

LA PLAINE SAINT DENIS, 29 JULY 2021

## SNCF GROUP 2021 HALF-YEAR RESULTS

Faced with an unprecedented crisis, SNCF Group has harnessed its resilience and adaptability to cushion the impact by adjusting its transport offering, updating its sales strategy, and deploying sweeping cost-cutting measures since March 2020.

Group strategy calls for leveraging a diversified business portfolio that includes rail operations, Geodis (global freight transport and logistics) and Keolis (a global provider of mobility solutions as mass transit systems).

Current strategy focuses on winning back passengers while building on robust trends in logistics and freight transport.

### SNCF Group's resilient business model and capacity to adapt to change underpin its response to the pandemic:

- **Logistics and freight transport showed robust growth**, with Geodis +21% and rail freight +13% from H1 2020.
- **Long distance passenger rail services were adjusted to meet shifts in demand** and held occupancy rates above 60%. Demand rose sharply as soon as lockdown measures were eased in May, **thanks to adjustments in Group sales strategy**.
- **Operations under public contract are moving in the right direction**, with sales at Transilien +21%, TER +16% and Keolis +9% compared with H1 2020.
- **A bold cost-cutting plan** continued, improving SNCF Group's cash position by nearly €830m.

### This strategy has limited the economic impact of the pandemic, which continued to affect results in the first half of 2021:

- **Group revenue totalled €16.1bn, up +13.5%** from H1 2020, but down 10% from H1 2019. Passenger business was directly hit by travel restrictions, specifically France's third lockdown, which took a heavy toll on business travel in particular. Strong demand for logistics and freight transport partially offset this trend.
- **EBITDA rallied to reach €1.3bn** but continued to lag the H1 2019 figure by -€1.6bn. The EBITDA/revenue ratio was 8.3% or seven points better than in H1 2020, but remained well below the 16.2% reported in H1 2019.
- Free cashflow was a negative €745m, and SNCF Group reported a net loss of €780m.

**SNCF Group has retained both its financing capacity and investor confidence thanks to the French State's recovery plan for the rail industry, and to SNCF's own strategic choices, hard work and achievements.**

**Financial commitments announced in France's 2018 rail reform package have been confirmed, including free cash flow in the black as of 2022.**

SNCF Group is now focused on winning back passengers, in particular travellers who had switched from rail to cars, and building on robust trends in logistics and freight transport. To achieve these aims, it will continue to improve its operational and financial performance, while promoting its eco-friendly mobility solutions.

**Although current trends are positive, SNCF remains cautious on the outlook for the rest of the year due to persistent uncertainty linked to the pandemic.**

**Jean-Pierre Farandou, Chairman and CEO of SNCF Group, said:**

*“Our performance in the first half of 2021 confirms the relevance of SNCF Group’s strategy in time of crisis—a strategy based on diversifying our operations, adapting our products and services, adjusting our loyalty programmes, and introducing sweeping cost-cutting measures. It is backed by the French State, our shareholder, through the national rail recovery programme, and we stand by our commitment to return free cash flow to breakeven by 2022.*

*Despite the recovery that began in May, we are cautious on the full-year outlook; all our people are hard at work, monitoring developments closely, and I thank them for it.*

*In France, our strategy is based on winning back customers by promoting a shift away from the most polluting forms of transport to more eco-friendly modes for both passengers and freight. Internationally, we stand by our targets as Keolis continues to win new contracts and Geodis expands its logistics operations. Both of these companies are powerful growth drivers that make us more resilient.”*

