PRESS RELEASE

PRESS RELEASE – LA PLAINE SAINT DENIS, 28 FEBRUARY 2019

SNCF GROUP 2018 ANNUAL RESULTS

SNCF Group reported strong momentum in 2018, despite a major impact of the rail strike in spring. In these exceptional conditions, SNCF **remained on the offensive,** demonstrating **its capacity to serve customers** while pursuing **record high investments** and trimming costs. And its efforts paid off, with a strong rebound in the **second half of the year and a rise in results from 2017**. Buoyed by the first effects of French rail reform, coupled with a fundamental transformation in operations, **the business model underpinning its high-speed rail service** marked a turning point and TGV recovered its full appeal.

- €33.3bn in revenue, up +1.3%, despite the rail strike in the spring.
- In the second half, business grew +3.4% and margin was up over 2017. At 31 December 2018, EBITDA stood at €4.0bn.
- €530 million in performance gains in 2018 helped limit the strike's impact on results.
- Net profit was +€141 million.
- €8.9bn invested in rail infrastructure and rolling stock

SUMMARY

The second half of 2018 saw a strong rebound in activity with growth up 3.4% compared to the second half of 2017, demonstrating SNCF Group's **robust condition** and **ability to take the spring strike in its stride. Altogether, Group revenue for the year was up +1.3%** (nearly +4% excluding strikes), with contributions from:

- **Very good growth in mass-transit operations** thanks to competitive offers (+4.9% in 2018 excluding strikes for Transilien & TER, and +9.6% for Keolis);
- **The success of TGV's aggressive drive to win market share**, driven by a clearer offer and more attractive prices (SNCF Voyages business rose +5.8% excluding the impact of strikes);
- **Strong momentum in logistics** (+2.7% at SNCF Logistics excluding the strike, including +2.5% at Geodis), excluding the impact of the strike on rail freight transport in France (-11% at Fret SNCF);
- **International business a real source of profitable growth** (Keolis operations outside France rose 17%, with Eurostar up 10% and logistics services provided by Geodis, including in the United States, up 10.0%).

Total expenses were contained by **effective financial discipline.** Performance and productivity gains boosted the Group's competitiveness by €530 million (on top of the €1.7bn already recorded in 2016 and 2017), generating EBITDA of €4.0bn despite the strike, which cut revenue by around €890 million and EBITDA by around -€770 million.

Sales margin turned in **a very strong performance in the second half of 2018,** at 16.1% compared with 15.7% in the second half of 2017.

Group investments reached a record high of €8.9bn during the year, including €5.1 financed by own funds, and were aimed at improving customer service. Over 90% of outlays were in France, and went to:

- Upgrade and regenerate commuter rail networks in particular
- Take delivery of 115 new trainsets in an effort to improve quality and on-time performance.

SNCF reported +€141 million in net profit attributable to equity holders of the parent company. This reflected variations in the value of assets in its high-speed fleet totalling +€3.2bn and in the rail network totalling -€3.4bn. Capital gains from sale of a real estate subsidiary also contributed €766 million. Excluding exceptional accounting items, recurring net profit (attributable to equity holdings of the parent company) stood at -€214 million, versus +€849 million in 2017—a direct consequence of the rail strike (-€770 million) and a rise in amortization charges (-€265 million) related to the revaluation of TGV assets.

Under the French State's new railway pact, all results will remain in the rail system, and will be used for network renovation in particular, thus providing a benefit for every customer.

As a responsible employer SNCF will pay a variable profit-related annual payment to each employee as provided under collective agreements, above and beyond the exceptional year-end purchasing power bonus paid in December 2018. Over 11,800 employees were recruited in France over the year, including nearly 5,000 in rail operations.

2019 should benefit from the strong momentum observed in 2018, with expected growth of around +4.0% powered by competitive offers and new services. Investments (all sources) will **exceed €10bn** for the first time, **with rail remaining the priority** (95% of investments).

The Group will **stand by the commitments it has made** in service to its mission, *bringing the freedom of effortless mobility and a greener planet to all:*

- Grow **rail use;**
- Be the best on **the fundamentals**;
- Increase **customer satisfaction;**
- Boost **employee engagement** and satisfaction;
- Deliver **economic discipline and high performance;**
- Work with regions to **advance the ecological and inclusive transition.**

At the same time, as part of the French rail reform package adopted in 2018, SNCF Group is **preparing for the future,** laying the groundwork for new governance in 2020, developing a new approach to employee relations, and bracing for the opening of French passenger rail markets to competition.

