SNCF GROUP 2022 HALF-YEAR FINANCIAL REPORT

SNCF.COM

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

LA PLAINE SAINT-DENIS, 28 JULY 2022

We attest that, to the best of our knowledge, the condensed consolidated financial statements for the half-year ended 30 June 2022 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 2022 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

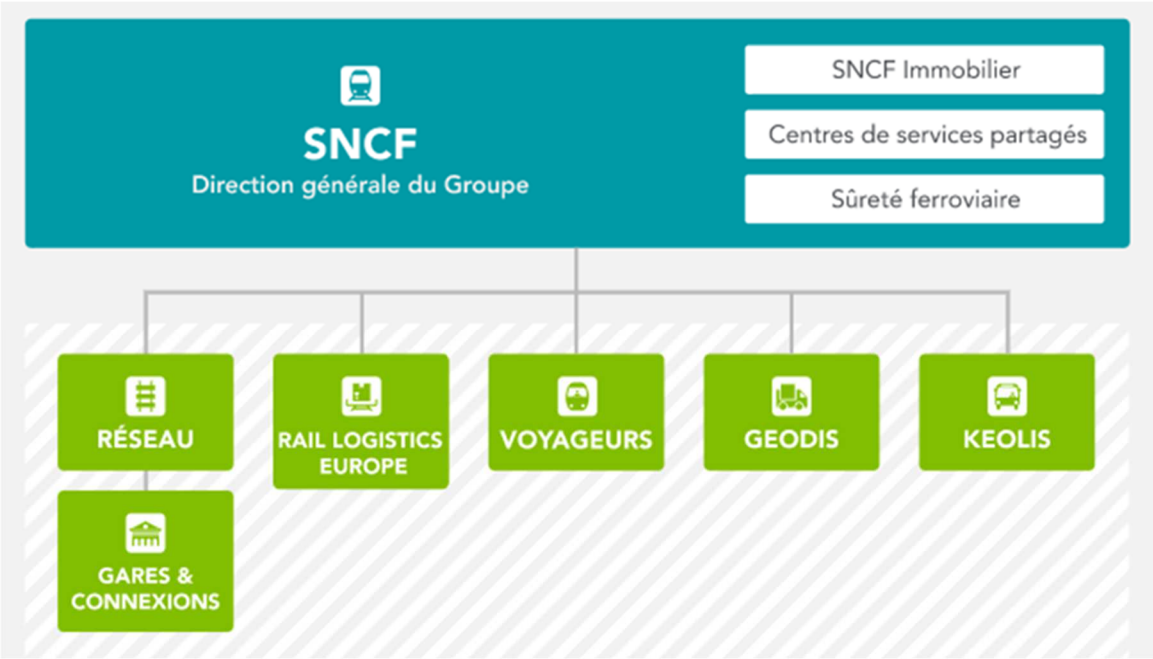
SNCF GROUP

30 JUNE 2022

01 – SNCF GROUP HALF-YEAR ACTIVITY REPORT

THE SNCF GROUP IN THE FIRST HALF OF 2022

The 2018 rail reform confirmed the public nature of SNCF, which is deeply rooted in the French rail system where it has a systemic role.



1. MAJOR EVENTS IN THE FIRST HALF OF 2022

Freight transport and logistics continued to perform very well, while passenger transport has trended upward since March.

Freight transport and logistics

The Group's logistics and freight transport activities reaffirmed their value as strategic growth drivers.

At GEODIS, revenue was up 34% from H1 2021 (+67% from H1 2019), buoyed by freight forwarding, distribution & express delivery and road transport. Contract logistics continued to expand rapidly, especially in the United States, even though cost inflation put pressure on its margins. Pekaes, Gandon and Perrier, acquired in 2021, contributed to positive momentum in France and Poland, and in H1 2022 GEODIS acquired de Keppel Logistics (after June's financial close), strengthening its position in the contract logistics industry in the Asia-Pacific region, especially in Singapore. In road transport, a new road-rail line was launched between France and Italy in H1 2022.

Rail Logistics Europe (RLE) reported a satisfactory performance, with revenue up +6.8% from H1 2021.

Passenger transport

Although the Omicron surge took a toll on passenger traffic in early 2022, SNCF Voyageurs saw a sharp rebound starting in March, with revenue up 36% from H1 2021, but was still 4% below its H1 2019 level. This was particularly evident in high-speed rail, both in France and internationally.

Results varied by type of customer. Demand for leisure travel rose a steep +57% over H1 2021 and was +8% above H1 2019, which predated the Covid-19 crisis. Though business travel is still down from 2019 (-10%), SNCF Voyageurs has experienced a return of these customers since spring 2022 and is watching to see whether this trend continues in the autumn.

Even so, the high-speed rail model must be strengthened to reach a sustainable breakeven point for all destinations, amid continued economic uncertainty in coming months.

SNCF Voyageurs continues to expand its offer to maintain its appeal as the market opens to competition. TGV-Intercités has pursued an energetic sales strategy, encouraging passengers to return to rail after the latest Covid surge with special offers and price ceilings for Avantage card holders. SNCF Voyageurs also aims to win new customers by expanding its offer. Additions include the new OUIGO Train Classique offer, serving the Paris-Lyon and Paris-Nantes lines since the spring.

On international markets, H1 2022 highlights included the **arrival of Eurostar Group, a new contender offering**

sustainable high-speed mobility in Europe. Created by the merger of Eurostar and Thalys, it aims to carry 30 million passengers a year within a decade, up from 19 million in 2019. In H1 2022, demand in Europe proved dynamic, including the return of most Eurostar and Thalys customers. Over this period, SNCF Voyageurs also celebrated **the first anniversary of OUIGO Spain**—an opportunity to make a preliminary assessment of its performance. **With occupancy rates averaging above 90% and 2 million passengers carried in just one year, the offer has scored a clear success**.

Contract transport activities also reported strong showings, with ridership up +53% over H1 2021 for TER and +38% for Transilien. The Pays de la Loire and Centre-Val de Loire regions renewed their TER contracts for the period 2022-2031.

For 2022 as a whole, the Group is largely shielded from rising energy prices, thanks to a forward purchase policy and a special agreement securing additional power resources under the ARENH (Regulated Access to Historic Nuclear Electricity) mechanism, which partially limits the effects of higher energy costs in 2022. But rising costs in coming months and years will present a challenge to the business model of every SNCF company.

KEOLIS: ridership rebound continues. The mass transit specialist showed its adaptability, countering the residual effects of the Covid-19 crisis and rising energy prices in partnership with the organizing authorities. Revenue was up 8% from H1 2021, and +2% from H1 2019. KEOLIS strengthened its market positions by winning renewal of an eight-year, €2.2 billion contract with the Bordeaux Metropolitan Council, new contracts with the cities of Perpignan and Valenciennes, and four sections of the Paris region's Optile bus network, serving Seine Sénart, Brie, Vélizy, and Etampes Dourdan. On international markets, KEOLIS scored commercial successes in Australia, Sweden and Denmark. It also won a three-year renewal of its contract to operate London's Govia Thameslink Railway with its partner Go-Ahead, and renewal of its contract to operate and maintain the driverless metro network in Hyderabad, India. Other highlights included the successful launch of Dubai's transport network, with record ridership for the Universal Exposition, which closed in March 2022.

Infrastructure manager

As traffic has resumed, revenue has rebounded for infrastructure managers.

Reflecting the upturn in passenger traffic since March, **SNCF Réseau's revenue is up 14% from H1 2021 and 7% from H1 2019**.

In April, SNCF Réseau signed a 2021-2031 performance agreement with the French State. The aim is to deliver better service quality to all customers by upgrading and modernizing the French rail network over the long term. The accord also reaffirms the goal of bringing cash flow back into balance by 2024.

SNCF Gares & Connexions also signed its first contract with the French State in April, covering 2021-2026. This accord covers four targets: (1) deliver quality customer service to promote transparent, non-discriminatory development of rail transport, (2) transform stations to increase efficiency and customer satisfaction, (3) respond to new challenges to make stations more eco-friendly and (4) apply a sustainable business model to Gares & Connexions. Although revenue from in-station businesses has rebounded, it is still below pre-Covid levels. **Total revenue for SNCF Gares & Connexions was up 8% from H1 2021 and 4% from H1 2019.**

Massive investment programme continues.

Investments totalled €4.3bn in the first half of the year including all sources of funding (figure includes €1.1bn in own funds), and targeted ongoing upgrades of rail infrastructure and rolling stock.

SNCF Réseau invested heavily, with €2.5bn for renovation and upgrades—a level comparable to that reported at the end of June 2021. This included €1.3bn in continued funding of regeneration and €0.6bn for major engineering works, with key projects including Eole, the westward extension of RER line E serving suburban Paris, and the Charles de Gaulle Express, a direct rail link between Paris-Est station and Charles-de-Gaulle airport.

In addition to massive spending on rail infrastructure, €1.8bn was invested in other Group companies' operations (including all sources of funding). Over half was by SNCF Voyageurs for the acquisition of new rolling stock—63 units in all, including 51 Transilien trainsets for Paris Region commuter service, 10 TER trainsets for other regional services, and 2 TGV Océane high-speed trainsets—and renovation of existing equipment.

SNCF Group pursues focus on performance and productivity.

The Group is actively pursuing efforts to improve its performance and productivity through cost-cutting at all levels—structural, industrial and projects. Together these efforts led to **savings of €360 million in the first half of 2022**, or 55% of its €660 million full-year target.

H1 2022 at a glance—an encouraging financial performance.

Revenue bounced back to €20.3 billion, up +27% from H1 2021 and +14% from H1 2019, fueled by a strong showing in Logistics and Freight as well as the steep surge in passenger rail.

EBITDA stood at €3.0 bn, up €1.6 bn from H1 2021. EBITDA/revenue came to 14.7%.

This strong overall performance generated a positive €1.1 bn in cash flow and €928 million in profit despite lingering fallout from the pandemic at the beginning of the year.

The Group's total net indebtedness was -€24.3 bn, down €12 bn from the end of 2021, reflecting in particular the transfer of the second tranche of debt (€10 bn) from SNCF Réseau to the State, effective 1 January 2022.

This satisfactory showing means the Group is on track to meet the commitments it made under the rail reform adopted in 2018, which include:

– Positive free cash flow from 2022

– FFO / Net indebtedness > 10% from 2022

– Net indebtedness / EBITDA < 6x from 2023

Standard & Poor's (S&P) recognized the Group's strong performance by confirming SNCF SA's AA- rating on 16 June and revising its outlook from "negative" to "stable" (Stable Outlook). S&P based its revision on the recovery in passenger traffic (in particular high-speed rail), the very strong showing in logistics, and measures aimed at cutting costs and mitigating inflationary pressures. It also highlighted SNCF's control of its debt trajectory thanks to asset sales and State support, as well as the Group's capacity to meet its financial commitments.

This position testifies to SNCF's resilience amid the pandemic, at a time when many other transport specialists facing the same challenges saw their ratings downgraded.

The Group accelerated deployment of its CSR roadmap, in keeping with its aim of becoming the world leader in sustainable mobility.

In the first half of 2022, SNCF Group took a major step forward by **making its corporate purpose—"Working towards a dynamic, caring, sustainable society"—an integral part of its articles**.

Doing so confirms the Group's vital role and responsibility to society as a whole, opening a new stage in its governance—an approach that places care for the planet and social engagement at very heart of its management priorities. Initial fundamental decisions have been made, including the introduction of an internal carbon pricing mechanism to calculate tons of CO_2 avoided and prioritize investment projects that serve the ecological transition.

At the same time, the Group is stepping up the pace of its own energy transition by actively pursuing a number of strategic choices:

– **Ramping up energy-saving measures** by deploying new practices that use less power (eco-driving and eco-parking) while focusing on investment programmes that revisit energy practices, phasing out oil-fired boilers, replacing standard lighting with LEDs, and more.

– **Continued focus on solar power**, including, for example, rollout of an initial set-up of solar panels by SNCF Gares & Connexions atop 156 shelters that provide shade in station parking areas. Plans call for a total of 1.1 million sq m panels to be installed at station premises by 2030.

– **Accelerated greening of equipment and vehicles**, including the unveiling of France's first electric/thermal/battery-powered hybrid train by SNCF Voyageurs and Alstom. Equipped with a system that recovers and reuses energy produced in braking, this pioneering unit runs on 20% less energy than standard rolling stock. In another example, GEODIS has announced plans to team up with Renault Trucks to develop a new electric van custom-designed for urban deliveries, and signed an order for 120 more natural gas-powered vehicles to handle last-mile deliveries in city centres, raising the total number to 320. The new units use compressed natural gas.

– **Expanding the circular economy's role** in Group operations and processes. Example: in the first six months of 2022, SNCF Voyageurs recycled over 600 decommissioned train carriages/locomotives, recovering more than 30,000 metric tonnes of steel and 3,000 tonnes of copper, while generating significant savings in maintenance through massive re-use of parts. A fifth plant for dismantling end-of-life rolling stock was opened in Grémonville in early 2022, with two more set to start up in autumn 2022 in Saintes and Romilly. Over time these will create 400 rail recycling jobs in French regions.

SNCF remains committed to social issues:

– **The Group has taken robust measures to protect employee purchasing power. In line with its commitments, in early July 2022, SNCF organized a round table to take stock of changes in the economy and their impact on employees and the company**. Given the rapid rise in inflation, and after discussions with trade unions, management announced a package of exceptional measures on top of those already adopted during annual salary negotiations in 2022. Altogether, these provide for an increase of 3.7% for the lowest salaries and 2.2% for executives (median increase: 3.1%). Coming on the heels of a 2.7% increase agreed at the beginning of 2022, this represents a year-to-date rise of around +5.8%. A fresh round of annual negotiations on pay is also scheduled to get under way at the end of the year.

– **At the same time, SNCF&Moi** has been expanded to incorporate employee input and discussion of key issues such as work-life balance. SNCF&Moi is an integral part of the Group's Tous SNCF ("All SNCF") programme designed to promote employee satisfaction and engagement. Both are key contributors to collective performance at a time of transformational changes that include market liberalization, a demanding financial trajectory, the end to prior employee categories, and more.

– **Lastly, SNCF's CSR efforts and strategy have been recognized by Moody's ESG (formerly Vigeo Eiris)**, which upgraded the Group's extra-financial rating to 77/100, 3 points higher than in 2021. **SNCF thus shares first place worldwide**, all business sectors combined. **EcoVadis rated SNCF 79/100, up 2 points from 2021**, placing the Group in the top 1% of companies in rail transport.

2. SNCF GROUP KEY FIGURES

In € millions	30/06/2022	30/06/2021
Revenue	20,270	16,060
EBITDA	2,983	1,394
Net profit/loss attributable to equity holders of the parent	928	-780
Recurring net profit/loss attributable to equity holders of the parent (1)	899	-790
Net investments (2)	1,053	874
Investments from all funding sources (3)	4,342	4,662
Free cash flow (4)	1,064	-745
Net debt / EBITDA (5)	4.1	11.8
Workforce	272,539	269,134

In € millions	30/06/2022	31/12/2021
SNCF Group net debt	24,314	36,296
of which SNCF Réseau net debt	18,734	29,333

(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	30/06/2022	30/06/2021
by aggregating the following line items from the cash flow statement:		
- Acquisitions of intangible assets and property, plant and equipment	3,041	3,628
- Capitalised interest	115	118
- Investment grants received	-2,130	-3,010
- New concession financial assets	828	1,073
- Cash inflows from concession financial assets	-801	-935
Total net investments	1,053	874

(3) Investments from all funding sources are calculated as follows:

In € millions	30/06/2022	30/06/2021
by aggregating the following line items from the cash flow statement:		
- Acquisitions of intangible assets and property, plant and equipment	3,041	3,628
- Capitalised interest	115	118
- New concession financial assets	828	1,073
minus changes in working capital requirement relating to investing activities, as presented in Note 4.2 to the condensed half-year consolidated financial statements	-358	157
Total investments from all funding sources	4,342	4,662

(4) Free cash flow is calculated as follows:

In € millions	30/06/2022	30/06/2021
by aggregating the following line items from the cash flow statement:		
- Cash from operations after cost of net debt and taxes	2,575	769
- Acquisitions of intangible assets and property, plant and equipment	-3,041	-3,628
- Capitalised interest	-115	-118
- Investment grants received	2,130	3,010
- Repayment of lease liabilities	-496	-476
- Repayment of IFRS 16 lease receivables	0	0
- Proceeds from disposals of intangible assets and property, plant and equipment	97	147
- New concession financial assets	-828	-1,073
- Cash inflows from concession financial assets	801	935
- Impact of change in working capital requirement	-53	-430
change in working capital requirement relating to income taxes, included in the cash flow statement line item "Taxes (paid)/collected"	-15	108
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"	8	11
Total free cash flow	1,064	-745

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

3. SUBSEQUENT EVENTS

The main subsequent events are as follows:

3.1 ACQUISITION OF THE SINGAPOREAN GROUP KEPPEL LOGISTICS BY THE SUBSIDIARY GEODIS

On 1 July 2022, Geodis acquired the Singaporean Group Keppel Logistics. This deal will boost contractual logistics activities and e-commence services in Asia-Pacific.

3.2 SALE AND LEASE-BACK BY VIIA, A SUBSIDIARY OF RLE

VIIA, a subsidiary of RLE, set up a sale and lease-back on 1 July 2022 for €73 million.

This deal will be recognised in borrowings in accordance with IFRS 9.

