BOARD OF DIRECTORS' MEETING OF 28 JULY 2017

SNCF MOBILITÉS GROUP

30 June 2017

HALF-YEAR ACTIVITY REPORT

and

CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT STATEMENT
FOR THE HALF-YEAR FINANCIAL REPORT

La Plaine Saint-Denis, 28 July 2017,

We attest that, to the best of our knowledge, the half-year consolidated financial statements 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 Group as of 30 June 2017 and of the results of its operations for the period then ended, and that the accompanying half-year financial report fairly presents the changes in operations, results and financial position of the Group and a description of its main risks and uncertainties.

The Chairman

Guillaume PEPY

Executive Vice-President,

Performance

Mathias EMMERICH

30 June 2017

HALF-YEAR ACTIVITY REPORT

IFRS In € millions

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SNCF MOBILITÉS GROUP IN 2017

1 MAJOR EVENTS IN THE FIRST HALF OF 2017

1.1 NEW DEFINITION OF GROSS PROFIT

The SNCF Mobilités Group decided to modify the calculation of gross profit as at 1 January 2017. Used provision reversals, initially included in gross profit, are now presented under "Net movement in provisions" in the income statement. The change in presentation resulted in a €65 million decrease in gross profit for the period ended 30 June 2017 (€90 million as at 30 June 2016) offset by an increase in "Net movement in provisions" for the same amount (see Note 1.3 to the condensed half-year consolidated financial statements).

1.2 SALE OF STVA

The SNCF Mobilités Group is in the process of selling STVA.

As at 30 June 2017, and pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of this subsidiary were reclassified to "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" in the statement of financial position. Detailed information is presented in Note 4.1 to the condensed half-year consolidated financial statements.

1.3 NEW SECTOR BREAKDOWN

The publication of Decree 2016-1468 on 28 October 2016 adjusted the positioning as from 1 January 2017 of SNCF Gares & Connexions within SNCF Mobilités by creating a business unit in its own right. Accordingly, segment reporting was modified to present this business unit separately and no longer as a segment within SNCF Voyageurs (see Note 3 to the condensed half-year consolidated financial statements).

1.4 BOND ISSUE

On 2 February 2017, SNCF Mobilités issued a 12-year €1 billion fixed-rate bond swapped at floating rates for half the amount. Both the bond and swap mature on 2 February 2029. Furthermore, SNCF Mobilités benefits from a swaption to revert to a fixed rate in the amount of €250 million with a maturity date of 20 April 2017. A second tranche of €300 million was issued on 31 May 2017.

1.5 SIGNATURE OF PROPERTY BILLS OF SALE

Property disposals concluded in January 2017 generated capital gains for a total of €103 million. These disposal gains were recorded in 2017 under the heading "Net proceeds from asset disposals" in the consolidated income statement.

1.6 REDUCTION IN THE TERRITORIAL SOLIDARITY TAX (CST)

In a letter sent to the Chairman of SNCF Mobilités dated 13 February 2017, the French Prime Minister decided to reduce, as from 2017 and until 2022, the CST paid by SNCF Mobilités. The total reduction will amount to €420 million and will have an impact on gross profit in the income statement.

This decision was made in the context of a reorganisation of Trains d'Equilibre du Territoire (TET) following the roadmap presented by the Government on 7 July 2015 and accompanied by a new 2016-2020 break-even agreement for the period. It is consistent with the recommendations of the French Court of Auditors of 13 February 2015 to reduce the weight of SNCF Mobilités' contribution to TET financing.

It is not offset by any increase in expenses for SNCF Mobilités or decrease in the financial compensation receivable from the French State with regard to TET, as the financial trajectory of the agreement signed with Intercités is not challenged.

As at 30 June 2017, considering that the 2017 Finance Act will be amended to take into account the French Prime Minister's letter, the CST charge amounts to €40 million, boosting gross profit by €76 million compared to the €116 million CST charge recorded as at 30 June 2016.

2 KEY FIGURES

In € millions	30/06/2017	30/06/2016(*)
Revenue	15,761	15,143
Gross profit	1,179	743
Current operating profit	509	132
Operating profit after share of net profit of companies consolidated under the equity method	687	254
Finance cost	-131	-207
Net profit/(loss) for the year attributable to equity holders of the parent	338	-25
Cash from operations	817	485
Net investments (1)	-1,010	-1,073
Free cash flow (2)	284	-592
Current operating profit after share of net profit of companies consolidated under the equity method	534	150
ROCE (3)	7.5%	1.8%
Employees	190,723	193,747

(*) Following the change in the gross profit definition, used provision reversals are now classified under current operating profit or loss (see Note 1.3 to the condensed half-year consolidated financial statements).

(1) Net investments are calculated by adding up:

- cash flow statement line items: "Purchases of intangible assets and property, plant and equipment," "Investment grants received," "New concession financial assets," and "Payments received for concession financial assets;"
- finance lease investments detailed in Note 4.1.2 to the condensed half-year consolidated financial statements.

(2) Free Cash Flow is calculated by adding up:

- cash flow statement line items: "Cash from operations after net borrowing costs and taxes," "Purchases of intangible assets and property, plant and equipment," "Investment grants received," "Proceeds from disposals of intangible assets and property, plant and equipment," "New concession financial assets," "Payments received for concession financial assets," "Impact of the change in the WCR;"
- the change in tax WCR included in "Taxes paid (collected)" in the cash flow statement;
- dividends received from entities consolidated under the equity method included in "Dividends received" in the cash flow statement;
- finance leased investments described in Note 4.1.2 to the condensed half-year consolidated financial statements.

(3) ROCE or return on capital employed = the ratio between current operating profit after share of net profit of companies consolidated under the equity method and average capital employed.
The capital used in this calculation is the algebraic sum of equity (including non-controlling interests - minority interests) and net indebtedness. It is adjusted for asset impairment. The average with the prior year's capital employed gives the average capital employed. The ROCE presented here was calculated on a 12-month rolling basis.

In € millions	30/06/2017	31/12/2016
Net debt	7,703	7,974

3 SUBSEQUENT EVENTS

There were no subsequent events.

GROUP RESULTS AND FINANCIAL POSITION

1 GENERAL OBSERVATIONS ON GROUP RESULTS

In € millions	30/06/2017	30/06/2016(*)	Change 2017 vs. 2016	
Revenue	**15,761**	**15,143**	**618**	**4.1%**
Infrastructure fees	-2,122	-2,091	-31	1.5%
Purchases and external charges, excluding infrastructure fees	-6,350	-6,165	-185	3.0%
Taxes and duties other than income tax	-687	-781	94	-12.0%
Employee benefit expense	-5,645	-5,549	-96	1.7%
Other income and expenses	223	188	36	19.0%
Gross profit	**1,179**	**743**	**436**	**58.6%**
Depreciation and amortisation	-701	-688	-13	1.8%
Net movement in provisions	31	76	-46	-59.6%
Current operating profit	**509**	**132**	**378**	**286.1%**
Net proceeds from asset disposals	133	110	23	21.0%
Fair value remeasurement of the previously held interest	31	26	5	18.6%
Impairment losses	-11	-32	21	-66.3%
Operating profit	**662**	**235**	**427**	**181.5%**
Share of net profit of companies consolidated under the equity method	25	18	6	34.6%
Operating profit after share of net profit/(loss) of companies consolidated under the equity method	**687**	**254**	**433**	**170.8%**
Net finance costs of employee benefits	-9	-49	40	-81.5%
Net borrowing and other costs	-122	-158	36	-22.8%
Finance cost	**-131**	**-207**	**76**	**-36.6%**
Net profit before tax	**556**	**47**	**509**	**1092.3%**
Income tax expense	-200	-93	-106	113.7%
Net profit/(loss) from ordinary activities	**356**	**-47**	**403**	**-861.0%**
Net profit before tax of transferred operations				n/a
Net profit/(loss) for the period	**356**	**-47**	**403**	**-861.0%**
Net profit/(loss) for the period attributable to equity holders of the parent	**338**	**-25**	**363**	**-1447.7%**
Net profit/(loss) for the year attributable to non-controlling interests (minority interests)	18	-22	40	-184.6%

Gross profit /revenue	*7.5%*	*4.9%*
Current operating profit /revenue	*3.2%*	*0.9%*
ROCE (1)	*7.5%*	*1.8%*

(*) Following the change in the gross profit definition, used provision reversals are now classified under current operating profit or loss (see Note 1.3 to the condensed half-year consolidated financial statements).

(1) See definition of ROCE in Key figures

1.1 COMPARABILITY OF FINANCIAL STATEMENTS

The comparability of the 2017 results with those of 2016 was impacted by the following changes:

In € millions			Impact on changes in revenue
SNCF Voyageurs	Voyages SNCF	Exchange rate fluctuations	-29
SNCF Logistics	Geodis TFMM Ermewa STVA & Other	**Change in 2016 Group structure (1)**	
		Loss of control of Akiem (Ermewa)	-21
		Takeover of Thalès Geodis Freight Logistics (Geodis)	13
		Changes in 2017 Group structure	
		Sale of Itnovem (TFMM)	-2
		Acquisition of Ateliers de Provence (Ermewa)	1
		Exchange rate fluctuations	30
Keolis		**Change in 2016 Group structure (1)**	
		Acquisition of Le Cab	5
		Acquisition of Cars Gembloutois	1
		Changes in 2017 Group structure	
		Acquisition of Compagnie des Autobus Liégeois	2
		Acquisition of L2O	1
		Exchange rate fluctuations	7
Corporate		**Change in 2016 Group structure (1)**	
		Loss of control of Akiem - indirect impact	9
		Exchange rate fluctuations	0
Total Group structure and exchange rate impacts			**16**

(1) Operations carried out in 2016 having an impact on 2016/2017 revenue trends

1.2 2017 FIRST-HALF RESULTS

1.2.1 Revenue

SNCF Mobilités Group consolidated revenue amounted to €15,761 million for the period ended 30 June 2017, for an increase of €618 million (+4.1%) compared to 2016, attributable to:

- a Group structure impact for €8 million (*see 1.1*),
- a foreign exchange impact of €8 million (*see 1.1*),
- an organic increase of €602 million (+4.0%) for the Group; the changes for the segments were as follows:

SNCF Transilien, TER and Intercités	+€131 million,	+3.3%
Voyages SNCF	+€221 million,	+6.6%
SNCF Gares & Connexions	+€22 million,	+10.8%
SNCF Logistics	+€161 million,	+3.3%
Keolis	+€58 million,	+2.3%

1.2.2 Gross profit

Standing at €1,179 million in 2017, gross profit improved by €436 million, or 58.6%. Gross profit over revenue increased from 4.9% to 7.5% between 2016 and 2017.

Lost gross profit attributable to the labour strikes in the first half of 2016 was estimated at €154 million.

In € millions	30/06/2017	30/06/2016(*)	Change 2017 vs. 2016		Change 2017 vs. 2016 *on a constant Group structure and exchange rate basis*	
Revenue	15,761	15,143	618	4.1%	602	4.0%
Employee benefit expense	-5,645	-5,549	-96	1.7%	-85	1.5%
Purchases and external charges (excluding infrastructure fees, traction energy and fuel costs) and other income and expenses	-5,616	-5,481	-135	2.5%	-67	1.2%
Infrastructure fees	-2,122	-2,091	-31	1.5%	-54	2.6%
Traction energy and fuel prices	-511	-497	-15	3.0%	-16	3.2%
Taxes and duties other than income tax	-687	-781	94	-12.0%	93	-11.9%
Gross profit	1,179	743	436	58.6%	474	63.7%
Gross profit/revenue	*7.5%*	*4.9%*				

(*) Following the change in the gross profit definition, used provision reversals are now classified under current operating profit or loss (see Note 1.3 to the condensed half-year consolidated financial statements).

NB: The analyses concerning gross profit involve changes on a constant Group structure and exchange rate basis.

The €54 million (+2.6%) increase in **infrastructure fees** was due for €73 million to the impact of the labour strikes in the first half of 2016.

Purchases of **traction energy and fuel** rose by €16 million (+3.2%) due to the increase in oil prices partly offset by the savings generated on electricity purchases.

The €93 million (-11.9%) decrease in **taxes and duties other than income tax** was attributable for €76 million to the decrease in the regional solidarity tax (CST), which dropped from €116 million in 2016 to €40 million in 2017 (see Note 1.6 Major events in the first half of 2017).

1.2.3 Current operating profit

Current operating profit stood at €509 million, up by €378 million compared to 2016.

The revenue to current operating profit conversion rate thus rose from 0.9% in 2016 to 3.2% in 2017.

The €436 million rise in gross profit was partly curbed by the slight €13 million increase in depreciation and amortisation and by the net movement in provisions: a net reversal of €31 million in 2017, compared to €76 million in 2016.

1.2.4 Operating profit

Operating profit increased by €426 million, amounting to +€662 million.

Net proceeds from asset disposals in 2017 mainly comprised property sales.

The **fair value remeasurement of the previously held interest** heading was impacted in 2017 by the takeover of RE4A that was previously consolidated under the equity method.

1.2.5 Finance cost

The item increased by €76 million, primarily due to a change in the valuation assumptions used for employee benefits and changes in fair value impacts.