WHAT THEY SAID

Frédéric Saint-Geours
Chairman,
Supervisory Board,
SNCF Group:

As the rail reform adopted by the French Parliament in June 2018 goes into effect, we're continuing to transform our company, making SNCF more unified and better positioned against our competitors. The reform preserves the future of a reliable, high-performance, more eco-friendly network.
The reform also allows us to reinvent SNCF's public service mission, open up to competition and amplify our commitments to society."

Guillaume Pepy
Chairman, SNCF Group Executive Board, and Chairman and CEO,
SNCF Mobilités:

"Our operations reported strong momentum in 2018. And despite a record level of investment, we are constantly working to reduce our costs so that we can lower our prices. Because we believe that the freedom to travel must be accessible to everyone. Because we believe people shouldn't have to choose between travel and protecting the environment. And because we believe that sustainable transport will only become customers' first choice if it is easier to access and easier to use than the other options available to them."

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

"With €5.1 billion invested—and over half of that in renovation of our commuter network—2018 marks another record year for investment. Thanks to this effort, we are stepping up modernization of our network and continuing to transform our operational assets and our business lines. The result will be a network that delivers better performance for our customers."

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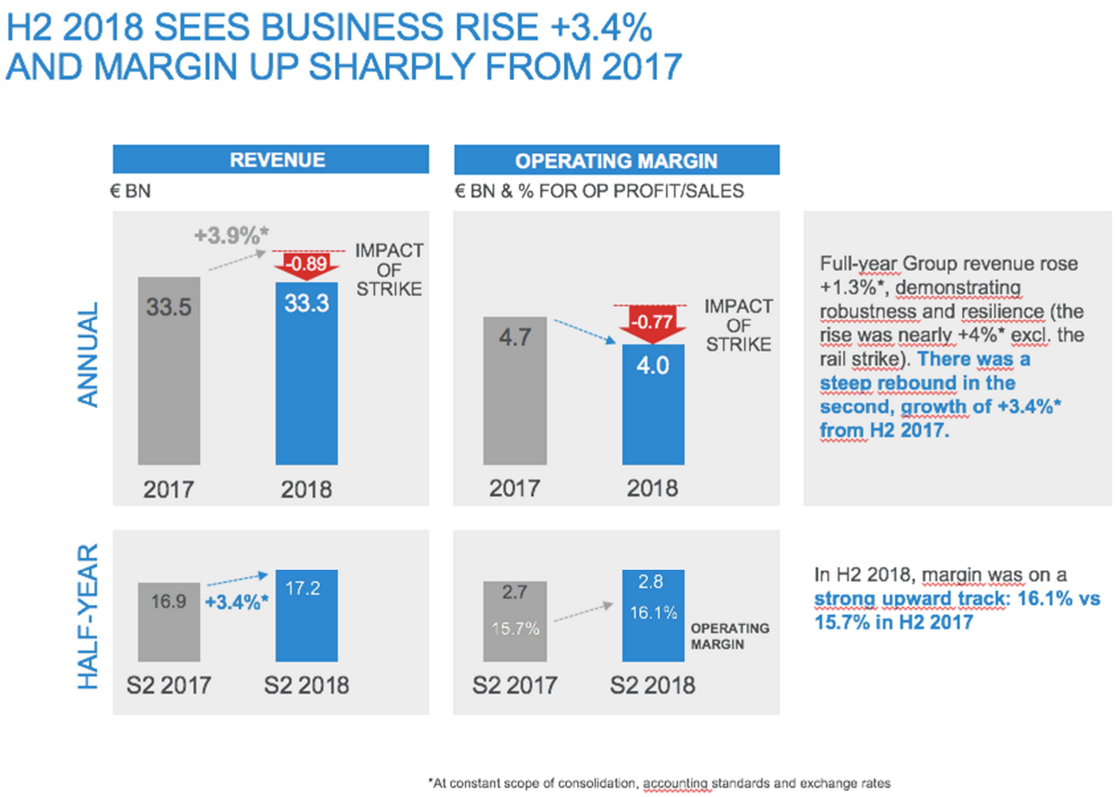
SNCF GROUP: KEY FIGURES IN 2018



CONSOLIDATED DATA (IFRS) € MILLIONS	2017	2018	Excl. strike
Revenue	33,515	33,311	
* Change from 2018/2017, at constant scope of consolidation, IFRS 15, and exchange rates (-€636 million)		+1.3%*	+3.9%*
EBITDA	4,748	4,020	
As % of revenue	14.2%	12.1%	
Recurring net profit attributable to equity holders of the parent company[1]	849	-214	
Net profit (attributable to equity holders of the parent company)	1,501	+141	
Self-financing capacity[2]	3,027	2,247	
Investments (all funding sources combined)	8,834	8,868	
Incl. net investments financed by SNCF	5,138	5,077	
Free cash flow	-1,876	-2,560	

Financial statements at 31 December 2018 for SNCF Group, SNCF Mobilités and SNCF Réseau have been audited by the statutory auditors, who issued a qualified report.