SNCF GROUP 2022 HALF YEAR ACTIVITIES AND FINANCIAL RESULTS

1. ANALYSIS OF GROUP RESULTS

1.1 GROUP RESULTS

In € millions	H1 2022	H1 2021	Change 2022 vs 2021
Revenue	**20,270**	**16,060**	**4,210**
Infrastructure fees	-360	-260	-100
Purchases and external charges other than infrastructure fees	-8,363	-6,371	-1,992
Taxes and duties other than income tax	-842	-799	-43
Employee benefit expense	-7,804	-7,307	-497
Other operating income and expenses	82	71	11
EBITDA	**2,983**	**1,394**	**1,589**
Depreciation and amortisation	-1,957	-1,886	-70
Net movement in provisions	51	103	-52
Current operating profit/loss	**1,077**	**-389**	**1,466**
Net proceeds from asset disposals	4	37	-33
Impairment losses	26	11	15
Operating profit/loss	**1,107**	**-341**	**1,448**
Share of net profit/loss of companies consolidated under the equity method	25	0	24
Operating profit/loss after share of net profit/loss of companies consolidated under the equity method	**1,132**	**-341**	**1,472**
Net finance costs of employee benefits	215	37	178
Net borrowing and other costs	-338	-469	131
Net finance cost	**-123**	**-432**	**309**
Net profit/loss before tax	**1,008**	**-773**	**1,781**
Income tax expense	-69	-103	34
Net profit/loss from ordinary activities	**940**	**-876**	**1,815**
Net profit/loss from transferred operations	-	-	-
Net profit/loss for the period	**940**	**-876**	**1,815**
Net profit/loss attributable to equity holders of the parent	**928**	**-780**	**1,708**
Net profit/loss attributable to non-controlling interests (minority interests)	12	-95	107
Recurring net profit/loss attributable to equity holders of the parent (1)	**899**	**-790**	**1,689**
EBITDA / Revenue	14.7%	8.7%	
Current operating profit or loss / revenue	5.3%	-2.4%	

(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 net borrowing costs;

– 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 period-end, it was as follows:

In € millions	Notes (*)	30/06/2022	30/06/2021
Net profit/loss attributable to equity holders of the parent		**928**	**-780**
Impairment losses	4.3	-26	-11
Included in "Income tax expense"		-1	2
Included in "Net profit/loss attributable to non-controlling interests (minority interests)"		-2	-1
Recurring net profit/loss attributable to equity holders of the parent		**899**	**-790**

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

1.2 COMPARABILITY OF THE FINANCIAL STATEMENTS

The comparability of the 2022 results with those of 2021 was impacted by the following changes in scope and exchange rates:

In € millions		Impacts on revenue (*)
TGV - Intercités	**Change in 2022 scope**	
	Sale of Rail Europe group	0
	Exchange rate fluctuations	10
Keolis	**Change in 2021 scope** (1)	
	Sale of CSG Commuter Security (Sweden)	-3
	Sale of the Keolis rail business in Germany	-106
	Change in 2022 scope	
	Acquisition of Terminal G (Sweden)	0
	Exchange rate fluctuations	45
Geodis	**Change in 2021 scope** (1)	
	Acquisition of Pekaes (Poland)	28
	Acquisition of Gandon Transports (France)	16
	Sale of STSI (France)	-8
	Acquisition of Transports Perrier (France)	18
	Exchange rate fluctuations	187
Rail Logistics Europe	**Exchange rate fluctuations**	0
Freight & Logistics - Other	**Change in 2021 scope** (1)	
	Sale of the Ermewa subsidiary	-263
Internal operations		41
Total		**-35**

(1) Transactions carried out in 2021 that had an impact on 2021/2022 revenue trends

1.3 2022 FIRST-HALF RESULTS

1.3.1 Revenue

The SNCF Group generated consolidated revenue of €20,270 million in the first half of 2022, an increase of €4,210 million (+26.2%) compared to 2021, reflecting:

– changes in scope for -€277 million;

– the effect of exchange rate fluctuations for +€243 million;

– organic growth of +€4,244 million (+27.0%) for the Group; changes in the business lines were as follows (data at business line level):

2022 first-half organic growth in revenue at business line level		
SNCF Réseau	+€444 million	+14.4%
SNCF Gares & Connexions	+€58 million	+8.0%
Transilien	+€61 million	+3.4%
TER	+€233 million	+9.1%
TGV - Intercités	+€1,887 million	+98.3%
Industrial Division	+€54 million	+6.3%
Passengers - Other	+€60 million	+24.1%
Keolis	+€245 million	+8.1%
Geodis	+€1,642 million	+33.8%
Rail Logistics Europe	+€54 million	+6.8%
Freight & Logistics - Other	- million	-
SNCF Immobilier	+€65 million	+19.9%
Corporate	+€10 million	+1.8%

1.3.2 EBITDA

At €2,983 million for the half-year ended 30 June 2022, EBITDA improved by €1,589 million compared to 2021, and the EBITDA-to-revenue ratio increased from 8.7% to 14.7% between 2021 and 2022.

In € millions	H1 2022	H1 2021	Change 2022 vs 2021		Change at constant scope and exchange rates	
Revenue	20,270	16,060	4,210	26.2%	4,244	27.0%
Employee benefit expense	-7,804	-7,307	-497	6.8%	-462	6.3%
Purchases and external charges (other than infrastructure fees, traction energy and fuel), and other income and expenses	-7,507	-5,823	-1,685	28.9%	-1,630	28.0%
Infrastructure fees	-360	-260	-100	38.5%	-137	52.8%
Traction energy and fuel	-773	-478	-295	61.8%	-298	62.3%
Taxes and duties other than income tax	-842	-799	-43	5.4%	-43	5.4%
EBITDA	2,983	1,394	1,589	114.0%	1,674	120.1%
EBITDA to revenue ratio	*14.7%*	*8.7%*				

1.3.3 Current operating profit/loss

Current operating profit was €1,077 million, up €1,466 million compared to 2021.

The revenue to current operating profit conversion rate thus rose from -2.4% to 5.3%.

The €1,589 million rise in EBITDA was offset by:

– a €70 million increase in depreciation and amortisation;

– a net decrease in provisions: a net reversal of €51 million in 2022, compared to a net reversal of €103 million in 2021.

1.3.4 Operating profit/loss

Operating profit rose by €1,448 million; the change in current operating profit was combined with:

– impairment losses of €26 million in 2022 compared with €11 million in the previous year;

– a €33 million decrease in net proceeds from asset disposals.

1.3.5 Net finance cost

The €309 million improvement in net finance cost between 2021 and 2022 was primarily due to:

– the updated discount rates used to measure provisions for employee benefits;

– the impact on the cost of debt of the partial assumption by the French State of SNCF Réseau's debt (see Note 2.1 to the consolidated financial statements).

1.3.6 Income tax expense

The income tax expense decreased by €34 million. A €113 million expense for tax on rail companies was recognised in 2021 compared to a €9 million gain in 2022, due to the adjustment of the 2021 expense. As of 2022, the SNCF Group is no longer liable for payment of this tax. However, current income tax excluding the tax on rail companies and deferred tax increased by €20 million and €68 million, respectively.

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

As a result of all of these changes, net profit attributable to equity holders of the parent was €928 million, compared with a -€780 million net loss in 2021, after recognition of a €12 million net profit attributable to non-controlling interests (minority interests).

2. ACTIVITY RESULTS

The contributions to revenue, EBITDA, net investments, and investments 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	TGV - Intercités	Industrial Division	Passengers - Other	Keolis
a) External revenue	1,351	132	1,667	2,644	3,648	43	7	3,246
b) Internal revenue	2,176	648	170	158	168	872	304	73
a+b Revenue	**3,526**	**780**	**1,837**	**2,802**	**3,816**	**915**	**310**	**3,319**
c) External EBITDA	881	159	192	189	391	57	7	306
d) Internal EBITDA	51	6	15	20	24	15	1	8
c+d EBITDA	**931**	**165**	**207**	**209**	**415**	**72**	**8**	**314**
Net investments (1)	780	46	-43	-193	192	56	5	69
Investments from all funding sources (1)	2,514	367	525	423	253	43	7	82

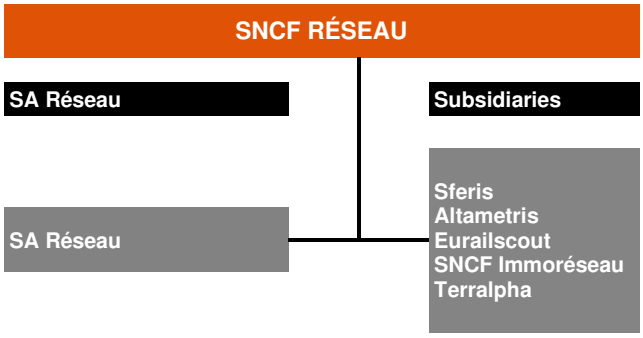
(1) See definition in Note 2 - SNCF Group key figures.

In € millions	Geodis	Rail Logistics Europe	Logistics Other	SNCF Immobilier	Corporate	Inter-segment eliminations	Total
a) External revenue	6,690	817	-	20	5		20,270
b) Internal revenue	58	42	-	369	541	-5,578	-
a+b Revenue	**6,748**	**859**	**-**	**389**	**546**	**-5,578**	**20,270**
c) External EBITDA	595	86	3	94	23		2,983
d) Internal EBITDA	3	3	-	1	8	-156	-
c+d EBITDA	**598**	**90**	**3**	**95**	**32**	**-156**	**2,983**
Net investments (1)	91	21	-	11	18		1,053
Investments from all funding sources (1)	83	20	-	9	16		4,342

(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 activity.

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 38 railway operators which use the national rail network and 14 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 Immoreseau and Terralpha subsidiaries.

In € millions	H1 2022	H1 2021	Change
a) External revenue	1,351	1,280	70
b) Internal revenue	2,176	1,802	374
a+b Revenue	**3,526**	**3,083**	**444**
c) External EBITDA	881	636	244
d) Internal EBITDA	51	43	7
c+d EBITDA	**931**	**680**	**251**
EBITDA / Revenue	26.4%	22.1%	
Net investments	780	17	763
Investments from all funding sources	2,514	2,534	-20

Highlights

– Activity: the first two months of the year were marked by a decline in passenger numbers, due to the adaptation of the transport plan by rail companies. Passenger numbers have gradually improved since March 2022 and reached the June target.

– Signature of the 2021-2030 performance contract with the French State on 6 April 2022.

– "TOUS SNCF" corporate project:

- Ongoing initiatives to enhance the know-how, expertise and performance of the Group's employees.
- Escalation of good practices to maintain the best standards and help teams build their "TOUS SNCF" house, one of the high expectations of 2022.

– Discussions with the French Transport Regulatory Body (ART) as part of the preparation of the future 2024-2026 price cycle.

2022 first-half results

– Revenue

SNCF Reseau revenue was up 14.4%, i.e. €444 million, compared to 2021. This increase was primarily due to the positive counter-effect of the health crisis, generating a €350 million increase in revenue (2021 counter-effect of +€469 million, offset for €119 million by a first-half 2022 transport plan which did not fully regain its nominal value), as well as a positive price impact (+€59 million relating to infrastructure fee indexation and +€24 million relating to the price impact on electricity energy).

– EBITDA

EBITDA rose by €251 million or 37.0% compared to the previous year. The counter-effect of the health crisis, 2021 adaptation measures (+€398 million) and the positive price effect on infrastructure fees (+€59 million) were partly offset by the decline in infrastructure fees following the adaptation of 2022 transport plans (-€119 million), specific wage measures adopted in H1 2022 (-€68 million) and the rise in purchases and external charges (cost overrun of €50 million following the discontinuation of glyphosate and a €25 million negative price effect on raw materials and fuel).

– Net investments

Net investments for the year (€780 million) were up €763 million. This increase was primarily due to the decline in grants collected in H1 2022, namely financing received under the French State's rail recovery plan (difference of €577 million with a payment of €1,645 million as at 30 June 2021 compared to €1,068 million as at 30 June 2022, with the remaining balance expected to be paid in the summer).

– Investments from all funding sources

The volume of investments from all funding sources for the year (€2,514 million) remained unchanged compared to the previous year.

Outlook for the second half of 2022

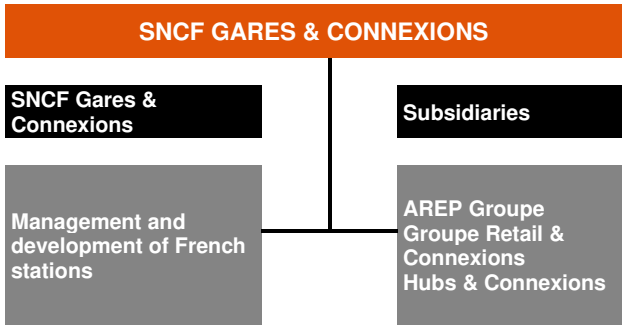
– Inflation:

- Inflation should have a more significant impact on H2 2022.
- Compensation schemes are being implemented.

– HR:

- Measures to resolve recruitment problems encountered in certain geographic sectors and certain specialities.
- Ramp-up of the three new training centres in Nanterre, Bordeaux-Bègles and Lyon-Saint Priest.

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 2022	H1 2021	Change
a) External revenue	132	95	37
b) Internal revenue	648	627	20
a+b Revenue	**780**	**722**	**58**
c) External EBITDA	159	112	47
d) Internal EBITDA	6	7	-1
c+d EBITDA	**165**	**119**	**46**
EBITDA / Revenue	21.1%	16.5%	
Net investments	46	37	9
Investments from all funding sources	367	326	41

Highlights

– The French Transport Regulatory Body (ART) was presented with the passenger station reference document for the 2023 service timetable in order to issue an opinion expected at the end of July 2022.

– On 27 April 2022, the first performance contract was signed with the French State for 2021-2026. It breaks down into 4 objectives and 17 indicators: quality access contributing to the development of rail transport in a transparent and non-discriminatory manner, transformation of stations to boost efficiency and improve customer satisfaction, response to new “green station” challenges and integration of SNCF Gares & Connexions’ action in a sustainably economic model.

– The activity was marked by a turnaround in station retail outlet revenue with an average level 10% lower than the pre-health crisis situation. This figure should be compared with the first half of 2021, which was down 47% (end of May).

– A savings plan was rolled out to offset rising energy prices and inflation and resolve raw material supply problems.

2022 first-half results

– Revenue

SNCF Gares & Connexions revenue was up €58 million (8.0%) compared to 2021. This growth was attributable for €49 million to the counter-effect of the health crisis, mainly on station retail outlet concession revenue.

– EBITDA

EBITDA rose by €46 million between 2021 and 2022 in line for €42 million with the counter-effect of the health crisis.

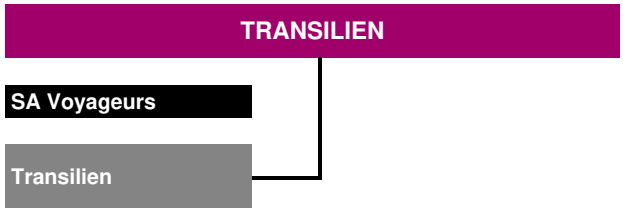
– There were no material changes in net investments or investments from all funding sources.

Outlook for the second half of 2022

– Operating and capital expenditure cost savings plans were extended to limit the impacts of inflation.

– 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.

In € millions	H1 2022	H1 2021	Change
a) External revenue	1,667	1,609	57
b) Internal revenue	170	167	3
a+b Revenue	**1,837**	**1,777**	**61**
c) External EBITDA	192	187	5
d) Internal EBITDA	15	17	-2
c+d EBITDA	**207**	**204**	**3**
EBITDA / Revenue	11.3%	11.5%	
Net investments	-43	198	-241
Investments from all funding sources	525	630	-105

Highlights

– A rise in the number of passengers during the half-year, standing at 83% of the June 2019 benchmark.

– A punctuality rate (92.3% on average at the end of May) surpassing contractual objectives.

– Service quality at its highest ever with an 80% customer satisfaction rate (at the end of March - results available quarterly).

– Ongoing investment programme with the delivery of 51 new trains in H1 2022: 19 NAT for lines J and P, 24 Regio2N for line N, 6 tram trains for line T12, and the first 2 RER NG trains which are currently being tested.

– Transilien has also continued to create and develop sites to maintain new equipment with the commissioning of fixed electrical traction facilities at the Bercy site and a first 3-track workshop at the Val-Notre-Dame site.

– Finally, virtually all Île-de-France stations were equipped with terminals or suburban automatic controls in order to introduce tariffs based on usage. This priority goal of Île-de-France Mobilités requires validation at station entrances and exits. The Navigo Liberté + commercial pilot project may then be tested throughout Île-de-France in early 2023.

2022 first-half results

– Revenue

Transilien 2022 revenue rose by €61 million i.e. +3.4% compared to 2021. This mainly takes account of:

– price indexation for the agreement with Île-de-France Mobilités (+€33 million);

– contractual financial incentives (+€22 million);

– rise in compensation at cost (+€13 million).

Traffic rose by 38%.

– EBITDA

There was no major change in Transilien EBITDA between 2021 and 2022.

– Net investments

Net investments for the period (-€43 million) were down €241 million. This decline was primarily due to the increase in grants received (+€57 million), combined with a €184 million drop in gross investments, mainly for rolling stock acquisitions and upgrades.

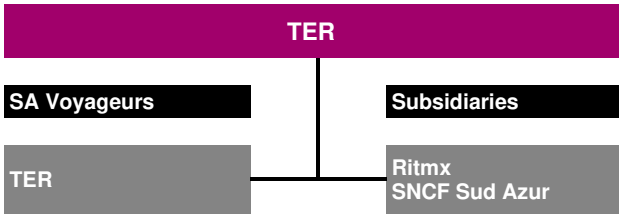
– Investments from all funding sources

Investments from all funding sources for the period (€525 million) fell by €105 million primarily due to a reduction in rolling stock investments (acquisitions and upgrades).

Outlook for the second half of 2022

– An expected return by the end of 2022 to passenger numbers representing 90% of the 2019 benchmark, while maintaining the service and production quality observed since the beginning of the year.

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 2022	H1 2021	Change
a) External revenue	2,644	2,404	240
b) Internal revenue	158	164	-7
a+b Revenue	**2,802**	**2,569**	**233**
c) External EBITDA	189	100	89
d) Internal EBITDA	20	20	1
c+d EBITDA	**209**	**120**	**90**
EBITDA / Revenue	7.5%	4.7%	
Net investments	-193	-60	-133
Investments from all funding sources	423	430	-7

Highlights

– Roll-out of the Ac'TER programme to draw up contracts with the Organising Authorities to obtain OTC agreements by December 2023:

- On 9 May, the Pays de la Loire region signed the new TER 2022-2031 agreement with SNCF Voyageurs. This agreement provides for an increase in trains by around 11% by 2023. In return, SNCF Voyageurs will have greater commitments with the region.
- At its plenary assembly on 30 June, the Centre-Val de Loire region approved the new 2022-2031 agreement with SNCF Voyageurs.
- Launch in May 2022 of negotiations with the Occitanie region for a new 2023-2032 agreement.

