS 5 as at 30 June 2021 are as follows:

In € millions	30/06/2021	31/12/2020
Goodwill	208	197
Intangible assets	101	99
Right-of-use assets	22	21
Property, plant and equipment	1,718	1,580
Equity investments	4	5
Deferred tax assets	1	0
Inventories and work-in-progress	23	16
Operating receivables	178	153
Financial assets	2	5
Cash and cash equivalents	36	37
Assets classified as held for sale	2,292	2,113

In € millions	30/06/2021	31/12/2020
Employee benefit obligations	13	12
Provisions	6	6
Lease liabilities	19	21
Deferred tax liabilities	198	178
Financial liabilities	1,161	1,114
Operating payables	145	113
Liabilities associated with assets classified as held for sale	1,542	1,444

4.3 IMPAIRMENT TESTING OF NON-CURRENT ASSETS

Impacts on the income statement were as follows:

In € millions	30/06/2021	30/06/2020	Change
Intangible assets and property, plant & equipment	7	-13	20
Goodwill	0	0	0
Other	4	0	4
Impairment losses	11	-13	24

4.3.1 Background

The SNCF Group conducts impairment tests when there is an indication of an impairment loss and at least once annually when there is a goodwill.

These tests are performed for each cash-generating unit (CGU) or group of CGUs, which most often corresponds to an operating segment.

The review of indications of impairment for the Group's main CGUs as at 30 June 2021 was based on the assessment of the ability to generate operational cash flows and investments arising from strategic plans primarily through:

– the updating of cash flows based on the new 2021/2030 Group strategic plan approved by the SNCF Board of Directors on 29 July 2021

– a comparative analysis of 2021 results compared to the items adopted for the multi-annual trajectories used to perform the 2020 tests

– an analysis of sensitivity to changes in the WACC and long-term growth rates used to determine values in use.

This work did not result in the recognition of an indication of a loss in value as at 30 June 2021, except for the Infrastructure CGU which was subject to a new impairment test. This test did not give rise to the recognition of additional impairment as at 30 June 2021.

The parameters used to calculate the recoverable amount of the main CGUs in connection with impairment testing and sensitivity analyses are summarised below.

The values for assets tested as presented in the tables below are shown net of impairment losses charged or reversed during prior periods, and exclude any acquisition or loss of control during the period.

4.3.2 CGUs presenting significant goodwill compared to total goodwill

CGUs with significant goodwill are described below.

4.3.2.1 Geodis CGU

Of the total amount of goodwill (net of impairment), €1,188 million (€1,072 million as at 31 December 2020) was allocated to the Geodis cash-generating unit, which houses the logistics and freight transport operations of the Freight and Logistics business line. The CGU is tested for impairment at least once annually.

The main assumptions used to determine the recoverable amount in 2020 were:

	2020
Segment	Freight & Logistics
CGU	Geodis
Assets tested	€1,516 million
Base used for recoverable amount	Value in use
Source used	5-year plan and indefinite projection of a normative year
Discount rate (min-max)	7.3% - 8.3%
Long-term growth rate	1.60%

The analysis of the various indicators as at 30 June 2021 did not highlight any indication of an impairment loss. No impairment test was therefore performed on this date.

4.3.2.2 Keolis CGU

Of the total amount of goodwill, €628 million (€627 million as at 31 December 2020) was allocated to the Keolis cash-generating unit, which houses all operations in the multi-modal passenger transport solutions business of the Keolis segment. Indefinite-lived intangible assets allocated to this CGU amount to €83 million (€83 million as at 31 December 2020), and mainly comprise brands and licences. The CGU is tested for impairment at least once annually.

The main assumptions used to determine the recoverable amount in 2020 were:

	2020
Segment	Keolis
CGU	Keolis
Assets tested	€1,582 million
Base used for recoverable amount	Value in use
Source used	5-year plan and indefinite projection of a normative year
Discount rate (min-max)	5.9% - 6.8%
Long-term growth rate	1.60%

The analysis of the various indicators as at 30 June 2021 did not highlight any indication of an impairment loss. No impairment test was therefore performed on this date.

4.3.2.3 Rail Freight Fleet Management CGU

In 2020, goodwill was reclassified as assets held for sale (€197 million as at 31 December 2020).

The main assumptions used to determine the recoverable amount in 2020 were:

	2020
Segment	Freight & Logistics
CGU	Rail Freight Fleet Management
Assets tested	€1,866 million
Base used for recoverable amount	Value in use
Source used	5-year plan and indefinite projection of a normative year
Discount rate (min-max)	3.6% - 4.1%
Long-term growth rate	2.00%

The analysis of the various indicators as at 30 June 2021 did not highlight any indication of an impairment loss. No impairment test was therefore performed on this date.

4.3.2.4 Eurostar CGU

Of the total amount of goodwill, €370 million (€353 million as at 31 December 2020) was allocated to the Eurostar cash-generating unit, which houses all the cross-channel passenger operations of the Voyages SNCF segment. Indefinite-lived intangible assets allocated to this CGU amount to €271 million (€259 million as at 31 December 2020), and mainly comprise brands. The CGU is tested for impairment at least once annually.

The main assumptions used to determine the recoverable amount in 2020 were:

	2020
Segment	Passengers
CGU	Eurostar
Assets tested	€1,724 million
Base used for recoverable amount	Value in use
Source used	15-year plan and indefinite projection of a normative year
Discount rate (min-max)	7.2% - 8.3%
Long-term growth rate	1.60%

A comparative analysis was conducted between:

– The cash flows from the latest Business Plan approved by Eurostar's governance on 16 December 2020 and used to assess the recoverable amount of assets as at 31 December 2020

– The new 2021/2030 strategic plan including the 2021 reforecast (decline in the first half of 2021).

This analysis confirmed the absence of any indications of impairment. No tests were therefore conducted as at 30 June 2021.

To recap, the 2020 Business Plan cash flows were based on the following core assumptions:

– The ability of Eurostar to continue as a going concern (secured through new financing in the first half of 2021);

– Trends in traffic revenue including the gradual recovery of business after the slowdown due to the COVID crisis in 2021;

– Amounts of expenses (employee benefits, purchases, etc.) which were, in some cases, subject to performance plans;

– Infrastructure fee projections;

– The emergence of rail competition, whose positioning was postponed by several years under the 2020 test given the current context (crisis, regulatory changes, etc.)

– The level of investment required to upgrade the fleet, taking account of performance plans relating to train use optimisation and the arrival of new rolling stock and competitors.

– Modification of the UK tax rate.

Note that to take into account the risk posed by the health crisis, sensitivity analyses were carried out (business recovery postponed for several months, change in the long-term growth rate, etc.) and confirmed the absence of indications of impairment.

The financial liability relating to the irrevocable purchase commitments given by SNCF to buy out the stakes in Eurostar held by the CDPQ/Hermès consortium and SNCB were valued on the same bases.

4.3.3 CGUs with indications of impairment losses or reversals in 2021 and/or 2020

4.3.3.1 TGV France and Europe CGU (excluding Eurostar, Thalys and Ouigo España)

During the first half of 2021, new trends emerged that caused the TGV business to update its financial trajectory, particularly in order to incorporate:

– A more ambitious commercial revenue trajectory than that used for the most recent test, reflecting the strong results of the vaccination campaign and the slowdown of the pandemic

– The assumption of a postponed and less intense arrival of rail competition in the domestic market. This assumption was mainly based on technical delays, the decline in the financial results reported by our main competitors and the lower appeal of the French rail market (high infrastructure fees, etc.) compared to other European countries.