[1]For a definition of recurring net profit (attributable to equity holders of the parent company), see SNCF Group Management Report, section 4.4.2--Group Results. This aggregate is not audited.
[2]After net financial debt and tax, and including dividends received from companies consolidated under the equity method.

A CLOSER LOOK AT 2018

AN UPBEAT YEAR FOR OPERATIONS DESPITE ONE OF FRANCE'S LONGEST AND MOST COSTLY STRIKES

In 2018, the year got off to a very promising start as growth reached +4.5% in the first quarter, only to be hit very hard by a long rail strike that began in the spring. Yet pace resumed in the second half, when growth rose +3.4% from the same period of 2017—a surge testifying to SNCF Group's robustness and capacity to rebound. Growth like this owes nothing to chance: the Group's efforts and transformation have continued to pay off, delivering more affordable, more interconnected travel, with, at its heart, a more robust rail system offering the highest level of safety (major safety events down 11% from 2017 and down 36% from 2015).

French passengers have a liking for rail travel and shared mobility

- Passenger numbers rose for Transilien (Paris region) and TER (regional rail), the latter buoyed by the transfer of intercity train services to TER Centre and TER Grand Est. While the strike took a heavy toll on traffic in the spring, by year end trends had rebounded, boosted by occasional travellers. NFC (Near Field Communication) technology is being tested for ticket purchases and validation.
- Voyages SNCF reported +5.8% growth in business, excluding the strike.
- Ouigo high-speed, low-cost trains, now serving TGV stations in Paris, saw passenger numbers jump +38% and carried 12 m travellers to 28 destinations in 2018. The service welcomed 4.5 million new passengers, and its high-speed offerings rose by 13%.
- InOUI high-speed premium travel, offering a broader range of services, got off to a strong start in September, carrying 4 million passengers on core routes over four months.
- OUI.sncf is France's No. 1 merchant site, with 16 million unique visitors a month and 17 million downloads of its app. The site offers users their choice of mobility modes, both collective and shared, and saw transaction numbers rise 12.5% in 2018. In this respect, the partnership signed with Blablacar at the end of the year was a historic step.
- Keolis made a strong showing in France, winning renewal of several major public transport contracts in cities including Lille, Besançon, Tours, Arras and Orléans. Keolis also won new contracts in Nancy, Chambéry, Bourg-en-Bresse and with Charles de Gaulle Express, and acquired four airport transport companies from the Open Tours Group.

Profitable growth on international markets

- Keolis reported +17% growth on international markets for the full year, vs. 3.4% in France. It won and launched service on the Wales & Border franchise—the largest contract in its history—in Wales, representing a total €6bn over 15 years. Other developments included the successful transition of the new Yarra Tram contract in Melbourne (Australia); renewal of a light rail contract with Bergen (Netherlands); a new contract for Greensboro and extension of KTA's Las Vegas contract (United States); the first driverless metro in Qatar, in Doha; China's first light rail system, in Songjang; and a successful new bid for Odense Tram service in Denmark.
- Keolis turned in a particularly strong financial performance in 2018, restoring its margin in Sweden, doing well in Australia and the United Kingdom, and improved margins on contracts in Boston and Las Vegas.
- Thalys, named best carrier for customer service in 2018, had a record year, with passenger numbers up 4.7% to 7.5 million. Eurostar posted +5.7% growth in passengers and launched direct service between London and Amsterdam. Eurostar sales were up +10% in 2018.
- With support from SNCF, ONCF inaugurated Morocco's first high-speed line between Tangier and Casablanca in November.

- Rail and multimodal freight services (TFMM) reported a +4.0% rise as growth at rail subsidiaries (+18%) offset a decline in freight in France (-7.3%), hard hit by the strike. Growth in subsidiaries' traffic was driven primarily by the strong rise in Captrain Group's international business.
- SNCF Logistics opened a fourth rail motorway between Calais and Turin in November and carried 31,000 trucks for the full year.
- The decline in rail freight business was offset by several projects in multimodal transport: a rail motorway linking Sète and Zeebrugge; additional road service at Naviland Cargo; and a Smartrail Logistics partnership between Captrain Deutschland and LIT to serve Volkswagen.
- Geodis continued to generate strong growth, buoyed by logistics and freight forwarding, and expanded in the US (doubling productivity at its warehouse in Indianapolis), in China (opening two warehouses for Norwegian furniture maker Stokke).
- Launch of Upply, the new 100% digital international marketplace for transport and logistics operators that compares logistics fees in real time.