– Adaptation of transport plans in several regions in January, and throughout the year for Normandie, in agreement with the Organising Authorities.

– H1 2022 production quality in line with targets; incident response rate up significantly on 2021.

– Technical support call for tenders for Chemins de Fer Corses won by TER.

– Response to the call for expression of interest for the Sud and Bourgogne-Franche-Comté regions.

2022 first-half results

– Revenue

TER 2022 revenue rose by €233 million, i.e. 9.1% compared to 2021. This increase was primarily due to significant rise in direct revenue, in line with the reduced impact of the health crisis on travel (+€270 million). At the same time, this helped reduce the contributions paid by the organising authorities, down €48 million overall.

Traffic rose by 53%.

– EBITDA

TER EBITDA rose by €90 million (74.8%) between 2021 and 2022, mainly in line with the positive counter-effect of the health crisis.

– Net investments

The decrease in TER net investments (-€133 million) was primarily due to the €123 million rise in trade payables in 2022, compared to a €65 million decline in 2021. This impact was offset by the €63 million reduction in grants received.

– Investments from all funding sources

Investments from all funding sources for the period (€423 million) were stable compared to the previous year.

Outlook for the second half of 2022

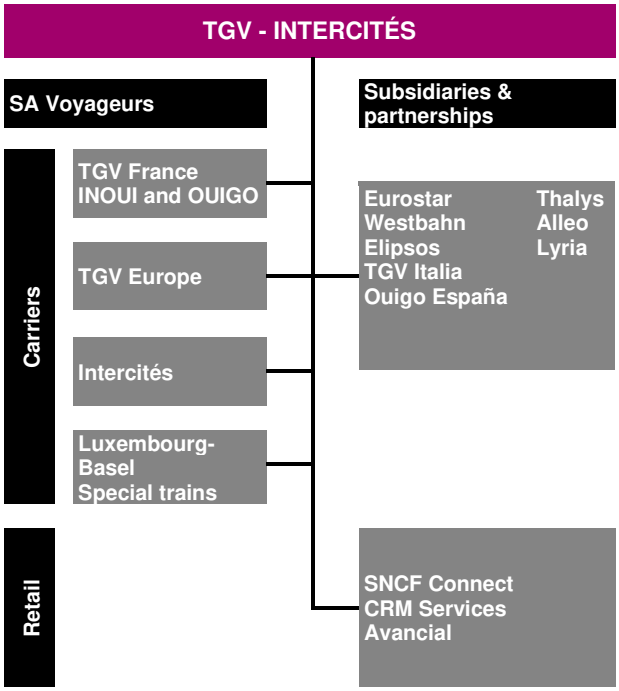
– Revenue should remain high in H2 2022 with a "record" summer expected in trains. The TER youth pass (Pass Jeune) introduced in the summer of 2020 and renewed last year was not renewed for a third consecutive year at the request of the regions. However, certain regions will offer very attractive rates to entice young people on board trains this summer.

– Submission of the initial offer for the tram train & Sud Loire lot (October) and the final offer for l'Étoile d'Amiens (November).

– Following the work under the Ac'TER programme: start-up in September 2022 with the Grand-Est region for a 2023-2032 agreement, then in Q3 2022 with the Nouvelle-Aquitaine, Auvergne-Rhône-Alpes, Hauts-de-France, etc. regions.

– Regio2N train deliveries expected to cease in H2 2022 due to failure to supply a component. The Centre-Val de Loire TER is impacted.

2.5 TGV - INTERCITÉS



TGV - Intercités offers its customers:

– door-to-door passenger transport services in France and across Europe via SA Voyageurs (TGV, OUIGO, Intercités), European cooperations (Alleo with DB, etc.) and its subsidiaries (Eurostar, Thalys, Lyria, OUIGO España, etc.);

– distribution of travel-related products (including the subsidiary SNCF Connect).

In € millions	H1 2022	H1 2021	Change
a) External revenue	3,648	1,732	1,916
b) Internal revenue	168	188	-20
a+b Revenue	**3,816**	**1,919**	**1,897**
c) External EBITDA	391	-768	1,160
d) Internal EBITDA	24	24	-0
c+d EBITDA	**415**	**-744**	**1,159**
EBITDA / Revenue	10.9%	-38.8%	
Net investments	192	316	-125
Investments from all funding sources	253	364	-111

Highlights

– The end of the health crisis resulted in a business turnaround across all markets (domestic, cross-border and international), a trend which should continue due to the high level of sales for this summer. Regarding France high-speed line traffic, the leisure segment delivered very positive momentum, while professional mobility has still not reached its pre-crisis level.

– Developments and initiatives continued in the opening months of the year to boost the modal share of rail transport:

- increase in the number of customers with discount cards (3.5 million customers have an Avantage card);
- effective implementation of the OUIGO Train Classique offering;
- rapid growth of OUIGO España;
- creation of Eurostar Group;
- launch of SNCF Connect.

– Introduction of regulated pricing for active employees of the French National Police Force (Police Nationale).

– For Intercités, first months' roll-out of the new agreement and discussions with the French State on how to relaunch domestic night trains.

2022 first-half results

– Revenue

TGV - Intercités revenue rose €1,897 million (+98.8%), mainly due to much greater traffic in 2022 than in 2021. All activities reported growth: TGV excluding subsidiaries +€1,269 million (+77%) with a considerable turnaround for both INOUI and OUIGO, Eurostar +€409 million, Thalys +€162 million, OUIGO España +€33 million (launch of activity in May 2021) and Intercités +€53 million (+24%).

– EBITDA

EBITDA rose by €1,159 million mainly due to the counter-effect of the health crisis, which weighed very heavily on 2021. All segments reported EBITDA growth: TGV excluding subsidiaries +€818 million, Eurostar +€206 million, Thalys +€90 million and Intercités +€8 million.

– Net investments

Net investments totalled €192 million in 2022, compared to €316 million 2021. This decline was primarily due to a decrease in TGV rolling stock investments as well as the termination of the Intercités Regio2N Normandie project in 2021.

– Investments from all funding sources

Investments from all funding sources for the period totalled €253 million in line with the trend in net investments.

Outlook for the second half of 2022

– Strong challenges to maintain service quality and customer satisfaction in a context where the peak offering is saturated.

– Safeguarding of defining IS projects (BOOST, SOLAR, PROGRES) for business performance.

– Ongoing development projects integrated into the strategic plan to support long-term profitable growth: opening of Madrid–Valence and Madrid-Alicante routes in the autumn and development of traffic in multiple units for OUIGO España, preparation for driverless trains on the Paris–Barcelona line.

– Set-up of the new Eurostar Group governance and work on the initial synergies.

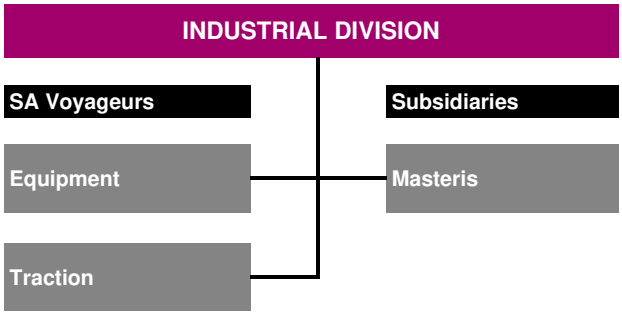
– Marketing campaign on the competitive Paris–Lyon line.

– Strengthening and acceleration of initiatives to reduce energy consumption (Cap Énergies programme).

– Publication of the concession notice and specifications for the applicants (DCE) of the OCÉAN call for tenders (Bordeaux–Nantes–Lyon).

– Development of the Atout Bord and Atout Conduite projects, irritant treatment programmes and programmes to promote the professions of train manager and train driver.

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. The Equipment activity is responsible for the upgrade and heavy maintenance of the Group's rolling stock as well as the parts supply chain for all maintenance technicentres and provides a comprehensive offer of trial and maintenance engineering services

In € millions	H1 2022	H1 2021	Change
a) External revenue	43	33	10
b) Internal revenue	872	827	44
a+b Revenue	**915**	**861**	**54**
c) External EBITDA	57	12	45
d) Internal EBITDA	15	15	-0
c+d EBITDA	**72**	**27**	**45**
EBITDA / Revenue	7.8%	3.1%	
Net investments	56	39	17
Investments from all funding sources	43	34	9

Highlights

– OP'TER industrial programme: contracts signed with all regions and Chemins de Fer Luxembourgeois (CFL) to upgrade 567 trains. Entry of the programme's first train to the Saint-Pierre-des-Corps site (more than 900 trains to be treated until 2032).

– Industrial work: ongoing upgrades-half-life operations for Duplex, Thalys and ZTER trains for the Bretagne, Pays de la Loire and Centre-Val de Loire regions, upgrade of the Z20900, finalisation of the Waouh programme for Transilien (programme of 133 Z2N trains initiated in 2019) and progress in the upgrade of Paris–Nice night trains beyond the scheduled programme.

– Investments: major work to upgrade installations and boost their capacity for the OP'TER programme.

– Engineering: end of certification trials for RER NG trains for Alstom, installation of axle maintenance workshops at TGV (Technicentre Sud Est Européen) and Transilien (Villeneuve Saint-Georges and Levallois) sites, commissioning of condition-based maintenance (CBM) for the Powerpacks of AGC and Régiolis trains and launch of the Ecomod project for the BB75000 (energy savings).

– Logistics chain: substantial increase in parts repairs, set-up of a crisis unit to secure supplies and deal with cost inflation.

– Locomotives & wagons maintenance: adaptation of site production programmes in a shrinking competitive market context, audit performed at the request of SNCF Réseau on production costs, response to the Ermewa call for tenders for wagon maintenance at the Woippy site.

– Controlled performance plan (€127 million accumulated compared to 2019), with in particular maintenance cycle reengineering for certain sets of equipment.

– Traction: driver recruitment problems impacting the number of interns to be trained.

2022 first-half results

– Revenue

Industrial Division revenue in 2022 increased by €54 million (6.3%) compared to 2021, mainly due to the turnaround in traffic.

– EBITDA

Industrial Division EBITDA rose €45 million between 2021 and 2022, mainly in line with the turnaround in traffic.

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

Outlook for the second half of 2022

– Industrial technicentres: the workload will remain high, with, however, raw material and inflation risks.

– Increased control over investments, particularly those relating to OP'TER, while observing the budget.

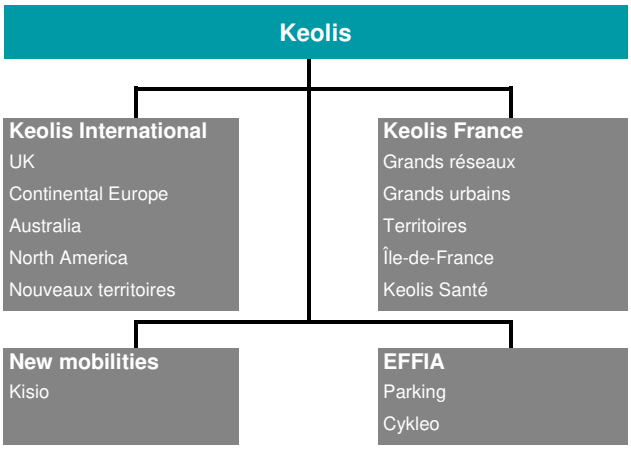
– Ongoing contractualisation of the OP'TER industrial programme, collection of instalments and launch of the first train at the end of December 2022.

– Work on the cooperation agreement with SNCF Reseau (maintenance of locomotives and wagons for 2023-2026).

– Inclusion in industrial assets of the outcome of the Ermewa call for tenders for wagon maintenance.

– Traction: Group-wide action plan adopted to limit the impacts of the decline in train driver hirings.

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 2022	H1 2021	Change
a) External revenue	3,246	3,084	163
b) Internal revenue	73	55	18
a+b Revenue	**3,319**	**3,138**	**181**
c) External EBITDA	306	284	22
d) Internal EBITDA	8	8	0
c+d EBITDA	**314**	**292**	**22**
EBITDA / Revenue	9.5%	9.3%	
Net investments	69	97	-28
Investments from all funding sources	82	110	-27

Highlights

– France

- On 8 July, Bordeaux Métropole renewed its confidence in Keolis for the operation and maintenance of the entire TBM public transport network for a period of 8 years starting 1 January 2023. Keolis also won four new Optile bus lots in Île-de-France (Essonne, Yvelines and Seine-et-Marne), and major offensive contract wins in Perpignan and Valenciennes.
- There were several intercity renewals in Sète and Bourgoin-Jallieu as well as in school activities and regular lines in Normandie and Isère.
- EFFIA won the contract to operate car parks in Bourg-la-Reine.
- Launch of Hove, new group entity to boost digital development, specialising in the design and deployment of digital tools for shared mobility, including Navitia and Patterns.

– International

- In March, Keolis was renewed by the UK Transport Department for the operation and train maintenance of the Govia Thameslink Railway network for 3 years in a joint venture with the Go Ahead group. Keolis was also renewed for three years by the Hyderabad in India network concession-granting authority for the operation and maintenance of the automatic underground train network.
- The Group won two bus network operation and maintenance contracts in Gothenburg for an annual revenue of around €50 million as well as the first multimodal contract operated by the Group in Lund, Sweden.
- Successful launch of the Dubai transport network operation with a record number of passengers for the Expo 2020 universal exhibition. Start-up of network operations in Odense, Denmark in May and bus network operation and maintenance contracts in Uppsala and Gothenburg, Sweden in June.

2022 first-half results

– Revenue

Keolis 2022 revenue increased by €181 million (5.8%) compared to 2021. This was mainly due to:

– a negative scope impact of -€109 million (see Note 1.2, "Comparability of the financial statements"),

– a positive foreign exchange impact of +€45 million.

At constant scope and exchange rates, Keolis revenue increased by +€245 million (+8.1%). This growth initially involves the France (+€137 million) and Effia (+€31 million) scopes, following the gradual turnaround in passenger numbers. International growth amounted to €76 million, driven by Dubai (+€47 million), Australia (+€22 million, increase due to the post-health crisis recovery and the launch of the Northern Beaches contract in Sydney) and Continental Europe (+€42 million, with a positive indexation impact). These impacts were partially offset by the exit from the Wales & Borders contract in Wales (-€48 million).

– EBITDA

Keolis EBITDA was up €22 million. Excluding scope and foreign exchange impacts, the increase was €30 million. France and Effia EBITDA rose by €46 million and €16 million, respectively, due to the gradual turnaround in passenger numbers and savings plans. International EBITDA fell by €29 million due to the exit from the Wales & Borders contract in early 2021 (-€7 million) and fewer services in North America (-€6 million) and Australia (-€7 million).

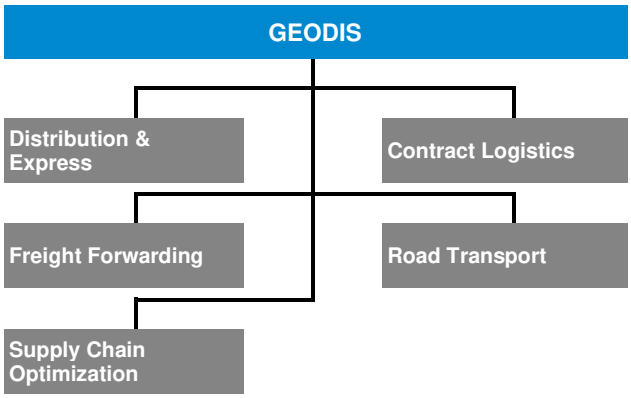
– There was no material change in either net investments or investments from all funding sources during the period.

Outlook for the second half of 2022

– The second half of the year will remain intense in terms of calls for tender in Île-de-France, particularly for the "Optile" bus network and the Paris inner suburbs following the opening-up of RATP buses to competition, the United States and Sweden with several major projects, notably in Stockholm.

– Ongoing productivity efforts in an uncertain and inflationary context, particularly regarding energy prices.

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 2022	H1 2021	Change
a) External revenue	6,690	4,812	1,878
b) Internal revenue	58	54	5
a+b Revenue	**6,748**	**4,865**	**1,882**
c) External EBITDA	595	454	141
d) Internal EBITDA	3	4	-1
c+d EBITDA	**598**	**458**	**140**
EBITDA / Revenue	8.9%	9.4%	
Net investments	91	54	37
Investments from all funding sources	83	50	32

Highlights

– In H1 2022, Geodis delivered a record performance in terms of revenue and profitability, driven by Freight Forwarding, Distribution & Express and Road Transport. Contract Logistics furthered its rapid growth mainly in the United States despite pressure on its margins in line with rising costs.

– After the acquisition of Pekaes, Gandon and Perrier in 2021 which contributed to the Group's strong momentum in France and Poland, Geodis signed an agreement to acquire Keppel Logistics and boosted its coverage in the Contractual Logistics sector in Asia-Pacific and particularly in Singapore.

– Faced with the war in Ukraine, Geodis maintained close relations with its major customers to help them assess the impact of the conflict on their logistics chain. The Group also launched support initiatives for Ukraine: free transport/logistics for associations, employee fundraising with a contribution from Geodis at cost.

2022 first-half results

– Revenue

Geodis' 2022 revenue increased by €1,882 million (38.7%) compared to 2021. It was impacted by:

- a scope impact of +€53 million (see Note 1.2 Comparability of the financial statements),
- an exchange rate impact of +€187 million.

At constant scope and exchange rates, revenue increased by 33.8% (+€1,642 million), due to Freight Forwarding (+€1,245 million / +63%) which benefited from very high prices, Contract Logistics (+€232 million / +16%), and, to a lesser extent, Road Transport (+€85 million / +17%) and Distribution & Express (+€67 million / +8%).

– EBITDA

EBITDA rose by €140 million.