1.2.6 Income tax expense

Income tax expense rose by €107 million between 2016 and 2017. This increase was primarily attributable to the tax on rail company profits (TREF).

1.2.7 Net profit/(loss) for the year attributable to equity holders of the parent

As a result of all these changes, net profit attributable to equity holders of the parent company totalled €338 million, compared to a loss of -€25 million in 2016, after recognition of a net loss attributable to non-controlling interests (minority interests) of €18 million.

ROCE (calculated on current operating profit after share of net profit of companies consolidated under the equity method) increased from 1.8% to 7.5%.

2 ACTIVITIES AND RESULTS BY SEGMENT

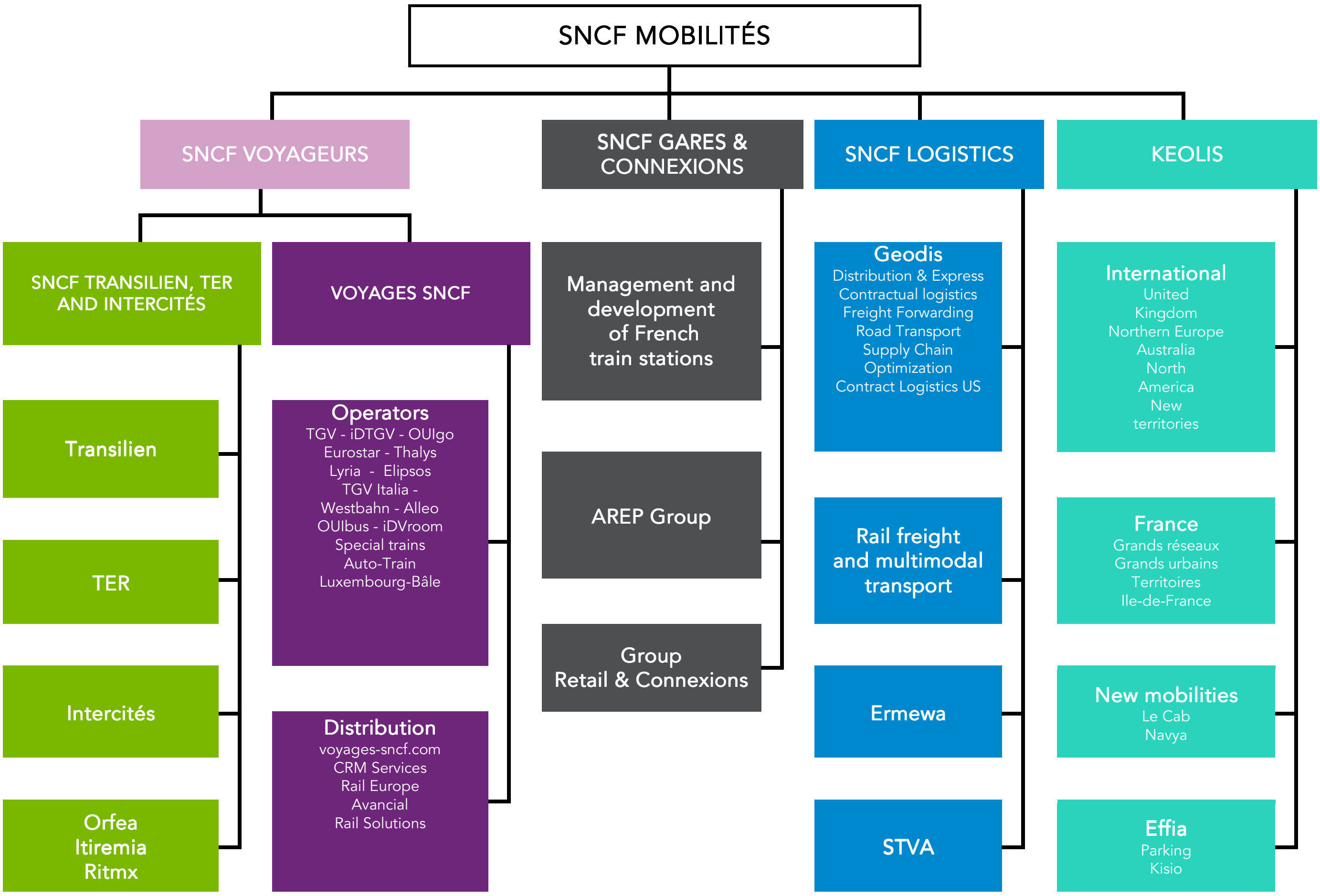
SNCF Mobilités Group's activity is organised according to four business units backed by support functions: SNCF Voyageurs, SNCF Gares & Connexions, SNCF Logistics and Keolis. Within these business units, SNCF Mobilités Group's activity is broken down into eight segments.

SNCF Voyageurs comprises two segments:SNCF Transilien-TER-Intercités and Voyages SNCF.

SNCF Gares & Connexions is a segment on its own.

SNCF Logistics is broken down into four segments:Geodis, Rail freight and multimodal transport (TFMM), Ermewa and STVA.

Keolis is a segment on its own.



Only the main subsidiaries are presented in this organisational chart and those that follow.

Contributions to revenue, gross profit, current operating profit, current operating profit after share of net profit of companies consolidated under the equity method and net investments of the Group's components break down as follows (the financial data per segment shown in the table below and the tables on the following pages are presented as a Group contribution):

In € millions	SNCF Voyageurs	SNCF Gares & Connexions	SNCF Logistics	Keolis	Corporate	SNCF Mobilités
External revenue	7,619	228	5,118	2,599	196	15,761
Gross profit	671	93	190	149	75	1,179
Current operating profit/(loss)	390	41	60	31	-12	509
Current operating profit/(loss) after share of net profit of companies consolidated under the equity method	391	40	61	51	-9	534
Net investments	-496	-119	-192	-133	-70	-1,010

Unless stated otherwise, the analyses of results by segment are not restated for Group structure and foreign exchange impacts.

SNCF Mobilités management monitors the external revenue generated by each segment (group contribution) and not the revenue generated between each segment. The revenue presented in the analyses by segment is therefore external revenue.

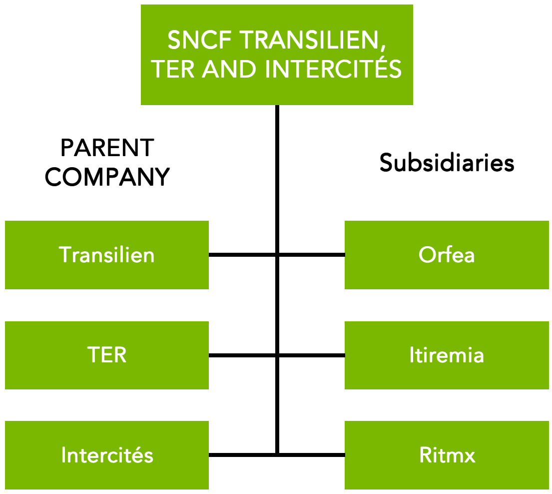
However, the gross profit/revenue indicator presented by segment is calculated based on revenue between segments since it is not relevant based on revenue contributed.

Revenue between segments represents the total internal and external revenue presented in Note 3.1 to the condensed half-year consolidated financial statements.

2.1 SNCF VOYAGEURS

In € millions	SNCF Transilien, TER and Intercités	Voyages SNCF	DG SNCF Voyageurs	Total SNCF Voyageurs
External revenue	4,076	3,543	0	7,619
Gross profit	191	488	-7	671
Current operating profit/(loss)	79	319	-8	390
Current operating profit/(loss) after share of net profit of companies consolidated under the equity method	79	320	-8	391
Net investments	-144	-349	-3	-496

2.1.1 SNCF TRANSILIEN, TER AND INTERCITÉS



SNCF Transilien, TER and Intercités offer local transport services, medium-distance links (Intercités), rail transport regulated services (TER, Transilien), and services covering passenger transport (Itiremia, Ritmx) and housing for group employees (Orfea).

In € millions	H1 2017	H1 2016 (*)	Change
External revenue	4,076	3,945	131
Gross profit	191	160	31
Gross profit / revenue at SNCF Transilien, TER and Intercités level	*4%*	*3.8%*	
Current operating profit	79	109	-30
Current operating profit after share of net profit of companies consolidated under the equity method	79	109	-30
Net investments	-144	-280	136

(*) Following the change in the gross profit definition, used provision reversals are now classified under current operating profit or loss (see Note 1.3 to the condensed half-year consolidated financial statements).

Highlights

<u>Transilien</u>

- Following its Board of Directors' meeting of 11 January 2017, the Syndicat des transports d'Île-de-France (STIF) announced key decisions for Transilien, including:
    - The order of 71 new trains for the RER E and D lines. Alstom, in a consortium with Bombardier, will design and supply this new generation of double-deck trains. This new type of train with no separation between cars was specifically designed for mass transit in Île-de-France.
    - The adoption of the main principles for the creation of the RER D 2019 annual service. As of this year, the future timetable will be jointly drafted by elected representatives and passenger associations.
- Amendments to the contract between Transilien and the STIF were adopted in May; they cover the summer renovations of the RER A and C lines, the Île-de-France charter on the treatment of passengers and the creation of a ticket that can be used during periods of high pollution.
- The first half of 2017 was also marked by the ongoing rolling stock renewal (order of 83 Regio 2N trains for the N and D lines in addition to the aforementioned order for the RER E and D lines) and the infrastructure renovation program designed to improve the Transilien network's operation and meet the steadily increasing level of passenger traffic.

TER

- Implementation of Cap TER through 1 national programme, 11 regional programmes, 4 work sites and 25 projects.
- Signature of a memorandum of agreement with the Pays de la Loire region for the pre-agreement objectives.
- Set-up of new digital applications in distribution (+28% in TER-only sales, +9% in connections).

Intercités

- The 2016-2020 Trains d'Équilibre des Territoires agreement was signed on 27 February 2017 between the French State and the Agence de financement des infrastructures de transport de France (AFITF). This agreement, which takes into account changes in the TET scope, reflects the French State's determination to ensure that operations break even economically over the term of the agreement. Efforts on the part of the Intercités operator in terms of productivity, transparency and commercial revitalisation are also included.
- The French State confirmed its role as Organising Authority on six backbone day lines (Paris-Orléans-Limoges-Toulouse, Paris-Clermont-Ferrand, Bordeaux-Toulouse-Marseille, Nantes-Bordeaux, Toulouse-Hendaye and Nantes-Lyon) and two night lines (Paris Briançon and Paris-Albi/Rodez). The French State also pledged to renew all rolling stock by 2025, for a total cost of around €3.5 billion. A financing agreement signed on the same date between the French State, AFITF and SNCF Mobilités confirmed the acquisition of 30 Coradia Liner Alstom trains for €360 million.

2017 first-half results

- Revenue

2017 revenue was up €131 million (+3.3%) compared to 2016. Excluding the counter-effect of the 2016 strikes, revenue growth was reduced to +€15 million (+0.4%): Transilien activity rose by 1.8% while TER business was stable; Intercités revenue fell due to the reduction in night train services.

- Gross profit

Gross profit for SNCF Transilien, TER and Intercités rose by €31 million (+19.4%) between 2016 and 2017. Excluding the counter-effect of the 2016 strikes, it declined by €28 million: the decrease concerns TER whose margin was impacted by reduced contributions from the Regions. However, the rise in Transilien activity had a positive impact on its gross profit, which increased by €7 million; likewise, the Intercités margin rose by €4 million due to sales initiatives and the streamlining of offers.

- Current operating profit

Current operating profit declined by €30 million. The increase in gross profit was more than offset by the net movement in provisions: a net charge of €5 million in 2017, compared to a net reversal of €58 million in 2016.

- Net investments

The net investments of SNCF Transilien, TER and Intercités dropped considerably by €136 million compared to 2016, reflecting the substantial increase in grants received by Transilien and Intercités.

2017 second-half outlook

Transilien

- The second half will be highlighted by the commissioning on 1 July of the new T11 Express tramway line linking Le Bourget to Épinay-sur-Seine.
- At the end of 2017, the offering for the J Nord and A/L Nord lines will be overhauled, while the new Regio 2N train will be commissioned for the R line (Paris – Montereau).

TER

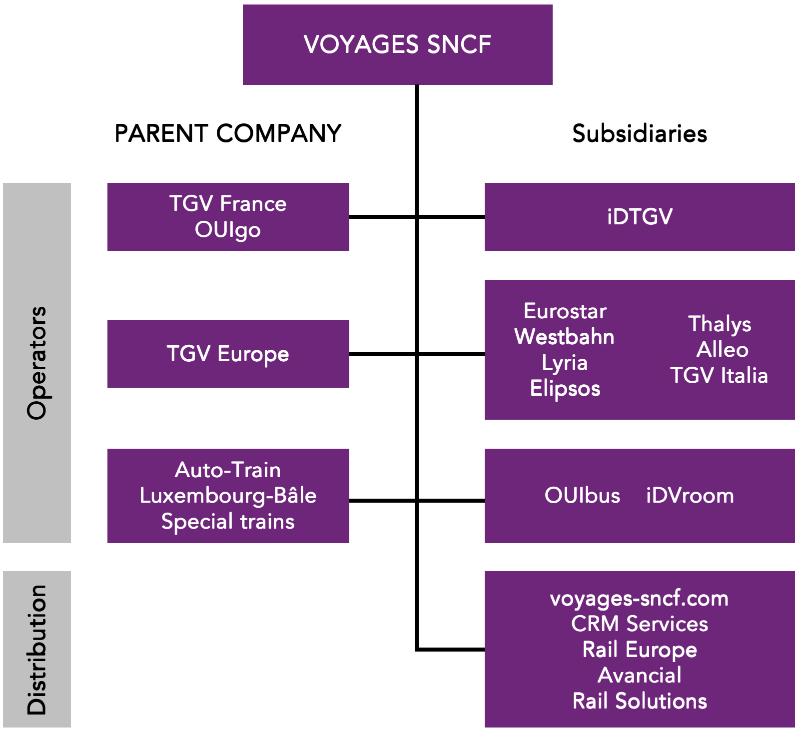
- Pursuit of the first stage of the Cap TER's transformation.
- Finalization of new agreement negotiations, the Centre review, and the two extension amendments for Limousin and Bretagne.