RECORD CUSTOMER-ORIENTED INVESTMENTS

Investments exceeded €8.9 billion full year, with nearly 60% financed by SNCF itself, with more than 90% of total investments made in France.

Europe's largest infrastructure project continues

SNCF invested €5.bn in infrastructure, including €3.4bn to upgrade the main commuter network, improve safety (electric signal surveillance and elimination of level crossings in particular), and improve access for people with reduced mobility. Another €1.7bn was invested in business development, including a new national control tower, EOLE projects extending the RER express line to the west of Paris, the Charles de Gaulle Express, and regional projects.

SNCF Réseau is pursuing and accelerating its investments: 1,700 major projects, 835 km of platform completely renovated, 459 switches replaced, and 3,515 km de catenary checked or replaced. Large-scale switch replacement was stepped up with the opening of a dedicated factory in Chambly, north of Paris.

A programme to create 16 railway control towers has now crossed the 50% threshold. This is a major network upgrade that gives on-time performance a substantial boost, facilitates increased circulation in dense areas and improves passenger information. At the same time, SNCF Réseau is rolling out Nouvel'R, laying the groundwork for a high-performance network capable of carrying more trains and accommodating more railway operators as markets open up to competition.

115 new trains delivered for greater customer comfort and improved service quality

SNCF Mobilités invested €3.6bn, including nearly €2bn in own funds:

- Over 60% for rolling stock, of which:
  - 22 Francilien trainsets; 13 tram-train trainsets for the Clichy-Montfermeil extension of light rail line 4; 26 Regio 2N trainsets for Transilien in the Paris region;
  - 16 Régiolis trainsets and 19 Regio 2N trainsets for TER, and 6 Régiolis trainsets for Intercités;
  - 11 TGV Océane trainsets (3UFC high-speed type) and 2 Vélaro E320 trainsets for Eurostar;
  - Keolis, Ermewa and rail and multimodal freight carriers finance the development and replacement of their rolling stock on an ongoing basis. 5,000 freight cars are now equipped with geolocation sensors (digital freight).
- Nearly 40% for maintenance depots (at Vénissieux, Romilly and Hellemmes), other facilities (garages/cleaning units/security), and expanded services (including distribution, sales areas, and boarding gates) to upgrade and better equip stations. This includes stations in the Paris

Region (Transilien suburban stations and the five major rail stations in Paris itself) as well as in other regions (in particular Rennes, Nantes and Lyon-Part-Dieu). Passenger information systems are another focus, including digital apps (First programme) and on-time performance apps (H00).

SNCF Gares & Connexions invested a record €400 million to modernize its stations. SNCF Immobilier successfully completed its 2014-2018 plan, building nearly 15,500 housing units.

NEW HIRES TO SERVE INDUSTRIAL PERFORMANCE

SNCF recruited over 11,800 employees in France during the year, including 5,000 in rail operations. This included both white- and blue-collar staff, with a focus on technical profiles in civil, electrical and mechanical engineering, and on expertise in IT systems to develop the wide array of skills required in transport services. A new recruitment tool for candidates and SNCF managers underscored SNCF's unique appeal as an employer of note in an increasingly competitive job market.

An agreement was signed promoting disabled workers in the rail industry; this reiterates SNCF's commitment and support, and provides resources to outfit workstations and adapt working conditions to the needs of disabled candidates.

SNCF also joined the French State, not-for-profit associations and business partners in PAQTE.fr (*Programme Avec les Quartiers pour Toutes les Entreprises*), set up to raise awareness, train, hire and sign supply contracts in the 1,514 urban areas identified as priority districts (QPV).

SOLID FUNDAMENTALS IN EXCEPTIONAL CIRCUMSTANCES CONFIRM GROUP'S RESILIENCE

- At 31 December 2018, revenue came to €33.3bn, up +1.3% at constant scope of consolidation, accounting standards, and exchange rates. Excluding the impact of the strike, business exceeded expectations and grew +3.9% over 2017.
- Impact on SNCF Group of 39 strike days:
  - On revenue: around -€890 million in lost business;
  - On EBITDA: around -€770m, or €20m per strike day, taking into account lost sales and the cost of commercial rebates/refunds, plus additional passenger costs assumed voluntarily by SNCF (€160m in all).
- €530m in new productivity gains in 2018, thanks to the Group's continuing cross-business performance plan (€48m), SNCF Réseau's industrial plan (€132m), and SNCF Mobilités' industrial and commercial plan (€350 million). This figure joins the €1.7bn in productivity gains already achieved in 2016 and 2017.
- The Group successfully used rigorous management to limit the impact of the strike on EBITDA.
- Keeping a firm hand on cash management by mastering and prioritizing investments with carriers paid off; the Group also sold a real estate subsidiary with non-strategic assets, generating a capital gain of €766 million.