– More ambitious performance plans, particularly regarding fleet output and rolling stock maintenance costs

The aforementioned events led to an improvement in the TGV activity's financial trajectory and did not highlight any new indications of impairment.

Consequently, the TGV business did not test the assets of the TGV CGU for impairment as at 30 June 2021.

The main parameters used to determine the recoverable amount as at 31 December 2020 were:

	2020
Segment	Passengers
CGU	TGV France and Europe (excluding Eurostar, Thalys and Ouigo España)
Assets tested	€5,641 million
Base used for recoverable amount	Value in use
Source used	10-year plan and indefinite projection of a normative year
Discount rate (min-max)	6.7% - 7.7%
Long-term growth rate	1.60%

4.3.3.2 Intercités CGU

Considering the expiry of the operating agreement as at 31/12/2020 and the absence of an available financial trajectory for fiscal 2021 and beyond, the value of the net assets was not tested for impairment in 2021.

As a reminder, since 31 December 2020, the net carrying amount of all fixed installation assets (excluding lease right-of-use assets) has been fully impaired. The same is true for the net carrying amount of rolling stock (excluding the OSLO CGU) falling within the scope of IFRIC12 (guaranteed by agreement).

The main assumptions used for the most recent tests are summarised below.

	2020
Segment	Intercites
CGU	Intercites
Assets tested	No assets tested
Base used for recoverable amount	Value in use
Source used	2016-2020 Agreement
Discount rate (min-max)	5.2% - 6.0%
Long-term growth rate	Not applicable

4.3.3.3 Infrastructure CGU

The year-end impairment test on the Infrastructure CGU assets, carried out as at 31 December 2015, had led to an impairment loss of €9.6 billion based on a financial trajectory approved by the SNCF Réseau Board of Directors on 9 March 2015, which considered that it represented the best business forecast for the next 15 years.

The adoption on 14 June 2018 of the authorisation law for a new railway pact and the various announcements by the French government, particularly regarding the change in SNCF Réseau infrastructure fee terms and conditions, represented new indications of impairment. A new test was therefore carried out as part of the 2018 half-year closing using available information taken from the reference framework for the PRG economic and financial trajectory and its roll-out for SNCF Réseau that was presented for information purposes to the Board of Directors on 25 July 2018. This test gave rise to the recognition of additional impairment of €3.4 billion.

In 2019, the following regulatory changes represented indications of impairment:

The publication in September 2019 of the terms and conditions for the implementation of the Didier Law promulgated on 7 July 2014 on the sharing of responsibilities and financial expenses regarding the maintenance of engineering works;

The scheduled ban on the use of glyphosate announced by the government, and illustrated by the Egalim law of 30 October 2018, regarding agriculture, and the set-up in 2019 of a parliamentary mission in charge of the strategy for the complete removal of glyphosate. The implementation of this regulatory change was confirmed by the SNCF Chairman to terminate the use of glyphosate in 2021.

The scope of the Infrastructure CGU test was adapted to the asset transfers carried out on 1 January 2020 under the rail reform. The Infrastructure CGU impairment test did not take into account the station assets transferred on 1 January 2020 representing a net carrying amount of €0.9 billion (on the transfer date). Taking into account the previously recognised impairment, as at 31 December 2019 the impairment tests confirmed the net carrying amounts of the Infrastructure CGU's assets and the transferred station assets. It was, however, noted that the recoverable amount also depended on the French State's implementation of all the resources and commitments necessary for its support and the company's ability to meet its productivity plans.

In 2020, the impacts of the COVID 19 health crisis on the accounts of SNCF Réseau SA (decline in infrastructure fees, level of resources of the French State support fund coming from the national company SNCF, work postponements and excess costs) were identified as indications of impairment.

An impairment test was therefore carried out as at 31 December 2020 using the cash flows from the financial trajectory of the SNCF Group strategic plan. This strategic plan was presented to the SNCF SA Board of Directors on 8 October 2020. It reiterated and updated the items already presented to the SNCF SA Board of Directors on 24 June 2020. It included the repercussions from a strategic viewpoint of the French State's announcements in September 2020 on the support for SNCF and, more generally, the rail sector. The financial trajectory used for the test also included the impacts of the economic and health situation assessed as at 31 December 2020 by SNCF Réseau Management.

The global health crisis, the impacts of which were first felt in March 2020 and continued in H1 2021, resulted in a decline in Infrastructure CGU first-half activity and a downwards revision of its business forecasts as reflected in the financial trajectory of the new SNCF Réseau 2021-2030 strategic plan.

These items, representing an indication of a loss in value, led to the implementation of an impairment test for this CGU's assets as at 30 June 2021.

As at 30 June 2021, the impairment test was based on the financial trajectory of the new SNCF Réseau 2021-2030 strategic plan, prepared in connection with the new SNCF Group strategic approved by the SNCF Board of Directors on 29 July 2021. This SNCF Réseau strategic plan and its financial trajectory, representing Management's best assessment of the assumptions known to date, were approved by the SNCF Réseau Board of Directors on 22 July 2021. The financial trajectory may change in forthcoming months depending on the ongoing discussions with the French State on the updating of the SNCF Réseau performance contract.

The primary directives of this financial trajectory are as follows:

Consideration of a macro-economic scenario involving the gradual recovery of business from 2022 following the substantial decline in revenue in 2020 and 2021,

Gradual opening of passenger traffic to competition,

Alignment of infrastructure fee volumes and prices with the SNCF Group strategic plan,

Steady level of investment needed to restore the resilience of the network in line with the railway pact,

Revision of the trajectory for upgrade grants obtained through the French State support fund, including grants from the French State recovery plan for €4.05 billion from 2021 and amounts received from Group disposal gains (€480 million),

Balancing of cash flows in 2024 and a debt level equal to six times gross profit in 2026, in accordance with railway pact commitments, investment grants derived from the State allocation of all or part of the dividends received from the national company SNCF.

The key assumptions used in the test relate to the level of infrastructure fees, the level of investment and performance, as well as government funding.

Regarding the level of infrastructure fees:

The increase in TGV and freight infrastructure fees was limited to the CPI, and indexing maintained for regulated infrastructure fees (i.e. TER and TET access fees) was aligned with the opinion of the French Transport Regulatory Body issued on 9 February 2021 for 2022 (2.2%) and 2023 (2.4%) and maintained at the level shown in the most recent performance contract, i.e. 3.6% per year.

Furthermore, the State compensation scheme for freight activity, the amount of which is revised annually to reflect changes in indexing and the switch to the new directly attributable cost model starting with 2019 pricing scales, is assumed to be maintained until 2023.

Finally, the 10-year traffic projections regarding SNCF Group carrier passenger and freight operations were approved in the Group's strategic plan, thereby ensuring their reciprocity with the relevant entities, as well as an updated valuation of assumptions on the opening up of competition, particularly at the end of the plan.

Regarding the level of performance

The performance goal was revised to recurring €1.45 billion between 2017 and 2026, with a ramp-up in savings between 2021 and 2024 and further performance efforts without activating new levers as of 2025. This performance trajectory complies with the objectives set out in the operational programs.

This productivity will contribute to achieving a normative profitability rate of 46% (EBITDA/revenue) in 2030 as taken into account in the terminal value calculation.

