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SNCF GROUP 2016 ANNUAL RESULTS

HIGHLIGHTS

- + SNCF Group demonstrates drive and continues to grow in 2016. The Group reported **tangible achievements** across **all its business lines**—rail network, passenger travel and logistics—both in France and around the world. **Revenue stood at €32.3 billion, up 2.8%** (-1.5% at constant scope of consolidation and exchange rates).
- + In a sluggish environment, growth resulted from the Group's **marked responsiveness** and **successful cost controls**, which generated **€825 million in savings. Net profit: €567 million.**
- + SNCF Group is one of the **largest business operations in France**:
 - **over €16.4 billion in purchases of products and services** in 2016;
 - on-going **investments totalling a very high €8.6 billion, over 90% of this in France**, serving **13.5 million passengers every day** and **170,000 shippers** worldwide;
 - **over 12,400 new hires and 164,000 indirect jobs supported in France in 2016**
- + In 2017, SNCF Group will **step up the development of mobility and logistics solutions for its customers** in an environment where a **continued focus on performance is necessary in**:
 - **network safety and upgrades**
 - **quality of passenger, freight and logistics services**
 - acceleration in **door-to-door offering** and increased **digital innovation**
 - expansion on **international markets.**

WHAT THEY SAID

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

"SNCF Group is continuing its transformation and strategic development. Its priorities are built into 10-year contracts between the French State, SNCF Group, SNCF Réseau and SNCF Mobilités."

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

"We are continuing to expand, seeking growth where it lies. Thanks to our commercial agility and exemplary cost controls, we reported a profit this year. SNCF's transformation continues—and we continue to serve our customers as we strive to become a standard-setter for mobility and logistics solutions in France and around the world."

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

"We are stepping up the pace of our commuter network upgrade and deploying efficient industrial solutions. Increased use of automation and digital technologies will spearhead developments in our sector, to the benefit of the railway operators in our client base. We have the resources to become the world benchmark in infrastructure management—and we have every intention of doing so."

IN 2016, SNCF GROUP CONTINUED TO GROW

Momentum across all business lines

In 2016, SNCF Group reported **revenue of €32.3bn, with one-third on international markets**. This represented a **2.8% rise** (-1.5% at constant scope of consolidation and exchange rates) and was due primarily to a strategic decision to seek growth where it was (Geodis America). Despite the sluggish economy and short-term upsets—terrorist attacks, floods, strikes, slump in steel and grain—that together cut revenue by nearly €700m, SNCF nonetheless posted **tangible achievements across all of its business lines**:

- **In the Paris region**, passenger traffic rose **3.7%**, thanks in particular to the introduction of a single fare for travel throughout the region. Transilien maintained its on-time arrival performance despite an increase in the number of suspect package incidents.
- On long-distance connections, **low-cost multimodal offers were rolled out**. Ouigo began serving Tourcoing, Rennes and Nantes. Despite fiercer competition, **Ouigo, Ouibus and Ouicar** were strikingly successful, **with passenger numbers up 76%**.
- TGV France won new travellers in 2016, thanks in particular to special **low-cost tickets and its new TGV POP offering (TGV traffic up +1.9%** excluding strikes, despite competition from road transport and fallout from terrorist attacks).
- Stations were upgraded to meet travellers' need for retail outlets. **Revenue from commercial concessions rose 8%**.
- Keolis strengthened its position in **Germany** (winning new contracts), **Shanghai** (automated metro), **Manchester** (light rail), and Australia's **Newcastle** (multimodal contract). **Over 90% of its contracts in France were renewed**, in particular Lyon and Dijon. Keolis crossed the **3-billion traveller** mark and generated **50% of its business on international markets**.
- **SNCF Logistics** reported revenue of **over €10bn (55% on international markets)**, buoyed during the year by momentum at Geodis, **rail freight in Europe** (volume + 12%), STVA (automotive logistics) and resource management (Ermewa). OHL, acquired at the end of 2015 and now operating as **Geodis America**, confirmed its perfect fit with Geodis and **outperformed all of its targets**.

Digital technology and door-to-door solutions gather pace

With investments totalling €200m, 2016 marked a turning point for digital technology.