Under the rail reform adopted in June, a new strategic roadmap drawn up by SNCF Group will lead to formal accounting changes

The roadmap incorporates revised projections of SNCF carrier circulation for 2018-2028. This offers a more positive view of high-speed rail's financial prospects, due to the stabilization of track access fees decided by the government (these are an expense for SNCF Mobilités and income for SNCF Réseau) that has revalued TGV rolling stock by +€3.2bn. In addition, financial projections for SNCF Réseau based on these new projections led to a -€3.4bn asset write-down, with a €107m reversal of value for station assets. These accounting entries had no impact on cash position or scheduled investments, and SNCF Group is still fully committed to upgrading its network and improving the quality of rail service.

Net profit attributable to equity holders of the parent company was +€141 million. Excluding exceptional items specific to 2018, recurring net profit stood at -€214 million, versus +€849 million in 2017, with the difference resulting from the impact of the strike on EBITDA (around -€770 million).

2019 OUTLOOK : SNCF Group has set **ambitious goals for 2019**, a year of transition that will see the promise of rail reform become a reality.

The Group will **stand by the commitments it has made** in service to its mission, *bringing the freedom of effortless mobility and a greener planet to all:*

- Grow **rail use;**
- Be the best on **the fundamentals**;
- Increase **customer satisfaction;**
- Boost **employee engagement** and satisfaction;
- Deliver **economic discipline and high performance;**
- Work with regions to **advance the ecological and inclusive transition.**

The Group will continue working toward operational excellence and launch new services to make travel simpler and deliver even more attractive options:

- A smartphone-based personal mobility assistant will offer customized, door-to-door mobility at the best quality/price ratio, making SNCF the **platform for every mobility solution**;
- New ticketing products for occasional customers, post-payment and smartphone-based payment will benefit Transilien services in the Paris region;
- The Upply digital marketplace will support transport and logistics operators.

French consumers will enjoy the same purchasing power thanks to unchanged fares and an expanded Ouigo offer, with fast-track deployment of the offer from Paris to the Mediterranean, and extension of the low-cost service to Lille.

SNCF will lower its costs to lower its prices.
The Group will step up its digital transformation, with continued renovation of core digital technology and support for the H00, First and Prisme programmes. At the same time, SNCF should generate over €700 million in savings in 2019 through cross-business, industrial and commercial performance plans aimed at increasing productivity and cutting costs. **In France**, all rail business will focus on winning back customers. Voyages SNCF will continue its strategy of upgrading inOUI—a new brand offering enhanced service that is customized, comfortable and connected.

International business will account for more than one third of Group revenue. Eurostar and Thalys are expected to generate strong growth; Keolis will have a full year to operate its new networks, including Wales & Borders; and SNCF Logistics will see strong growth in Europe, the Americas, Asia and other markets.

For the first time, investments from all funding sources combined will exceed €10bn, and rail will continue to be the priority, with 95% of investments.

SNCF Group will continue to recruit at the same level as in 2018.

In 2019 SNCF will lay the groundwork for rail reform in 2020. In particular, a new collective agreement will be negotiated covering all railway operators in preparation for the opening up of TER and TGV activities to competition. Lastly, in a bold move SNCF Group is making its rolling stock more **eco-friendly** by pulling out of diesel-powered locomotives before 2035, and developing a hybrid, hydrogen-powered train, an electric bus and connected rail motorways. Stepping up to fight climate change and protect air quality is fully in line with the Group's commitment to achieve **emission neutrality by 2050.**

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SNCF MOBILITÉS: 2018 ANNUAL RESULTS

Revenue

SNCF Mobilités demonstrated its resilience by relying on solid fundamentals during a long and costly strike. In the favourable economy that prevailed in 2018, SNCF Mobilités continued to grow and transform itself, scoring a string of successes in France and abroad. At the end of Q1 2018, revenue was up +4.5% from the end of Q1 2017. The rail strike in spring lasted 39 days, and took a heavy toll on this momentum through massive lost income—around -€886 million in revenue. This steep 2.5% decline for rail business in France was more than offset by substantial gains by Group subsidiaries Keolis, Geodis, Eurostar and Thalys. In all, SNCF Mobilités generated revenue of €31.7bn, up +1.6% over 2017 (at constant scope of consolidation and exchange rates). Without the strike, growth would be +4.4%.