Regarding government support:

The investment grants derived from the State allocation of all or part of the dividends received from the national company SNCF out of the profits of its subsidiaries, topped up as necessary by the transfer of a share of the tax gain generated by the Unified Public Group (UPG) tax consolidation, were revised downwards following the 2020 year-end test for around €1.7 billion over the 10-year period. The renewal investment grant amounts are based on the SNCF Group's economic and financial trajectory and its distribution capacity. The normative amount of these investment grants was €0.91 billion as from 2030.

The investment grants to be paid by the French State support fund under the railway recovery plan will amount to €4.05 billion. These grants will be earmarked for network renewal investment financing. The portion of disposal gains paid under the recovery plan (€480 million) relating to the investments used in the test (compliance investments) was added back.

Measures relating to the new pension regime, and more broadly to the new labour relations framework derived from rail industry collective agreements, were still under negotiation at the reporting date and hence may hinder the expected future performance.

The other methodological components used to determine the recoverable amount as at 30 June 2021 are:

The methodology used is the same as that applied in the previous impairment test carried out in 2020;

A financial trajectory totally reconstructed in the first half of 2021 based on fully documented and updated assumptions contained in the new strategic plan;

Discounted cash flow projections were calculated for the years covered by the new 2021-2030 economic trajectory, updated for newly available information and extended to 2030, which remains the normative year as it is considered that the network will have stabilised at a performance/upgrade level to optimise the amount of maintenance;

As regards the Sud Europe Atlantique (SEA) concession, the cash flow projections assume that operation of the line will be taken back from 2061, when the concession held by the current operator expires;

The terminal value, representing 91% of the recoverable amount, was calculated by projecting the values for the normative year (2030) to infinity at a long-term growth rate of 1.6%;

The projected cash flows are after tax, adopting a theoretical tax charge calculated using a known rate at each date that is then applied to projected current operating profit;

Future cash flows were discounted at 4.9% (versus 5.6% as at 31 December 2020); The use of the floor rate taken from the appraisal report drawn up by the external expert Deloitte is explained by the following contextual items:

A financial trajectory totally reconstructed in the first half of 2021 based on fully documented assumptions,

A rather prudent assessment of COVID crisis risks (in relation to the traffic turnaround trends observed since May), and a long-term growth rate maintained at 1.6%/year from 2024, based on an assumption for growth (deemed prudent) which is still impacted by the health crisis,

A performance plan amounting to €1.45 billion between 2017 and 2026 (compared to €1.6 billion as at 31 December 2020) subject to specific coordination by the SNCF Réseau Management Committee,

A trajectory safeguard process concluded with the French State (review clauses with adjustment of upgrade expenses to safeguard cash flow).

Consequently, the carrying amount of Infrastructure CGU assets as at 30 June 2021 was €32.40 billion, versus €32.89 billion as at 31 December 2020. Those assets cover lines currently in service, plus upgrade works in progress. The recoverable amount determined by the 31 December 2020 test was close to this net carrying amount.

Other property, plant and equipment under construction (€2.2 billion as at 30 June 2021, versus €2.1 billion as at 31 December 2020) relate to capacity investments under development, the value of which is analysed separately in a specific review.

The results of the sensitivity analyses carried out as part of the test are as follows:

	2021	2020
Segment	SNCF Réseau	SNCF Réseau
CGU	Infrastructure	Infrastructure
Assets tested	€32.4 billion	€32.9 billion
Base used for recoverable amount	Value in use	Value in use
Source used	(1)	(1)
Discount rate	4.9% - 5.8 %	5.0% - 5.9 %
Long-term growth rate	1.60%	1.60%

(1) New Group strategic plan approved by the SNCF Réseau Board of Directors on 22 July 2021

A change of +/- 10 bp in the discount rate represents a change of -/+ €1 billion in the recoverable amount.

A change of +/- 10 bp in the perpetual growth rate represents an increase of +€0.8 billion.

A change of +/- €100 million in annual net upgrade expenditure represents a change of +/- €1.5 billion in the recoverable amount. This amount is for information only since, beyond a certain threshold, the impact of the change in renewal expenses on the recoverable amount of assets is not linear and the impacts may be material for maintenance, traffic and therefore infrastructure fees.

An annual change of +/- €100 million in infrastructure fees or State support fund payments represents a change of +/- €2 billion in the recoverable amount.

4.3.3.4 Gares & Connexions CGU

In 2020, the impacts of the health crisis on the financial statements of SNCF Gares & Connexions SA were identified as indications of impairment.

An impairment test was therefore performed as at 31 December 2020 using the cash flows from the new re-adjusted business plan as part of the new SNCF Group strategic plan. This strategic plan was presented to the SNCF SA Board of Directors on 8 October 2020.

It mainly included

– Effects of changes in scope related to the rail reform

– Effects of the COVID-19 crisis on the revised 2020 forecast and the business plan (investment overruns, and short/medium-term decrease in concession revenue in line with reduced footfall in station retail outlets);

– Certain productivity efforts in operating and capital expenditure, to limit the financial impacts of the end-2019 strike and the COVID-19 crisis.

This amended financial trajectory confirmed the net carrying amounts of the assets of the Gares & Connexions CGU as at 31 December 2020.

In the first half of 2021, the health crisis continued to impact the CGU's revenue, particularly station concession fees. Furthermore, the CGU updated its strategic plan in connection with the drafting of the new SNCF Group strategic plan.

This new financial trajectory mainly includes:

– Updating of the concession fee trajectory based on the most recent known short and medium-term factors (including COVID impacts);

– Pricing model: consideration of the 2021 station reference document submitted to the approval of the French Transport Regulatory Authority (regulated WACC reduced to 4.5% before tax and non-regulated WACC at 8.0% before tax). In 2022, these same rates were maintained in line with the assumptions of the 2022 station reference document that will be submitted for consultation, (and maintained at this level for the duration of the plan with respect to future station reference documents);

– Integration of a more ambitious savings plan for opex;

– Adjustment of capex assumptions for the period 2021-2024, incorporating the impacts of the capex savings plan in line with the COVID crisis.

The aforementioned items had a limited impact on the projected cash flow of SNCF Gares & Connexions SA and did not represent an indication of impairment.

Consequently, SNCF Gares & Connexions did not test the assets of its CGU for impairment as at 30 June 2021.

4.4 PROVISIONS FOR LIABILITIES AND CHARGES

Movements in provisions for liabilities and charges break down as follows:

In € millions	01/01/2021	Charges in the period	Reversals in the period (used)	Reversals in the period (unused)	Other changes	30/06/2021	of which current	of which non-current
Litigation and contractual risks	348	21	-28	-23	-2	316	62	254
Tax, employee-related and customs risks	136	17	-3	-6	-2	143	34	109
Environmental risks	796	8	-32	-11	-11	749	0	749
Restructuring costs	47	1	-20	0	0	28	4	24
Other	236	18	-43	-58	0	153	38	116
Total provisions	1,562	65	-126	-98	-14	1,389	138	1,251

4.4.1 Provisions for environmental risks

The main environmental risks covered by provisions at the reporting date are as follows:

– asbestos-related costs: €604 million (€635 million in 2020).

– creosoted railway sleeper treatment costs: €88 million (€97 million in 2020).

– site decontamination costs: €52 million (€52 million in 2020).