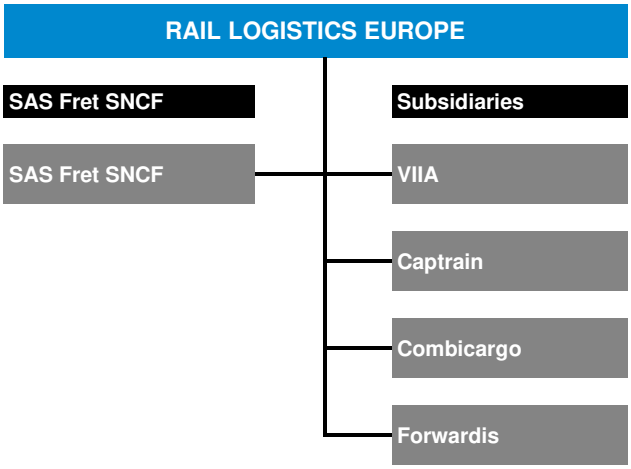
At constant scope and exchange rates, it increased by €112 million. This improvement was mainly driven by Freight Forwarding (+€104 million) and Distribution & Express (+€11 million), in line with their business growth.

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

Outlook for the second half of 2022

– Although the business momentum is strong across all sectors and countries, the level of macro-economic uncertainty remains high, particularly with regard to the repercussions of the health crisis in China, inflationary trends and the significant pressure on capacities, particularly for maritime transport.

2.9 RAIL LOGISTICS EUROPE



Rail Logistics Europe comprises rail and combined freight operators and freight forwarders in Europe and worldwide: Fret SNCF SAS, Captrain, Combicargo, Forwardis and VIIA.

In € millions	H1 2022	H1 2021	Change
a) External revenue	817	745	72
b) Internal revenue	42	59	-17
a+b Revenue	**859**	**804**	**55**
c) External EBITDA	86	85	1
d) Internal EBITDA	3	26	-22
c+d EBITDA	**90**	**111**	**-21**
EBITDA / Revenue	10.4%	13.7%	
Net investments	21	29	-7
Investments from all funding sources	20	27	-7

Highlights

SAS Fret SNCF

– A level of business in line with forecasts despite pressure on resources and operational uncertainties.

– Sound momentum in the cereals and sugars market as well as construction and minerals since the start of the year.

– Growth in combined transport surpassing forecasts.

– Chemicals and automobile markets still lagging behind.

Captrain

– Overall strong demand (steel, petrochemicals, combined, etc.) with the exception of the automobile market which still had very low production levels (ongoing semi-conductor crisis) and pressure on resources (locomotives and drivers).

– Very significant hike in energy prices across Europe. Negotiations with customers led to a gradual rise in prices as a result of this hike. The net impact remained negative in H1 2022.

– Lack of available infrastructure in Germany in the Rhine valley (numerous engineering works) and a traffic cancellation rate of around 30% (impact on Railtraxx and CTD).

– Sector aids in Spain for the first time.

– Acquisition of Takargo (Portugal) on 30 June, thus completing the Captrain network which represents total revenue of €700 million in 2022, delivering new business

opportunities. "*With Takargo, Captrain plans to boost its network growth and strengthen its position in the Iberian peninsula while capitalising on a profitable partnership with Captrain España. Takargo will also enable us to satisfy the need for decarbonised solutions in the Atlantic corridor for the regulated and combined traffic of our customers"* F. Delorme.

Forwardis

– Growth exceeding budget objectives with significant commercial projects (Total Énergies, Veolia, GC development of Fret SNCF), as well as support for French army traffic heading to Eastern Europe.

– Woippy Freight site operational problems, which impacted French and German traffic, the Forwardnet single wagon service linking Woippy to the Ruhr area and sugar traffic.

– Work at the port of Rouen impacting cereal traffic in France.

Combicargo

Ongoing growth momentum in volumes (Combined and Navitrucking activities) in keeping with the end of 2020 and 2021, with a modal shift rate that remains high (28%).

VIIA

– Very high level of activity at Lorry Rail which continued to exceed business objectives with the Bettembourg–Le Boulou line.

– Increased traffic on the Calais–Le Boulou line, with industrial flows in addition to current flows and a higher load factor.

– Resumption in April of the Bettembourg–Barcelona line and the successful launch of the Gennevilliers–Le Boulou line.

– Awarded the Sète–Calais call for expression of interest and the Sète rail motorway terminal.

2022 first-half results

– Revenue

Rail Logistics Europe 2022 revenue was up €55 million (6.8%) compared to 2021.

All activities contributed to this growth, with the exception of Fret SNCF whose revenue fell by €3 million, mainly in the steel and chemicals sectors.

– EBITDA

EBITDA dropped by €21 million. Most transport subsidiaries were impacted by the hike in energy prices, including in particular Captrain and Fret SNCF.

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

Outlook for the second half of 2022

SAS Fret SNCF

– Outlook above budget objectives with expected confirmation of the momentum in the cereals and sugars, combined, construction and minerals markets.

– A chemicals market which remains difficult and automobile and consumer goods markets lagging behind.

Captrain

– Ongoing growth in intragroup synergies for international traffic.

– Rising energy prices mainly offset by the repercussion on customers and the resilience plan in France.

– Selectiveness in the customer contract portfolio in addition to price negotiations.

– Arrival of aid due to the health crisis in Italy.

Forwardis

Opportunities to be seized due to the disruption of logistics chains caused by the war in Ukraine.

Combicargo

– H1 trend will continue with the control of operational fundamentals.

– Additional combined transport aid for 2022 traffic.

VIIA

– Sale and lease-back of 240 UIC wagons as at 1 July 2022.

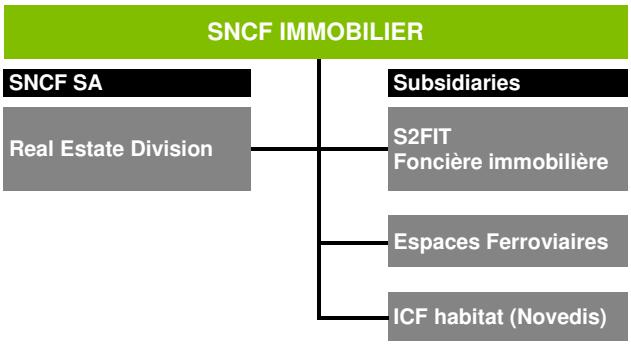
– Refinancing of 149 Lorry Rail NA wagons by the year-end.

– Sète terminal implementation project.

– H1 trend will continue with the control of operational fundamentals in a context of reduced network capacity.

– Additional combined transport aid for 2022 traffic.

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 2022	H1 2021	Change
a) External revenue	20	16	4
b) Internal revenue	369	309	60
a+b Revenue	**389**	**325**	**65**
c) External EBITDA	94	98	-4
d) Internal EBITDA	1	1	0
c+d EBITDA	**95**	**99**	**-4**
EBITDA / Revenue	24.5%	30.5%	
Net investments	11	7	4
Investments from all funding sources	9	7	2

Highlights

– Monetisation and urban development

- Signature on 10 May by the town of Sète and the Sète Agropole Méditerranée agglomeration community of a

memorandum of understanding on the monetisation of SNCF rights-of-way in the Sète district. They will therefore assess the future of over 30 hectares of SNCF land identified as potentially not required for rail activities.

• Strong demand for logistics activities. Ongoing negotiations that would bring forward by 2 years the sale of the Gobelins site (Paris 13th district) to operators which plan to develop sub-slab logistics of 70,000 m² and build two 20,000 m² tertiary buildings.

– Management

• Following gas contract renewals for 2022-2025, signing of new building electricity purchase contracts for the next 4 years. In both cases, an instalment-based purchase formula was chosen by SNCF to seize market opportunities and better manage our risk exposure.

• Set-up of framework agreements for the construction of factory designed prefabs. They should reduce production lead times by 7 to 9 months in addition to costs. They also offer an identical or even superior quality to “bricks-and-mortar” buildings: thermal and acoustic insulation, E+C- label in terms of low consumption.

• Training centres. The SNCF Réseau Bordeaux-Bègles campus delivered on 12 January obtained the Highly Efficient HQE Bâtiment Durable certification for the construction phase. The campus comprises more than 12,000 m² of buildings and 6,000 m² of external technical resources to welcome 220 trainees / day. The Saint-Priest training campus (near Lyon) was delivered to SNCF Réseau on 4 February. For the first time, a full FM building was delivered, including both the building and services for trainees. The campus comprises more than 39,500 m² of buildings and 2,500 m² of technical workshops to welcome 290 trainees / day.

• SNCF Sud Azur, the new subsidiary of SNCF Voyageurs, delegated the improvement of the Nice Saint-Roch maintenance centre to SNCF Immobilier. An operation costing around €50 million and covering 4.2 hectares, which should be completed in record time to meet the deadline for the launch of the concession’s operation by SNCF Sud Azur, i.e. 15 December 2024.

– Housing

• ICF Habitat La Sablière announced the construction of 160 housing units, including 136 low-income housing units and 24 middle-income housing units at the future Hébert site (Paris 18th district). The social programme for this vast improvement scheme is therefore 50% deployed.

• In Chelles (77), ICF Habitat La Sablière inaugurated two new complexes built in the Arcades Fleuries area. They will welcome tenants from apartment blocks built in the 1960s that will be demolished in the summer of 2022. The construction of 250 social and private housing units, a boarding house and a care centre will then be launched by 2025.

2022 first-half results

– Revenue

Between 2021 and 2022, SNCF Immobilier’s revenue increased by €65 million, i.e. +19.9%. This rise was mainly due to the centralisation for this scope as at 1 January 2022 of the Group’s real estate maintenance, previously recognised in various SAs, as well as the rising cost of utility costs reinvoiced to the SAs.

– EBITDA

EBITDA stood at €95 million in 2022, compared to €99 million in 2021.

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

Outlook for the second half of 2022

– Monetisation and urban development

• Ongoing negotiations to establish a new trajectory for Île-de-France.

• Start of renovation of a building on rue de Rome (Paris) by the subsidiary S2FIT with plans to monetise.

– Real estate management

• Review of projects to comply with budgets despite rising costs.

• Internal retransfer of highly strategic projects or projects very specific to SNCF Immobilier (adaptability, SNCF Réseau housing, project ownership).

• Changeover to dynamic spaces on the Saint-Denis campus in order to free up 20,000 m².

• Ongoing discussions on the carbon energy strategy and roll-out of immediate measures, particularly next winter.

3. INVESTMENTS AND NET DEBT

3.1 INVESTMENTS

In € millions	H1 2022	H1 2021		Change
Investments from all funding sources	4,342	4,662	-320	-7%
Disposals	97	147	-50	-34%
Investments, net of disposals	**4,245**	**4,516**	**-271**	**-6%**

The level of investments from all funding sources, down €320 million compared to 2021, stood at €4,342 million in 2022. The 2021 sale of the Ermewa group accounted for over one third of this decrease, with the remainder mainly attributable to the reduction in rolling stock acquisitions and upgrades.

Disposals were €50 million lower than in 2021; disposals during the financial year consisted mainly of real estate assets and transport equipment.

3.2 GROUP NET DEBT

In € millions	30/06/2022	31/12/2021	Change
Non-current debt	68,108	73,006	-4,897
Non-current receivable	-38,615	-30,403	-8,212
Net non-current debt used to calculate net debt	**29,494**	**42,602**	**-13,109**
Current debt	8,488	8,878	-390
Current receivable	-13,668	-15,184	1,516
Net current debt used to calculate net debt	**-5,180**	**-6,306**	**1,126**
Net debt	**24,314**	**36,296**	**-11,982**
Net debt / EBITDA	4.1	8.4	
Gearing (Net debt / Equity)	0.9	2.5	

Net debt amounted to €24,314 million as at 30 June 2022, for a gearing (net debt / equity) of 0.9 (compared with 2.5 as at 31 December 2021). The ratio of net debt to EBITDA (on a twelve month rolling basis) decreased from 8.4 as at 31 December 2021 to 4.1 as at 30 June 2022.

SNCF Group net cash amounted to €8,418 million as at 30 June 2022 (€8,481 million as at 31 December 2021). It comprised cash and cash equivalents for €9,579 million (€10,772 million as at 31 December 2021), less cash borrowings and overdrafts for €1,161 million (€2,291 million as at 31 December 2021).

Net debt was impacted by the following movements in the first half of 2022:

Opening net debt	36,296
Cash from operations	-2,575
Net investments	1,053
Disposals	-97
Dividends received from companies accounted for by the equity method	-8
Repayments of lease liabilities and related interest	495
Scope transactions	12
Change in operating WCR	53
Dividends paid	142
Changes in fair value, amortised cost, translation differences	-1,091
Change in tax WCR	15
Assumption of SNCF Réseau's debt by the French State	-10,000
Other	19
Closing net debt	**24,314**

3.3 FUNDING SOURCES AND DEBT MANAGEMENT

Non-current and current debt declined by €4,897 million and €390 million, respectively.

The main reasons for those movements were:

– repayment of bonds for -€4,431 million;

– change in fair value for -€1,585 million;

– decrease in cash liabilities for -€1,146 million;

– a new financial grant of €2,170 million in line with the partial assumption of the SNCF Réseau debt by the French State for €10,000 million (see Note 2.1 to the consolidated financial statements).

The non-current receivable increased by €8,212 million and the current receivable decreased by €1,516 million.

The main reasons for those movements were:

– a new Public Debt Fund (PDF) receivable of €12,170 million in line with the partial assumption of the SNCF Réseau debt by the French State for €10,000 million (see Note 2.1 to the consolidated financial statements

– repayment of the PDF receivable for -€2,971 million;

– decrease in cash and cash equivalents of -€1,192 million;

– decrease in deposits paid for -€584 million;

– change in fair value for -€511 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-	Stable	16-June-22
Moody's	Aa3	Stable	2-May-22
Fitch Ratings	A+	Negative	30-Nov.-21

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

No major equity investments were acquired in H1 2022.

5. FINANCIAL RELATIONS WITH THE FRENCH 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 French State:

In € millions	H1 2022	H1 2021	Change
Compensation for regional rates	18	12	5
Services for the Organising Authorities (Regions and Île-de-France Mobilités)	3,490	3,474	16
Socially motivated prices	8	-	8
Defence	73	70	4
Trains d'Équilibre du Territoire (TET)	111	106	5
TER and TET access fees	1,012	981	31
Total	**4,713**	**4,643**	**70**

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 2022	H1 2021	Change
Operating grants	187	120	66
Cash inflows from concession financial assets	801	935	-134
Investment grants relating to intangible assets and PP&E (1)	2,130	3,010	-881
Freight business rate compensation	78	80	-2
Trains d'Equilibre du Territoire (TET)	111	106	5
Total	**3,306**	**4,251**	**-946**

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

With respect to its network investments, SNCF Reseau 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

	30/06/2022	30/06/2021		Change	Change at constant scope	
SNCF Réseau	**57,148**	57,547	-0.7%	-399	-0.7%	-399
SNCF Gares & Connexions	**5,213**	5,070	+2.8%	144	+2.8%	144
Transilien	**14,196**	14,407	-1.5%	-212	-1.5%	-212
TER	**28,631**	28,423	+0.7%	209	+0.7%	209
TGV - Intercités	**21,689**	22,743	-4.6%	-1,054	-4.0%	-903
Industrial Division	**10,673**	10,639	+0.3%	35	+0.3%	35
Passengers - Other	**498**	480	+3.7%	18	+3.7%	18
Keolis	**68,233**	66,610	+2.4%	1,623	+3.8%	2,472
Geodis	**45,937**	41,637	+10.3%	4,300	+9.3%	3,856
Rail Logistics Europe	**9,212**	9,204	+0.1%	8	+0.1%	8
Freight & Logistics - Other	**-**	1,216	-100.0%	-1,216	-	-
SNCF Immobilier	**1,648**	1,610	+2.3%	37	+2.3%	37
Corporate	**9,463**	9,548	-0.9%	-86	-0.9%	-86
TOTAL	**272,539**	**269,134**	**+1.3%**	**3,406**	**+1.9%**	**5,178**

6.2 PRINCIPAL AGREEMENTS SIGNED IN 2022

On 31 January 2022, an agreement promoting the employment of disabled workers was signed for the scope of the five SNCF companies.

On 9 June 2022, an amendment to railway worker status was approved by the SNCF SA Board of Directors.

CHALLENGES AND OUTLOOK

The Group and its businesses have demonstrated resilience in 2022, but will face tougher conditions and a worsening environment in 2023.

The outlook for SNCF Voyageurs and Logistics operations is bright for the end of the year:

– **In passenger rail, summer bookings have been high**, exceeding 2019 levels by 10% for some destinations. The company has put all of its trainsets into service to run over 800 TGV and Intercités trains a day during peak departure periods.

– **GEODIS reports robust activity for all business lines and geographical markets**, despite uncertainty on fallout from the pandemic in China and pressure on capacity in some maritime areas.

Geopolitics combined with the deteroriating macronomic environment are nonetheless risk factors for the end of the year and, even more, 2023. The Group will pay special attention to the rising cost of planned investments, the reduction in its hedging of energy risk, and the impact that slower growth might have on demand.