EBITDA and recurring net profit

Strict financial discipline contained the impact of the strike. EBITDA stood at €2,358m, reflecting the combined impact of the strike (around -€545m in all) and an unfavourable court decision in a dispute with former Moroccan employees (-€110m). The ratio of EBITDA/revenue was down 1.3 points, falling from 8.7% in 2017 to 7.4% in 2018, with 1.5 points due to the strike and 0.3 points due to the settlement of the dispute with former employees in Morocco. SNCF Mobilités pursued its performance plans and through tight control of expenditures reported additional productivity gains from early 2018, in line with its annual targets. Recurring net profit was €319 million, down from €895 million in 2017 due to the strike.

The rail reform package voted in June introduced new financial projections, with the increase in TGV track access fees decided by the government leading to a revaluation of TGV trainsets in an amount of €3.2bn. Together this reversal of impairment and a €766m capital gain on the sale of a real estate subsidiary made a positive contribution to net profit of €4.5bn.

Cash flows

Net investments (financed by SNCF) came to nearly €2.0bn. This reflects the company's focus on "transformation" —increasing the robustness of its systems, improving information, and boosting customer satisfaction. Areas of investment included:

- Rolling stock modernization plans, both at Voyages SNCF (TGV Océane, TGV2020, Velaro and Eurostar) and contract transport providers (Régiolis, Regio2N, Francilien, RER NG, tram-trains). In all, nearly 115 trainsets were delivered in 2018.
- Investment to make up for past lags in stations, to adapt maintenance depots for new materials, and to build factory-of-the-future technicentres (Vénissieux, Romilly, Hellemmes) that will start up in 2019;
- Improvements in operations and in passenger information, expanding the H00 and First programmes, on top of digital developments already underway.

Self-financing capacity was €1,469m, linked to the decline in EBITDA. This covers only 74% of investments (87% without taxes from the sale of real estate assets), down from 93% in the first half of 2017. Free cash flow came to -€294 million.

Net debt

SNCF Mobilités had net financial debt of €7.2bn at 31 December 2018, down nearly -€730 million from 31 December 2017. This was due in part to sale of a real estate subsidiary for €0.9bn. The ratio of net indebtedness/EBITDA was 3.0, largely unchanged from 2.9 in 2017.

Challenges and outlook

Looking to bright economic prospects ahead, SNCF is launching new services to increase its appeal as competition intensifies across all of its business lines. It will also step up efforts to raise productivity and pursue tighter financial management. These proactive initiatives will be rolled out even as SNCF continues to focus on its main priorities: developing mass transit, international business, and digital services.

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SNCF MOBILITÉS: KEY FIGURES IN 2018

CONSOLIDATED DATA (IFRS) € MILLIONS	2017	2018	Change at constant scope of consolidation, IFRS 15 and exchange rates	Excl. strike
Revenue	31,831	31,681	+1.6%	+4.4%
SNCF Transilien & TER	*7,082*	*6,942*	+0.4%	*+4.9%*
SNCF Keolis	*5,295*	*5,818*	+9.6%	-
SNCF Intercités	*928*	*702*	-24.0%	*-18.9%*
Voyages SNCF	*7,373*	*7,367*	+0.4%	*+5.8%*
SNCF Gares & Connexions	*493*	*508*	+3.2%	*+4.0%*
SNCF Logistics	*10,218*	*9,935*	+1.7%	*+2.7%*
EBITDA	2,759	2,358	-396	
As % of revenue	*8.7%*	*7.4%*		
SNCF Transilien & TER	*390*	*251*	-139	
SNCF Keolis	*305*	*350*	+42	
SNCF Intercités	*62*	*50*	-12	
Voyages SNCF	*1,178*	*1,044*	-131	
SNCF Gares & Connexions	*220*	*233*	+12	
SNCF Logistics	*407*	*353*	-50	
Financial profit	-290	-187	+104	
Recurring net profit (attributable to equity holders of parent co.)[1]	895	319	-567	
Net profit (attributable to equity holders of parent company)	1,136	4,502	+2,915	
Self-financing capacity[2]	2,086	1,469	-371	
Investments (all funding sources combined)	-3,590	-3,722	+134	
Incl. net investments financed by SNCF	*-2,244*	*-1,978*	+264	
Free cash flow	184	-294	-229	
Net indebtedness	7,914	7,186		

SNCF Mobilités' financial statements at 31 December 2018 were reviewed by auditors, who issued a report. They were closed and approved by the Board of Directors of SNCF Mobilités at its meeting on 27 February 2019.