- Gradual implementation of free pricing following the June transformation of the pricing management tool.
- Negotiation for the takeover of IC lines (Grand Est, Centre, Occitanie, Aquitaine).

Intercités

- Intercités will pursue and intensify its sales and marketing initiatives in order to compete while adding to service quality.
- The call for tenders covering the acquisition of new trains for the Paris–Limoges–Toulouse, Paris-Clermont-Ferrand and Bordeaux-Marseille lines should be initiated by the end of the year.

2.1.2 VOYAGES SNCF



Voyages SNCF offers its customers:

- door-to-door passenger transport services in France and Europe through its TGV, iDTGV, OUIgo, Eurostar, Thalys, Lyria, OUIbus and iDVroom activities;
- travel-related products: train and airline tickets, car rental and hotel accommodation in particular.

In € millions	H1 2017	H1 2016 (*)	Change
External revenue	3,543	3,351	192
Gross profit	488	142	346
Gross profit / revenue at Voyages SNCF level	*12.7%*	*3.9%*	
Current operating profit/(loss)	319	-50	368
Current operating profit/(loss) after share of net profit of companies consolidated under the equity method	320	-48	368
Net investments	-349	-305	-44

(*) Following the change in the gross profit definition, used provision reversals are now classified under current operating profit or loss (see Note 1.3 to the condensed half-year consolidated financial statements).

Highlights

- To expand its operations in China, voyages-sncf.com signed a partnership with Alitrip, the e-tourism subsidiary of the e-commerce giant Alibaba. This agreement will enable Rail Europe

China to develop its business and reputation, while learning more about this market's specific features.

- Success of the TGV Max offering which represented 7% of second class TGV traffic at the end of May with 90,000 subscriptions.
- In early April, OUIbus announced the launch of 20 new destinations throughout France. Since 31 May, OUIbus has proposed a service to Lyon-Saint-Exupéry airport from 16 cities in the region, including Grenoble.
- On 29 May 2017, to entice an additional 15 million passengers by 2020, SNCF revealed its high-speed strategy; two very different yet complementary solutions offered to passengers via the site voyages-sncf.com. Both have distinct assurances: OUIgo offers high-speed travel at low prices while TGV offers the best in travel, combining comfort, service and connectivity.
    - OUIgo aims to multiply its traffic by 5 between now and 2020; by then it should represent 25% of high-speed traffic with a national coverage spanning 30 destinations and a fleet of 34 trains.
    - TGV has become a customer promise called inOUI, with three distinctive features that will be rolled out by 2020: on-board Internet to stay online when travelling and benefit from new services and content, more accessible train managers thanks to platform boarding and new customer relationship tools and a new modern and elegant white livery for trains, marking the improvement in interior comfort (new and refurbished trains).
    - voyages-sncf.com has become OUI.sncf. The Group's digital sales engine and networking hub has become more intuitive and customised.

2017 first-half results

- Revenue

Voyages SNCF revenue rose by €192 million (+5.7%) despite the negative exchange rate fluctuations which impacted revenue by -€29 million. At constant exchange rates, Voyages SNCF revenue increased substantially by €221 million (+6.6%). Excluding the counter-effect of the 2016 strikes, growth remained high (+€154 million or +4.5%); it reflected a 7.3% increase in traffic income, of which +6.9% for domestic TGV lines, following the sales policy roll-out in a more favourable economic context; the Europe offering rose by 8.3% thanks to the gradual return of foreign clients and the commissioning of the second track section of the East-European high-speed line.

- Gross profit

Gross profit increased by €346 million; revenue growth was offset by a €76 million decrease in the regional solidarity tax (see Note 1.6 Major events in the first half of 2017) and the positive impacts of industrial performance plans.

- Current operating profit/(loss)

The increase in Voyages SNCF current operating profit (+€368 million) was primarily attributable to the rise in gross profit.

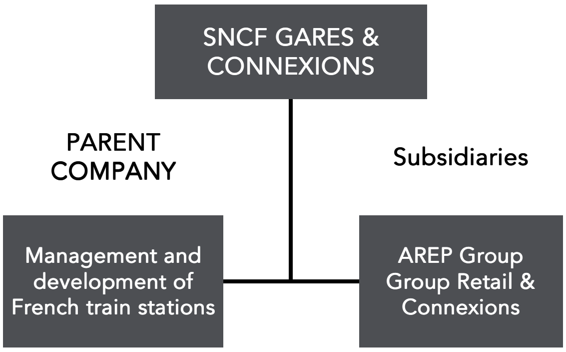
- Net investments

Net investments amounted to €349 million in 2017, compared to €305 million in 2016. The increase was mainly driven by rolling stock purchases for TGV, Eurostar and, to a lesser extent, Thalys.

2017 second-half outlook

- In early July, Voyages SNCF commissioned two new high-speed lines, Bretagne Pays-de-la-Loire to Rennes and Océane to Bordeaux.
- The inOUI label will be gradually rolled out, beginning with the Paris-Bordeaux trunk route, followed by Paris-Lyon and Paris-Lille. The OUIgo low-price offering will cover new services for Strasbourg and Bordeaux.

2.2 SNCF GARES & CONNEXIONS



The purpose of SNCF Gares & Connexions is to introduce innovative services into stations, while inventing new areas of mobility for towns and cities. Its main subsidiaries are the AREP group (architecture and urban planning) and the Retail & Connexions group (commercial enhancement of stations).

In € millions	H1 2017	H1 2016 (*)	Change
External revenue	228	206	22
Gross profit	93	73	20
Gross profit / revenue at Gares & Connexions level	*15.3%*	*12.5%*	
Current operating profit	41	25	16
Current operating profit after share of net profit of companies consolidated under the equity method	40	24	17
Net investments	-119	-106	-13

(*) Following the change in the gross profit definition, used provision reversals are now classified under current operating profit or loss (see Note 1.3 to the condensed half-year consolidated financial statements).

Highlights

- In the run-up to the July opening of the Bretagne - Pays-de-la-Loire and Sud-Europe-Atlantique high-speed lines, SNCF Gares & Connexions inaugurated the new station in Lorient and the historic refurbished concourse of the Bordeaux Saint-Jean station, an area that was fully redesigned after six months of renovations.

  In addition, the development of the Multimodal Exchange Hubs continued early in the year with the inauguration of the Grenoble hub.

2017 first-half results

- Revenue

SNCF Gares & Connexions revenue rose by €22 million (+10.8%), primarily due to the increase in SNCF Réseau service revenue.

- Gross profit

Gross profit increased by €20 million between 2016 and 2017, driven by the work/studies activity and subsidiaries.

- Current operating profit

Current operating profit rose by €16 million, in line with the gross profit trend.

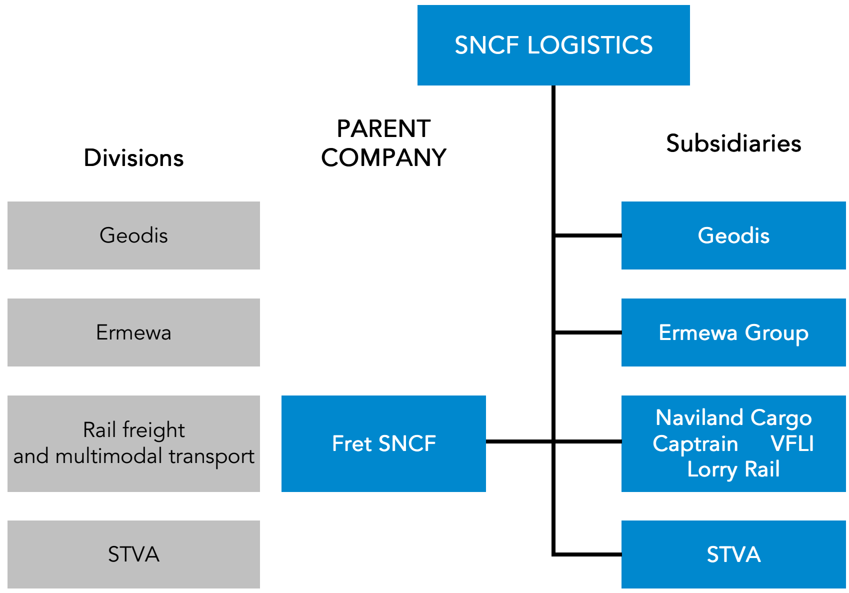
- Net investments

There were no major changes in the net investments of SNCF Gares & Connexions.

2017 second-half outlook

- In the second half of 2017, SNCF Gares & Connexions will pursue its ambitious investment programme, focusing on multimodal exchange hubs, and regulatory and service programmes, including accessibility and passenger information, as well as intermodality and compliance programmes.

2.3 SNCF LOGISTICS



SNCF Logistics includes a full range of transport and freight logistics businesses.

	H1 2017						H1 2016 (*)	Chg.
In € millions	Geodis	TFMM	Ermewa	STVA	Other	Total		
External revenue	4,018	766	167	168	0	5,118	4,936	182
Gross profit	124	-42	105	4	-1	190	180	10
Gross profit / revenue at SNCF Logistics level						*3.7%*	*3.6%*	
Current operating profit/(loss)	77	-60	46	-2	-1	60	50	10
Current operating profit/(loss) after share of net profit of companies consolidated under the equity method	78	-59	45	-2	-1	61	57	4
Net investments	-70	-36	-83	-2	0	-192	-184	-8

(*) Following the change in the gross profit definition, used provision reversals are now classified under current operating profit or loss (see Note 1.3 to the condensed half-year consolidated financial statements).

Highlights

<u>Geodis</u>

- Geodis delivered a sound performance in the first half of 2017 due to the business volume increase, particularly for Freight Forwarding and Contract Logistics.
- Geodis strengthened its partnership with Lego by signing two new contracts, the first involving the maritime transport of virtually all the toy manufacturer's flows and the second concerning the Danish company’s e-commerce logistics in North America.
- Geodis and Ford signed a 3-year contract for the transportation of spare parts between Germany and Greece: since the start of the year, Geodis has organized daily delivery rounds between the Ford warehouses in Cologne and Dormagen in Germany and the Geodis warehouse in Athens.
- The contract between Geodis and Prénatal in the Netherlands was renewed for three and a half years; it now includes e-commerce logistics from a single warehouse in Almere (Netherlands).
- Geodis has been operating Kenzo's global logistics from France since March. Through this five-year partnership, Kenzo will be able take advantage of the specialist retail fashion expertise of Geodis, which is responsible for the reception, storage and preparation of the fashion brand's

products. Geodis is also supporting Kenzo in the development of its e-commerce sales channel in addition to the management of raw materials, quality control and product compliance.

TFMM

- SNCF Logistics signed an agreement to acquire a 45% stake in BLS Cargo, the freight subsidiary of BLS. This new partnership between two major rail freight players will strengthen the business model of the European north-south corridor.
- SNCF Logistics and Traxens launched the Digital Freight Train, a new generation of highly innovative freight trains. Thanks to the installation of interconnected devices and sensors on the wagons, a very extensive range of new high value-added services can be provided to all sector players (tracking, security, etc.).
- Roquette renewed its partnership with Fret SNCF for a further 5 years; with this new contract, which provides for greater freight volumes, Fret SNCF demonstrates its ability to invent new solutions for its customers to optimise their logistics.

Ermewa

- In January, Akiem announced the acquisition of the German group mgw Service, a major player in electric and diesel locomotive maintenance in Europe. This external growth transaction will enable Akiem to continue its expansion in Europe and reinforce its leasing with maintenance offering.

STVA

- STVA won a major international contract with Renault Dacia; the agreement concerns all vehicle flows between Slovenia and Germany (45,000 vehicles) and rail flows between Pitesti in Romania and Neuseddin in Germany (19,000 vehicles).
- On 26 April, the SNCF Mobilités Board of Directors approved the start of exclusive negotiations with the CAT group for the acquisition of STVA. Following these negotiations, and provided the necessary authorisations are obtained, the CAT group will include STVA in its organisation.

2017 first-half results

- Revenue

2017 revenue was up €182 million (+3.7%) compared to 2016. It was affected by:

  - a Group structure impact for -€9 million, which is described in Note 1.1 Comparability of the financial statements,
  - a foreign exchange impact for +€30 million.

On a constant Group structure and exchange rate basis, revenue rose by 3.3% (+€161 million).