For operations, digital technologies improved oversight of infrastructure, trains and stations thanks to remote diagnostics, supervision, and preventive maintenance, and more. **For passengers**, digital solutions meant free WiFi in stations and a rise in online ticket sales. **Voyages-sncf.com** reported online sales up **4.8%**, with **9.2 million active customers**.

Digital technology made door-to-door travel easier. Downloads of **ID Pass**, SNCF Group's core app for delivering door-to-door mobility solutions, rose sharply. And Keolis acquired **LeCab**, the second largest supplier of chauffeured car rentals in the Paris Region. In Lyon Keolis introduced **NAVLY, the first public transport service using 100% driverless electric cars**. And Gares & Connexions continued to roll out **multimodal hubs** served by trains, buses, metros, light rail, taxis, bicycles and more.

Revenue up
+2.8%

+3.7% rise
in passenger traffic in
the Paris region

+76% rise in Ouigo,
Ouibus and Ouicar
passengers

+8%
rise in revenue
from stations

3 BILLION
passengers carried
by Keolis

+12% rise in rail
freight in Europe
SNCF Logistics
>€10bn revenue

17 MILLION
downloads of
SNCF app

+4.8%
rise in online
transactions
at Voyages-sncf.com

Investment continues to serve customers better

In keeping with official targets, 2016 saw **very heavy investments once again**. These totalled **€8.6bn**, with 65% financed by SNCF. **Over 90% were made in France**.

The priority was improved **safety and performance for the infrastructures used by commuter transport, with €5.2bn invested in the rail network**. During the year, all safety programmes gathered pace and efforts to improve maintenance and upgrades continued, including a **record €2.8bn renovation programme** with:

- Nearly **1,100 km of track upgraded**
- Over 1,500 works projects undertaken, half performed at night
- Over **460 switch replacements**

SNCF Réseau continued to focus on **operational performance: digitizing and upgrading maintenance, bundling shipments, and optimizing worktime**, along with new equipment and development of **industrial partnerships**.

Major engineering works were completed:

- Start-up of the second phase of **the high-speed Est line TGV**
- **Elimination** of the rail bottleneck at **Bordeaux**.

A contract was signed to outfit the future **EOLE** line—an extension of RER E line to the suburbs west of Paris—with Nexteo, a new, more efficient **automated system that ensures better spacing of trains**.

An additional **€3.4bn** was assigned to **passenger carriage** at SNCF Mobilités, **half for rolling stock** (including new trainsets: 22 for Francilien, 110 for TER regional service, 10 for TGV high-speed service, and 4 for Eurostar).

SNCF—a major player in France

With €1.64bn in total procurement (excluding track access fees, SNCF Réseau public-private partnerships, and Geodis sub-contracting), SNCF Group is responsible for **164,000 indirect jobs in France**, through **31,000 suppliers— more than 20,000 of them mid-size, small or very small companies** (25% of total budget). This gives it a vital economic role in French regions, and is why the Group has a **very active CSR** (Corporate Social Responsibility) **policy**.

SNCF Réseau has established long-term partnerships with its industrial suppliers to accelerate full-scale deployment of works.

SNCF—a leading employer

In 2016, SNCF Group hired over 12,400 new employees in France, over half in the rail sector.

€8.6bn
invested to serve
customers

OVER 90%
of investments
made in France

€5.2bn
investments
in rail network
including
a record
€2.8bn in
upgrades

€16.4bn
PROCUREMENT
SNCF is one of France's
leading purchasers of
products and services

OVER 12,400
new hires in France
with more than
50% in rail

IN A SLUGGISH ECONOMY, GROWTH WAS DRIVEN BY SNCF GROUP'S RESPONSIVENESS, EXEMPLARY CONTROL AND ADAPTABILITY, AND PRODUCTIVITY GAINS

Solid results

Development came against a backdrop of persistently weak growth in France and Europe, and despite a series of upsets—a slump in tourism due to terrorist attacks, serious flooding, and strikes in spring. It was made possible by **strict budgetary and financial discipline throughout the Group**.