The decline in the provision for asbestos-related costs was attributable for €11 million recorded in "Other changes" to a decrease in the dismantling of capitalised rolling stock and for €14 million to a reversal to current operating profit recorded in "Net movement in provisions." This decrease was due mainly to the asbestos removal operations performed during the half-year.

The provisions for rolling stock asbestos removal and laying of creosoted railway sleepers were updated. The time value effect generated a financial expense of €1 million in 2021.

4.4.2 Provisions for litigation and contractual risks

The provision for litigation and contractual risks primarily covers risks associated with legal disputes and contract completions, plus other contractual risks.

4.4.2.1 Litigation

Resolved litigation

A provision of €15 million set aside for a litigation in connection with the liquidation of SERNAM was reversed in full following the signing of a memorandum of understanding between the parties.

New litigation

No new major litigation resulted in the recognition of a provision during the half-year.

4.4.3 Provisions for onerous contracts

The provision for onerous contracts mainly concerns losses on certain Keolis contracts in Germany and the Netherlands due to the health crisis and persistent operational and contractual difficulties.

4.4.4 Provisions for tax, employee-related and customs risks

Provisions for employee-related risks mainly relate to an URSSAF social security audit of the former EPICs, SNCF, SNCF Mobilités and SNCF Réseau, covering the years ended 31 December 2016, 2017 and 2018.

5. CAPITAL AND FINANCING

5.1 LIQUIDITY MANAGEMENT DURING THE HEALTH CRISIS

Sluggish economic activity and the measures taken to contain the spread of coronavirus still had a very significant impact on both corporate cash flows and the financial markets. Companies had considerably higher than normal cash requirements. Despite a turnaround in the financial markets ahead of the recovery of economic activity, short and medium-term uncertainty remains a source of market volatility.

Like all businesses in the transport and tourism sectors, the SNCF Group remained very severely affected in 2021 by the consequences of the COVID-19 health crisis and the lockdown measures imposed by public authorities in the various countries where the Group operates, especially France.

5.1.1 Financing and liquidity management

Faced with this liquidity crisis, and potentially a credit risk at some of its subsidiaries and partners, the SNCF Group continued to roll out the measures implemented in 2020. They are summarised as follows.

Changes to forecasting and liquidity management tools

To obtain a best estimate of the impact of the COVID-19 crisis, SNCF's Financing and Treasury Department prepared several scenarios and built them into its liquidity forecasting tools. The assumptions used took account of the potential losses arising from flat economic activity, and the impact of strong volatility in the financial markets on weekly margin calls (posting of collateral).

The Financing and Treasury Department continued its daily review of changes in its liquidity position as introduced at the beginning of the crisis in 2020. A Liquidity dashboard was also set up to monitor liquidity risk. It is communicated to executive management

These adaptations combined with proactive liquidity management ensures that a minimum cash amount of €1 billion is immediately available at all times (overnight).

Reorganisation of liquidity flows

The Financing and Treasury Department continued to reorganise the liquidity flows that began in 2020 by accelerating the transfer of cash via the cash pooling of subsidiaries, optimising working capital requirements within the subsidiaries, closely tracking the liquidity position of subsidiaries outside the cash pool, etc.

Expanding the Group's financing sources

The Group operates the following financing programmes:

– a Euro Commercial Paper (ECP) programme capped at €5 billion;

– a Negotiable European Commercial Paper (NEU CP) programme capped at €3 billion;

– a Euro Medium Term Note (EMTN) programme capped at €15 billion.

The Group also has a Revolving Credit Facility (RCF) of €3.5 billion, all of which is accessible, contracted with 20 partner banks.

For the first six months of 2021, a total financing amount of €2.78 billion, including a green bond of €0.36 billion, was recognised, representing 63.2% of the 2021 issuance programme with an average maturity of 28 years. This amount comprises 14 long-term issues. The Group's available cash and cash equivalents totalled €9.2 billion.

5.1.2 Review of cash flow hedges and bank loan covenants

Due to the COVID-19 health crisis, future hedged transactions were analysed. This did not call into question the highly probable nature of the future cash flows or the relevant hedging relationships. This is the case for hedging relationships for fluctuations in the price of oil and other commodities as well as cash flow hedging relationships for bank loans (CHF).

The Group also checked whether the impacts of the COVID-19 crisis had led to potential breaches of commitments or covenants contained in bank loan agreements. Based on that analysis, there was no risk of any breach of covenants as at 30 June 2021.

5.1.3 Credit risk management

The SNCF Group is exposed to credit risk through its dealings with banks and credit institutions, and with its customers.

Bank credit risk arises from deposits placed with banks, and derivative financial instruments contracted with banks. No increase in the level of risk has been identified.

Pursuant to IFRS 9, the Group continued to assess the impact of the crisis on potential late payments. In the absence of any major default, no additional credit risk was identified as at 30 June 2021.

5.2 MANAGEMENT OF THE INTEREST RATE BENCHMARK REFORM

A fundamental reform of interest rate benchmarks is currently underway, including the replacement of several IBORs by risk-free rates, excluding any premium for the counterparty or liquidity risk.

The Group is mainly exposed to the EURIBOR rate through its financial instruments. In 2019, the Belgian FSMA handed down a favourable decision on EURIBOR's compliance with the Benchmark Regulation following the change in the method of determining the index as of October 2019. EURIBOR is currently maintained indefinitely. The Group therefore considers that, as of 30 June 2021, EURIBOR's continuity is not threatened by the interest rate benchmark reform.

To a lesser extent, the Group is exposed to the EONIA and USD LIBOR rates:

– Exposure to the EONIA mainly results from the interest on margin call accounts.

– Exposure to the USD LIBOR results from short-term issues contracted by SNCF SA and renewed every three months, backed by a floating-rate payer (L3M) and fixed-rate receiver (benefiting from classification as a Cash Flow Hedge) swap.

The replacement rates for these rates are the ESTR and the SOFR, respectively. After an initial deferral in 2019, the European Central Bank scheduled the termination of EONIA for 3 January 2022. Its replacement index has already been calculated by the ECB since 2 October 2019. As for the LIBOR, on 5 March 2021, the Financial Conduct Authority (FCA) announced that the index would cease to be published for the shortest maturities from 31 December 2021 and for other maturities from 30 June 2023. Its replacement index has been published since 3 April 2018 by the Federal Reserve Bank of New York (FRBNY).

The SNCF Group set up a specific working group to apply the reform. This working group initially identified all transactions indexed to IBOR rates. The Group is discussing with its counterparties to amend the contracts and programmes affected by the index changes and plans to finalise the transition in the second half of 2021. Accordingly, the Phase 2 IFRS 9, IAS 39 and IFRS 7 amendments had no impact on the 30 June 2021 financial statements.

The Group believes that the interest rate benchmark reform will not have a major impact on the Group's financial statements or its risk management and will not call into question its hedge accounting.