Geodis reported growth of €129 million (+3.4%). Freight Forwarding increased by 7.7% due to substantial growth in volumes, while Contract Logistics rose by 12.2% and Contract Logistics US by 5.4%.

The Rail Freight and Multimodal Transport division posted growth of €25 million; excluding the counter-effect of the 2016 strikes, it declined by €30 million (-3.7%). This change was attributable to the reduction in rail operator traffic, particularly that of Fret SNCF whose business was hampered by poor cereal harvests.

The revenue generated by Ermewa and STVA rose by €3 million (+1.6%) and €5 million (+2.9%), respectively.

- Gross profit

Gross profit rose by €10 million; after taking into account Group structure and foreign exchange impacts, gross margin increased by €43 million, primarily due to the counter-effect of the 2016 strikes.

- Current operating profit/(loss)

Current operating profit rose by €10 million, in line with the gross profit trend.

- Current operating profit/(loss) after share of net profit of companies consolidated under the equity method

This heading was primarily impacted by the changes in Group structure, including the takeover of Thalès Geodis Freight Logistics and the loss of control of Akiem.

- Net investments

SNCF Logistics investments were stable compared to 2016, amounting to €192 million.

2017 second-half outlook

<u>Geodis</u>

- Now being finalized, the new agreement with IBM will be implemented in the second half of 2017.
- Contractual logistics activities will be driven by the development of e-commerce in the second half of 2017.

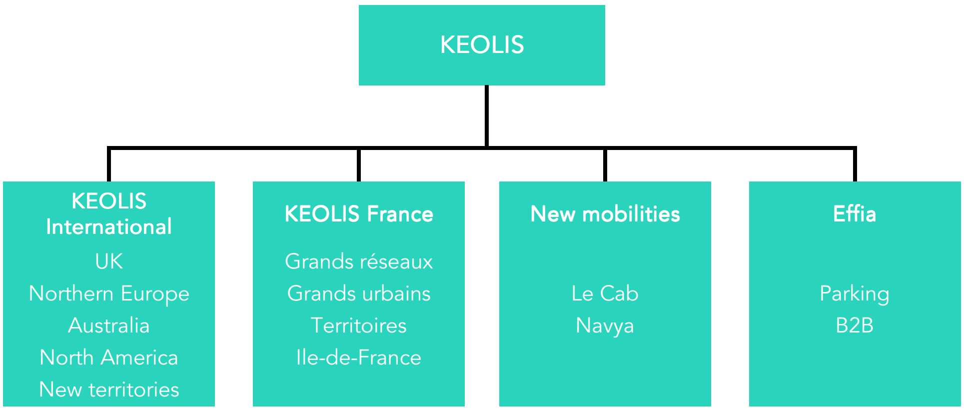
<u>TFMM</u>

- The Swiss company BLS will acquire a stake effective 3 July.
- Multimodal transport activity will commence in the fourth quarter with the Calais-Orbassano connection.

<u>Ermewa</u>

- The second half will be highlighted by the commercial development of Ermewa's digital strategy (connected railcar) and continuing Eurotainer growth.

2.4 KEOLIS



Keolis is a mass transit operator in fifteen countries worldwide. Its expertise covers all modes of transportation (train, bus, car, metro, tramway, ferries, bicycles), and the management of interconnection points (stations, airports) and parking.

In € millions	H1 2017	H1 2016 (*)	Change
External revenue	2,599	2,526	73
Gross profit	149	133	16
Gross profit /revenue at Keolis level	*5.6%*	*5.2%*	
Current operating profit	31	25	6
Current operating profit after share of net profit of companies consolidated under the equity method	51	34	17
Net investments	-133	-117	-16

(*) Following the change in the gross profit definition, used provision reversals are now classified under current operating profit or loss (see Note 1.3 to the condensed half-year consolidated financial statements).

Highlights

- Keolis and the Syndicat des transports d'Île-de-France (STIF) have signed 20 bus network operating contracts in Île-de-France. These four-year contracts, covering the period from 2017 to 2020, will generate a combined revenue of approximately €750 million, thus enabling Keolis to strengthen its position as a benchmark for mobility in France's number one region.
- Outside Île-de-France, Keolis won the public service delegation contract for the Côte Basque Adour agglomeration for a period of 6 years and 9 months; furthermore, the Quimper municipal contract was renewed for a similar duration.
- Keolis expanded its coverage in Belgium with the acquisition on 31 January 2017 of the Compagnie des Autocars Liégeois and Alfa Park in April; this company, which manages 8,000 parking spaces in Flanders, Wallonia and the Brussels region, will serve as a platform in Belgium to develop the car park activity in this country.
- KeolisAmey, the UK joint venture created by Keolis (60%) and the UK firm Amey (40%), were selected to operate and maintain Metrolink, the Manchester tram network, which is also the largest tram network in the UK. A fleet of 120 tramways will be necessary to operate 7 lines, totalling 96 km of track and serving 93 stations divided between Greater Manchester's urban centres, airport and suburbs.

2017 first-half results

- Revenue

2017 revenue was up €73 million (+2.9%) compared to 2016. This trend breaks down as follows:

  - a Group structure impact of €8 million, which is detailed in Note 1.1 Comparability of the financial statements,
  - a foreign exchange impact of €7 million.

At constant Group structure and exchange rates, Keolis revenue increased by €58 million (+2.3%). This growth was driven by international business, particularly Continental Europe and North America.

- Gross profit

Gross profit for Keolis rose by €16 million. Excluding the Group structure and exchange rate impact, it increased by €14 million, mainly in France and, to a lesser extent, at Effia.

- Current operating profit

Keolis' current operating profit improved by €6 million; the gross profit increase was partly offset by the €9 million rise in depreciation and amortisation.

- Current operating profit after share of net profit of companies consolidated under the equity method

This heading was positively impacted in 2017 by a change in accounting treatment for the pension commitments of the British Keolis franchises in the second half of 2016.

- Net investments

Net investments amounted to €133 million in 2017, compared to €117 million in 2016.

2017 second-half outlook

- Keolis is pursuing its diversification policy with the launch of medical transport. Having partnered with the number one and two sector players, Intégral and Douillard, Keolis Santé will become the new leader. The alliance provides the subsidiary with 31 companies mainly located in the Atlantic Arc of France. Keolis Santé, which is 51% held by Keolis, will be fully consolidated as at 1 July 2017.
- The second half will be marked by the awarding of contracts for Lille, Rennes, Caen, Amiens and Lorient in France, the West Midlands in the UK and Yarra Trams (Melbourne) in Australia.

3 NET INVESTMENTS AND NET DEBT

3.1 NET INVESTMENTS

In € millions	30/06/2017	30/06/2016	Change	
Net investments	-1,010	-1,073	63	-6%
Disposals	152	166	-14	-9%
Investments, net of disposals	**-858**	**-907**	**48**	**-5%**

Net investments, down €63 million compared to 2016, stood at -€1,010 million as at 30 June 2017. This decrease was attributable to the substantial rise in grants received by Transilien and Intercités, partly offset by the increase in rolling stock purchases for TGV, Eurostar and, to a lesser extent, Thalys.

Disposals fell by -€14 million compared to 2016; disposals for the first half mainly involved real estate assets.

3.2 GROUP NET DEBT

In € millions	30/06/2017	31/12/2016	Change
Non-current debt	15,381	14,305	1,076
Non-current receivables	-4,307	-4,545	238
Net non-current debt used to calculate net debt	**11,074**	**9,760**	**1,314**
Current debt	3,225	3,991	-766
Current receivables	-6,596	-5,777	-819
Net current debt used to calculate net debt	**-3,371**	**-1,786**	**-1,585**

Net debt	7,703	7,974	-271
Gearing (Net debt / Equity)	*1.6*	*1.7*	

Net debt stood at €7.7 billion as at 30 June 2017, for a gearing (Net debt / Equity) of 1.6 (1.7 as at 31 December 2016). Net debt as a percentage of gross profit, calculated over 12 sliding months, decreased from 3.7 as at 31 December 2016 to 3.0 as at 30 June 2017.

Net debt was impacted by the following movements in the first half of 2017:

Opening net debt	7,974
Cash from operations	-817
Net investments	1,010
Disposals	-152
Dividends received from companies consolidated under the equity method	-29
Group structure transactions	-8
Change in operating WCR	-373
Dividends paid	114
Change in fair value, amortised cost, translation difference	-115
Change in tax WCR	77
Other	21
Closing net debt	**7,703**

3.3 FINANCING SOURCES AND DEBT MANAGEMENT

Non-current debt increased by €1.1 billion, while current debt dropped by €0.8 billion.

These changes were essentially due to:

- the issue of new bonds for +€1.4 billion;
- the decrease in cash liabilities for -€0.7 billion;
- the change in fair value of financial liabilities for -€0.3 billion;

Current receivables increased by €0.8 billion, while non-current receivables decreased by €0.2 billion.

These changes were essentially due to:

- the increase in cash and cash equivalents for +€1.1 billion;
- the decrease in deposits paid for -€0.3 billion;
- the change in fair value of financial assets for -€0.2 billion;
- the decrease in derivatives for -€0.1 billion;

EPIC SNCF Mobilités is responsible for managing most of the Group's net debt, carrying 88% of the Group's external debt at the end of the period.

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

	Long-term rating	Outlook	Report date
Standard & Poor's	AA-	Stable	7-Jul.-17
Moody's	Aa3	Stable	31-March-17
Fitch Ratings	AA	Stable	13-Jul.-17

3.4 GROUP EXPOSURE TO MARKET RISKS

The management of market risks is governed by a general framework, approved by the SNCF Mobilités' Board of Directors, setting out the management principles for parent company risks that may be hedged by financial instruments.

This general framework defines the principles governing the selection of financial products, counterparties and underlyings for derivative instruments.

More specifically, the general framework defines risk limits for the management of euro and foreign currency cash balances and long-term net indebtedness.

In addition, it describes the delegation and decision-making system and the reporting and control system and its frequency (daily, twice monthly, monthly and annually).

The breakdown of the strategy implemented is described in the annual consolidated financial statements.

4 CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND RATIOS

In € millions	30/06/2017	31/12/2016
Goodwill	2,359	2,373
Intangible assets	1,744	1,783
Property, plant and equipment	12,791	12,803
Non-current financial assets	5,754	5,988
Investments in companies consolidated under the equity method	635	653
Deferred tax assets	863	872
Non-current assets	24,146	24,472
Operating assets	7,278	7,516
Current financial assets	989	1,348
Cash and cash equivalents	5,719	4,584
Current assets	13,987	13,448
Assets classified as held for sale	241	1
TOTAL ASSETS	38,374	37,921
Share capital	3,971	3,971
Consolidated reserves	291	-30
Net profit for the year attributable to equity	338	511
Equity attributable to equity holders of the parent	4,600	4,453
Non-controlling interests (minority interests)	131	130
Total equity	4,730	4,582
Non-current employee benefits	1,607	1,577
Non-current provisions	1,130	1,151
Non-current financial liabilities	16,570	15,481
Deferred tax liabilities	387	416
Non-current liabilities	19,694	18,625
Current employee benefits	101	104
Current provisions	208	222
Operating payables	10,307	10,395
Operating liabilities	10,615	10,721
Current financial liabilities	3,225	3,992
Current liabilities	13,840	14,713
Liabilities associated with assets classified as held for sale	110	1
TOTAL EQUITY AND LIABILITIES	38,374	37,921
Gearing (Net debt / Equity)	*1.6*	*1.7*
Net debt / Gross profit	*3.0*	*3.7*

The statement of financial position recorded the following major changes as at 30 Juin 2017:

- A €373 million improvement in the operating working capital requirement in line with the cash inflow of €356 million received under the Intercités agreement;
- The Group reclassified STVA assets and liabilities to Assets classified as held for sale and Liabilities associated with assets classified as held for sale (see Note 4.1 to the condensed half-year consolidated financial statements);
- An increase in equity attributable to equity holders of the parent, which mainly includes the net profit for the period (€338 million), the dividend paid to EPIC SNCF (-€110 million), the change in fair value of cash flow hedges (€60 million), the actuarial gains and losses on post-employment benefit plans (-€34 million) and the change in translation differences (-€84 million);
- A breakdown of financial assets and liabilities is shown in Note 5 to the condensed half-year consolidated financial statements.

5 FINANCIAL RELATIONS WITH THE FRENCH STATE, SNCF RÉSEAU AND LOCAL AUTHORITIES

SNCF Mobilités receives:

- 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 primarily received for the activities of SNCF Transilien, TER and Intercités.

5.1 PUBLIC SERVICE ORDERS

The table below shows the Group revenue generated with SNCF Réseau, Regions, STIF and the French State.

In € millions	30/06/2017	30/06/2016	Change
Asset maintenance	60	56	4
Work	18	9	9
Other services	2	3	-1
Total SNCF Réseau	**81**	**68**	**13**
Compensation for regional rates	262	266	-4
Services for the Organising Authorities	2,262	2,246	16
Total Regions and STIF	**2,524**	**2,512**	**12**
Socially-motivated prices	0	11	-11
Defence	73	73	0
Trains d'Equilibre du Territoire (TET)	157	164	-7
Total French State	**230**	**248**	**-18**
TOTAL	2,835	2,828	7

Work for SNCF Réseau mainly comprised services performed by SNCF Gares & Connexions.