SNCF Group reported **EBITDA of €4.1bn** in 2016, or **12.8% of revenue**, down from 2015 due primarily to lower margin on passenger rail business. Despite the difficult environment, contributing factors were its continued cross-functional performance plan, an operational performance plan at SNCF Réseau, and a plan focusing on operations and sales at SNCF Mobilités. Together these generated **full-year savings of €825 million**, above the €750 million target. More specifically, factors included optimized purchasing for network upgrades, reduced production costs, a very responsive and agile sales policy, adjustments in product offering, efforts to fight carrier fraud, and lower structural costs at Group level.

Keolis and Geodis, the Group's two largest subsidiaries, **both reported higher profitability**. Taken together, measures aimed at tightening financial oversight allowed SNCF to meet its targets and report **net profit of €567m**.

Throughout the year, SNCF Group maintained an unrelenting focus on two priorities: safety and customer satisfaction. In safety, efforts paid off, with the register of **SSIs (Special Safety Incidents) showing a 21% decline in 2016**—the steepest fall in 15 years. **Customer satisfaction** is high overall at **above 80%** for rail operations.

The Group also reviewed its asset position, selling 50% of its shares in Akiem (resource management) for a **capital gain of €94m**, and disposing of **€180m** in non-strategic property during the year.

Effective, sustainable financial management

In 2016, SNCF Réseau became the world's largest rail infrastructure manager and Europe's first transport company to issue a **Green Bond, in an amount of €900m**. Funds raised were earmarked for long-term upgrades. The company also launched a new US-dollar denominated bond through a US\$1 billion public offering, placed primarily in North America, Asia and the Mideast. Full-year, SNCF Réseau raised a total of €4.7bn.

For its part, SNCF Mobilités issued a successful **€1bn bond issue** at the outset of 2017 at very favourable conditions. Together these two bond issues illustrate the two companies' **excellent financial management** and their **creditworthiness**, which was unanimously acknowledged by investors.

Debt under control at SNCF Mobilités

The same strict discipline held financial debt at **SNCF Mobilités at €7.9bn**, while financing development and heavy investments. **SNCF Réseau's net financial debt stood at €44.9bn** (redemption value: €42.0bn).

€825m
in productivity
gains in 2016

€567m
Net profit
in 2016

-21%
fall in special safety
incidents

€180m
in property
disposals in 2016

€900m
SNCF Réseau
issues Green Bond

SNCF Mobilités
net debt
€7.9bn

SNCF Réseau
net debt
€44.9bn

2017 OUTLOOK: ACCELERATE AND EXPAND MOBILITY OPTIONS FOR CUSTOMERS IN AN ECONOMY WHERE CONTINUED TIGHT MANAGEMENT IS ESSENTIAL

Economic and geopolitical uncertainty

Growth prospects for 2017 call for caution, due in particular to uncertainty hanging over tourism as well as flagging international trade, where growth is the slowest it has been since 2009. During the year, certain sectors need recovery: rail freight in France, plus other rail operations hit by increasingly fierce competition.

In this uncertain environment, SNCF Group is pursuing its bold objectives while doubling down to promote cost-cutting and efforts to boost productivity.

Excellence across all business lines

The Group's business lines will continue to adjust operations to meet customer expectations, while maintaining their **focus on safety, security, outstanding service and information, through increasingly customized client relationships**, with the development of **door-to-door mobility solutions** for passengers and **end-to-end service** for shippers.

SNCF accelerates customer mobility

With a high-performance rail network

- **Ramped up** investment outlays (**€5.3bn**) that make commuter network upgrades a priority
- Expanded **industrial transformation and scaled up innovation**
- **New rail control towers** at Paris-Gare de Lyon, Vitry and Saint Denis
- Clear economic and financial trajectory thanks to **10-year agreement with the French State*** and **ambitious on-going performance plans**.

With new lines serving French regions

- **Bordeaux will be just 2h04 from Paris** and **Rennes 1h27 from Paris** when new high-speed lines serving Brittany/Pays de la Loire and Southern Europe/Atlantic enter service in July 2017.
- Start-up of **Nimes-Montpellier by-pass** at year-end 2017.
- Launch by Keolis of **automated metros in Hyderabad (India) and Shanghai (China)**
- Launch of a **rail-motorway service between the UK and Spain via Calais-Le Boulou**
- Stronger presence of **SNCF Logistics in Europe, Asia and the USA**.