5.3 NET BORROWING COSTS

Net borrowing costs break down as follows:

In € millions	30/06/2021	30/06/2020	Change
Net change in fair value and hedges	-20	-4	-16
Gains and losses on derivative instruments	*-22*	*-259*	237
Gains and losses on fair value hedged items	*-9*	*230*	-240
Gains and losses on equity instruments at fair value through profit or loss	*-2*	*7*	-9
Gains and losses on debt instruments at fair value through profit or loss	*0*	*0*	0
Gains and losses on financial liabilities at fair value through profit or loss	*5*	*2*	3
Other fair value gains and losses	9	18	-9
Net borrowing costs	*-384*	*-457*	*73*
Of which interest income (expense) on financial assets at amortised cost	*381*	*420*	*-39*
Of which interest income (expense) on financial liabilities at amortised cost	*-749*	*-906*	*157*
Of which interest income (expense) on financial instruments at fair value through equity	2	0	*2*
Other financial income and expenses	-66	-86	20
Of which interest expense on lease liabilities	*-69*	*-73*	*4*
Net borrowing and other costs	-469	-547	78

In € millions	30/06/2021	30/06/2020	Change
Financial expenses	-1,055	-1,311	256
Financial income	586	764	-178
Net borrowing and other costs	-469	-547	78

5.4 CALCULATION OF NET INDEBTEDNESS

30/06/2021				Financial instruments				Total	Fair value			
Balance sheet heading and classes of financial instruments In € millions	Non current	Current	Net indebtedness	At fair value through equity	At amortised cost	At fair value through profit or loss	Derivatives qualifying as hedges	Net carrying amount of the class on the balance sheet	Fair value of class	Level 1	Level 2	Level 3
Public-private partnership (PPP) receivables	2,033	268	2,301	-	2,301	-	-	2,301	2,301	-	2,301	-
Public Debt Fund (PDF) receivable	26,019	3,160	29,179	-	29,179	-	-	29,179	34,872	-	34,872	-
Cash collateral assets	-	1,906	1,906	-	1,906	-	-	1,906	1,906	1,312	594	-
Other loans and receivables	1,123	67	1,191	-	399	791	-	1,190	1,195	1	1,192	3
Concession financial assets	2,197	118	-	-	2,316	-	-	2,316	2,095	-	2,095	-
Financial lease receivables	9	0	-	-	9	-	-	9	-	-	-	-
Debt securities	163	-	163	-	-	163	-	163	163	-	82	81
Sub-total debt instruments	**31,544**	**5,519**	**34,739**	**-**	**36,109**	**954**	**-**	**37,063**	**42,531**	**1,313**	**41,135**	**84**
Pension plan assets	13	-	-	-	-	-	-	-	-	-	-	-
Investments in equity instruments	196	0	-	169	-	28	-	197	197	9	-	187
Trading instruments	-	12	12	-	-	12	-	12	12	12	0	-
Positive fair value of hedging derivatives	1,053	124	1,177	-	-	-	1,177	1,177	1,177	-	1,177	-
Positive fair value of trading derivatives (*)	448	64	513	-	-	513	-	513	513	-	513	-
Cash and cash equivalents	-	9,181	9,181	-	-	9,181	-	9,181	9,181	7,714	1,450	17
Total current and non-current financial assets	**33,255**	**14,901**	**45,621**	**169**	**36,109**	**10,688**	**1,177**	**48,142**	**53,610**	**9,048**	**44,274**	**287**
Bond issues	59,960	7,110	67,070	-	66,933	137	-	67,070	78,202	-	78,202	-
Bank borrowings	3,274	140	3,415	-	3,415	-	-	3,415	3,831	0	3,831	-
Asset financing liabilities	124	-0	124	-	124	-	-	124	123	-	123	-
Sub-total borrowings	**63,358**	**7,250**	**70,608**	**-**	**70,471**	**137**	**-**	**70,608**	**82,156**	**0**	**82,156**	**-**
of which:												
- not hedged	*48,775*	*4,236*	*53,011*	-	*53,011*	-	-	*53,011*	*64,293*	*0*	*64,293*	-
- recognised using cash flow hedge accounting	*11,878*	*1,965*	*13,843*	-	*13,843*	-	-	*13,843*	*14,038*	-	*14,038*	-
- recognised using fair value hedge accounting	*2,637*	*980*	*3,617*	-	*3,617*	-	-	*3,617*	*3,688*	-	*3,688*	-
- designated at fair value(**)	*70*	*67*	*137*	-	-	*137*	-	*137*	*137*	-	*137*	-
Negative fair value of hedging derivatives	2,672	373	3,045	-	-	-	3,045	3,045	3,045	-	3,045	-
Negative fair value of trading derivatives (*)	413	48	461	-	-	461	-	461	461	-	461	-
Loans and borrowings	**66,443**	**7,671**	**74,114**	**-**	**70,471**	**598**	**3,045**	**74,114**	**85,662**	**0**	**85,662**	**-**
Cash borrowings and overdrafts	-	2,363	2,363	-	2,363	-	-	2,363	2,361	531	1,830	-
Amounts payable on non-controlling interest purchase commitments	941	-	-	941	-	-	-	941	941	-	-	941
Lease liabilities	2,838	862	-	-	3,700	-	-	3,700	-	-	-	-
Public-Private Partnership (PPP) payables	2,085	279	2,363	-	2,363	-	-	2,363	2,363	-	2,363	-
Financial grant	5,184	-	5,184	-	5,184	-	-	5,184	5,184	-	5,184	-
Concession financial liabilities	138	0	-	-	138	-	-	138	138	-	138	-
Total current and non-current financial liabilities (***)	**77,628**	**11,176**	**84,025**	**941**	**84,220**	**598**	**3,045**	**88,804**	**96,650**	**531**	**95,178**	**941**
Group net indebtedness	**42,872**	**-4,468**	**38,404**	**-**	**46,597**	**-10,062**	**1,868**	**38,404**	**44,251**	**-8,508**	**52,860**	**-100**

(*) The instruments shown as trading derivatives mainly correspond to Group debt economic hedging transactions.
(**) The nominal amount of liabilities recorded under the fair value option was €126 million. Those liabilities were designated at fair value on initial recognition.
(***) Including the lease liabilities presented on a specific line of the consolidated statement of financial position.