30 JUNE 2022

02 – SNCF GROUP CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

In € millions	Note	30/06/2022	30/06/2021
Revenue	3	20,270	16,060
Purchases and external charges	3	-8,722	-6,631
Employee benefit expense		-7,804	-7,307
Taxes and duties other than income tax		-842	-799
Other operating income and expenses		82	71
EBITDA		**2,983**	**1,394**
Depreciation and amortisation	4.2	-1,957	-1,886
Net movement in provisions	4.4	51	103
Current operating profit/loss		**1,077**	**-389**
Net proceeds from asset disposals	4.2	4	37
Impairment losses	4.3	26	11
Operating profit/loss		**1,107**	**-341**
Share of net profit/loss of companies consolidated under the equity method		25	0
Operating profit/loss after share of net profit/loss of companies consolidated under the equity method		**1,132**	**-341**
Net finance costs of employee benefits	1.2.1	215	37
Net borrowing and other costs	5	-338	-469
Net finance cost		**-123**	**-432**
Net profit/loss before tax from ordinary activities		**1,008**	**-773**
Income tax expense		-69	-103
Net profit/loss from ordinary activities		**940**	**-876**
Net profit/loss from discontinued operations, net of tax		-	-
Net profit/loss for the period		**940**	**-876**
Net profit/loss attributable to equity holders of the parent		**928**	**-780**
Net profit/loss attributable to non-controlling interests (minority interests)		12	-95

Notes 1 to 8 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	30/06/2022	30/06/2021
Net profit/loss for the period	**940**	**-876**
Change in foreign currency translation differences	54	58
Tax on change in foreign currency translation differences	3	-2
Change in fair value of cash flow hedges	1,411	510
Tax on change in fair value of cash flow hedges	-16	-6
Change in fair value of hedging costs	16	105
Tax on change in fair value of hedging costs	0	0
Share of recyclable other comprehensive income of companies consolidated under the equity method	3	0
Total recyclable other comprehensive income/loss	**1,471**	**666**
Actuarial gains/losses on employee defined-benefit plans	606	219
Tax on actuarial gains/losses on employee defined-benefit plans	-17	8
Change in value of equity instruments at fair value through equity	-1	-1
Share of non-recyclable other comprehensive income of companies consolidated under the equity method	4	-3
Total non-recyclable other comprehensive income/loss	**592**	**223**
Total gains/losses recognised directly in equity	**2,064**	**889**
Net profit/loss and gains/losses recognised directly in equity for the period	**3,003**	**13**
Attributable to equity holders of the parent	*2,908*	*61*
Attributable to non-controlling interests	*96*	*-47*

Notes 1 to 8 are an integral part of the half-year consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED ASSETS

In € millions	Note	30/06/2022	31/12/2021
Goodwill	4.1	2,345	2,285
Intangible assets		2,077	2,114
Lease right-of-use assets	4.2	3,568	3,425
Property, plant and equipment	4.2	51,964	52,587
Non-current financial assets	5	40,620	32,364
Equity investments		837	1,014
Deferred tax assets		4,537	4,592
Non-current assets		**105,948**	**98,382**
Inventories and work-in-progress		1,451	1,385
Operating receivables		11,311	9,649
Operating assets		**12,762**	**11,034**
Current financial assets	5	4,169	4,535
Cash and cash equivalents	5	9,579	10,772
Current assets		**26,510**	**26,341**
Assets classified as held for sale	4.2.6	187	-
Total assets		**132,645**	**124,723**

CONSOLIDATED EQUITY AND LIABILITIES

In € millions	Note	30/06/2022	31/12/2021
Share capital		1,000	1,000
Consolidated reserves		25,183	12,754
Net profit/loss for the period attributable to equity holders of the parent		928	890
Equity attributable to equity holders of the parent		**27,111**	**14,645**
Non-controlling interests		72	40
Total equity		**27,183**	**14,685**
Non-current employee benefits	1.2.1	1,792	2,579
Non-current provisions	4.4	972	1,121
Liabilities relating to concession assets excluded from the scope of IFRIC 12		2,339	2,363
Non-current financial liabilities	5	69,430	74,006
Non-current lease liabilities		2,815	2,677
Deferred tax liabilities		178	175
Non-current liabilities		**77,525**	**82,921**
Current employee benefits	1.2.1	168	167
Current provisions	4.4	148	144
Operating payables		18,201	17,025
Operating liabilities		**18,517**	**17,335**
Current financial liabilities	5	8,490	8,880
Current lease liabilities		928	902
Current liabilities		**27,936**	**27,118**
Liabilities associated with assets classified as held for sale	4.2.6	-	-
Total equity and liabilities		**132,645**	**124,723**

Notes 1 to 8 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	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 01/01/2021	**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**
Equity published as at 31/12/2021	**1,000**	**4,079**	**-376**	**-70**	**-199**	**-800**	**19**	**10,992**	**14,645**	**40**	**14,685**
Net profit/loss for the period	-	-	-	-	-	-	-	928	928	12	940
Gains/losses recognised directly in equity	-	-	520	-0	62	1,379	16	3	1,980	84	2,064
Net profit/loss and gains/losses recognised directly in equity	**-**	**-**	**520**	**-0**	**62**	**1,379**	**16**	**931**	**2,908**	**96**	**3,003**
Dividends paid (**)	-	-	-	-	-	-	-	-135	-135	-	-135
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	-14	-14
Capital transactions	-	-	-	-	-	-	-	-0	-0	6	6
Changes in scope, non-controlling interests and non-controlling interest purchase commitments (*)	0	-0	1	0	-1	0	-	-280	-279	-54	-334
Other changes (***)	-	-	1	-0	-	-26	-	9,998	9,972	-1	9,972
Equity published as at 30/06/2022	**1,000**	**4,079**	**146**	**-71**	**-138**	**553**	**35**	**21,506**	**27,111**	**72**	**27,183**

(*) Of which changes in Eurostar Group non-controlling interest purchase commitments (see Note 2.1.5).
(**) Dividends paid correspond to payments made to the French State support fund (see Note 5.6).
(***) Of which assumption by the French State of the SNCF Réseau debt for €10 billion as at 1 January 2022 (see Note 2.1.3).

Notes 1 to 8 are an integral part of the half-year consolidated financial statements

CONSOLIDATED CASH FLOW STATEMENT

In € millions	Note	30/06/2022	30/06/2021
Net profit/loss for the period	**IS[1]**	**940**	**-876**
Eliminations:			
share of net profit/loss of companies consolidated under the equity method	IS[1]	-25	-0
deferred tax expense/(income)		21	-46
depreciation, amortisation, impairment losses and provisions		1,650	1,706
revaluation gains/losses (fair value)		-4	27
net proceeds from disposals and gains and losses on dilution		-7	-42
Cash from operations after net borrowing costs and taxes		**2,575**	**769**
Eliminations:			
current income tax expense/(income)		47	150
net borrowing costs		347	457
dividend income		-2	-2
Cash from operations before net borrowing costs and taxes		**2,967**	**1,373**
Impact of change in working capital requirement		-53	-430
Taxes paid (collected)		-62	-40
Dividends received		10	13
Cash flow from/used in operating activities	**5**	**2,862**	**916**
Acquisitions of subsidiaries, net of cash acquired		-6	-123
Disposals of subsidiaries, net of cash transferred		1	2
Acquisitions of intangible assets and property, plant and equipment	4.2	-3,041	-3,628
Capitalised interest	4.2	-115	-118
Disposals of intangible assets and property, plant and equipment		97	147
New concession financial assets, net of concession liabilities	3.3	-828	-1,073
Cash inflows from concession financial assets, net of concession liabilities		801	935
Cash inflows from lease receivables		0	0
Acquisitions of financial assets		-5	-0
Disposals of financial assets		-1	1
Changes in loans and advances		149	32
Changes in cash assets		584	575
Investment grants received		2,130	3,010
Cash flow from/used in investing activities	**5**	**-233**	**-241**

In € millions	Note	30/06/2022	30/06/2021
Cash inflows from equity transactions		8	29
New borrowings		568	3,181
Repayments of borrowings net of PDF (Public Debt Fund) receivables		-2,031	-986
Cash inflows from PPP (Public-Private Partnership) receivables		92	139
Cash outflows on PPP (Public-Private Partnership) payables		-92	-141
Net interest paid		-571	-548
Repayments of lease liabilities		-496	-476
Interest paid on lease liabilities		-70	-68
Dividends paid to Group shareholders	Chg. in eq.(2)	-135	-0
Dividends paid to non-controlling interests		-7	-3
Increase/decrease in cash borrowings		-1,146	-692
Cash flow from/used in financing activities		**-3,879**	**435**
Effects of exchange rate fluctuations		18	23
Impact of changes in accounting policies		0	5
Impact of changes in fair value		4	-7
Increase/decrease in cash and cash equivalents		**-1,227**	**1,131**
Opening cash and cash equivalents	5	10,384	7,519
Closing cash and cash equivalents	5	9,157	8,651

(1) Consolidated income statement.
(2) Consolidated statement of changes in equity.

Notes 1 to 8 are an integral part of the half-year consolidated financial statements.

NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

Notes 1 to 8 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 2022 were approved by the SNCF Group Board of Directors on 28 July 2022.

The terms “the SNCF Group”, the “Group” and “SNCF” refer to the group formed by the consolidated entities.

“SNCF SA” refers to the national company, SNCF, the group’s head company.

1.1 ADOPTION OF IFRS

The accounting policies used for the preparation of the SNCF Group consolidated financial statements for the half-year ended 30 June 2022 are the same as those adopted for the year ended 31 December 2021, adapted to reflect new applicable standards and interpretations endorsed by the European Commission.

The consolidated financial statements for the half-year ended 30 June 2022 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 2021 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 2022;

– options and exemptions used to prepare the financial statements for the half-year ended 30 June 2022. 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 2022

Amendments to standards and interpretations as well as the new standards published and applicable as at 1 January 2022 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: Regulation (EU) 2021/1421 of 30 August 2021. 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 at 30 June 2022
Amendments to IAS 37 "Provisions, Contingent liabilities and Contingent Assets" regarding the recognition of provisions for onerous contracts	Issued by the IASB: 14 May 2020 Endorsed by the EU: regulation (EU) 2021/1080 of 28 June 2021. The IASB published amendments to IAS 37 "Provisions, Contingent liabilities and Contingent Assets" which specify the costs that a company should include to determine whether or not a contract is onerous. The amendments modify IAS 37 by specifying that the costs of fulfilling a contract include incremental costs, such as labour and materials, and an allocation of other costs that relate directly to the contract, such as the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendments are applicable to financial periods beginning on or after 1 January 2022	No material impacts were identified as at 30 June 2022. Provisions for onerous contracts are immaterial (see Provisions note)
IFRIC interpretation on accounting for upgrades relating to the configuration or customisation of programmes in a cloud computing arrangement (SaaS).	Issued by the IASB: April 2021 Upgrades relating to the configuration or customisation of programmes in a cloud computing arrangement (SaaS) are costs incurred during the year if the entity does not control the intellectual property of their code for example. The cost of these related upgrades will be amortised over the term of the service agreement if it cannot be distinguished from the software service itself.	As at 30 June 2022, the SNCF Group could not finalise the valuation of the impact of this change in method as it requires a complete review of capitalised IT projects. However, significant progress has been made in collecting data and the final impact should be immaterial with regard to the scopes still to be covered.

The Group has not opted for the early application of standards and interpretations of mandatory application in financial periods starting on or after 30 June 2022, 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 2021 consolidated financial statements. They apply to the consolidated financial statements for the half-year ended 30 June 2022 with the exception of 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

SNCF Group companies were able to use the furlough scheme from mid-March 2020 in the context of the Covid-19 health crisis. However, the furlough scheme was reduced in the first half of 2022 and resulted in a €5 million decrease in short-term employee benefit costs.

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 2022.

Employee benefit obligations declined by €786 million in the first half of 2022, of which €579 million for the 5 SNCF companies created by the rail reform: this decrease mainly reflected the increase in the discount rate from 0.92% as at 31 December 2021 to 3.54% as at 30 June 2022, the increase in the inflation rate from 1.80% to 2.10% over the same period and the update of other actuarial assumptions and experience adjustments.

Regarding the 5 aforementioned companies: the actuarial gain resulting from changes in discount and inflation rates amounted to €579 million and was recorded in net finance cost for €198 million and non-recyclable reserves for +€381 million.

The update of other actuarial assumptions (wage increase rate, gradual cessation of activity plan membership) also generated an actuarial gain of €16 million, of which €18 million allocated to net finance cost and -€2 million allocated to non-recyclable reserves.

Experience adjustments generated actuarial gains of €30 million, including €17 million recognised in net finance cost and €13 million recognised in non-recyclable reserves.

Regarding the other main contributing entities, the change in discount and inflation rates also generated an actuarial gain of €214 million which impacted non-recyclable reserves, particularly for Eurostar (€174 million), Geodis (€30 million) and Keolis (€10 million).

1.2.2 Income taxes

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 2022, the forecast future results used to assess the probability of recovering deferred tax assets remain unchanged and correspond to the financial trajectory presented to the Board of Directors on 29 July 2021. For 2022, this trajectory gave rise to a 0% effective tax rate at tax consolidation group level and did not materially change the amounts of deferred tax recognised.

As from 2022, the tax expense no longer includes the tax on rail companies, cancelled by the French Parliament on 14 October 2021.

2. MAJOR EVENTS

2.1 MAJOR EVENTS IN THE FIRST HALF OF 2022

2.1.1 COVID-19 health crisis

The COVID-19 health crisis has had a less severe impact on SNCF Group operations since the beginning of 2022.

The Passengers business line reported a gradual upturn in its activity, mainly driven by leisure travellers.

SNCF nevertheless continued to roll out its savings plan and maintained its efforts to adapt to the new economic context and further the growth of its activities.

2.1.2 War in Ukraine

The war that broke out following the invasion of Ukraine by the Russian Federation on 24 February 2022 had no direct impact on the group as it has not developed any activity in warring nations or countries subject to economic sanctions. However, the group suffered the repercussions of the resulting higher electricity and diesel prices. Nonetheless, as at 30 June 2022, these price hikes did not represent indications of impairment for any of the CGUs defined by the Group (see Note 4.3. Impairment testing of non-current assets). Furthermore, we did not note any major impact as at 30 June 2022 of changes in the cost of other raw materials.

2.1.3 Partial assumption of SNCF Réseau's debt by the French State

On 1 January 2022, the French State assumed €10 billion of SNCF Réseau's debt (at nominal value on repayment), in line with the initial 2022 Finance Law.

The terms and conditions of this assumption were the same as those adopted in the first phase when €25 billion was assumed as at 1 January 2020.

The financial grant totalled €2.2 billion as at 01/01/2022.

This debt assumption reduced net debt by €10 billion and annual financial expenses by around €280 million.

2.1.4 Follow-up of the rail recovery plan

The roll-out of the rail recovery plan initiated by the French State in 2020 continued in the first half of 2022. Following the initial instalment of €1,645 million paid in the first half of 2021, a second instalment of €1,068 million was paid on 4 March 2022 by the French State to SNCF Reseau through the support fund. Another instalment of €693 million should be paid in the second half of 2022 to reach the total forecast amount for 2022 payments i.e. €1,761 million.

2.1.5 Creation of Eurostar Group

The Boards of Directors of SNCF SA (25 January 2022), SNCF Voyageurs (1 February 2022) and SVD (3 February 2022) validated the final phase of the Greenspeed project, duly confirming the merger of Eurostar and Thalys.

In April 2022, this merger resulted in the creation of a Belgian holding company, Eurostar Group, following the transfer of all Eurostar and Thalys securities. Following the merger, the SNCF Group continues to control Eurostar and Thalys through Eurostar Group, which is 55.75% owned.

Non-controlling interests retain a put option on all their shares (Note 5.5).

2.1.6 Planned sale of the AKIEM subsidiary

The SNCF Group plans to sell Akiem and its subsidiaries. As at 30 June 2022, given the progress made in the call for buyers, the sale has become highly likely. In accordance with IFRS 5 "Non-current assets held for sale and discontinued operations", the equity investments of this subsidiary were reclassified to "Assets classified as held for sale" (Note 4.2.6).

2.2 SUBSEQUENT EVENTS

The main subsequent events are as follows:

2.2.1 Acquisition of the Singaporean group Keppel Logistics by the subsidiary Geodis

On 1 July 2022, Geodis acquired the Singaporean Group Keppel Logistics. This deal will boost contractual logistics activities and e-commence services in Asia-Pacific.

2.2.2 Sale and lease-back by VIIA, a subsidiary of RLE

VIIA, a subsidiary of RLE, set up a sale and lease-back on 1 July 2022 for €73 million.

This deal will be recognised in borrowings in accordance with IFRS 9.

3. PERFORMANCE FOR THE PERIOD

3.1 SEGMENT INFORMATION

3.1.1 Determination of reported segments

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 38 railway operators which use the national rail network and 14 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, Altametris, Eurailscout, SNCF Immoréseau and Terralpha.
- 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.

– 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).
- TGV-Intercités: door-to-door passenger transport in France and across Europe via SNCF Voyageurs SA (TGV, OUIgo, Intercités), European cooperations (Alleo with DB, etc.) and its subsidiaries (Eurostar, Thalys, Lyria, OUIGO España, etc.), and distribution of travel-related products (including the subsidiary SNCF Connect).
- Industrial Division comprising Equipment, Traction, Rail Production, and the subsidiary Masteris, which coordinates the Group's industrial operations.

– **Keolis**: in charge of mass transit in sixteen countries. Its expertise covers all modes of transportation (train, bus, car, underground, tramway, ferries, bicycles), and parking management.

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

- Geodis: 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).
- Rail Logistics Europe: a rail/multi-modal freight specialist, including rail and combined freight operators and freight forwarders in Europe and worldwide (Fret SNCF SAS, Captrain, Combicargo, Forwardis and VIIA).

– **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 the 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 Reported indicators

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.