With stations and rolling stock

- Completion of renovation and upgrades at stations in **Bordeaux, Lille, Grenoble and Angoulême**
- Orders placed for **next-generation RER trainsets for Transilien** and initial projects in Grand Paris project
- Massive order for **new trainsets for Intercités**

Digital and door-to-door services

- Development of new services from Keolis: **MyBus with Le Cab and Navya**
- Deployment of door-to-door transport, with **ID Pass, Ouicar Connect** and more
- On-going deployment of digital technology, with free WiFi on **TGV Connect trainsets** and **co-working spaces in stations**.

* Approved at SNCF Réseau board meeting on 20 December 2016; signature to follow after a non-binding opinion from ARAFER.

€5.3bn
invested in
rail network

NEW LINES
to start up
in 2017

2017—a year of strict financial management

Projections call for organic growth in revenue to be moderate, but with **major gains in efficiency** as **performance plans targeting structural costs—and all business activities—are continued.**

Dedicated will to win

- Continued **profitable growth** in businesses, with a focus on **international markets**
- Drive to set the standard in **mass transit**
- Heavy investment in **shared and low-cost mobility**
- Heavy investment to continue in 2017, totalling **€9.0bn, including 60% financed by SNCF.**

SNCF—hiring now

SNCF Group will hire over 10,000 new employees in 2017, over half of them in the rail sector.

**2017—A YEAR
OF STRICT
FINANCIAL
MANAGEMENT**

€9.0bn invested to
serve customers

OVER 10,000
new hires in 2017

SNCF GROUP: 2016 KEY FIGURES

CONSOLIDATED DATA (IFRS) IN € MILLIONS	2015	2016	
Revenue	31 393	32 273	
<i>Change—2016/2015</i>		+2.8%	-1.5% at constant scope of consolidation and exchange rates
Gross profit (EBITDA)	4 425	4 144	
<i>As % of revenue</i>	14.1%	12.8%	
Financial profit	-1 500	-1 491	
Net profit (attributable to equity holders of parent company)	-12 228 ¹	567	Financial statements at 31 December 2016 for SNCF Mobilités, SNCF Réseau and SNCF Group were audited, closed and approved by the relevant Board of Directors or Supervisory Board on February 23, 24 and 27, 2017.
Self-financing capacity	2 577	2 269	
Total investments	8 171	8 573	
<i>Including SNCF capital investment</i>	5 645	5 525	

KEY FIGURES—SNCF MOBILITES & SNCF RESEAU

Figures as presented in the financial statements of SNCF Mobilités and SNCF Réseau

CONSOLIDATED DATA (IFRS) IN € MILLIONS	SNCF Mobilités		SNCF Réseau	
	2015 P	2016	2015 P	2016
Revenue	29 296	30 517	6 526	6 441
<i>Change—2016/2015 (at constant scope of consolidation and exchange rates)</i>		+4.1% (-1.4%)		-1% (-1%)
Gross profit (EBITDA)	2 401	2 284	2 028	1 889
<i>As % of revenue</i>	8.2%	7.5%	NM	NM
Financial profit	-265	-301	-1 225	-1 173
Net profit (attributable to equity holders of parent company)	-2 187 ¹	511	-10 041 ¹	-120
Self-financing capacity	1 707	1 506	2 082	1 869
Total investment	3 179	3 392	5 116	5 231²
<i>Including SNCF capital investment</i>	1 845	1 961	3 920	3 614
Free cash flow	179	-27	-2 951	-2 784
Net indebtedness (IFRS)	7 772	7 974	42 260	44 936³

P: Pro forma

¹ Adjusted for value of assets when new unified SNCF Group was created

² Including work on High Speed Line Tours-Bordeaux high-speed line, this totals €5,244m

³ Net indebtedness in redemption value totals €42.0bn vs €39.3bn in 2015

BUSINESS PERFORMANCE

Performance as presented in the financial statements of SNCF Mobilités and SNCF Réseau