5.2 GRANTS AND PUBLIC CONTRIBUTIONS OBTAINED FROM THE FRENCH STATE AND GOVERNMENT AUTHORITIES

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

In € millions	30/06/2017	30/06/2016	Change
Operating grants	18	11	7
Cash inflows from concession financial assets	445	395	50
Investment grants relating to intangible assets and PP&E	52	110	-58
Total	**516**	**516**	**-1**

Payments received for concession financial assets and investment grants received:

SNCF Mobilités receives investment grants, primarily from local authorities, to finance its non-current assets, particularly 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.

In the other cases, 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.

6 EMPLOYEE MATTERS

6.1 AVERAGE WORKFORCE

	30/06/2017	30/06/2016	Change		Change on a constant Group structure basis	
SNCF Transilien, TER and Intercités	**46,746**	46,589	+0.3%	156	+0.3%	156
Voyages SNCF	**22,262**	23,559	-5.5%	-1,297	-5.5%	-1,297
DG SNCF Voyageurs	**78**	0	n/a	78	n/a	78
SNCF Gares & Connexions	**3,744**	3,637	+2.9%	107	+2.9%	107
SNCF Logistics	**50,315**	51,493	-2.3%	-1,179	-2.2%	-1,149
Including the Geodis division	***38,481***	*39,156*	*-1.7%*	*-675*	*-1.7%*	*-675*
Keolis	**55,637**	55,986	-0.6%	-349	-0.7%	-390
Corporate	**11,940**	12,482	-4.3%	-542	-4.3%	-542
TOTAL	**190,723**	193,747	-1.6%	-3,024	-1.6%	-3,035

The decline in group employees was mainly due to the 2.3% decrease in the EPIC workforce.

The change in the workforce of subsidiaries in recent years mainly reflects the changes in Group structure:

	H1 2017	*Fiscal 2016*	*Fiscal 2015*	*Fiscal 2014*	*Fiscal 2013*	*Fiscal 2012*
Parent company (1)	85,599	87,615	90,429	154,272	155,371	156,110
Subsidiaries	105,124	106,103	105,723	91,491	89,200	87,844
TOTAL	**190,723**	**193,718**	**196,152**	**245,763**	**244,570**	**243,954**

(1) including seconded employees.

6.2 MAIN AGREEMENTS SIGNED IN THE FIRST HALF OF 2017

A collective agreement for the introduction of a flat rate salary for a given number of days per year was signed on 17 March 2017 with the representative trade unions.

This agreement is applicable within the Public Rail Group.

7 CHALLENGES AND OUTLOOK

The first half of 2017 benefited from global economic growth and an improved French economy, compared to 2016 which was marked by the impacts of terrorist attacks and strikes.

Steady ramp-up in the Group's transformation with digital technology, door-to-door services and international activity

The **SNCF Group pursued its ambitious strategic objectives and stepped up its cost-cutting and productivity enhancement initiatives** to satisfy client demand. At the same time, it rolled out an aggressive sales policy to boost revenue and prepare for the opening of the domestic rail market to competitors; this comprised the successful **TGV Max** offering with 90,000 subscribers at the end of June, the roll-out of **TGV Connect,** providing clients on Northern trunk routes and the Paris-Lyon TGV line with on-board internet at a speed of 300 km/h, or the gradual deployment of the **inOui** label as of July 2017 for Paris-Bordeaux, and subsequently Paris-Lyon and Paris-Lille.

Daily transport and high speed services in the spotlight

The start of the second half of 2017 was marked by **commercial success following the commissioning of the new TGV Océane line linking Paris and Bordeaux in 2 hours 4 minutes and the TGV Ouest line linking Paris and Rennes in 1 hour 25 minutes**. The TGV Océane line was the most popular route for the summer ahead of the Côte-d'Azur lines. **Over 1.3 million new passengers are expected by the end of 2017** on these two lines which **will eventually represent 35% of TGV traffic in France**.

With regard to daily transport, on 1 July Transilien inaugurated **the T11 Express tram line, the first line of the future Grand Paris network** that will promote suburban travel. In Manchester, Keolis has operated the largest tram network in the UK since July and become the country's number one tram operator.

In a vibrant international economic environment that still remains uncertain and extremely volatile, **Geodis** will continue its growth with the development of contract logistics driven by the momentum of e-commerce.

CORPORATE GOVERNANCE

1 THE BOARD OF DIRECTORS

The Board of Directors of the industrial and commercial public enterprise SNCF Mobilités comprises eighteen members, including, in addition to the SNCF Executive Board chairman:

- Four representatives of the French State appointed by decree, based on the report of the Transport Minister:
    - one at the recommendation of the Transport Minister;
    - one at the recommendation of the Minister for Economy and Finance;
    - one at the recommendation of the Budget Minister;
    - one at the recommendation of the Minister for Sustainable Development;
- Two members chosen for their expertise and appointed by decree:
    - a representative of passengers;
    - a representative chosen for his expertise in the protection of the environment and mobilities;
- Five prominent figures chosen by SNCF Mobilités to represent it;
- Six members, including a management representative, elected by employees of the Company and its subsidiaries having a minimum workforce of 200 members.

A decree lays down the parent company by-laws and sets the procedures for the appointment and election of Board members (Decree no. 2015-138 of 10 February 2015 relating to the mandates and by-laws of SNCF Mobilités).

Board members are appointed for a five-year term of office. A director may not exercise more than two consecutive terms of office. Directors receive no compensation for their activities.

The Government Commissioner or, in his absence, the Assistant Government Commissioner, has an advisory seat on the Board and all committees created.

The head of the Transport Economic and Finance Control Office or his representative has an advisory seat on the Board and all committees and commissions.

The Board Secretary and the Secretary of the Joint Labour-Management Committee also have a seat on the Board. The Board of Directors holds at least six meetings annually.

The Board of Directors has five committees:

Audit and Risk Committee, responsible for reviewing the annual and half-year financial statements, risk mapping and the annual internal audit work programme;

Contracting Committee, consulted on projects involving government or private contracts, acquisitions, disposals, building exchanges, based on predetermined thresholds set by the Board;

Passengers Committee, responsible for monitoring rail transport agreements between local authorities, public institutions and SNCF Mobilités, and more generally overall passenger problems;

Transport and Logistics Committee, responsible for reviewing the activity and strategies of the SNCF Logistics business unit;

Tenders Committee, responsible for examining the company’s responses to the various calls for tender in which it will compete.

2 MANAGEMENT TEAM

The Chairman appoints the members of the Executive Committee and defines their tasks. Within their areas of expertise, Executive Committee members are delegated powers by the Chairman enabling them to act and decide in his name. The Executive Committee has five members (including the Chairman).

30 June 2017

SNCF Mobilités GROUP CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

IFRS – In € millions

9, rue Jean-Philippe Rameau 93212 Saint-Denis Cedex

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CONSOLIDATED INCOME STATEMENT

In € millions	Note	30/06/2017	30/06/2016(*)
Revenue	3	15,761	15,143
Purchases and external charges	3	-8,472	-8,256
Employee benefit expense		-5,645	-5,549
Taxes and duties other than income tax		-687	-781
Other operating income and expenses		223	188
Gross profit	**3**	**1,179**	**743**
Depreciation and amortisation	4.1.3	-701	-688
Net movement in provisions	4.2	31	76
Current operating profit		**509**	**132**
Net proceeds from asset disposals	4.1.4	133	110
Fair value remeasurement of the previously held interest		31	26
Impairment losses		-11	-32
Operating profit		**662**	**235**
Share of net profit/(loss) of companies consolidated under the equity method		25	18
Operating profit after share of net profit of companies consolidated under the equity method		**687**	**254**
Net borrowing and other costs	5	-122	-158
Net finance costs of employee benefits		-9	-49
Finance cost		**-131**	**-207**
Net profit before tax from ordinary activities		**556**	**47**
Income tax expense		-200	-93
Net profit from ordinary activities		**356**	**-47**
Net profit/(loss) from discontinued operations, net of tax		0	0
Net profit/(loss) for the period		**356**	**-47**
Net profit/(loss) for the period attributable to equity holders of the parent		**338**	**-25**
Net profit/(loss) for the year attributable to non-controlling interests (minority interests)		18	-22

(*) Following the change in the gross profit definition, used provision reversals are now presented under "Net movement in provisions" (see Note 1.3 to the condensed half-year consolidated financial statements).

The share capital comprises a contribution from the French State and not shares. Furthermore, the Group does not fall within the scope of IAS 33 "Earnings per share." For these two reasons, no earnings per share was calculated or presented in the Group condensed half-year consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In € millions	30/06/2017	30/06/2016
Net profit/(loss) for the period	**356**	**-47**
Other comprehensive income:		
Change in foreign currency translation	-92	-207
Tax on change in foreign currency translation	-4	12
	-96	*-195*
Change in value of available-for-sale assets	0	0
Tax on change in value of available-for-sale assets	0	0
	0	*0*
Change in fair value of cash flow hedges	67	-150
Tax on change in fair value of cash flow hedges	-3	5
	64	*-145*
Share of recyclable other comprehensive income of companies consolidated under the equity method	-6	0
Total recyclable other comprehensive income/(loss)	**-38**	**-340**
Actuarial gains and losses arising from employee defined benefit plans	-32	-107
Tax on actuarial gains and losses arising from defined benefit plans	0	4
	-32	*-104*
Share of non-recyclable other comprehensive income of companies consolidated under the equity method	0	10
Total non-recyclable other comprehensive income/(loss)	**-32**	**-94**
Total comprehensive income/(loss) for the period	**286**	**-481**
Total comprehensive income/(loss) attributable to equity holders of the parent	**273**	**-388**
Total comprehensive income attributable to non-controlling interests (minority interests)	12	-92

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

STATEMENT OF FINANCIAL POSITION
CONSOLIDATED ASSETS

In € millions	Note	30/06/2017	31/12/2016
Goodwill		2,359	2,373
Intangible assets		1,744	1,783
Property, plant and equipment	4.1	12,791	12,803
Non-current financial assets	5	5,754	5,988
Investments in companies consolidated under the equity method		635	653
Deferred tax assets		863	872
Non-current assets		24,146	24,472
Inventories and work-in-progress		674	661
Operating receivables		6,604	6,855
Operating assets		**7,278**	**7,516**
Current financial assets	5	989	1,348
Cash and cash equivalents	5	5,719	4,584
Current assets		13,987	13,448
Assets classified as held for sale	4.1.4	241	1
Total assets		38,374	37,921

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

CONSOLIDATED EQUITY AND LIABILITIES

In € millions	Note	30/06/2017	31/12/2016
Share capital		3,971	3,971
Consolidated reserves		291	-30
Net profit/(loss) for the year attributable to equity holders of the parent		338	511
Equity attributable to equity holders of the parent		4,600	4,453
Non-controlling interests (minority interests)		131	130
Total equity		4,730	4,582
Non-current employee benefits		1,607	1,577
Non-current provisions	4.2	1,130	1,151
Non-current financial liabilities	5	16,570	15,481
Deferred tax liabilities		387	416
Non-current liabilities		19,694	18,625
Current employee benefits		101	104
Current provisions	4.2	208	222
Operating liabilities		10,307	10,395
Operating liabilities		**10,615**	**10,721**
Current financial liabilities	5	3,225	3,992
Current liabilities		13,840	14,713
Liabilities associated with assets classified as held for	4.1.4	110	1
Total equity and liabilities		38,374	37,921

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In € millions	Share capital	Non-recyclable reserves	Group translation reserves	Cash flow hedge	Available-for-sale assets	Reserves before taxes of transferred operations	Retained earnings	Equity attributable to equity holders of the parent	Non-controlling interests (minority interests)	Total equity
Equity published as at 31/12/2015	**4,971**	**-320**	**-7**	**-181**	**4**	**-1**	**-141**	**4,324**	**136**	**4,460**
Net profit/(loss) for the period	-	-	-	-	-	-	-25	-25	-22	-47
Other comprehensive income/(loss)	-	-88	-136	-140	0	-	1	-363	-71	-434
Total comprehensive income/(loss)	**-**	**-88**	**-136**	**-140**	**0**	**-**	**-24**	**-388**	**-92**	**-481**
Dividends of subsidiaries	-	-	-	-	0	-	0	-	-40	-40
Capital transactions	-	-	-	-	-	-	0	0	1	1
Changes in scope, non-controlling interests and non-controlling interest purchase commitments	-	0	0	6	0	1	-19	-13	125	112
Other changes	-	0	0	0	-	-	-1	-1	0	-1
Equity published as at 30/06/2016	**4,971**	**-408**	**-144**	**-314**	**4**	**0**	**-185**	**3,923**	**129**	**4,052**
Equity published as at 31/12/2016	**3,971**	**-358**	**-138**	**-204**	**3**	**0**	**1,178**	**4,453**	**130**	**4,582**
Net profit/(loss) for the period	-	-	-	-	-	-	338	338	18	356
Other comprehensive income/(loss)	-	-34	-84	60	0	-	-6	-64	-6	-70
Total comprehensive income/(loss)	**-**	**-34**	**-84**	**60**	**0**	**-**	**332**	**273**	**12**	**286**
Dividends paid	-	0	-	-	-	-	-110	-110	-	-110
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-18	-18
Capital transactions	-	-	-	-	-	-	0	0	2	2
Changes in scope, non-controlling interests and non-controlling interest purchase commitments	0	1	-1	0	0	-	-15	-16	5	-12
Other changes	-	0	-	7	-	-	-7	0	0	0
Equity published as at 30/06/2017	**3,971**	**-392**	**-223**	**-137**	**3**	**0**	**1,378**	**4,600**	**131**	**4,730**