31/12/2020				Financial instruments				Total	Fair value			
Balance sheet heading and classes of financial instruments In € millions	Non current	Current	Net indebtedness	At fair value through equity	At amortised cost	At fair value through profit or loss	Derivatives qualifying as hedges	Net carrying amount of the class on the balance sheet	Fair value of class	Level 1	Level 2	Level 3
Public-private partnership (PPP) receivables	2,108	268	2,376	-	2,376	-	-	2,376	2,376	-	2,376	-
Public Debt Fund (PDF) receivable	28,411	1,665	30,076	-	30,076	-	-	30,076	34,973	-	34,973	-
Cash collateral assets	-	2,482	2,482	-	2,482	-	-	2,482	2,482	1,761	721	-
Other loans and receivables	1,156	65	1,221	-	1,220	0	-	1,221	1,225	0	1,222	2
Concession financial assets	2,016	136	-	-	2,152	-	-	2,152	2,270	-	2,270	-
Financial lease receivables	9	0	-	-	9	-	-	9	-	-	-	-
Debt securities	162	-	162	-	-	162	-	162	162	-	82	81
Sub-total loans and receivables	**33,862**	**4,617**	**36,318**	**-**	**38,316**	**163**	**-**	**38,479**	**43,488**	**1,761**	**41,644**	**83**
Pension plan assets	13	-	-	-	-	-	-	-	-	-	-	-
Investments in equity instruments	203	0	-	174	-	29	-	203	203	15	1	187
Trading instruments	-	9	9	-	-	9	-	9	9	9	-	-
Positive fair value of hedging derivatives	1,105	242	1,347	-	-	-	1,347	1,347	1,347	-	1,347	-
Positive fair value of trading derivatives (*)	547	129	676	-	-	676	-	676	676	-	676	-
Cash and cash equivalents	-	7,939	7,939	-	-	7,939	-	7,939	7,940	6,404	1,535	0
Total current and non-current financial assets	35,732	12,935	46,288	174	38,316	8,816	1,347	48,653	53,663	8,189	45,203	271
Bond issues	61,562	4,326	65,887	-	65,749	139	-	65,887	79,241	-	79,241	-
Bank borrowings	2,947	248	3,195	-	3,195	-	-	3,195	3,291	0	3,291	-
Asset financing liabilities	123	-0	123	-	123	-	-	123	123	-	123	-
Sub-total borrowings	**64,633**	**4,573**	**69,206**	**-**	**69,067**	**139**	**-**	**69,206**	**82,655**	**0**	**82,655**	**-**
of which:												
- not hedged	*49,612*	*2,518*	*52,130*	-	*52,130*	-	-	*52,130*	*65,298*	*0*	*65,298*	-
- recognised using cash flow hedge accounting	*11,973*	*848*	*12,821*	-	*12,821*	-	-	*12,821*	*13,043*	-	*13,043*	-
- recognised using fair value hedge accounting	*2,974*	*1,142*	*4,116*	-	*4,116*	-	-	*4,116*	*4,175*	-	*4,175*	-
- designated at fair value(**)	*73*	*66*	*139*	-	-	*139*	-	*139*	*139*	*-0*	*139*	*0*
Negative fair value of hedging derivatives	3,421	366	3,787	-	-	-	3,787	3,787	3,787	-	3,787	-
Negative fair value of trading derivatives (*)	502	110	612	-	-	612	-	612	612	-	612	-
Loans and borrowings	**68,556**	**5,049**	**73,605**	**-**	**69,067**	**750**	**3,787**	**73,605**	**87,054**	**0**	**87,054**	**-**
Cash borrowings and overdrafts	-	2,913	2,913	-	2,913	-	-	2,913	2,912	420	2,492	-
Amounts payable on non-controlling interest purchase commitments	812	-	-	812	-	-	-	812	812	-	-	812
Lease liabilities	3,127	888	-	-	4,016	-	-	4,016	-	-	-	-
Public-Private Partnership (PPP) payables	2,160	279	2,439	-	2,439	-	-	2,439	2,439	-	2,439	-
Financial grant	5,480	-	5,480	-	5,480	-	-	5,480	5,480	-	5,480	-
Concession financial liabilities	141	1	-	-	143	-	-	143	143	-	143	-
Total current and non-current financial liabilities (***)	80,277	9,130	84,437	812	84,057	750	3,787	89,407	98,840	420	97,608	812
Group net indebtedness(****)	42,706	-4,558	38,148	-	43,744	-8,036	2,441	38,148	46,695	-7,754	54,533	-84

(*) The instruments shown as trading derivatives mainly correspond to Group debt economic hedging transactions.
(**) The nominal amount of liabilities recorded under the fair value option was €122 million. Those liabilities were designated at fair value on initial recognition.
(***) Including the lease liabilities presented on a specific line of the consolidated statement of financial position.
(****) The State assumed €25 billion (at nominal value on repayment) of SNCF Réseau's debt.

5.5 RECONCILIATION WITH CASH FLOW FROM/USED IN FINANCING ACTIVITIES

The table below reconciles movements in components of net debt presented in the statement of financial position with cash flow from/used in financing activities:

	31/12/2020	Cash flow from/used in financing activities							Non-cash movements					30/06/2021
In € millions	Total	New borrowings	Repayments of borrowings	Cash inflows/(outflows) on PPP receivables and payables	Net interest paid	Repayments of lease liabilities	Interest paid on lease liabilities	Increase/decrease in cash borrowings	Changes in fair value	Exchange rate fluctuations	Change in scope	Non-cash lease movements	Other	Total
Liabilities (A)	**88,847**	**3,181**	**-1,607**	**-141**	**-237**	**-476**	**0**	**-692**	**-863**	**89**	**-286**	**397**	**-75**	**88,137**
Bond issues	65,887	2,751	-1,437	0	-164	0	0	0	32	0	0	0	0	67,070
Bank borrowings	3,195	430	-170	0	2	0	0	0	-14	57	25	0	-110	3,415
Asset financing liabilities	123	0	0	0	0	0	0	0	0	0	0	0	1	124
Cash borrowings (excluding overdrafts)	2,493	0	0	0	0	0	0	-692	31	0	0	0	1	1,833
Lease liabilities	4,015	0	0	0	0	-476	0	0	42	30	-310	397	1	3,700
Amounts payable on non-controlling interest purchase commitments	812	0	0	0	0	0	0	0	129	0	0	0	0	941
Public-Private Partnership (PPP) payables	2,439	0	0	-141	0	0	0	0	66	0	0	0	0	2,363
Negative fair value of hedging and trading derivatives	4,399	0	0	0	-75	0	0	0	-853	2	0	0	32	3,506
Financial grant	5,480	0	0	0	0	0	0	0	-296	0	0	0	0	5,184
Assets (B)	**34,514**	**0**	**-621**	**-139**	**-77**	**0**	**0**	**0**	**-490**	**0**	**0**	**0**	**24**	**33,211**
Public Debt Fund (PDF) receivable	30,076	0	-623	0	30	0	0	0	-304	0	0	0	0	29,179
Public-Private Partnership (PPP) receivables	2,376	0	0	-139	0	0	0	0	64	0	0	0	0	2,301
Other loans and receivables-Accrued interest	5	0	0	0	1	0	0	0	0	0	0	0	0	6
Deposits and caution money	34	0	2	0	0	0	0	0	0	0	0	0	0	36
Positive fair value of hedging and trading derivatives	2,023	0	0	0	-108	0	0	0	-250	0	0	0	24	1,689
Financial income and expenses (C)		**0**	**0**	**0**	**-388**	**0**	**-69**	**0**	**0**	**0**	**0**	**0**	**0**	
Expenses		0	0	0	-885	0	-69	0	0	0	0	0	0	
Income		0	0	0	497	0	0	0	0	0	0	0	0	
Financing cash flows per the cash flow statement (A - B + C)	54,332	3,181	-986	-2	-548	-476	-68	-692	-373	89	-286	397	-99	54,926