– **Investments from all funding sources**, which comprise 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. 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

In € millions	External revenue	Internal revenue	Revenue	External EBITDA	Net Investments	Investments from all funding sources	Net Indebted-ness
							30/06/2022
SNCF Réseau	1,351	2,176	3,526	881	780	2,514	18,734
SNCF Gares & Connexions	132	648	780	159	46	367	752
Intra-business line eliminations		-223	-223				
Infrastructure Management	**1,483**	**2,600**	**4,083**	**1,040**	**826**	**2,880**	**19,486**
Transilien	1,667	170	1,837	192	-43	525	-649
TER	2,644	158	2,802	189	-193	423	-1,813
TGV - Intercités	3,648	168	3,816	391	192	253	3,523
Industrial Division	43	872	915	57	56	43	297
Other	7	304	310	7	5	7	665
Intra-business line eliminations		-1,285	-1,285				
Passengers	**8,009**	**386**	**8,395**	**836**	**17**	**1,252**	**2,023**
Keolis	**3,246**	**73**	**3,319**	**306**	**69**	**82**	**936**
Geodis	6,690	58	6,748	595	91	83	609
Rail Logistics Europe	817	42	859	86	21	20	-3
Other	-	-	-	3	-	-	-531
Intra-business line eliminations		-11	-11				
Freight & Logistics	**7,506**	**90**	**7,596**	**684**	**112**	**103**	**75**
SNCF Immobilier	**20**	**369**	**389**	**94**	**11**	**9**	**-213**
Corporate	5	541	546	23	18	16	2,006
Inter-segment eliminations		-5,578	-5,578				
Total	**20,270**	**-**	**20,270**	**2,983**	**1,053**	**4,342**	**24,314**

In € millions	External revenue	Internal revenue	Revenue	External EBITDA	Net Investments	Investments from all funding sources	Net Indebted-ness
						30/06/2021	31/12/2021
SNCF Réseau	1,280	1,802	3,083	636	17	2,534	29,333
SNCF Gares & Connexions	95	627	722	112	37	326	960
Intra-business line eliminations		-216	-216				
Infrastructure Management	**1,375**	**2,213**	**3,588**	**749**	**55**	**2,859**	**30,293**
Transilien	1,609	167	1,777	187	198	630	-322
TER	2,404	164	2,569	100	-60	430	-1,336
TGV - Intercités	1,732	188	1,919	-768	316	364	4,266
Industrial Division	33	827	861	12	39	34	346
Other	12	238	250	24	9	8	491
Intra-business line eliminations		-1,208	-1,208				
Passengers	**5,791**	**376**	**6,168**	**-445**	**501**	**1,467**	**3,445**
Keolis	**3,084**	**55**	**3,138**	**284**	**97**	**110**	**1,030**
Geodis	4,812	54	4,865	454	54	50	447
Rail Logistics Europe	745	59	804	85	29	27	-57
Other	228	34	263	138	108	123	-610
Intra-business line eliminations		-46	-46				
Freight & Logistics	**5,785**	**100**	**5,886**	**677**	**191**	**200**	**-219**
SNCF Immobilier	**16**	**309**	**325**	**98**	**7**	**7**	**-305**
Corporate	9	527	536	31	23	20	2,053
Inter-segment eliminations		-5,051	-5,051				
Total	**16,060**	**-**	**16,060**	**1,394**	**874**	**4,662**	**36,296**

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 in the following main service lines:

In € millions	30/06/2022	30/06/2021	Change	Segment
Passenger transport revenue	3,212	1,471	1,741	TGV - Intercités
Freight transport revenue	5,955	4,234	1,721	Freight & Logistics business line
Other services ancillary to transport	1,570	1,319	250	TGV- Intercités, Freight & Logistics business line
Fees from Transport Organising Authorities (TOAs) for regulated operations	7,637	7,100	537	Transilien, TER, Keolis
Rail network management fees	1,229	1,164	66	SNCF Réseau
Station management revenue	133	96	37	SNCF Gares & Connexions
Real estate rental revenue (excluding rent generated by stations)	49	45	4	Freight & Logistics business line, TGV - Intercités, Corporate
Transport equipment leasing revenue	22	185	-164	Freight & Logistics business line, Transilien, TER, Keolis
Upkeep and maintenance services	77	135	-58	All segments
Other revenue	386	311	75	All segments
Revenue by main service line	**20,270**	**16,060**	**4,210**	
Public sector (public bodies)	8,986	8,281	705	
Private individuals	3,289	1,556	1,733	
Private sector companies	7,995	6,223	1,772	
Revenue by customer type	**20,270**	**16,060**	**4,210**	
Immediate or one-day transfer	6,398	4,454	1,945	
Point-in-time transfer over a period of less than one year (logistics, freight transport and compensation from OA)	13,736	11,285	2,451	
Services provided continuously over more than one year (real estate, some station management operations, etc.)	136	322	-186	
Revenue by recognition rate	**20,270**	**16,060**	**4,210**	

3.3 SERVICE CONCESSION AGREEMENTS

Service concession agreements with Transport Organising Authorities (TOAs) have the following impacts on the SNCF Group's consolidated financial statements:

In € millions	30/06/2022	30/06/2021	Change
Services with OA	6,528	6,331	196
Revenue generated from passenger ticket sales	971	632	338
Services with the French state as OA of the Trains d'Equilibre du Territoire	109	104	4
Interest income arising from concession financial assets	30	32	-2
Impacts on revenue (*)	**7,637**	**7,100**	**537**
Cash outflows from concession financial assets	-828	-1,073	245
Cash inflows from concession financial assets	801	935	-134
Impacts on cash flow used in investing activities	**-27**	**-138**	**111**
(*) of which Keolis revenue	3,066	2,888	178
of which SNCF Voyageurs revenue	4,571	4,212	359

In € millions	30/06/2022	31/12/2021	Change
Intangible concession assets	106	91	15
Non-current concession financial assets	1,704	1,653	51
Impacts on non-current assets	**1,810**	**1,744**	**66**

The new concession financial assets presented in the table above represent the investments in returnable assets in connection with passenger transport regulated activities (Transilien €484 million, TER €307 million, Intercités €27 million and Keolis €9 million). Grants allocated to investments are presented under "cash inflows from concession financial assets" and 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	30/06/2022	30/06/2021	Change
Sub-contracting	-5,059	-3,536	-1,523
Eurotunnel and other infrastructure fees	-360	-260	-100
Other purchases and external charges	-2,907	-2,592	-315
Traction energy	-397	-244	-153
Purchases and external charges	**-8,722**	**-6,631**	**-2,092**

The increase in subcontracting was primarily due to the development of activity at Geodis.

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 2021	**2,516**	**-389**	**2,127**
Acquisitions	92	0	92
Impairment losses	0	0	0
Disposals	-10	2	-8
Currency translation	75	-2	73
Other changes	0	0	0
As at 31 December 2021	**2,673**	**-388**	**2,285**
As at 1 January 2022	**2,673**	**-388**	**2,285**
Acquisitions	15	0	15
Impairment losses	0	0	0
Disposals	-48	48	0
Currency translation	47	-1	46
Other changes	-1	0	-1
As at 30 June 2022	**2,686**	**-341**	**2,345**

In H1 2022, new goodwill was recognised in the amount of €9 million following Keolis' acquisition of two subsidiaries (Transport Pagès and Terminal G), and in the amount of €5 million following the inclusion of Transport Perrier in the scope of consolidation (a Geodis subsidiary acquired in 2021 and consolidated in 2022). The "Disposals" line relates to the exit of the Rail Europe SAS sub-group that was sold in February 2022.

In 2021, the acquisitions of the subsidiaries Pekaes sp. Z.o.o and Gandon Transports generated goodwill of €86 million and €5 million, respectively. On the contrary, the sale of STSI led to a reduction in goodwill by -€8 million.

The goodwill recorded by the Group at the end of the reporting period breaks down as follows:

In € millions	30/06/2022	31/12/2021	Change
Keolis	642	629	13
SNCF Voyageurs(*)	413	421	-8
Freight & Logistics	1,289	1,234	55
Of which Geodis CGU	*1,258*	*1,202*	*55*
Of which Other rail companies	*32*	*32*	*0*
Total	**2,345**	**2,285**	**60**

(*) Of which €370 million for Eurostar (€378 million in 2021).

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:

	30/06/2022			31/12/2021		
In € millions	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Investment property	276	-20	256	280	-21	259
Land and buildings	26,943	-12,371	14,572	26,569	-12,172	14,397
Tracks, earthworks, engineering works and level crossings	61,291	-25,758	35,534	59,046	-25,155	33,890
Technical, electrical, telecoms and signalling equipment, plant and tooling, and other assets	30,766	-16,319	14,447	30,372	-15,743	14,629
Transport equipment(*)	31,736	-21,826	9,911	32,174	-21,786	10,387
Property, plant and equipment under construction	19,061	-11	19,049	19,220	-18	19,203
TOTAL EXCLUDING GRANTS	**170,074**	**-76,305**	**93,769**	**167,660**	**-74,894**	**92,766**
Investment grants	53,263	-11,459	41,804	51,219	-11,040	40,179
TOTAL	**116,810**	**-64,846**	**51,964**	**116,441**	**-63,854**	**52,587**

(*) of which €1,255 million for transport equipment under construction (2021: €1,340 million).

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

In € millions	Investment property	Land and buildings	Tracks, earth--works, enginee--ring works and level crossings	Technical, electrical, telecoms and signalling equipment, plant and tooling, and other assets	Transport equip--ment (*)	Property, plant and equipment under construction	Investment grants	Total net of grants
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	-5	0	149	1,109	6,858	-5,198	2,913
Disposals	-18	-70	0	-89	-36	0	1	-212
Net depreciation	-1	-691	-1,132	-1,187	-921	0	1,427	-2,505
Impairment losses	0	-49	0	2	2	3	0	-42
Change in scope	0	36	0	2	-1	1	0	37
Currency translation	0	3	0	10	66	1		80
Other changes	0	1,278	2,124	935	-179	-4,480	421	99
Net carrying amount as at 31/12/2021	**259**	**14,397**	**33,890**	**14,629**	**10,387**	**19,203**	**-40,179**	**52,587**
Acquisitions	0	8	0	46	316	2,990	-2,637	724
Disposals	-3	-26	0	-2	-7	0	5	-33
Net depreciation	0	-339	-602	-586	-464	0	717	-1,274
Impairment losses	0	35	0	6	3	6	0	51
Change in scope	0	1	0	4	2	-4	0	3
Currency translation	0	-1	0	9	-18	2	0	-8
Other changes	0	495	2,246	341	-310	-3,147	290	-85
Net carrying amount as at 30/06/2022	**256**	**14,572**	**35,534**	**14,447**	**9,911**	**19,049**	**-41,804**	**51,964**

(*) Includes transport equipment under construction.

In H1 2022, property, plant and equipment mainly comprised:

- Acquisitions in the amount of €3,361 million, described in Note 4.2.3;
- Disposals in the amount of -€38 million, described in Note 4.2.5;
- "Other changes" mainly correspond to the commissioning of completed PP&E previously recognised as PP&E under construction and certain SNCF Voyageurs PP&E reclassified as concession financial assets for the period (see Note 3.3).

Depreciation charges in H1 2022 and the impacts of impairment losses on the income statement are presented in Notes 4.2.4 and 4.3.

Investment grants relating to property, plant and equipment recognised in H1 2022 increased by €2,637 million, including €2,529 million for fixed installations and rail infrastructure projects (expansions/renewals) and €108 million for rail equipment. The amount of investment grants received in cash flow during 2022 is provided in Note 4.2.3.

4.2.2 Leases

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

	30/06/2022			31/12/2021		
In € millions	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Land and buildings	3,792	-1,714	2,077	3,433	-1,465	1,968
Transport equipment	2,376	-1,037	1,339	2,285	-1,000	1,284
Other	286	-135	151	304	-131	173
TOTAL	**6,454**	**-2,886**	**3,568**	**6,022**	**-2,597**	**3,425**

Leases mainly involve buildings (warehouses, stores, offices, etc.), rail and road transport (buses, trains, locomotives, cars, etc.), and 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 31/12/2020	**2,178**	**1,524**	**133**	**3,836**
New leases contracted	365	512	99	976
Impact of expired or terminated leases	-154	-196	-3	-353
Depreciation	-507	-406	-60	-972
Impairment losses	-5	0	0	-5
Change in scope	6	-166	0	-159
Other changes (lease amendments, remeasured assumptions, currency translation etc.)	84	16	3	103
Net carrying amount as at 31/12/2021	**1,968**	**1,284**	**173**	**3,425**
New leases contracted	205	287	31	523
Impact of expired or terminated leases	-18	-33	-30	-81
Depreciation	-268	-207	-28	-503
Impairment losses	0	0	0	0
Change in scope	5	0	0	5
Other changes (lease amendments, remeasured assumptions, currency translation etc.)	186	7	6	199
Net carrying amount as at 30/06/2022	**2,077**	**1,339**	**151**	**3,568**

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

4.2.3 Investments

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

In € millions	30/06/2022	30/06/2021
Intangible assets	-154	-138
Property, plant and equipment	-3,246	-3,333
Capitalised interest	-115	-118
Total acquisitions	**-3,515**	**-3,590**
Change in investment WCR	358	-157
Intangible assets and PP&E capital expenditure flows	**-3,156**	**-3,746**

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

– investment expenses at SNCF Réseau for rail infrastructures in the amount of €2,468 million, including capitalised interest of €115 million. These correspond to 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);

– PP&E investments at Gares & Connexions for €363 million mainly correspond 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 €317 million (including TGC UFC trains, Eurostar trains, wagons, transcontainers and containers, TGV upgrades; and electric railcars).

Investment grants received during the period for property, plant and equipment amounted to €2,130 million. The difference with the amount of investment grants recognised during the period (€2,637 million, see Note 4.2.1) mainly corresponds to the change in working capital requirements relating to investment grant receivables.

4.2.4 Depreciation and amortisation

Depreciation and amortisation break down as follows:

In € millions	30/06/2022	30/06/2021	Change
Amortisation of intangible assets	-204	-185	-19
Depreciation of property, plant and equipment	-1,991	-1,926	-65
Depreciation of right-of-use assets	-503	-478	-24
Grants released to profit or loss	717	678	40
Reversal of liabilities relating to concession assets excluded from the scope of IFRIC 12	24	25	-1
Depreciation and amortisation	**-1,957**	**-1,886**	**-70**

4.2.5 Net proceeds from asset disposals

Asset disposals had the following impacts on profit or loss:

In € millions	30/06/2022	30/06/2021	Change
Disposals of intangible assets	0	2	-2
Disposals of property, plant and equipment	35	31	4
Disposals of right-of-use assets	-2	1	-3
Disposals of financial assets (*)	-30	2	-32
Net proceeds from asset disposals	**4**	**37**	**-33**

(*) including the impact from the disposal of securities of previously fully-consolidated entities

For the half-year ended 30 June 2022, net proceeds from asset disposals mainly relate to the sales of the Rail Europe group for -€36 million and the Orient-Express subsidiary for +€6 million.

Rolling stock was also sold in H1 2022, resulting in net proceeds from asset disposals of €22 million. The remaining balance (€13 million) primarily involves real estate disposals.

4.2.6 Assets and liabilities classified as held for sale

As at 30 June 2022, assets and liabilities classified as held for sale solely concerned the Akiem group.

As a reminder, Akiem is 50% owned by the SNCF Group since 30 June 2016 and was consolidated under the equity method until 31 December 2021.

At the end of May 2022, the Group considered the sale of Akiem to be highly probable. Equity investments were therefore reclassified to "Assets classified as held for sale" in the amount of €187 million.

4.3 IMPAIRMENT TESTING OF NON-CURRENT ASSETS

Impacts on the income statement were as follows:

In € millions	30/06/2022	30/06/2021	Change
Intangible assets and property, plant & equipment	34	7	27
Goodwill	0	0	0
Other	-8	4	-12
Impairment losses	**26**	**11**	**15**

4.3.1 Contextual items

In the context of an economic crisis with higher inflation and rising raw material costs, the Group conducted the following analyses to determine whether or not there were indications of impairment:

– review of the CGUs whose activities and financial trajectory are likely to be significantly impacted by changes in the macro-economic context;

– review of possible remediation plans (particularly repercussion of inflation on prices);

– tests on sensitivity to changes in discount and inflation rates for CGUs with low headroom in 2021.

These analyses did not reveal any indication that the Group's CGUs could have lost value. Considering the uncertainties linked to the latent effects of the health crisis and the economic consequences of the current geopolitical context, these various parameters will be updated for annual closing purposes.

Impairment was reversed for the Intercités CGU in line with the signing of the new 2022-2031 TET agreement (see below).

4.3.2 CGUs with indications of impairment losses or reversals in 2022

4.3.2.1 Intercités CGU

As at 31/12/2021, considering the end of the 2016-2020 operating agreement that was extended for one year and in a context of uncertainty surrounding the negotiation of the agreement for 2022 and thereafter with the French State, the net carrying amount of the following items relating to regulated activity was fully impaired:

– Rolling stock: investments prior to 2011 (date of the first TET agreement) and the asbestos component

– Fixed installations and maintenance facilities (ISM)

The new 2022-2031 operating agreement was signed on 17 March 2022. An analysis of its clauses with regard to IFRIC 12 *Service Concession Agreements* resulted in the following changes as at 30/06/2022:

– Inclusion in the scope of IFRIC 12 of regulated activity fixed installations and reclassification of their net carrying amount as a financial receivable. This receivable was impaired by €9.8 million to reflect its unconditional recoverable amount,

– Reversal of impairment previously recorded for fixed installations reclassified as financial receivables (€54.4 million) and rolling stock commissioned prior to 2011 (€1.2 million).

4.3.3 CGUs presenting impairment losses as at 31/12/2021

4.3.3.1 Infrastructure CGU

The year-end impairment test on 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 Reseau 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 Public Rail Group economic and financial trajectory and its roll-out for SNCF Reseau 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 Reseau Management.

On 29 July 2021, the SNCF Réseau Group strategic plan was adopted by the Board of Directors, followed by the performance contract and its financial trajectory on 4 November 2021, signed by the French State in April 2022. This new trajectory, representing an indication of impairment, was taken into account to test assets as at 31 December 2021. The primary directives of this 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 French State allocation of all or part of the dividends received from the national company SNCF.

The key assumptions used in the 31 December 2021 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 Consumer Price Index (CPI) and the indexing of regulated infrastructure fees (TER and TET access fees) was aligned with the opinion of the ART delivered on 9 February 2021 for 2022 (2.2%) and 2023 (2.4%), then set at 3.6% per year as from 2024.

– Furthermore, the French State compensation scheme for freight activity ("Freight compensation"), 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 2024.

– Finally, the 2030 traffic projections for SNCF Group passenger and freight operations were approved under the group strategic plan, ensuring their reciprocity with the relevant entities, as well as an updated valuation of assumptions on the opening to competition, particularly at the end of the plan.

Regarding the level of performance:

– The performance target was revised to recurring €1.5 billion between 2017 and 2026, with a ramp-up in savings between 2021 and 2024 and further performance measures without activating new levers starting 2025. This performance trajectory complies with the objectives set out in the operational programs.

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

Regarding the level of investments:

– It is based on an average renewal investment trajectory (including OpEx) of €2.84 billion.