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

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

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

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

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

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

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

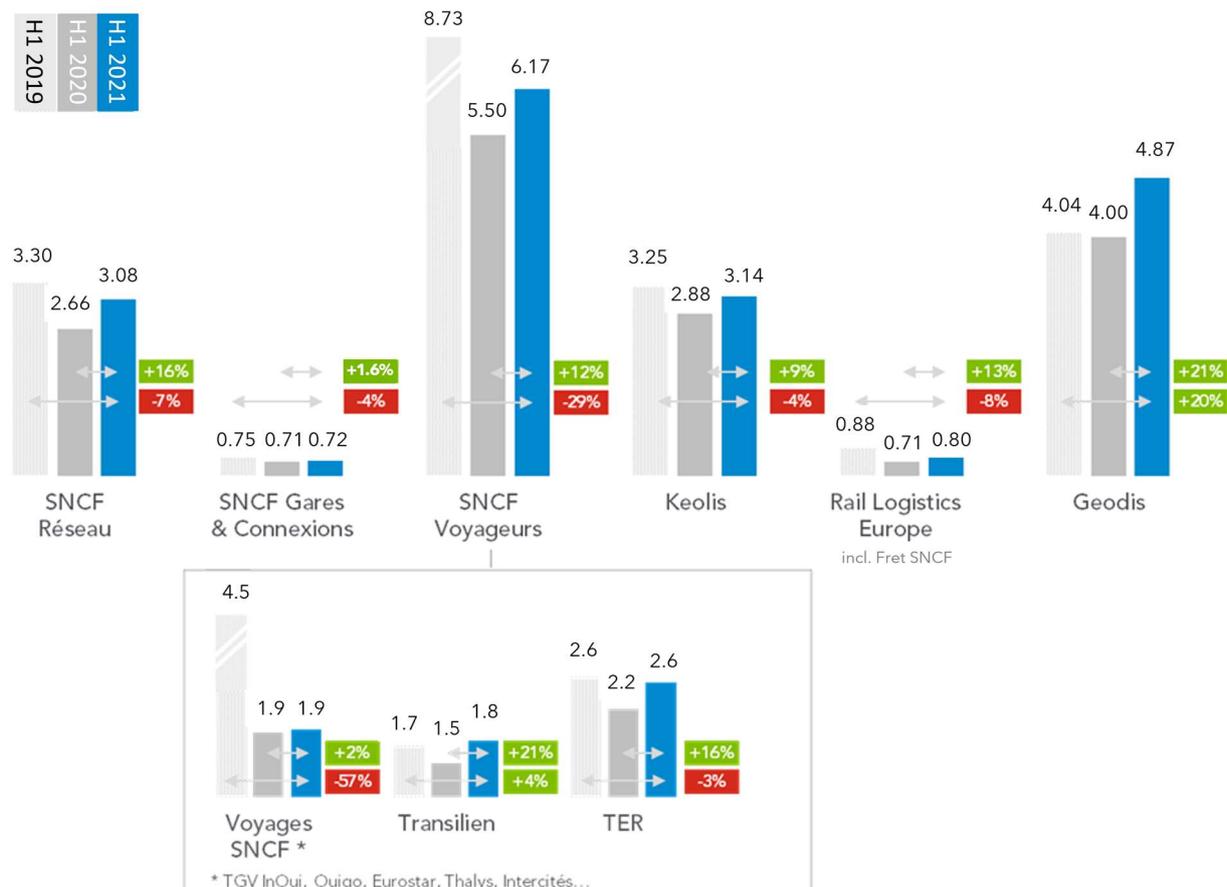
SNCF Réseau reported revenues up +16% from H1 2020.

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

**These encouraging results limited economic fallout from the pandemic, which nonetheless continued to affect business volumes throughout H1 2021.**

**Revenue rose for Group activities as a whole compared with H1 2020**, but SNCF Voyageurs’ passenger operations were down sharply from 2019. **Logistics and freight transport showed robust growth.**

## Change in H1 revenues from 2019 to 2021 (€bn and %)



**Long-distance passenger business** at SNCF Voyageurs was hit hard by public health restrictions, which continued to drive travel down, though less than in 2020. In the first half of 2021, TGV ridership was up +9.4% over H1 2020, but still -50% below H1 2019.

Fees paid to SNCF Gares & Connexions dropped significantly as in-station shops closed in response to lockdowns.

Overall, Group revenue stood at €16.1bn at 30 June 2021, up +13.5% over 30 June 2020, but still down -10% from 30 June 2019, hit hard by the effects of the Covid-19 pandemic.