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

CONSOLIDATED CASH FLOW STATEMENT

In € millions	Note	30/06/2017	30/06/2016
Net profit/(loss) for the period	**IS(1)**	**356**	**-47**
Eliminations:			
share of profit of associates	IS(1)	-25	-18
deferred tax expense (income)		-20	-31
depreciation, amortisation, impairment losses and provisions		698	706
revaluation gains/losses (fair value)		-24	14
net proceeds from disposals and gains and losses on dilution		-169	-139
Cash from operations after net borrowing costs and taxes		**817**	**485**
Eliminations:			
current income tax expense (income)		217	124
net borrowing costs		145	144
dividend income		-2	-5
Cash from operations before net borrowing costs and taxes		**1,177**	**748**
Impact of change in working capital requirement		373	-270
Taxes paid (collected)		-294	-49
Dividends received		31	30
Cash flow from operating activities		**1,287**	**459**
Acquisitions of subsidiaries net of cash acquired		-8	-88
Disposals of subsidiaries, net of cash transferred		5	51
Purchases of intangible assets and property, plant and equipment	4.1	-1,112	-1,176
Disposals of intangible assets and property, plant and equipment		152	166
New concession financial assets		-367	-391
Cash inflows from concession financial assets	3.2	445	395
Purchases of financial assets		-4	-4
Disposals of financial assets		12	47
Changes in loans and advances		33	2
Changes in cash assets		289	-163
Investment grants received		52	110
Cash flow used in investing activities		**-503**	**-1,052**
Cash from equity transactions		-6	1
Issue of debt instruments		1,642	1,075
Repayments of borrowings net of the SNCF Réseau and Public Debt Fund (PDF) receivables paid(3)		-219	-285
Net borrowing costs paid		-256	-265
Dividends paid to Group shareholders	Chg. in eq.(2)	-110	0
Dividends paid to minority interests	Chg. in eq.(2)	-4	-35
Increase/(decrease) in cash borrowings		-742	-281
Cash flow from financing activities	**5**	**305**	**209**
Effects of exchange rate fluctuations		-16	-15
Impact of changes in fair value		1	0
Increase (decrease) in cash and cash equivalents		**1,074**	**-400**
Opening cash and cash equivalents		4,297	3,652
Closing cash and cash equivalents		5,371	3,252

(1) Consolidated income statement

(2) Consolidated statement of changes in equity

(3) Of which cash inflows of €0 million for the SNCF Réseau receivable (€130 million in the first half of 2016) and €0 million for the PDF receivable (€0 million in the first half of 2016)

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

NOTES TO THE CONDENSED HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS

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

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

1 ACCOUNTING STANDARDS BASE

Pursuant to Article L2141-10 of the French Transport Code of 28 October 2010 (which supersedes Article 25 of the French Orientation Law on Domestic Transport (LOTI) of 30 December 1982), SNCF Mobilités, a state-owned industrial and commercial institution (EPIC), "is subject to the financial management and accounting rules applicable to industrial and commercial companies." It keeps its accounting books and records in accordance with prevailing legislation and regulations in France.

The condensed consolidated financial statements for the half-year ended 30 June 2017 were approved by the Board of Directors on 28 July 2017.

The terms "SNCF Mobilités Group", "Group" and "SNCF Mobilités" designate the parent company EPIC Société Nationale des Chemins de fer Français and its consolidated subsidiaries. The State-owned institution (EPIC) or company SNCF Mobilités, "EPIC", "EPIC Mobilités", "Mobilités" and "EPIC SNCF Mobilités" refer solely to the parent company.

1.1 APPLICATION OF IFRS

The accounting policies used for the preparation of the SNCF Mobilités Group condensed consolidated financial statements for the half-year ended 30 June 2017 are those adopted for the year ended 31 December 2016 and adapted to new standards and interpretations approved by the European Commission and applicable or applied in advance to financial periods beginning on or after 1 January 2017.

The consolidated financial statements for the year ended 31 December 2016 were prepared in accordance with the IFRS (International Financial Reporting Standards), as adopted in the European Union.

The condensed consolidated financial statements for the half-year ended 30 June 2017 were prepared in accordance with IAS 34, "Interim Financial Reporting." Therefore, they do not include all the information and notes required by IFRS for the preparation of the annual consolidated financial statements but only the material events for the period and should be read in conjunction with the 2016 consolidated financial statements.

The basis of preparation for the condensed consolidated financial statements for the half-year ended 30 June 2017 detailed in the following notes is the result of:

- standards and interpretations of mandatory application for financial periods commencing on or before 1 January 2017;
- elected accounting options and exemptions applied in the preparation of the consolidated financial statements for the half-year ended 30 June 2017. 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 not adopted in advance for the preparation of the 2017 condensed half-year consolidated financial statements

The Group has not opted for the early application of the other standards and interpretations applicable to fiscal years starting on or after 30 June 2017, regardless of whether they were adopted by the European Commission.

In particular, the Group did not adopt the following standards and interpretations for its condensed consolidated financial statements for the half-year ended 30 June 2017:

Standard or interpretation	Summarised description	Expected impacts	Date of adoption (period beginning as of)
IFRS 15 "Revenue from contracts with customers"	This new standard proposes a single revenue recognition model applicable to all types of customer contracts, regardless of the entity's business segment. This model, which follows five key steps, is based on the transfer of control which may be continuous or at a given time. The notion of the transfer of risks and rewards is no longer predominant. Revenue is recognised on the promised supply of goods or services for the amount of the consideration expected in exchange.	Analysis ongoing	IASB: 01/01/2018 EU: 01/01/2018 Group: 01/01/2018
IFRS 9 "Financial instruments"	The purpose of the revised standard is to replace the current IAS 39 on financial instruments. The three topics covered are the classification and measurement of financial instruments, a methodology for the impairment of financial assets and hedge accounting.	Analysis ongoing	IASB: 01/01/2018 EU: 01/01/2018 Group: 01/01/2018
IFRS 16 "Leases"	This new standard covers the recognition of leases and will replace the current IAS 17. It establishes principles for the recognition by lessees of all leases with a term of 12 months or more as finance leases by offsetting a non-current asset (right-of-use asset) against a lease liability. Accounting by lessors remains similar to that set forth in IAS 17.	Analysis ongoing	IASB: 01/01/2019 with possible early adoption as at 01/01/2018 EU: Not adopted Group: awaiting adoption

1.1.2 Description of the accounting options adopted

The accounting options adopted are described in the corresponding notes to the 2016 consolidated financial statements. They apply in exactly the same manner to the condensed consolidated financial statements for the half- year ended 30 June 2017, with the exception of the tax on rail company profits (TREF) which is subject to valuation methods specific to interim reporting periods for income taxes as described in Note 1.2.

1.2 VALUATION METHODS SPECIFIC TO INTERIM REPORTING PERIODS

1.2.1 Employee benefits

The net provision relating to employee benefits is updated based on the most recent valuations available on the closing date of the previous period. With EPIC SNCF Mobilités being the main group contributor, the actuarial assumptions relating to its obligations were reviewed in full. Following this review, the EPIC's obligations increased by €41 million in the first half of 2017, due to the decline in the discount rate from 1.60% as at 31 December 2016 to 1.36% as at 30 June 2017. The actuarial loss of €39 million arising from this change in rate was allocated as follows: a financial expense of €11 million was recognised under Finance costs of employee benefits with regard to long-term benefits and a negative impact of €28 million was recorded in non-recyclable reserves under equity with regard to post-employment benefits.

1.2.2 Income tax expense

Income tax expense for the half-year is calculated by applying to the pre-tax profit or loss of consolidated companies the best known estimate for the effective tax rate of the period for each tax group entity.

1.2.3 Impairment losses

1.2.3.1 General principles

The Group performs impairment tests in interim reporting periods only if indications of loss or reversal are identified during the period.

1.2.3.2 Contextual factors

At the end of December 2016, SNCF Mobilités management incorporated several defining economic and financial assumptions for the preparation of its financial trajectory and its impairment tests in the 2017-2026 strategic plan, in a situation where it was difficult to assess the impacts of these new challenges facing the Group.

Following these impairment tests, an impairment reversal had been recorded for the Gares & Connexions CGU in the amount of €273 million, while the tests performed on the TGV France and Europe CGU (excluding Eurostar and Thalys) and the Eurostar CGU concluded that there was no accounting impact.

Detailed information is provided in Notes 2.1.3, 4.3.1.4, 4.3.2.1, 4.3.2.2 and 4.3.2.3 to the 2016 consolidated financial statements.

Regarding the TGV France and Europe (excluding Eurostar and Thalys) CGU and the Eurostar CGU, Notes 4.3.1.4 and 4.3.2.2 to the 2016 consolidated financial statements specify that actual values and certain future assumptions relating to the provisions covering these CGUs could differ significantly compared to estimates.

Regarding the Gares & Connexions CGU, as mentioned in Note 4.3.2.3 to the 2016 consolidated financial statements, the forecasts prepared by the Gares & Connexions activity and the estimated valuation of the CGU following the test were surrounded by several contingencies and uncertainties. In particular:

- A pricing model currently being negotiated and adapted and taking into account the opinions of the various stakeholders compiled following the public consultation in the summer of 2016.
- a possible removal of Gares & Connexions from SNCF Mobilités that may have repercussions on the activity's future operating, economic and financial framework, and hence its outlook.
- The sensitivity of the activity's financial trajectory due to economic and regulatory trends.

These factors could be realised in the near future, leading to interactions that cannot be precisely determined.

1.2.3.3 Indications identified during the period

In its opinion of 1 February 2017, ARAFER did not approve the rates submitted by SNCF Réseau in the *Document de Référence du Réseau* for 2018 (DRR 2018). At this stage, the Group has not taken into account the possible impacts of this opinion in the impairment tests, given that the discussion with the Authority is still ongoing.

Despite their improvement compared to 2016, the revenue and gross profit of the TGV France and Europe (excluding Eurostar and Thalys) CGU and the Eurostar CGU in the first half of 2017 do not call into question as at 30 June 2017 the financial trajectory underlying the asset impairment test carried out at the end of 2016. This positive trend, observed in the past few months, should become established over time and be considered as long-term.

Furthermore, the assumptions adopted for the impairment tests carried out in 2016 for the TGV France and Europe (excluding Eurostar and Thalys) CGU and the Eurostar CGU remain uncertain, and, given their sensitive recoverable amounts, the estimated value of the assets and the related purchase commitments, and consequently that of the deferred tax assets, could vary significantly over time.

Regarding the Gares & Connexions CGU, in early July 2017 ARAFER notified a generally favourable opinion for the 2017 DRG and the draft 2018-2020 DRG was submitted for public consultation until July 2017. Furthermore, the French Government report intended for the French Parliament was produced in March 2017. This report sets out several scenarios regarding changes in governance for the Gares & Connexions activity and appears to confirm the principle that this activity will exit the SNCF Mobilités scope in the future, but without providing details.

These items, which do not to date call into question the forecasts prepared at the end of 2016 by the activity and the net value of the CGU's assets, which amounted to €1,622 million as at 30 June 2017, are not indications of impairment or impairment reversal. The aforementioned contingencies and uncertainties remain as at 30 June 2017.

1.3 CHANGES ADDED TO THE FISCAL PERIOD AND COMPARATIVE FISCAL PERIODS

The changes concern the definition of gross profit and only impact the consolidated income statement. As at 1 January 2017, the SNCF Mobilités Group reviewed the calculation of gross profit that is presented in the consolidated income statement.

Used provision reversals, initially included in the gross profit calculation, are now presented under "Net movement in provisions" in the income statement in the same way as unused provision reversals.

This change resulting from the review of the Group's financial statement presentation creates greater transparency for gross profit by:

- reflecting the effective weight of each expense category;
- separating certain items (expenses) from uncertain items (provisions and provision reversals), as is the case in the statement of financial position;
- and adjusting gross profit for any loss as and when incurred.

The change in the 30 June 2017 income statement was a decline in gross margin versus a €65 million increase in "Net movement in provisions."

The comparative period was modified accordingly pursuant to IAS 8.19. The reconciliations between restated comparative data and published figures for the consolidated income statement are presented below.

In € millions	Published financial statements 30/06/2016	Change in gross profit definition	Restated financial statements 30/06/2016
Revenue	15,143	0	15,143
Purchases and external charges	-8,231	-25	-8,256
Employee benefit expense	-5,537	-12	-5,549
Taxes and duties other than income tax	-775	-6	-781
Other operating income and expenses	234	-46	188
Gross profit	**833**	**-90**	**743**
Depreciation and amortisation	-688	0	-688
Net movement in provisions	-13	90	76
Current operating profit	**132**	**0**	**132**

2 MAJOR EVENTS

2.1 MAJOR EVENTS IN THE FIRST HALF OF 2017

2.1.1 New definition of gross profit

The SNCF Mobilités Group decided
to modify the calculation of gross profit as at 1 January 2017.
Used provision reversals, initially included in gross profit, are now presented under "Net movement in provisions" in the income statement. The change in presentation resulted in a €65 million decrease in gross profit for the period ended June 30, 2017 (€90 million as at 30 June 2016) offset by an increase in "Net movement in provisions" for the same amount (see Note 1.3 to the condensed half-year consolidated financial statements).