[1] *The definition of recurring net profit (attributable to equity holders of the parent company) is included in the SNCF Mobilités Management Report under "Group results and finances", point 1. This aggregate is not audited.*
[2] *After net financial debt and tax and including dividends received from companies consolidated under the equity method.*

SNCF RÉSEAU: 2018 ANNUAL RESULTS

Revenue: 2018 was an eventful year, with highlights including passage of the new French railway pact; the French State's decision to assume €35bn n debt; rollout of the Nouvel'R corporate strategy; and a strike in the spring—which had a major impact on traffic, reducing infrastructure service fees invoiced to customers. Yet the company showed its resilience, by maintaining production at a high level, and its ability to adapt its transport plans in a crisis. Revenue came to €6.3bn, down €163 million due to the strike (around -€217 million) and other exceptional items
totalling -€29 million, including a drop in re-invoicing for electricity and pre-existing disputes with rail companies. Excluding these exceptional impacts, business was up €83 million over 2017.

EBITDA and recurring net profit: EBITDA came to €1,553 million, a drop of €344 million from 2017, including around -€227 million in operating losses due to the strike; -€84 million due to resolution of pre-existing disputes; and -€22 million in exceptional impacts due to a change in information system. When these exceptional items are excluded, EBITDA was unchanged from 2017, as savings from the performance plan (+€42 million) offset the decline in traffic.

The resulting performance was €132m (on investments and operating expense), which is in line with the updated performance contract included in the new railway pact. With financial expense under control, the net cost of financial borrowing held steady despite a €3.0bn rise in net debt. Financial result was down €69m from 2017 after benefiting from an exceptional gain of the same magnitude. Taking these various factors into account, recurring net income of -€613 million was down €456 million due to the impact of the strike, reversals of provisions of €120 million in 2017, and a structural rise in depreciation and amortization.
Recurring net profit of -€4.8 million was affected by an asset write-down of €3.4bn, which had no impact on SNCF Réseau's financial structure or cash position. This accounting entry was the result of decisions taken by the government under the new railway pact: authorities decided to cap rises in TGV fares and freight prices, and to authorize SNCF Réseau to raise annual investments to upgrade and modernize its network to €200m, beginning in 2022. The impact of these decisions on financial statements is partly offset by performance targets. The revised current projection led to a write-off. Also under the new rail pact, France's Prime Minister announced on 25 May 2018 that the State would take over €35bn in debt from SNCF Réseau, starting with €25bn in January 2020 and adding €10bn in 2022. The transfer of debt will save nearly €1bn in annual interest expense for SNCF Réseau, and thus improve its future financial prospects. Technically, the transfer consists of setting up a mechanism based on identical mirror loans between SNCF Réseau and the Caisse de la Dette Publique (CDP), following which the State—once parliament gives its authorisation in the finance law—will replace SNCF Réseau as debtor of the CDP, relieving the company of the corresponding debt. As a result, assumption of the debt by the French State will not result in unfair treatment of creditors. Discounting of the calculation of deferred tax assets is impacted by €767 million in savings generated by the planned debt assumption and by the elimination of the tax rebate principle (Finance Act 2019).

Cash flows: Cash flow was €1,559 million, down 18% due to lower EBITDA. With €5.1bn in investment commitments, including €3.0bn financed by SNCF Réseau, the priority continues to be the effort to hold regeneration at the same level as in 2017, in particular for the core network.

Net indebtedness: Net debt totalled €49.6bn, up €3.0bn from the end of 2017 (€46.6bn). €2.1bn in financing was raised through bonds with an average maturity of 24.8 years, including a €1bn issue for a record term of 30 years. Following the announcement of French rail reform, no ratings agencies have modified their rating of SNCF Réseau to date (S&P AA, Moody's Aa2, Fitch AA).

Challenges and outlook: SNCF Réseau is committed to continuous improvement in efficiency, combining innovation with cost control. Its priority remains meeting its performance plan targets and taking the necessary cost-cutting measures, and it continues to invest heavily, focusing primarily on upgrading the core network.