– The compliance trajectory was revised downwards compared to the previous performance contract to take into account French State available financing. SNCF Réseau decided to reduce the projected budgets as from 2023 to limit the impact of these investments on equity. This decision was approved by the SNCF Réseau Security Committee.

Regarding government support:

– The investment grants derived from the French 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 €1.4 billion over a 9-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 €2,405 billion taking into account the €1.6 billion received in 2021. These grants will be earmarked for network renewal investment financing. Divestment proceeds paid under the recovery plan were included for the amount of investments taken into account in the test, i.e. €390 million (compliance investments).

– 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 31 December 2021 are:

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

– A financial trajectory was fully reconstructed in 2021 using complete and updated assumptions taken from the new performance contract;

– Discounted cash flow projections are calculated for the years covered by the new 2021-2030 economic trajectory, updated for newly available information; 2030 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;

– The impairment test includes assets and cash flows corresponding to minor historical regional or local routes that may eventually be subject to a management transfer request by the Organising Authorities. No transfers have been anticipated for these routes

– 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 update of current data (tax rate, WACC, inflation) and the application of a discount on future cash flows corresponding to the uncertainty of these future projections do not change the normative value historically calculated in cash flow.

– The terminal value, representing 91% of the recoverable amount, is calculated by projecting the values for the normative year (2030) to infinity at a long-term growth rate of 1.4%;

– 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 WACC rate taken from the appraisal report drawn up by the Group's external expert (between 4.7% and 5.5%) is explained by the following contextual items:

- A financial trajectory was totally reconstructed in the first half of 2021 based on fully documented assumptions,
- A prudent assessment of COVID crisis risks in relation to the traffic turnaround trends observed since March, and a long-term growth rate reduced to 1.4%/year from 2024, based on a long-term growth assumption produced by the IMF deemed prudent.
- A performance plan amounting to €1.5 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 every 3 years with adjustment of upgrade expenses to safeguard cash flow).

The carrying amount of Infrastructure CGU assets as at 30 June 2022 was €32.93 billion, versus €33.16 billion as at 31 December 2021. Other property, plant and equipment under construction (€2.1 billion as at 30 June 2022, versus €2.3 billion as at 31 December 2021) relate to capacity investments under development, the value of which is analysed separately in a specific review. Those assets cover lines currently in service, plus upgrade works in progress. The recoverable amount determined by the 31 December 2021 test was close to this net carrying amount.

As at 30 June 2022, the financial trajectory of the performance contract signed by the French State on 6 April 2022 is still the benchmark for the cash flows to be taken into account when testing asset impairment.

The results observed at the end of June do not call into question the trajectory set forth in the contract: the inflationary tensions observed in France and Europe had limited impacts on the half-year consolidated financial statements.

Furthermore, the net carrying amount, which is used to compare the recoverable amount of assets, was stable.

Changes in certain parameters generate increases or decreases in discounted cash flows, such as:

– The discount rate, which already rose considerably (5.1% vs 4.9% at the end of 2021), remains highly volatile due to the uncertainty surrounding the economic and political context,

– The long-term inflation rate, up according to various sources, which could stand at around 1.6% (vs 1.4% adopted as at 31 December 2021), and primarily offsetting the rise in WACC; it being specified that this increase may have a less volatile and longer-lasting impact than WACC (partly due to market conditions),

– The immediate impacts of inflation on energy prices remain very limited as traction electricity tariffs were frozen at the end of last year; any cost variances would also be neutral for SNCF Réseau as they are rebilled to carriers.

Considering the low headroom arising from the 31 December 2021 impairment test, the net impact on the recoverable amount of assets of the change observed in parameters requires offsetting measures to maintain the balance of the financial trajectory; nevertheless, the changes in parameters and their impacts on the financial statements are still highly uncertain as at 30 June 2022.

The company uses various levers to offset the impacts of these changes on cash flow, including:

– Discussions were initiated with the ART and financiers for the proposal of new principles to further pass on the impacts of inflation to non-regulated tariffs (open access) and offset the inflation effect on OPEX and CAPEX:

- 100% adjustment of any inflation differential (HICP) between projected inflation included in scales and actual inflation applied to all activities
- Replacement of the underlying HICP projection taken into account in the projected indexations of the performance contract with the most recent HICP projection
- Via an additional indexation of minimum service according to new conditions
- The are also plans to revise as of 2022 the indexation clauses for all financing agreements to adjust them to the new inflationary context.

To date, management is confident about the outcome of the initiatives undertaken to boost revenue and financing to offset the impacts of inflation.

In light of the foregoing, it is therefore deemed unlikely that these changes in assumption, taken as a whole, would result in a material decline in the recoverable amount of SNCF Réseau assets.

In the absence of any identified indication of impairment, no impairment test was carried out for the half-year ended 30 June 2022. A new analysis will be conducted at the year-end in an economic context that remains uncertain and volatile.

4.3.3.2 Gares & Connexions CGU

The impairment test conducted at the end of 2020 based on the financial trajectory prepared on that date confirmed the net carrying amount of the Gares & Connexions CGU assets.

– In H1 2021, in connection with the drafting of the new Group strategic plan, SNCF Gares & Connexions updated its strategic plan which was approved by the SNCF and SNCF Gares & Connexions Boards of Directors in July 2021. The corresponding financial trajectory mainly included:

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

– The 2021-2024 multi-annual investment programme, updated at the end of 2020 and including the savings plan rolled out following the health crisis, as well as an estimate of the forecast investment requirements for 2025-2030;

– The 2021 station reference document validated by the ART, with a regulated WACC reduced to 4.5% before tax and non-regulated WACC reduced to 8.0% before tax - these rates were maintained in 2022 (in accordance with the assumptions of the 2022 station reference document subject to consultation) and over the entire plan duration;

– An ambitious savings plan for Opex and Capex;

In September 2021, SNCF Gares & Connexions announced the cancellation of the concession agreement for the transformation of the Gare du Nord, due to the failure of the concessionnaire. This event was identified as an indication of impairment. An impairment test was therefore conducted on 31 December 2021 using the cash flows of the strategic plan's financial trajectory, readjusted to take into account the impacts of the Gare du Nord 2024 project termination. SNCF Gares & Connexions also reviewed the technical parameters used, particularly for the CGU's scope and the normative discounting and growth rates updated according to the most recent available data.

Despite the impact of the Gare du Nord 2024 project termination, the impairment test performed on 31 December 2021 confirmed the net carrying amount of the Gares & Connexions CGU at €3.2 million.

No event occurring since 31 December 2021 has been identified as being likely to represent an indication of impairment.

In particular:

– No major changes were made to the multi-annual contract signed with the French State on 27 April 2022 compared to its version from the December 2021 consultation, and the related financial trajectory was not modified;

– The 2022 station reference document, submitted to the approval of the regulatory authority in early May, includes assumptions in line with those of the consultation station reference document prepared at the end of 2021, particularly with regard to regulated WACC (4.5% before tax) and non-regulated WACC (8.0% before tax);

– The accounts for the period ended 31 May 2022 confirmed the attainment of budget objectives, particularly with regard to EBITDA and Free Cash Flow (see point 3)

– Finally, although updated inflation forecasts for 2022 exceed the assumptions used in the financial trajectory (+5.6% according to Banque de France June 2022 estimates vs +1.0% in the 2021-2030 strategic plan), it must be underlined that:

– This increase has not to date given rise to any significant increase in operating or investment expenses in the SNCF Gares & Connexions accounts;

– These forecasts and their impact for SNCF Gares & Connexions therefore remain highly uncertain in the current macroeconomic context;

– Even though high inflation should continue after 2022, SNCF G&C will be able to offset the impacts by boosting revenue, both regulated (inclusion of cost overruns due to inflation in the tariff calculation base, increase in regulated WACC in line with rising interest rates) and non-regulated (indexation of commercial and rental fees based on inflation), in order to cover the related excess costs.

It is therefore deemed unlikely that these changes in assumption, taken as a whole, would result in a material decline in the recoverable amount of SNCF G&C assets.

4.4 PROVISIONS FOR LIABILITIES AND CHARGES

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

In € millions	01/01/2022	Charges in the period	Reversals in the period (used)	Reversals in the period (unused)	Other changes	30/06/2022	Of which current	Of which non-current
Litigation and contractual risks	226	25	-13	-24	1	214	45	169
Tax, employee-related and customs risks	131	15	-6	-14	-1	125	52	73
Environmental risks	719	41	-39	-49	-61	611	0	611
Restructuring costs	32	2	-3	-1	0	30	10	20
Other	157	27	-35	-10	1	140	41	99
Total provisions	**1,264**	**110**	**-96**	**-97**	**-61**	**1,120**	**148**	**972**

4.4.1 Provisions for environmental risks

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

– asbestos-related costs: €467 million (€576 million in 2021).

– creosoted railway sleeper treatment costs: €88 million (€89 million in 2021).

– site decontamination costs: €52 million (€51 million in 2021).

The €109 million decrease in the provision for asbestos-related costs was primarily due to the €112 million decline in the provision for rolling stock dismantling, partially offset by the €21 million increase in the provision for asbestos removal from fixed installations.

The change in rolling stock was attributable to:

– reversals used following asbestos removal work for €28 million;

– impact of changes in prices (-€1 million)

– impact of changes in discount and inflation rates generating a €85 million decline, offset for -€61 million against the dismantled component (see “Other changes”) and for -€24 million against current operating profit/loss (see “Net movement in provisions”);

– the reverse discounting impact was recognised in net finance costs for €1 million.

The net change for fixed installations amounted to €21 million. It comprised depreciation and amortisation for €36 million due to the rise in the number of buildings to be treated following the completion of surveys and the application of their results. Reversals recognised during the period totalled €15 million.

The provisions for rolling stock asbestos removal and laying of creosoted railway sleepers were updated. The resulting time value effect amounted to €2 million.

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.

4.4.3 Provisions for onerous contracts

The €3 million decrease in the provision for contract losses was due to reversals for the Keolis activity in the Netherlands. The residual provision totalling €7 million covered losses on certain Keolis contracts.

4.4.4 Provisions for tax, employee-related and customs risks

Provisions for tax, employee-related and customs risks mainly relate to URSSAF social security audits.

4.4.5 Provisions for restructuring costs

Provisions for restructuring costs mainly covered the Keolis and Geodis activities.

4.4.6 Other provisions

Other provisions mainly cover risks relating to contract performance, provisions for renewal of concession assets or other operational risks.

5. CAPITAL AND FINANCING

5.1 LIQUIDITY MANAGEMENT DURING THE HEALTH CRISIS

Like all businesses in the transport and tourism sectors, and despite a turnaround in economic activity in Q2 2022, the SNCF Group remained very severely affected by the consequences of the COVID-19 health crisis and by the lockdown or restriction measures imposed by the authorities in the various countries where the Group operates, especially France.

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.

Furthermore, in connection with the Ukraine crisis, the SNCF Group complies with the various restrictions adopted by the EU with regard to Russia and Belarus. The Group has no direct bank counterparties in Russia or Belarus.

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 in the first half of 2022 the measures implemented in 2020. They are summarised as follows.

Changes to forecasting and liquidity management tools

To measure the impact of the health crisis as accurately as possible, the Financing and Treasury Department draws up cash forecasts that are updated on a weekly basis and incorporates, virtually in real time, new assumptions taking into account changes in the economic and financial situation.

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 twice a month.

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.

As at 30 June 2022, SNCF SA completed its first 2022 financing with a euro-denominated private placement of €31.5 million maturing in 12 years.

The Group's available cash and cash equivalents totalled €9.2 billion as at 30 June 2022.

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 (CFH).

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 2022.

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. The Group is however protected against this risk.

To limit counterparty risk, the risk management framework only authorises the Group to have dealings with first-rate counterparties with solid financial ratings. Furthermore, the credit risk generated by rising interest rates is covered by collateralisation agreements that provide for weekly margin calls.

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 2022.

5.2 MANAGEMENT OF THE INTEREST RATE BENCHMARK REFORM

The roll-out of the fundamental interest rate benchmark reform continued in H1 2022 with the signing of amendments to EONIA-indexed contracts. These amendments gave rise to the collection of financial compensation for immaterial amounts.

Regarding contracts that have yet to be amended, the Group confirms that the interest rate benchmark reform will not have a major impact on its financial statements or 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	30/06/2022	30/06/2021	Change
Net change in fair value and hedges	**9**	**-20**	**29**
Gains and losses on derivative instruments	*-316*	*-22*	-294
Gains and losses on fair value hedged items	*289*	*-9*	298
Gains and losses on equity instruments at fair value through profit or loss	*-2*	*-2*	0
Gains and losses on debt instruments at fair value through profit or loss	*-1*	*0*	-1
Gains and losses on financial liabilities at fair value through profit or loss	*5*	*5*	1
Other fair value gains and losses	34	9	25
Net borrowing costs	***-278***	***-384***	***106***
Of which interest income (expense) on financial assets at amortised cost	*518*	*381*	*136*
Of which interest income (expense) on financial liabilities at amortised cost	*-743*	*-749*	*6*
Of which interest income (expense) on financial instruments at fair value through equity	0	2	*-2*
Other financial income and expenses	**-69**	**-66**	**-4**
Of which interest expense on lease liabilities	*-70*	*-69*	*-1*
Net borrowing and other costs	**-338**	**-469**	**131**

In € millions	30/06/2022	30/06/2021	Change
Financial expenses	-1,327	-1,055	-272
Financial income	989	586	403
Net borrowing and other costs	**-338**	**-469**	**131**

5.4 CALCULATION OF NET INDEBTEDNESS

30/06/2022				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	1,874	268	2,142		2,142			2,142	2,142		2,142	
Public Debt Fund (PDF) receivable	34,580	2,520	37,100		37,100			37,100	33,356	-	33,356	-
Cash collateral assets	-	819	819		819			819	819	-	819	-
Other loans and receivables	973	37	1,010		1,009	0		1,010	1,008	0	1,008	0
Concession financial assets	1,704	80			1,784			1,784	1,774	-	1,774	-
Financial lease receivables	9	0			9			9				
Debt securities	47	-	47			47		47	47	-	9	38
Sub-total debt instruments	**39,187**	**3,724**	**41,118**		**42,864**	**47**		**42,911**	**39,146**	**0**	**39,108**	**38**
Pension plan assets	14											
Investments in equity instruments	279	0		252		27		279	279	3	-	275
Trading instruments	-	15	15			15		15	15	15	-	-
Positive fair value of hedging derivatives	941	364	1,305				1,305	1,305	1,305	-	1,305	-
Positive fair value of trading derivatives (*)	200	66	265			265		265	265	-	265	-
Cash and cash equivalents	-	9,579	9,579			9,579		9,579	9,579	7,837	1,742	0
Total current and non-current financial assets	**40,620**	**13,748**	**52,283**	**252**	**42,864**	**9,934**	**1,305**	**54,355**	**50,589**	**7,856**	**42,420**	**313**
Bond issues	54,676	6,650	61,326		61,261	65		61,326	64,832	-	64,832	-
Bank borrowings	3,016	334	3,350		3,350			3,350	3,970	0	3,970	-
Asset financing liabilities	119	-0	119		119			119	119	-	119	-
Sub-total borrowings	**57,811**	**6,984**	**64,796**	**-**	**64,731**	**65**	**-**	**64,796**	**68,921**	**0**	**68,921**	**-**
Of which :												
- not hedged	*46,490*	*3,644*	*50,135*		*50,135*			*50,135*	*54,036*	*-0*	*54,036*	-
- recognised using cash flow hedge accounting	*8,931*	*3,188*	*12,118*		*12,118*			*12,118*	*12,263*	-	*12,263*	-
- recognised using fair value hedge accounting	*2,327*	*152*	*2,479*		*2,479*			*2,479*	*2,557*	-	*2,557*	-
- designated at fair value(**)	*64*	*1*	*65*			*65*		*65*	*65*	-	*65*	-
Negative fair value of hedging derivatives	1,601	22	1,623				1,623	1,623	1,623	-	1,623	-
Negative fair value of trading derivatives (*)	126	42	168			168		168	168	-	168	-
Loans and borrowings	**59,538**	**7,048**	**66,587**	**-**	**64,731**	**233**	**1,623**	**66,587**	**70,712**	**0**	**70,712**	**-**
Cash borrowings and overdrafts	-	1,161	1,161		1,161			1,161	1,162	422	739	-
Amounts payable on non-controlling interest purchase commitments	1,199	-		1,199				1,199	1,199			1,199
Lease liabilities	2,815	928			3,743			3,743				
Public-Private Partnership (PPP) payables	1,929	279	2,207		2,207			2,207	2,207		2,207	
Financial grant	6,642	-	6,642		6,642			6,642	6,642		6,642	
Concession financial liabilities	122	2			125			125	125		125	
Total current and non-current financial liabilities (***)	**72,245**	**9,419**	**76,597**	**1,199**	**78,608**	**233**	**1,623**	**81,663**	**82,046**	**422**	**80,425**	**1,199**
Group net indebtedness (****)	**29,494**	**-5,180**	**24,314**	**-**	**33,670**	**-9,673**	**318**	**24,314**	**32,186**	**-7,430**	**39,654**	**-38**

(*) 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 €55 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 French State assumed €10 billion (at nominal value on repayment) of SNCF Réseau's debt.