2.1.2 Sale of STVA

The SNCF Mobilités Group is in the process of selling STVA.

As at 30 June 2017, and pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations", the assets and liabilities of this subsidiary were reclassified to "Assets classified as held for sale" and "Liabilities associated with assets classified as held for sale" in the statement of financial position. Detailed information is presented in Note 4.1 to the condensed half-year consolidated financial statements.

2.1.3 New sector breakdown

The publication of Decree 2016-1468 on 28 October 2016 adjusted the positioning as from 1 January 2017 of SNCF Gares & Connexions within SNCF Mobilités by creating a business unit in its own right. Accordingly, segment reporting was modified to present this business unit separately and no longer as a segment within SNCF Voyageurs (see Note 3 to the condensed half-year consolidated financial statements).

2.1.4 Bond issue

On 2 February 2017, SNCF Mobilités issued a 12-year €1 billion fixed-rate bond swapped at floating rates for half the amount. Both the bond and swap mature on 2 February 2029. Furthermore, SNCF Mobilités benefits from a swaption to revert to a fixed rate in the amount of €250 million with a maturity date of 20 April 2017. A second tranche of €300 million was issued on 31 May 2017.

2.1.5 Signature of property bills of sale

Property disposals concluded in January 2017 generated capital gains for a total of €103 million. These disposal gains were recorded in 2017 under the heading "Net proceeds from asset disposals" in the consolidated income statement.

2.1.6 Reduction in the Territorial Solidarity Tax (CST)

In a letter sent to the Chairman of SNCF Mobilités dated 13 February 2017, the French Prime Minister decided to reduce, as from 2017 and until 2022, the CST paid by SNCF Mobilités. The total reduction will amount to €420 million and will have an impact on gross profit in the income statement.
This decision was made in the context of a reorganisation of Trains d'Equilibre du Territoire (TET) following the roadmap presented by the Government on 7 July 2015 and accompanied by a new 2016-2020 break-even agreement for the period. It is consistent with the recommendations of the French Court of Auditors of 13 February 2015 to reduce the weight of SNCF Mobilités' contribution to TET financing.
It is not offset by any increase in expenses for SNCF Mobilités or decrease in the financial compensation receivable from the French State with regard to TET, as the financial trajectory of the agreement signed with Intercités is not challenged.

As at 30 June 2017, considering that the 2017 Finance Act will be amended to take into account the French Prime Minister's letter, the CST charge amounts to €40 million, boosting gross profit by €76 million compared to the €116 million CST charge recorded as at 30 June 2016.

2.2 SUBSEQUENT EVENTS

There were no subsequent events.

3 GROSS PROFIT

3.1 SEGMENT REPORTING

Following the publication of Decree 2016-1468 on 28 October 2016 which sets out a new positioning for the station management activity, SNCF Gares & Connexions is considered and monitored as a business unit in its own right. As from 1 January 2017, the SNCF Mobilités Group is now organised according to four business lines: SNCF Voyageurs, SNCF Gares & Connexions, SNCF Logistics and Keolis.

Within these business units, eight operating segments are regularly examined by the SNCF Mobilités Executive Committee in order to assess their performance and allocate resources. Comparative information has therefore been restated. These segments, which target different customers and sell separate products and services, are as follows:

- SNCF Voyageurs comprising:
  - SNCF Transilien, Regions and Intercités: local transport activities of the Group encompassing medium-distance links (Trains d'Équilibre du Territoire - Intercités), rail transport regulated services (TER, Transilien, etc.), and additional services covering passenger transport (Itiremia, Ritmx) and housing for Group employees (Orfea).
  - Voyages SNCF: door-to-door passenger transport services in France and Europe (TGV, Ouigo, Eurostar, Thalys, Lyria, Ouibus, iDVROOM, etc.) and distribution of travel-related products.
  - DG Voyageurs: support function created on 1 January 2017 and solicited by two segments of the SNCF Voyageurs business line,
- SNCF Gares & Connexions: dedicated to the development and operation of all stations and the non-discriminatory welcome of all operators.
- SNCF Logistics comprising:
  - Geodis: a European operator with a worldwide scope which proposes management solutions covering all or part of the logistics chain (Supply Chain Optimization, Freight Forwarding - air and sea, Contract Logistics, Distribution & Express, Road Transport, Contract Logistics US).
  - Rail freight and multimodal transport: activities of rail transport operators, combined transport operators and freight forwarders carried out by several companies (Fret SNCF, VIIA, Naviland Cargo and Forwardis).
  - Ermewa Group: long-term management and leasing of rail transportation equipment (specialised wagons, tank containers, locomotives, mainline locomotives or shunters).
  - STVA: multimodal logistics for new and used finished vehicles.
- Keolis in charge of mass transit in fifteen countries worldwide. Its expertise covers all modes of transportation (train, bus, car, metro, tramway, ferries, bicycles), and the management of interconnection points (stations, airports) and parking.

These segments rely on common support functions (Corporate), which combine the holding company activities of SNCF Participations, the service provider activities of SNCF Mobilités Group (equipment, real estate functions and other transversal services) and certain operating subsidiaries.

The accounting methods adopted for the preparation of financial data for each segment are those used in the preparation of the consolidated financial statements. The internal revenue presented below is made up of transactions between segments, eliminated in an Inter-business unit line item for purposes of reconciliation with the Group consolidated financial statements.

30/06/2017

In € millions	External revenue	Internal revenue	**Revenue**	**Gross profit**	**Net investments**
SNCF Transilien, Regions and Intercités	4,076	267	4,343	191	-144
Voyages SNCF	3,543	310	3,853	488	-349
DG Voyageurs	0	0	0	-7	-3
Intra-business unit eliminations	0	-362	-362	0	0
SNCF Voyageurs	**7,619**	**214**	**7,834**	**671**	**-496**
SNCF Gares & Connexions	**228**	**382**	**610**	**93**	**-119**
Geodis	4,018	27	4,045	124	-70
TFMM	766	37	803	-42	-36
Ermewa Group	167	36	203	105	-83
STVA	168	0	168	4	-2
Other	0	0	0	-1	0
Intra-business unit eliminations	0	-61	-61	0	0
SNCF Logistics	**5,118**	**39**	**5,157**	**190**	**-192**
Keolis	**2,599**	**49**	**2,648**	**149**	**-133**
Corporate	**196**	**889**	**1,085**	**75**	**-70**
Inter-business unit		-1,573	-1,573		
Total	**15,761**	**0**	**15,761**	**1,179**	**-1,010**

30/06/2016

In € millions	External revenue	Internal revenue	**Revenue**	**Gross profit**	**Net investments**
SNCF Transilien, Regions and Intercités	3,945	264	4,209	160	-280
Voyages SNCF	3,351	310	3,661	142	-305
DG Voyageurs	0	0	0	0	0
Intra-business unit eliminations	0	-349	-349	0	0
SNCF Voyageurs	**7,296**	**226**	**7,521**	**302**	**-586**
SNCF Gares & Connexions	**206**	**381**	**587**	**73**	**-106**
Geodis	3,844	33	3,877	115	-46
TFMM	743	41	784	-75	-33
Ermewa Group	184	70	255	140	-103
STVA	165	0	165	3	-1
Other	0	1	1	-3	0
Intra-business unit eliminations	0	-95	-95	0	0
SNCF Logistics	**4,936**	**51**	**4,987**	**180**	**-184**
Keolis	**2,526**	**47**	**2,573**	**133**	**-117**
Corporate	**179**	**931**	**1,109**	**55**	**-80**
Inter-business unit		-1,635	-1,635		
Total	**15,143**	**0**	**15,143**	**743**	**-1,073**

3.2 TRANSACTIONS WITH TRANSPORT ORGANISING AUTHORITIES

Transactions with transport organising authorities had the following impacts on the Group's consolidated financial statements:

In € millions	30/06/2017	30/06/2016	Change
Services with the OA (Regions and STIF)	2,243	2,227	16
Services with the French state as OA of the Trains d'Équilibre du Territoire	152	147	5
Interest income arising from concession financial assets	24	36	-12
Impacts on revenue	**2,419**	**2,410**	**9**
Cash inflows from concession financial assets	445	395	50
Investment grants relating to intangible assets and PP&E	52	110	-58
Impacts on cash flow used in investing activities	**498**	**505**	**-8**

In € millions	30/06/2017	31/12/2016	Change
Concession intangible assets	62	44	18
Concession non-current financial assets	1,229	1,227	2
Impacts on non-current assets	**1,291**	**1,272**	**19**

3.3 OTHER GROSS PROFIT ITEMS

Purchases, sub-contracting and other external charges break down as follows:

In € millions	30/06/2017	30/06/2016	Change
Sub-contracting	-2,925	-2,775	-150
Infrastructure fees payable to SNCF Réseau	-1,843	-1,816	-27
Eurotunnel and other infrastructure fees	-278	-275	-4
Purchases and external charges	-2,914	-2,893	-21
Traction energy and fuel	-511	-497	-15
Purchases and external charges	**-8,472**	**-8,256**	**-216**

4 OPERATING ASSETS AND LIABILITIES

4.1 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

4.1.1 Property, plant and equipment

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

In € millions	30/06/2017 Gross	30/06/2017 Depreciation and impairment	30/06/2017 Net	31/12/2016 Gross	31/12/2016 Depreciation and impairment	31/12/2016 Net
Land and buildings	11,659	-5,825	5,834	11,722	-5,788	5,934
Industrial and technical plant and other assets (ITP)	3,866	-2,535	1,331	3,874	-2,535	1,338
Transportation equipment	32,496	-23,368	9,128	32,547	-23,307	9,240
Property, plant and equipment in progress	1,089	-8	1,081	1,011	-9	1,002
TOTAL excluding grants	**49,109**	**-31,736**	**17,373**	**49,154**	**-31,639**	**17,515**
Investment grants	-9,117	4,534	-4,583	-9,090	4,379	-4,712
TOTAL	39,993	-27,202	12,791	40,063	-27,260	12,803

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

In € millions	Land and buildings	ITP	Transportation equipment	Property, plant and equipment in progress	Investment grants	**Total net of grants**
Net carrying amount as at 31/12/2016	**5,934**	**1,338**	**9,240**	**1,002**	**-4,712**	**12,803**
Acquisitions	11	54	677	331	-233	840
Disposals	-19	-5	-35	0	0	-58
Depreciation, net of grants released	-185	-132	-479	0	169	-627
Impairment losses	0	1	-10	0	0	-9
Change in scope	2	-3	2	0	0	1
Exchange differences	-1	-5	-28	-1	0	-35
Other changes	91	83	-240	-251	192	-125
Net carrying amount as at 30/06/2017	**5,834**	**1,331**	**9,128**	**1,081**	**-4,583**	**12,791**
Of which assets under finance lease	*55*	*4*	*920*	*0*	*0*	*980*

Other changes mainly correspond to the reclassification of STVA property, plant and equipment to "Assets held for sale" for €101 million (see Note 4.1.5).

4.1.2 Investments

Capital expenditure flows break down as follows:

In € millions	30/06/2017	30/06/2016
Intangible assets	-96	-89
Property, plant and equipment	-1,073	-909
Total acquisitions	**-1,168**	**-999**
incl. non-current assets held as finance-leasing	*-29*	*-11*
Acquisitions excluding finance-leasing	**-1,140**	**-988**
Investment working capital	27	-188
Intangible assets and PP&E capital expenditure flows	**-1,112**	**-1,176**

Capital expenditure for the period primarily comprised:

- software developed in-house, either already brought into service or still under development, of which €46 million for the parent company EPIC SNCF Mobilités,
- acquisitions and upgrades to stations and buildings totalling €276 million (including the extension or adaptation of maintenance workshops for Régiolis, Régio2N or Z2N trains, upgrades to the multimodal exchange hub of Rennes, extension of the T4 tram-train, extension of the EOLE West line, creation of the Tangentielle Légère Nord (TLN) line, upgrades to Paris Montparnasse station and restructuring of the Bordeaux St Jean station),
- acquisition and renovation of rail and road equipment totalling €677 million (including the acquisition of TGV Duplex and Eurostar trains, new Transilien trains (NAT), EOLE trains, new generation Tram-Trains, wagons, transcontainers, rail freight locomotives and containers, renovation of TGVs and electrical railcars).

Asset-financing grants received totalled €233 million, including €138 million for rail equipment and €95 million for fixed installations.