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

Despite the challenging economic conditions, SNCF is continuing to **invest heavily to complete essential projects and operations**, focusing particularly on revitalizing and upgrading the French network. **The Group is investing more than €11.5bn** in 2021, with nearly 40% financed by SNCF and **over 90% dedicated to rail in France**.

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

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

### Overall financial performance

The Covid-19 crisis hit the company's profitability in H1 2021, reducing revenue by an estimated -€2.9bn. Impact on EBITDA is estimated at -€2.6bn, with high-speed rail accounting for 80% of that amount (using 2019 as a base year to calculate the effect of Covid-19).

Thanks to a bold action plan that continued throughout the period, EBITDA for H1 2021 came to €1.3bn, down -€1.6bn from H1 2019. The Group's EBITDA/revenue ratio was 8.3%, up from H1 2020 (+7.3 pts) amid shorter, less

drastic lockdowns. (In April 2021, 45% of TGVs were in operation, compared with 7% in April 2020.) Even so, profitability was down by 8 points from 16.2% in H1 2019.

EBITDA by subsidiary was as follows: -€378m for SNCF Voyageurs, €654m for SNCF Réseau (21.2% of revenue), €292m for Keolis (9.3%), €442m for Geodis (9.1%) and €113m for Rail Logistics Europe (14%). Geodis turned in a very strong performance, outpacing its 2019 results with significant improvement across all business lines. Rail Logistics Europe (all rail freight businesses) also performed very well in a challenging environment.

Net profit attributable to equity holders of the parent company stood at -€780m.

As a result, free cash flow was a negative -€745m—tied directly to EBITDA—but was a significant improvement over 30 June 2020 (-€2.8bn). The pandemic's impact on free cash flow was nearly €830m, but the Group offset this by continuing to deploy sweeping cost-cutting measures in line with its 2020 plan.

Net indebtedness stood at -€38.4bn at 30 June 2021, up €256m from December 2020 (-€38.1bn).

## Financial commitments confirmed

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

- Rail performance improved and became more competitive. Cost-cutting launched in March 2020 is expected to save €1.3bn full year in 2021;
- Plans to sell Ermewa, a non-strategic subsidiary specializing in wagon and tanker rentals, are expected to be finalized in the second half of 2021;
- SNCF Réseau has received its first payment of €1.645bn under the rail recovery package.

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

## Sound finances maintained and recognized

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

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

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

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

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

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

## Meeting expectations for more sustainable mobility

Over the past six months, **SNCF has worked hard to reduce its carbon footprint**—though rail is already the most eco-friendly transport solution available. Several low-carbon train and truck projects have got under way, among them biofuel- and hydrogen-powered TERs, TGV M, and natural gas-powered trucks. Keolis is ramping up use of biogas, biodiesel and electric buses on the networks it operates. And renewables account for a rising share of the

Group's consumption, whether through acquisition of photovoltaic energy under a 20-year power purchase agreement, or development of its own solar power sites.

SNCF is also working to make passengers more aware of low-carbon transport modes by reintroducing overnight INTERCITÉS trains and offering users a CO<sub>2</sub> calculator that compares emissions across five travel modes.

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

## Outlook for H2 2021

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

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

## SNCF GROUP: KEY FIGURES, H1 2021

CONSOLIDATED DATA (IFRS)

€ MILLIONS

	H1 2021	H1 2020	H1 2019
<b>Revenue</b>	<b>16,060</b>	14,129	17,854
Change H1 2021/H1 2020 (CS&ER)	+13.5%		
Change H1 2021/H1 2019	-10%		
<b>Gross profit</b>	<b>1,326</b>	136	2,888
As % of revenue	8.3%	1.0%	16.2%
<b>EBITDA*</b>	1,394	69	2,906
Recurring net profit attributable to equity holders of parent company	-790	-2,384	20
<b>Net profit (attributable to equity holders of parent company)</b>	<b>-780</b>	-2,389	10
<b>Investments (all funding sources combined)</b>	<b>4,662</b>	3,752	4,317
Incl. net investments financed by SNCF	874	2,397	3,055
Free cash flow	-745	-2,809	-1,666
<b>Net indebtedness SNCF</b>	<b>-38,404</b>	-38,327	-59,161

SNCF Group's consolidated financial statements at the end of June 2021 were subject to a limited review by the statutory auditors. The limited review has been finalized and the report is being prepared. It will once again include auditors' qualified opinion in respect of the carrying amount of the Infrastructure cash-generating unit's assets and the amount of deferred tax assets.

\* EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) consists of revenue and other income minus expenses directly attributable to operating activities. This new indicator is virtually equivalent to the "Gross profit" indicator previously reported by SNCF. The difference is due mainly to movements in provisions for trade receivables and for employee benefits.

€ MILLIONS	REVENUE	GROSS PROFIT /~EBITDA*	Gross profit /~EBITDA* / REVENUE
<b>SNCF Réseau</b>	3,083	654	21.2%
Change H1 2021/H1 2020 (CS&ER)	+16%		
Change H1 2021/H1 2019	-7%		
<b>SNCF Gares &amp; Connexions</b>	722	115	15.9%
Change H1 2021/H1 2020 (CS&ER)	+1.6%		
Change H1 2021/H1 2019	-4%		
<b>SNCF Voyageurs</b>	6,168	-378	N/A
Change H1 2021/H1 2020 (CS&ER)	+12.2%		
Change H1 2021/H1 2019	-29.3%		
<b>Voyages SNCF</b>	1,919	-759	N/A
Change H1 2021/H1 2020 (CS&ER)	+2%		
Excl. INTERCITÉS	1,717	-772	N/A
Change H1 2021/H1 2020 (CS&ER)	-1.1%		
<b>Transilien</b>	1,777	201	11.3%
Change H1 2021/H1 2020 (CS&ER)	+21%		
<b>TER</b>	2,569	122	4.7%
Change H1 2021/H1 2020 (CS&ER)	+16%		
<b>Keolis</b>	3,138	292	9.3%
Change H1 2021/H1 2020 (CS&ER)	+9%		
Change H1 2021/H1 2019	-4%		
<b>Rail Logistics Europe, incl Fret SNCF</b>	804	113	14.0%
Change H1 2021/H1 2020 (CS&ER)	+13%		
Change H1 2021/H1 2019	-8%		
<b>Geodis</b>	4,865	442	9.1%
Change H1 2021/H1 2020 (CS&ER)	+21%		
Change H1 2021/H1 2019	+20%		
Other & inter-segment eliminations	-3,530	-141	
<b>Total</b>	<b>16,060</b>	<b>1,326</b>	<b>8.3%</b>

CS&ER: at constant scope of consolidation and exchange rates

**SNCF Group's 2021 financial report will be available at: <https://www.sncf.com/en/group/finance>**

## **ABOUT SNCF GROUP**

SNCF is a global leader in passenger and freight transport services, including management of the French rail network, with annual revenue of €35 billion (pre-pandemic), of which one-third on international markets. The Group does business in 120 countries and has 272,000 employees, with over half in its core rail business and 210,000 working in France. The new SNCF, a public limited company that began operating on 1 January 2020, consists of a parent (SNCF) and five subsidiaries: SNCF Réseau (management, operation and maintenance of the French rail network, plus railway engineering) with its own subsidiary SNCF Gares & Connexions (station design, management and development); SNCF Voyageurs and its subsidiaries Transilien (mass transit in the Paris region), TER (regional rail), TGV INOUI, OUIGO and INTERCITÉS (long-distance rail), Eurostar, Thalys, Aléo and Lyria (international rail), and OUI.sncf (online ticket sales); Keolis (a global operator of urban, suburban and regional mass transit systems); Rail Logistics Europe (rail freight); and Geodis (freight transport and logistics solutions). SNCF Group works closely with its customers—passengers, local authorities, shippers and railway operators using SNCF Réseau services—and with regional communities, building on its expertise in all aspects of rail and all types of transport to deliver simple, seamless, sustainable solutions for every mobility need. Learn more at [sncf.com](https://www.sncf.com)

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