2016 REVENUE

€ MILLIONS	2015 P	2016	change	At constant scope of consolidation & exchange rates
SNCF RESEAU	6 526	6 441	-1.1%	-1.1%
<i>Including track access fees billed to SNCF Mobilités</i>	3 779	3 502		

SNCF MOBILITES

SNCF Voyageurs	14 974	15 136	+1.1%	-1.9%
<i>Including Voyages SNCF</i>	6 746	6 816	+1.0%	-4.3%
Including SNCF Gares & Connexions	356	443	+24.6%	+11.6%
SNCF Logistics	9 070	10 040	+10.7%	-0.7%
SNCF Keolis	4 907	4 978	+1.4%	-0.2%

2016 GROSS PROFIT (EBITDA)

€ MILLIONS	2015 P	2016
SNCF RESEAU	2 028	1 889
<i>As % of revenue</i>	NM	NM

SNCF MOBILITES

SNCF Voyageurs	1 626	1 319
<i>As % of revenue (at business scope level)</i>	10.6%	8.5%
Including Voyage SNCF	867	633
<i>As % of revenue (at business scope level)</i>	11.7%	8.5%
Including SNCF Gares & Connexions	220	206
<i>As % of revenue (at business scope level)</i>	18.2%	16.7%
SNCF Logistics	295	490
<i>As % of revenue (at business scope level)</i>	3.2%	4.8%
SNCF Keolis	261	294
<i>As % of revenue (at business scope level)</i>	5.2%	5.8%

2016 was a difficult year, with operations affected by terrorist attacks, strikes and a persistently sluggish economy in France. In passenger transport, aggressive competition was fueled by low oil prices (ride-sharing, low-cost flights). In freight, low prices were compounded by the fragile French economy (crisis in steel, worst grain harvest in 30 years).

P: Proforma

PRESS RELEASE



SNCF Réseau's 2016 financial report is available at: www.sncf-reseau.fr

SNCF Mobilités' 2016 financial report is available at:
www.sncf.com/fr/finance/rapports-financiers

About SNCF Group

SNCF is a global leader in passenger and freight transport services with revenue of €32.3 billion in 2016, of which one-third on international markets. With 260,000 employees in 120 countries, SNCF draws on its foundations in French rail and on its extensive experience as an architect of transport services. It aims to become the benchmark for mobility and logistics solutions, both in France and worldwide. SNCF has six core businesses: SNCF Réseau (management and operation of the French rail network); SNCF Voyageurs (commuter transport in the Paris region, regional and inter-city public transport, high-speed rail in France and Europe); SNCF Gares & Connexions (management and development of stations); SNCF Logistics (freight transport and logistics worldwide); Keolis (mass transit and public transport in Europe and around the globe); and SNCF Immobilier (management and optimization of SNCF property and land assets). www.sncf.com

About SNCF Réseau

Within SNCF Group, a public rail transport group and one of the world's leading mobility and logistics players, SNCF Réseau manages, maintains, develops and sells access to the French rail network. It guarantees the safety and performance of over 30,000 km of track, including 2,100 km dedicated to high-speed rail. SNCF Réseau guarantees access to the network and to service infrastructures for its 38 customers in transparent, non-discriminatory conditions. Twenty-six railway operators use the network and 12 other companies, called authorized users (combined transport operators, ports, etc.) order track slots that they then turn over to the railway operator of their choice. SNCF Réseau is the second largest public investor in France, with 55,000 employees and 2016 revenue of €6.4bn (including €3.5bn in track access fees from SNCF Mobilités).

www.sncf-reseau.fr/en/investing-for-the-rail-network-of-the-future

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 €30.5 billion in 2016, of which one-third comes from international markets. The company has 194,000 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: SNCF Voyageurs (commuter transport in the Paris region, regional and inter-city public transport, high-speed rail in France and Europe); SNCF Gares & Connexions (management and development of stations); SNCF Logistics (freight transport and logistics worldwide); and Keolis (mass transit and public transport in Europe and around the globe). www.sncf.com

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