PRESS RELEASE

SNCF RÉSEAU: KEY FIGURES IN 2018

CONSOLIDATED DATA (IFRS) € MILLIONS	2017	2018	Change
Revenue[1]	6,464	6,301	-2.5% +0.6 excl. strike
Incl. track access fees billed to SNCF Mobilités	3,568	3,409	-4.5%
EBITDA	1,897	1,553	-18.1%
Current operating profit	1,099	627	-42.9%
Financial profit	-1,172	-1,241	-5.9%
Recurring net profit (attributable to equity holders of parent company)[2]	-157	-613	-
Net profit (attributable to equity holders of parent company)	-201	-4,784	-
Self-financing capacity[3]	1,894	1,559	*-17.7%*
Total investments, all sources[4]	-5,180	-5,074	-2.0%
Incl. net investments financed by SNCF	*-2,829*	*-3,028*	+7.0%
Free cash flow[5]	-2,057	-2,502	-21.6%
Net indebtedness[6]	-46,630	-49,590	+6.3%

SNCF Réseau's financial statements at 31 December 2018 were reviewed by auditors, who issued a qualified report. They were closed and approved by the Board of Directors of SNCF Réseau at its meeting on 22 February 2019.

[1] 2017 revenue includes a -€32m adjustment for the impact of - IFRS 15 for comparison with 2018.

[2] Recurring net profit (attributable to equity holders of parent company) is defined in SNCF Group's Management Report; see part 1.4 Key financial and extra-financial figures. This aggregate is not audited.

[3] Excluding financial expense and tax.

[4] Including €2,095 million in third-party investments, operating costs excluding capitalized interest, and working capital requirement for investments, the total comes to €5,057m at 31 December 2018 and €5,378m at 31 December 2017.

[5] Calculation of free cash-flow based on cash flows is described in 5.5-Rapprochement avec les flux de trésorerie des activités de financement de l'annexe aux comptes consolidés de SNCF Réseau

[6] Net indebtedness corresponds to Net Financial Debt + PPP debt – PPP receivables. Debt at reimbursement value (French GAAP) was €48,245 million at 31 December 2018 vs. €45,510 million at 31 December 2017, and corresponds to debt at book value (French GAAP) excluding PPP, accrued interest not yet due and collateral.

SNCF Group's 2018 financial report is available at:
https://www.sncf.com/fr/groupe/finance

SNCF Mobilités' 2018 financial report is available at:
https://www.sncf.com/fr/groupe/finance/sncf-mobilites

SNCF Réseau's 2018 financial report is available at:
https://www.sncf-reseau.com/fr/entreprise/finance
http://investors.sncf-reseau.com

About SNCF

SNCF is a global leader in passenger and freight transport services, with revenue of €33.3 billion in 2018, of which one-third on international markets. With 272,000 employees in 120 countries, SNCF draws on its foundations in French rail and its extensive experience as an architect of transport services. It aims to become the benchmark for mobility and logistics solutions in France and worldwide. SNCF has six core businesses: SNCF Réseau (management and operation of the French rail network); commuter transport (mass transit in the Paris region, TER regional rail, and Keolis in France and worldwide); long-distance rail (TGV inOui, Ouigo, Intercités, Eurostar, Thalys and more, and ticket sales through Oui.sncf); SNCF Gares & Connexions (station management and development), SNCF Logistics (freight transport and logistics worldwide with Geodis, Fret SNCF and Ermewa) and SNCF Immobilier (management and optimization of SNCF property and land assets). **www.sncf.com**

About SNCF Mobilités

Within SNCF Group, one of the world's leading mobility and logistics players, SNCF Mobilités is a transport operator with revenue of €31.7 billion in 2018, of which one-third comes from international markets. The company has 204,000 employees, is present in 120 countries, and aims to become the world benchmark for excellence in mobility and logistics services. SNCF Mobilités has four business units: Mobility for commuter transport (Transilien mass transit in the Paris region, TER regional rail, and Keolis in France and worldwide); long-distance rail (TGV inOui, Ouigo, Intercités, Eurostar, Thalys, and more, and ticket sales through Oui.sncf); SNCF Gares & Connexions (station management and development), in the Paris region, regional and inter-city public transport, high-speed rail in France and Europe); and SNCF Logistics (freight transport and logistics worldwide, notably with Geodis, Fret SNCF and Ermewa). **www.sncf.com**

About SNCF Réseau

Within SNCF Group, one of the world's leading mobility and logistics players, SNCF Réseau manages, maintains, develops and sells access to the French rail network. It ensures the safety and performance of nearly 30,000 km of track, including 2,600 km dedicated to high-speed rail (one of the largest high-speed rail networks in the world). SNCF Réseau guarantees access to the network and to service infrastructures for its 42 customers in transparent, non-discriminatory conditions. Twenty-seven railway operators use the network, and 15 other companies, called authorized users (combined transport operators, ports, etc.) order track slots that they then assign to the railway operator of their choice. SNCF Réseau is the second largest public investor in France, with 58,000 employees and 2018 revenue of €6.3bn (including €3.4bn in track access fees from SNCF Mobilités). **https://www.sncf-reseau.fr/fr/investisseurs**

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