31/12/2021				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	1,956	268	2,224		2,224			2,224	2,224		2,224	
Public debt fund receivable	25,685	2,508	28,193		28,193			28,193	34,721	-	34,721	-
Cash collateral assets	-	1,401	1,401		1,401			1,401	1,401	-	1,401	-
Other loans and receivables	1,091	37	1,128		1,127	0		1,128	1,126	0	1,125	1
Concession financial assets	1,653	124			1,776			1,776	1,807	0	1,807	-
Financial lease receivables	9	0			9			9				
Debt securities	85	-	85			85		85	85	-	85	-
Sub-total loans and receivables	**30,478**	**4,338**	**33,030**		**34,731**	**85**		**34,816**	**41,363**	**0**	**41,362**	**1**
Pension plan assets	14											
Investments in equity instruments	285	0		262		23		285	285	8	-	277
Trading instruments	-	14	14			14		14	14	14	-	-
Positive fair value of hedging derivatives	1,223	47	1,269				1,269	1,269	1,269	-	1,269	-
Positive fair value of trading derivatives (*)	364	137	501			501		501	501	-	501	-
Cash and cash equivalents	-	10,772	10,772			10,772		10,772	10,772	9,197	1,575	0
Total current and non-current financial assets	**32,364**	**15,308**	**45,587**	**262**	**34,731**	**11,395**	**1,269**	**47,657**	**54,204**	**9,219**	**44,707**	**278**
Bond issues	60,158	5,935	66,093		66,023	70		66,093	77,063	-	77,063	-
Bank borrowings	3,133	260	3,393		3,393			3,393	3,805	0	3,805	-
Asset financing liabilities	120	-0	120		120			120	119	-	119	-
Sub-total borrowings	**63,411**	**6,195**	**69,606**	**-**	**69,536**	**70**	**-**	**69,606**	**80,987**	**0**	**80,987**	**-**
Of which :												
- not hedged	*48,657*	*4,423*	*53,079*		*53,079*			*53,079*	*64,209*	*0*	*64,209*	-
- recognised using cash flow hedge accounting	*12,061*	*1,534*	*13,595*		*13,595*			*13,595*	*13,785*	-	*13,785*	-
- recognised using fair value hedge accounting	*2,624*	*238*	*2,862*		*2,862*			*2,862*	*2,924*	-	*2,924*	-
- designated at fair value(**)	*69*	*0*	*70*			*70*		*70*	*70*	*-0*	*70*	-
Negative fair value of hedging derivatives	2,421	22	2,443				2,443	2,443	2,443	-	2,443	-
Negative fair value of trading derivatives (*)	279	91	370			370		370	370	-	370	-
Loans and borrowings	**66,111**	**6,308**	**72,419**	**-**	**69,536**	**439**	**2,443**	**72,419**	**83,800**	**0**	**83,800**	**-**
Cash borrowings and overdrafts	-	2,291	2,291		2,291			2,291	2,292	389	1,904	-
Amounts payable on non-controlling interest purchase commitments	867	-		867				867	867			867
Lease liabilities	2,677	902			3,580			3,580				
Public-Private Partnership (PPP) payables	2,008	279	2,287		2,287			2,287	2,287		2,287	
Financial grant	4,886	-	4,886		4,886			4,886	4,886		4,886	
Concession financial liabilities	133	2			135			135	135		135	
Total current and non-current financial liabilities (***)	**76,683**	**9,782**	**81,883**	**867**	**82,715**	**439**	**2,443**	**86,465**	**94,268**	**389**	**93,012**	**867**
Group net indebtedness	**42,601**	**-6,306**	**36,296**	**-**	**46,055**	**-10,933**	**1,174**	**36,297**	**41,154**	**-8,823**	**49,977**	**-1**

(*) 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 €60 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.

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:

	31/12/2021	Cash flow from/used in financing activities							Non-cash movements					30/06/2022
In € millions	Total	New borrowings	Repayments of borrowings	Cash inflows/(outflows) on PPP receivables and payables	Net interest paid	Repayment 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)	**85,944**	**568**	**-5,002**	**-92**	**-301**	**-496**	**0**	**-1,146**	**-1,054**	**44**	**-102**	**523**	**2,233**	**81,117**
Bond issues	66,093	32	-4,412		-203				-183	0	0		0	61,326
Bank borrowings	3,393	537	-589	0	-1			0	8	4	0	0	-1	3,351
Asset financing liabilities	120	0	-1		0				0	0	0	0	0	119
Cash borrowings (excluding overdrafts)	1,903	0	0	0	0			-1,146	-20	0	0	0	1	739
Lease liabilities	3,579					-496			198	39	-102	523	1	3,743
Amounts payable on non-controlling interest purchase commitments	867	0	0		0				332				0	1,199
Public-Private Partnership (PPP) payables	2,287			-92	0				12				0	2,207
Negative fair value of hedging and trading derivatives	2,813	0	0	0	-97			0	-986	0	0	0	62	1,791
Financial grant	4,886								-415				2,170	6,642
Assets (B)	**32,231**	**0**	**-2,971**	**-92**	**-7**	**0**	**0**	**0**	**-511**	**1**	**0**	**0**	**12,206**	**40,857**
Public debt fund receivable	28,193	0	-2,971		131			0	-423	0	0	0	12,170	37,100
Public-private partnership (PPP) receivables	2,224			-92	0				10				0	2,142
Other loans and receivables - Accrued interest	5		0		0						0		0	5
Deposits and caution money	39		0							1	0		0	39
Positive fair value of hedging and trading derivatives	1,770	0	0	0	-138			0	-98	0	0	0	36	1,570
Financial income and expenses (C)					**-277**		**-70**							
Expenses					-1,020		-70							
Income					743									
Financing cash flows per the cash flow statement (A - B + C)	**53,712**	**568**	**-2,031**	**0**	**-571**	**-496**	**-70**	**-1,146**	**-544**	**43**	**-102**	**523**	**-9,973**	**40,260**

	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/ (out-flows) on PPP receivables and payables	Net interest paid	Repayment 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		-164				32	0	0		0	67,070
Bank borrowings	3,195	430	-170	0	2			0	-14	57	25	0	-110	3,415
Asset financing liabilities	123	0	0		0				0	0	0	0	1	124
Cash borrowings (excluding overdrafts)	2,493	0	0	0	0			-692	31	0	0	0	1	1,833
Lease liabilities	4,015					-476	0		42	30	-310	397	1	3,700
Amounts payable on non-controlling interest purchase commitments	812	0	0		0				129				0	941
Public-Private Partnership (PPP) payables	2,439			-141	0				66				0	2,363
Negative fair value of hedging and trading derivatives	4,399	0	0	0	-75			0	-853	2	0	0	32	3,506
Financial grant	5,480								-296				0	5,184
Assets (B)	**34,514**		**-621**	**-139**	**-77**	**0**	**0**	**0**	**-490**	**0**	**0**	**0**	**24**	**33,211**
Public debt fund receivable	30,076		-623		30			0	-304	0	0	0	0	29,179
Public-private partnership (PPP) receivables	2,376			-139	0				64				0	2,301
Other loans and receivables - Accrued interest	5		0		1						0		0	6
Deposits and caution money	34		2							0	0		0	36
Positive fair value of hedging and trading derivatives	2,023	0	0	0	-108			0	-250	0	0	0	24	1,689
Financial income and expenses (C)					**-388**		**-69**							
Expenses					-885		-69							
Income					497									
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**

5.6 EQUITY

As at 1 January 2022, SNCF Group consolidated reserves increased by €10 billion following the assumption by the French State of SNCF Réseau's debt. As a reminder, a €25 billion debt was already assumed under the same terms and conditions as at 1 January 2020 (see Note 2.1.3).

In April 2022, SNCF SA paid a total of €135 million to the French State support fund. This payment, which was recognised as a distribution of reserves, was intended to finance the EOLE project.

In 2021, SNCF SA had made two payments totalling €140 million to the French State support fund (€20 million in October and €120 million in December recognised as a distribution of reserves). These payments were made in accordance with the memorandum of understanding signed with the French State in 2021 providing for the mobilisation by the Group of €600 million in disposal gains to be paid in instalments between 2021 and 2025. The corresponding payments for 2022 in the amount of €91 million are scheduled for the second half of 2022.

Other changes were mainly due to the updating of the put option held by Eurostar Group non-controlling interests. The put option was offset against borrowings (Note 5.4).

6. RELATED PARTY TRANSACTIONS

6.1 TRANSACTIONS WITH THE FRENCH STATE AND LOCAL COMMUNITIES

The information presented below concerns transactions entered into with the French State via its ministries, central authorities and transport Organising Authorities (OA), not governed by ordinary law.

The operating grants transferred to SNCF Group by the French State and local communities are presented in the following table:

In € millions	30/06/2022	30/06/2021
Investment grants received	**187**	**120**

Investment grants allocated by the French State and local communities are presented in Note 4.2.1.

Furthermore, the Group invoices the French State via SNCF Réseau SA for the access fees related to regional passenger trains (TER) and Trains d'Équilibre de Territoire (TET, Intercités). These fees also include rate compensation paid by the French State to cover the marginal cost of freight traffic, in addition to fees paid by freight companies. The following amounts are recognised in revenue.

In € millions	30/06/2022	30/06/2021
Access fees (*)	1,012	981
Freight compensation	78	80

(*)Including TER fees of €788 million and TET fees of €224 million

The amounts received from the French State and the OA in connection with transport services are described in Note 3.3.

7. OFF-BALANCE SHEET COMMITMENTS

Commitments received and given are detailed in the following tables:

				30/06/2022	31/12/2021
		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	**4,634**	**204**	**4,307**	**123**	**4,572**
Personal collateral	111	24	38	49	106
Unused confirmed credit lines	4,523	181	4,269	74	4,466
Commitments relating to operations	**21,662**	**7,034**	**11,000**	**3,628**	**22,049**
Investment commitments for operation of rail equipment	7,420	1,773	4,412	1,235	7,746
Purchase commitments for non-current assets other than rail equipment	8,602	3,427	4,795	380	10,250
Property sale undertakings	250	187	63	-	253
Operational and financial guarantees	2,395	1,339	794	262	2,196
Operating leases: equipment	21	2	4	15	21
Operating leases: property	1,499	201	551	747	1,568
Commitments relating to operating and fixed asset purchase agreements	1,476	106	381	990	14
Commitments relating to the Group consolidation scope	**17**	**-**	**17**	**-**	**17**
Warranties	-	-	-	-	0
Security commitments (option contracts)	17	-	17	-	17
Other commitments received	**3**	**3**	**0**	**0**	**4**
Total commitments received	**26,316**	**7,241**	**15,324**	**3,751**	**26,641**

					30/06/2022	31/12/2021
		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	**1,466**	**986**	**352**	**128**	**1,482**	
Personal collateral	365	169	147	50	309	
Personal collateral: guarantees given for employee loans	313	99	198	16	350	
Security interests	788	718	7	62	822	
Commitments relating to operations	**27,387**	**6,189**	**13,710**	**7,488**	**28,433**	
Investment commitments for operation of rail equipment	10,563	2,012	5,975	2,576	10,736	
Purchase commitments for non-current assets other than rail equipment	10,017	3,105	5,669	1,244	10,914	
Property sale undertakings	271	211	60	-	275	
Operational and financial guarantees	2,428	190	1,230	1,008	2,455	
Customs guarantees (Geodis)	260	213	8	38	276	
Commitments relating to operating and fixed asset purchase agreements	3,088	194	502	2,392	3,109	
Firm commodity purchase commitments (electricity, diesel, etc.)	761	265	266	230	668	
Commitments relating to the Group consolidation scope	**237**	**-**	**234**	**3**	**237**	
Security commitments	1	-	-	1	2	
Other commitments relating to the Group consolidation scope	235	-	234	2	235	
Other commitments given	**107**	**83**	**14**	**10**	**107**	
Total commitments given	**29,197**	**7,258**	**14,309**	**7,629**	**30,258**	

The main changes in **commitments received** since 31 December 2021 are as follows:

– Investment funding commitments for operation of rail equipment decreased by €326 million mainly due to:

- a €527 million decline in payment guarantees received in consideration of projected rolling stock investments. This decrease was mainly due to the calls for funds at Transilien (primarily for RER NG, -€157 million, Regio2N, -€125 million and NAT, -€57 million) and TER (Regio2N, -€177 million, Régiolis, -€82 million and Régiolis Hydrogène, -€41 million); This impact was partially offset by the signing by Transilien of a new financing agreement with Île-de-France Mobilités for the acquisition of Regio2N trains (+€102 million);
- a €230 million increase in investment grants receivable by TER from the organising authorities; these new grants mainly involved the renovation and upgrading of rolling stock for the Auvergne-Rhône-Alpes, Nouvelle-Aquitaine and Pays de la Loire regions.

– Investment funding commitments receivable for the operation of property, plant and equipment other than rail equipment decreased by €1,648 million in connection with:

- the decrease in the commitment received by SNCF Réseau from the French State regarding the renewal investment grant under the rail recovery plan. This reduction stems from the amount recognised as at 30/06/2022, i.e. €1,362 million, based on renewal expenses recorded to date. As at 30 June 2022, the residual commitment totalled €1,043 million.

  For the record, SNCF Réseau had reported a total commitment of €4,050 million as at 31 December 2020. Payments of €1,645 million were received for this commitment in 2021.
- the impact at SNCF Gares & Connexions of the progress made in the EOLE project (-€107 million) and investment programmes on behalf of Île-de-France Mobilités (-€99 million);
- the issue in H1 2022 of calls for grants by Transilien to Île-de-France Mobilités for -€181 million;
- a €109 million increase in investment grants receivable at SNCF Réseau pursuant to financing agreements.

– The €199 million increase in operational and financial guarantees was primarily due to:

- new bank guarantees received by TER from rolling stock suppliers, including +€159 million for Regio2N trains and +€54 million for Régiolis trains;
- updating of the guarantee received under the TGV 2020 train purchase agreement (+€211 million);
- non-renewal of first-demand guarantees vis-a-vis the supplier Ceetrus (-€194 million).

– Commitments relating to operating and fixed asset purchase agreements rose by €1,462 million mainly in line with the new concession agreement assigned by the Provence-Alpes-Côte d'Azur region to SNCF Sud Azur for the future operation of the Les Arcs/Draguignan – Vintimille, Nice – Tende and Cannes – Grasse lines.

The main changes in **commitments given** since 31 December 2021 are as follows:

– Investment commitments for operation of rail equipment decreased by €173 million. This decline was primarily attributable to:

- payments on account and deliveries of rolling stock in the amount of -€658 million for Transilien (Dualis tram-train and Regio2N, RER NG and NAT trains) and TER (Regio2N, Régiolis and Régiolis Hydrogène trains);
- new rolling stock upgrade contracts entered into by TER with the Nouvelle-Aquitaine, Pays de la Loire and Hauts-de-France regions for +€425 million;

- a new contract entered into by Transilien for the acquisition of Regio2N trains for +€88 million.

– Purchase and funding commitments relating to property, plant and equipment other than rail equipment decreased by €897 million mainly in connection with:

- the ongoing investment programmes for Île-de-France Mobilités at SNCF Gares & Connexions and Transilien (-€362 million);
- better identification of commitments under the SNCF Gares & Connexions investment plan (-€403 million).
- the €109 million decline in purchase commitments for non-current assets relating to financial agreements or in line with renewal projects at SNCF Réseau.

– The €92 million rise in firm commodity purchase commitments was attributable to purchases of non-road diesel by SNCF Combustible.

Geodis factoring

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 2022 generated a net cash inflow of €233 million (€197 million for the period to 30 June 2021) being collected upfront from the factor, in advance of the usual debt collection period.

8. SCOPE OF CONSOLIDATION

No major changes in scope were observed during the period.

03 – STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Société Nationale SNCF

Statutory Auditors' review report on the 2022 interim financial information

(For the six months ended 30 June 2022)

PricewaterhouseCoopers Audit
63, rue de Villiers
92208 Neuilly-sur-Seine Cedex

Statutory Auditor
Member of the *Compagnie régionale de Versailles et du Centre*

Ernst & Young Audit
Tour First TSA 14444
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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 et du Centre*

Statutory Auditors' review report on the 2022 interim financial information

(For the six months ended 30 June 2022)

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.

Société Nationale SNCF
2 Place aux Etoiles
93210 Saint-Denis, France

To the Sole Shareholder,

In compliance with the assignment 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 2022;
- the verification of the information contained in the interim management report.

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.

I - 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 4.3.3.1 to the condensed interim consolidated financial statements concerning impairment testing of the assets of the Infrastructure cash-generating unit (the "Infrastructure CGU"), SNCF Réseau carried out an impairment test at 31 December 2021 in line with the adoption of its new strategic plan and the finalisation of the draft 2021-2030 performance agreement with the French State. This test did not result in the recognition of any additional impairment against the Infrastructure CGU's assets.

At 30 June 2022, SNCF Réseau did not identify any indication of impairment, considering that SNCF Réseau has various levers to offset the impact of changes in certain inputs (discount rate, long-term inflation rate, immediate impact of inflation on energy prices, etc.) on discounted cash flow forecasts. As a result, SNCF Réseau did not carry out a new impairment test at 30 June 2022 and maintained the impairment as determined based on the last test carried out at 31 December 2021 unchanged.

The balance in the negotiations between the French State and SNCF Réseau underlying the financial trajectory used in the last test 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 ongoing health crisis and the gradual business recovery. 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 this impairment test were based on the financial trajectory set out in the 2021-2030 performance agreement. It is based on SNCF Réseau Group's 2021-2030 strategic plan prepared as part of the SNCF Group's strategic plan adopted by the SNCF Board of Directors on 29 July 2021, and revised at the French State's request as reflected in the new 2021-2030 performance agreement. These cash flow forecasts 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 geopolitical, economic and health context:

- The forecasts used in the impairment test carried out on the Infrastructure CGU at 31 December 2021 are based on the 2021-2030 performance agreement approved by SNCF Réseau's Board of Directors on 4 November 2021 and signed on 6 April 2022 with the French State. 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 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 an opinion. Toll rate indexing was aligned with the ART's opinion dated 9 February 2021 for the years 2022 and 2023 and then maintained at 3.6% thereafter. The

increase in the pricing indexation rates for the contractual activities used in the test for the years following 2023, which should be subject to the ART's opinion, 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, of which €1.6 billion and €1.068 billion was paid to SNCF Réseau in 2021 and first-half 2022 respectively.
    - Dividends to be received from Société Nationale SNCF, the estimation of which is based on (i) the disposal of assets for €390 million and on (ii) Société Nationale SNCF's capacity to make distributions, as updated based on the SNCF Group's new strategic plan, for the rest.
- 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 2022. 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 2022, amounted to €32.9 billion (excluding work-in-progress) for property, plant and equipment and intangible assets, and €4.5 billion for deferred tax assets.

Based on our review, and subject to the above qualification, 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.

II - 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, 29 July 2022

The Statutory Auditors

PricewaterhouseCoopers Audit

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