	31/12/2019	Cash flow from/used in financing activities							Non-cash movements					30/06/2020
In € millions	Total	New borrowings	Repayments of borrowings	Cash inflows/(out-flows) on PPP receivables and payables	Net interest paid	Repayments of lease liabilities	Interest paid on lease liabilities	Increase/decrease in cash borrowings	Changes in fair value	Exchange rate fluctuations	Change in scope	Non-cash lease movements	Other	Total
Liabilities (A)	**82,697**	**4,969**	**-820**	**-141**	**-525**	**-502**	**-1**	**157**	**27**	**-90**	**-65**	**392**	**6,106**	**92,205**
Bond issues	64,459	3,978	-557	0	-123	0	0	0	-302	0	0	0	0	67,455
Bank borrowings	3,711	992	-256	0	7	0	0	0	17	-54	10	0	-13	4,414
Asset financing liabilities	223	0	-7	0	0	0	0	0	0	0	0	0	3	219
Cash borrowings (excluding overdrafts)	2,192	0	0	0	0	0	0	157	-18	0	-1	0	0	2,329
Lease liabilities	4,050	0	0	0	0	-502	-1	0	26	-32	-74	392	18	3,879
Amounts payable on non-controlling interest purchase commitments	1,840	0	0	0	0	0	0	0	-483	0	0	0	0	1,356
Public-Private Partnership (PPP) payables	2,631	0	0	-141	0	0	0	0	71	0	0	0	-50	2,511
Negative fair value of hedging and trading derivatives	3,589	0	0	0	-78	0	0	0	717	-4	0	0	16	4,239
Financial grant	0	0	0	0	-332	0	0	0	0	0	0	0	6,132	5,801
Assets (B)	**6,337**	**0**	**-495**	**-138**	**-122**	**0**	**0**	**0**	**226**	**-1**	**0**	**0**	**31,139**	**36,946**
Public Debt Fund (PDF) receivable	1,507	0	-500	0	-4	0	0	0	-7	0	0	0	31,132	32,127
Public-Private Partnership (PPP) receivables	2,518	0	0	-138	0	0	0	0	68	0	0	0	0	2,448
Other loans and receivables-Accrued interest	3	0	0	0	1	0	0	0	0	0	0	0	0	4
Deposits and caution money	34	0	6	0	0	0	0	0	0	-1	0	0	0	39
Positive fair value of hedging and trading derivatives	2,276	0	0	0	-119	0	0	0	164	0	0	0	7	2,328
Financial income and expenses (C)		**0**	**0**	**0**	**-463**	**0**	**-73**	**0**	**0**	**0**	**0**	**0**	**0**	
Expenses		0	0	0	-1,020	0	-73	0	0	0	0	0	0	
Income		0	0	0	557	0	0	0	0	0	0	0	0	
Financing cash flows per the cash flow statement (A - B + C)	76,359	4,969	-325	-3	-866	-502	-73	157	-198	-89	-65	392	-25,033	55,258

5.6 EQUITY

The share capital of the parent company SNCF SA - wholly owned by the State in accordance with Article L. 2101 1 of the French Transport Code - was €1 billion, divided into 10 million shares each with a par value of €100.

6. OFF BALANCE SHEET COMMITMENTS

Commitments received and given are detailed in the following tables:

	30/06/2021				31/12/2020
		Amount of commitments by period			
Commitments received (in € millions)	Total commitment	Less than 1 year	From 1 to 5 years	More than 5 years	Total commitment
Commitments relating to financing	4,943	311	4,529	103	5,074
Personal collateral	113	16	48	49	168
Unused confirmed credit lines	4,830	295	4,481	54	4,906
Commitments relating to operations	25,244	7,040	14,250	3,954	24,902
Investment commitments for operation of rail equipment	8,377	2,112	4,972	1,294	6,452
Purchase commitments for non-current assets other than rail equipment	11,068	2,941	7,439	688	12,422
Property sale undertakings	166	41	124	2	205
Operational and financial guarantees	2,257	1,499	712	45	2,392
Operating leases: equipment	608	235	319	54	569
Operating leases: property	2,758	209	683	1,865	2,853
Commitments relating to operating and fixed asset purchase agreements	9	3	-	6	9
Firm commodity purchase commitments (electricity, diesel, etc.)	0	0	-	-	0
Commitments relating to the Group consolidation scope	17	0	17	-	534
Warranties	1	0	0	0	517
Security commitments (option contracts)	17	-	17	-	17
Other commitments received	4	4	-	0	4
Total commitments received	30,209	7,355	18,796	4,057	30,514

	30/06/2021				31/12/2020
		Amount of commitments by period			
Commitments given (in € millions)	Total commitment	Less than 1 year	From 1 to 5 years	More than 5 years	Total commitment
Commitments relating to financing	2,331	862	231	1,238	2,174
Personal collateral	290	118	136	36	218
Personal collateral: guarantees given for employee loans	389	24	89	276	443
Security interests	1,651	720	6	925	1,513
Commitments relating to operations	28,498	6,186	13,878	8,434	26,924
Investment commitments for operation of rail equipment	9,959	2,018	4,699	3,242	9,530
Purchase commitments for non-current assets other than rail equipment	12,240	3,068	7,537	1,636	10,934
Property sale undertakings	167	44	123	-	204
Operational and financial guarantees	2,373	435	846	1,092	2,094
Customs guarantees (Geodis)	284	188	45	51	268
Commitments relating to operating and fixed asset purchase agreements	2,878	204	487	2,187	3,329
Firm commodity purchase commitments (electricity, diesel, etc.)	596	228	140	227	566
Commitments relating to the Group consolidation scope	238	-	234	4	239
Security commitments	3	-	-	3	3
Other commitments relating to the Group consolidation scope	235	-	234	2	235
Other commitments given	76	22	30	24	97
Total commitments given	31,143	7,070	14,373	9,700	29,434

The main changes in **commitments received** since 31 December 2020 are as follows:

– Investment funding commitments for operation of rail equipment increased by €1,925 million. This mainly takes account of:

- a new guarantee for the payment of €1,077 million received by Transilien from Île-de-France Mobilités under the MI20 contract, the future rolling stock for the RER B line;
- new investment grants receivable by TER from the regions in the amount of €978 million; these investments concern the renovation and modernisation of AGC and TER 2N NG (OPTER agreement) trains as well as the roll-out of a programme to replace Diesel engines with batteries on AGC equipment (BEMU agreement).

– Investment funding commitments receivable for the operation of property, plant and equipment other than rail equipment decreased by €1,354 million in connection with:

- payment by the French State to SNCF Réseau in February 2021 of a renewal grant in the amount of €1,645 million. For the record, on 31 December 2020 SNCF Réseau had recorded under commitments received a renewal grant receivable from the French State for €4,050 million corresponding to the rail recovery plan;
- new investment grants receivable from the Organising Authorities for SNCF Gares & Connexions and Transilien in the amount of €309 million.

– Warranties received decreased by €516 million following the exit of Keolis from the Wales & Borders contract in February 2021.

The main changes in **commitments given** since 31 December 2020 are as follows:

– Investment commitments for operation of rail equipment increased by €430 million. This increase was primarily due to:

- the contract for +€911 million signed by Transilien for the acquisition of future RER B line rolling stock;
- payments on account and deliveries of rolling stock in the amount of -€481 million for Transilien (Regio2N and NAT trains) and Intercités (Omnéo Normandie trains).

– Purchase and funding commitments relating to property, plant and equipment other than rail equipment increased by €1,307 million in connection with new investment programmes at SNCF Gares & Connexions (mainly Gare du Nord and Gare de Lyon stations in Paris and for the Hauts de France and Auvergne Rhône-Alpes regions), Transilien under the State-Region plan contract and, finally, SNCF Réseau with the Haute Performance Grande vitesse project for the upgrade of the signalling system.

– Operational and financial guarantees rose by €279 million, mainly due to new operational guarantees given by Keolis under the Dubai contract.

– Commitments relating to operating and fixed asset purchase agreements will, by nature, have a positive offset for the group in connection with its operations or duties.

Operating purchase commitments totalled €2,861 million and primarily concern future payments to Eurotunnel for access to the rail network and traffic in the Channel Tunnel as at 30 June 2021. The decrease in the total commitment compared to 31 December 2020 was mainly due to Keolis' exit in February 2021 from the Wales & Borders contract.

Fixed asset purchase commitments amounted to €17 million.

SNCF set up a revolving trade receivables factoring facility in the Geodis segment. Factoring transactions cover the entire amount of the receivables assigned, and can be carried out on a monthly basis. Counterparty and late payment risks are transferred to the factor, as are the benefits associated with the receivables. As the receivables are denominated and assigned in euros, there is no foreign exchange risk. Consequently, the Group deems that it has transferred substantially all the risks and rewards relating to the receivables. Because these are operating receivables, the cash inflows from assigning them are presented as cash flows from operating activities in the cash flow statement. Factoring transactions in the period to 30 June 2021 generated a net cash inflow of €197 million (€171 million for the period to 30 June 2020) being collected upfront from the factor, in advance of the usual debt collection period.

7. SCOPE OF CONSOLIDATION

The major changes in the scope of consolidation during the period mainly concern Geodis' activity with the acquisition of the Polish group PEKAES (see Major events).

03 – STATUTORY AUDITORS’ REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

PricewaterhouseCoopers Audit

Ernst & Young Audit

Société Nationale SNCF

For the six months ended 30 June 2021

Statutory Auditors' review report
on the 2021 interim financial information

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Member of the *Compagnie régionale de Versailles*

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Simplified joint-stock company (*société par actions simplifiee*) with variable capital
344 366 315 R.C.S. Nanterre

Statutory Auditor
Member of the *Compagnie régionale de Versailles*

Société Nationale SNCF

For the six months ended 30 June 2021

Statutory Auditors' review report
on the 2021 interim financial information

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholder,

In compliance with the engagement entrusted to us by your Annual General Meeting and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Société Nationale SNCF for the six months ended 30 June 2021;
- the verification of the information contained in the interim management report at 30 June 2021.

Due to the global crisis related to the Covid-19 pandemic, the condensed interim consolidated financial statements of this period have been prepared and reviewed under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on companies' internal organisation and the performance of our work.

These condensed interim consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As stated in Note 4.3 to the condensed interim consolidated financial statements concerning impairment testing of the assets of the Infrastructure cash-generating unit (the "Infrastructure CGU"), the health crisis that began in 2020 and is ongoing today continued to impact the Infrastructure CGU's revenue and business projections. Against this backdrop, SNCF Réseau prepared and presented its new 2021-2030 strategic plan to its Board of Directors on 22 July 2021.

This backdrop constituted an indication of impairment and led SNCF Réseau to carry out a new impairment test at 30 June 2021 based on a similar methodology to that used during the previous test carried out at 31 December 2020.

This new test did not result in the recognition of an additional impairment loss against the Infrastructure CGU's assets, as the balance in the negotiations between the French State and SNCF Réseau underlying the financial trajectory used in the test was not challenged. This balance in the negotiations remains based on the assumption that (i) SNCF Réseau will achieve its productivity goals and (ii) the French State will effectively implement all means and make all commitments necessary to support the recoverable amounts of the Infrastructure CGU's assets in the context of the current health crisis. This is reflected, in particular, in the recapitalising of Société Nationale SNCF at the end of 2020 and the subsequent dividend distribution made to the support fund (*fonds de concours*) and intended to contribute to the financing of infrastructure investments.

The cash flow forecasts used for the impairment test were based on the financial trajectory set out in the new 2021-2030 strategic plan prepared against the backdrop of a gradual recovery in business. They comprised (i) cash inflows (infrastructure fees, investment subsidies) mainly arising from commitments received from the French State, (ii) operating expenses (particularly installation work and maintenance), net of productivity gains, and (iii) capital investment, particularly in network renovations.

The assumptions underlying these projections remain subject to major risks and uncertainties accentuated by the current health crisis:

- The forecasts used for the impairment test carried out on the Infrastructure CGU at 30 June 2021 are based on SNCF Réseau's new strategic plan prepared as part of the SNCF Group's new strategic plan. These strategic plans were approved by the respective Boards of Directors on 22 and 29 July 2021. Certain assumptions, particularly those which rely on a decision by the French State or are linked to the health situation, may change over time.

- The updating of the performance agreement between SNCF Réseau and the French State for the 2021-2030 period is still being negotiated. The finalisation in the coming months of the new performance agreement could lead to a revision of certain assumptions used in the impairment test carried out at 30 June 2021.

- The infrastructure fee projections are based in particular on:

    - Traffic trajectories revised by Group SNCF carriers and competition assumptions updated by SNCF Réseau. These forecasts remain subject to uncertainties, particularly given the potentially lasting impacts of the health crisis on the economy and travellers' behaviour.

    - Certain pricing assumptions are submitted to the French transport authority (ART) for opinion. As such, the ART issued non-compliance opinions regarding the pricing indexation of the contractual activities for the 2020 and 2021-2023 service timetables as published by SNCF Réseau. In response to the appeal filed by SNCF Réseau, the French Council of State (*Conseil d'Etat*) called on ART to re-examine SNCF Réseau's proposals. On 9 February 2021, ART issued a favourable opinion with regard to the revised proposed 2022-2023 pricing published on 11 December 2020. The validity of the increase in the pricing indexation rates for the contractual activities used in the test for the following years cannot be confirmed at present.

- The investment subsidies allocated to renovation work and financed through the support fund are based on the payment by the French State to SNCF Réseau of:

    - €4.05 billion paid in December 2020 to the support fund by Société Nationale SNCF subsequent to its recapitalisation by the French State.

    - Dividends to be received from Société Nationale SNCF, the estimation of which is based on (i) the disposal of assets of €410 million as well as on (ii) Société Nationale SNCF's capacity to make distributions, as updated based on the SNCF Group's new strategic plan.

- 2030 was maintained by SNCF Réseau as the standard final year for the railway network currently in service, considering that 2030 will correspond to the year in which the network will be stabilised at expected performance levels, although these levels have never previously been attained. Terminal value therefore represents the essential factor in measuring the recoverable amount.

- The measures concerning the future pension scheme and, more broadly, the new social framework resulting from the rail industry agreements were still under negotiation at the reporting date and may consequently affect the projected future performance.

These major risks and uncertainties, the impact of which should be assessed in conjunction with the discount rate used, weigh on the discounted future cash flow forecasts used to measure the Infrastructure CGU's property, plant and equipment and intangible assets as presented in the Company's statement of financial position at 30 June 2021. Consequently, the amount of the related impairment loss could be underestimated. These projections are also used to assess the recoverability of deferred tax assets and therefore to determine their amount in the statement of financial position. The amount of deferred tax assets in the statement of financial position may be overestimated.

As a result, we are unable to assess the pertinence of the projections used and are therefore unable to form a conclusion on the carrying amount of the assets concerned which, at 30 June 2021, amounted to €32.4 billion (excluding work-in-progress) for property, plant and equipment and intangible assets, and €4.3 billion for deferred tax assets.

Based on our review, and subject to the above qualifications, nothing else has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements have not been prepared, in all other material respects, in accordance with IAS 34, "Interim Financial Reporting", as adopted by the European Union.

2. Specific verification

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review.

With the exception of the possible impact of the matters set out in the first part of this report, we have no other matters to report as to its fair presentation and its consistency with the condensed interim consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, 30 July 2021

The Statutory Auditors

PricewaterhouseCoopers Audit		Ernst & Young Audit	
François Guillon	Philippe Vogt	Valérie Desclève	Nicolas Pfeuty

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