4.1.3 Depreciation and amortisation

Depreciation and amortisation break down as follows:

In € millions	30/06/2017	30/06/2016	Change
Amortisation of intangible assets	-133	-129	-4
Depreciation of property, plant and equipment	-796	-793	-3
Grants released to profit or loss	170	176	-6
Reversal of liabilities relating to concession assets excluded from the scope of IFRIC 12	59	58	1
Depreciation and amortisation	**-701**	**-688**	**-13**

4.1.4 Net proceeds from asset disposals

Asset disposals had the following impacts on profit or loss:

In € millions	30/06/2017	30/06/2016	Change
Disposals of intangible assets	-2	11	-13
Disposals of property, plant and equipment	123	68	54
Disposals of financial assets	12	31	-19
Net proceeds from asset disposals	**133**	**110**	**23**

As at 30 June 2017, net proceeds from the disposal of assets primarily concerned the sales of various complexes and properties by EPIC SNCF Mobilités for €112 million.

4.1.5 Assets and liabilities classified as held for sale

In € millions	30/06/2017	31/12/2016
Assets classified as held for sale	240	0
Liabilities associated with assets classified as held for sale	109	0
Net impact on balance sheet	131	0

The STVA CGU (multimodal transport and logistics for finished vehicles), currently being sold by the Group, was considered as a group of assets held for sale as at 30 June 2017. The forecast sale was validated by the Board of Directors on April 26, 2017. Following exclusive negotiations and subject to the approval of the competition authorities which should issue a decision in the second half of 2017, STVA will join the CAT group.

The main assets and liability categories reclassified under IFRS 5 were as follows as at 30 June 2017:

In € millions	30/06/2017
Goodwill	0
Intangible assets and property, plant and equipment	105
Equity investments	12
Deferred tax assets	1
Inventories and work-in-progress	2
Operating receivables	115
Financial assets	2
Cash and cash equivalents	3
Assets classified as held for sale	**240**

In € millions	30/06/2017
Employee benefits	10
Provisions	4
Deferred tax liabilities	11
Financial liabilities	4
Operating liabilities	80
Liabilities associated with assets classified as held for sale	**109**

4.2 PROVISIONS FOR RISKS AND LITIGATION

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

In € millions	01/01/2017	Charges	Reversals used	Reversals not used	Other changes	30/06/2017	of which current	of which non-current
Contractual litigation and risks	272	10	-23	-11	-2	247	70	176
Tax, employee and customs risks	160	3	0	0	2	164	17	147
Environmental risks	719	20	-11	-1	0	728	27	701
Restructuring costs	42	1	-12	-1	-1	29	22	7
Other	180	22	-18	-7	-7	170	72	99
Total provisions	1,373	56	-65	-19	-8	1,337	208	1,130

4.2.1 Provisions for environmental risks

At the period-end, environmental risks that had been provided for primarily concerned the following items:

- site decontamination: €16 million (€16 million in 2016).
- asbestos-related costs: €701 million (€692 million in 2016).

4.2.2 Provisions for contractual litigation and risks

The provision for contractual litigation and risks mainly includes risks associated with legal disputes and contract settlements in addition to contractual risks.

4.2.2.1 Litigation

Resolved litigation

- Disputes with ARAFER

The Nouvelle-Aquitaine region entered into legal proceedings with ARAFER mainly in connection with a dispute relating to the station access fees for 2014 and 2015. Following the hearing of 25 January 2017, ARAFER rendered its decision on 1 February 2017 in which it ordered SNCF Gares & Connexions to cap the return on capital invested at 6.9% for 2014 and 2015. The immaterial consequences of this decision were recorded in the half-year financial statements.

Furthermore, EPIC SNCF Mobilités (SNCF Gares & Connexions) filed an appeal before the Conseil d'Etat regarding ARAFER's unfavourable opinion on station access fees for 2016 and 2017. In October 2016, the decisions of ARAFER for the 2016 Document de Référence des Gares (DRG) challenging the return on capital invested were confirmed by the Conseil d'État. EPIC SNCF-Mobilités withdrew its appeal before the Conseil d'État for the 2017 fees.

Ongoing litigation

- Investigation of the Competition Authority regarding Fret SNCF

An investigation was conducted by the Competition Authority regarding Fret SNCF. In March 2012, the reporting judges transmitted a final report to the Competition Authority with a certain number of grievances, all of which were challenged by EPIC SNCF Mobilités (formerly EPIC SNCF) due to their unfounded nature and the lack of competition law infringement. Following the Competition Authority's decision (December 2012), EPIC SNCF Mobilités was ordered to pay a fine of €61 million for having conducted several practices that hindered or delayed the entry of new operators into the rail freight transport market. This fine was expensed in 2012 under "Purchases and external charges" within gross profit. The Authority also issued a judicial order regarding Fret SNCF's pricing policy and imposed that certain measures, particularly of an accounting and commercial nature, be implemented and in effect at the end of a three-year period in order to render such policy more objective. In January 2013, EPIC

SNCF Mobilités appealed this decision before the Paris Appeal Court which rendered its decision on 6 November 2014, judging that the grievance concerning predatory pricing was unsubstantiated and the order to pay was no longer justified. It also reduced the financial penalty that SNCF Mobilités was ordered to pay to €48 million. ECR and the Competition Authority appealed in December 2014. Proceedings continued in 2015, with further pleadings by ECR and the Competition Authority, and EPIC SNCF Mobilités' observations in reply (also applicable for the appeal).

The Court of Cassation issued its ruling on 22 November 2016. The Court quashed the Paris Appeal Court decision of 6 November 2014 based on two issues: the Court i) held that the practice of predatory pricing by EPIC SNCF Mobilités on the rail freight transport market using full-load trains had not been established and that the injunction was inapplicable and ii) dismissed the aggravating circumstance drawn from the reiteration. Based on these two issues, the Court referred the matter to a differently constituted Appeal Court. EPIC SNCF Mobilités appealed to the Appeal Court on 16 January 2017 and filed its observations on 22 June 2017.

Following the order of the Cour de Cassation and the request for payment by the French Treasury, EPIC SNCF Mobilités paid out €5 million.

- Investigation of the Competition Authority regarding the Distribution and Express segment

The Competition Authority is currently investigating the Distribution and Express segment with regard to an alleged agreement on pricing adjustments for the 2005/2010 period. A notice of grievances was officially received in July 2014. After observations of the parties, the Competition Authority's investigation department issued a report on 22 April 2015, largely dismissing the arguments presented by the various stakeholders. Geodis and EPIC SNCF Mobilités put forward their observations in reply. The Competition Authority's board hearing was held on 30 September 2015.

The Competition Authority rendered its decision on 15 December 2015, imposing a fine of €196 million on Geodis, a Group subsidiary. EPIC SNCF Mobilités is jointly and severally liable for the fine's payment in the amount of €89 million. EPIC SNCF Mobilités and Geodis appealed the decision of the Competition Authority before the Paris Court of Appeal. The accrued expense of €196 million recognised as at 31 December 2015 was fully paid in April 2016. The appeal proceedings are following their course with a hearing in March 2017 and deliberation scheduled for the end of October.

- Investigation of the Competition Authority regarding Ouibus

In December 2016, the Competition Authority launched an investigation into the Ouibus activity following the filing of a suit by Transdev for protective measures. The Competition Authority issued its decision on 1 June 2017 and rejected Transdev's claim as it considered the grievances to be unjustified.

- Ruling of the Paris Industrial Tribunal

The Paris Industrial Tribunal handed down its decisions on 21 September 2015 with respect to the appeals filed by former Moroccan employees. EPIC SNCF Mobilités accounted for the consequences in its financial statements based on the penalties handed down. An appeal is underway, thus suspending payment of the sums claimed; these first cases were argued before the Appeal Court in May 2017 and the deliberation will be rendered on 31 January 2018. The Industrial Tribunal will also hear new cases, normally at the end of Q1 2018. An additional provision is set aside as and when new appeals are filed with the Paris Industrial Tribunal. The provision is recorded under "Provisions for tax, employee-related and customs risks."

- Brétigny-sur-Orge accident

Following the derailment on 12 July 2013 of Paris-Limoges intercity train no. 3657 in Brétigny-sur-Orge (Essonne) station, and after having filed the two legal expert reports requested by the investigating judges, RFF and SNCF, which became SNCF Réseau and SNCF Mobilités, respectively, on 1 January 2015, were indicted for "involuntary manslaughter and unintentional injuries through carelessness, recklessness, inattention, negligence, or failure to observe an obligation of due care or precaution" and heard by the judges.

SNCF Réseau and SNCF Mobilités firmly challenged the expert reports, cast doubt on the seriousness of the metallurgical evaluation, and requested that additional work be carried out for which the approval was notified at the end of January 2016.

As this additional work had still not provided any response to the outstanding issues, SNCF Mobilités requested an additional expert assessment on 29 February 2016. The investigating judges ruled that the conditions for opening an investigation were not satisfied and this ruling was appealed. The appeal went before the investigating chamber which ordered an additional appraisal to be carried out in October 2017.

Since the accident, EPIC SNCF Mobilités has set up a dedicated team to assist the victims and their families. Under the aegis of the coordination authority designated by the Ministry of Transport, EPIC SNCF Mobilités immediately committed to a compensation programme for the accident's human and material consequences. The liability insurer has now assumed responsibility for the compensation since the date the deductible (€3 million) was exceeded.

As a precautionary measure, on 8 October 2013, SNCF Mobilités and SNCF Réseau launched the Vigirail programme, designed to improve switching safety and upgrade track maintenance. This program includes actions that meet the recommendations issued by the French Land Transport Accident Investigation Bureau (BEA-TT) in its progress report of 10 January 2014. Following the conclusions of the final report made public by the BEA-TT on 18 September 2015, EPIC SNCF Mobilités pledged to implement three new recommendations.

- Appeal to the Conseil d'Etat for the calculation of the old age contribution rate

Having identified an inconsistency in the calculation method for the T1 old age contribution rate used to finance the special retirement plan, EPIC SNCF Mobilités requested an amendment from the relevant ministries. In the absence of any response, the company brought the case before the Conseil d'État, which rejected in January 2015 the appeals covering the 2011 and 2012 rates, considering that the cases put forward were not sufficiently justified. On 20 May 2016, considering it to be vitiated by an error of law pursuant to the decree of 28 June 2007, the Conseil d'État cancelled the interministerial decree of 16 July 2014 that determined the definitive T1 components for 2013 and the provisional T1 components for 2014 and thus validated the approach put forward by the company. On 12 July 2016, the Conseil d'État also cancelled the interministerial decree of 27 July 2015 that determined the components of the definitive T1 for 2014 and the provisional T1 for 2015.

With respect to the T1 2013 and 2014 rates, accrued income of €58 million was therefore recognised in 2016, of which €29 million for the period ended 30 June 2016, under "Other operating income and expenses" in the income statement.

In a decree of 2 May 2017, the final T1 rates for 2013, 2014, 2015 and 2016 were published in the *Journal Officiel*. They incorporated the new calculation method recommended by the company and endorsed by the Conseil d'État in its 2016 ruling.

With respect to 2015 and 2016, due to the Rail Reform impact, the accrued income acquired by EPIC SNCF Mobilités was reduced to €23 million. Furthermore, with respect to 2013 and 2014, additional income of €8 million was recognised in the 30 June 2017 financial statements.

In a decree of 2 May 2017, the T2 rate, the other flat-rate contribution paid in discharge of liabilities to finance the special railway employee pension plan, was raised by 2 points as at 1 May 2017. On 23 May 2017, the company filed an appeal with the Conseil d'État in accordance with the decree of 28 June 2007, which provides for a revaluation mechanism based on changes in certain ordinary contributions.

- Action for damages relating to the Magenta and Condorcet d'Eole station contracts

A settlement agreement dated 19 February 2016 brought an end to the action for damages filed by SNCF, now SNCF Mobilités, against companies that were sanctioned by the French Competition Council on 21 March 2006 in regard to arrangements covering the Eole Magenta and Condorcet stations, with the exception of the non-signatory Bouygues group companies (Bouygues, Bouygues Construction and Bouygues Travaux Publics).

The action for damages is being pursued against the Bouygues group companies before the Paris Administrative Court of Appeal after the Paris Administrative Court, having validated the continuance motion filed by the defendants that had signed the settlement agreement, while acknowledging fraudulent conduct likely to incur the liability of the companies, rejected the EPIC SNCF Mobilités claim in a decision handed down on 31 May 2016 on the grounds that the plaintiff had not demonstrated its loss. In addition, the Bouygues group companies have filed an appeal to invalidate the settlement agreement concluded on 19 February 2016.

4.2.2.2 Provisions for onerous contracts

There were no onerous contracts during the period.

5 CAPITAL AND FINANCING

Net borrowing and other costs break down as follows:

In € millions	30/06/2017	30/06/2016	Change
Net changes in fair value and hedges	19	-5	24
Net borrowing costs	-140	-140	0
Other interest expense and income	-1	-14	13
Net borrowing and other costs	**-122**	**-158**	**36**

In € millions	30/06/2017	30/06/2016	Change
Interest expense	-345	-415	71
Interest income	222	257	-34
Net borrowing and other costs	**-122**	**-158**	**36**

A €1 billion fixed-rate bond, swapped at floating rates for half the amount, was issued on 2 February 2017 by EPIC SNCF Mobilités. Both the bond and swap mature on 2 February 2029. A second tranche of €300 million was issued on 31 May 2017 (see Note 2.1 to the condensed half-year consolidated financial statements).

The decreases in the positive and negative fair values of trading derivatives mainly stemmed from the fixed-rate receiver and payer swaps due to:

- the impact of the passage of time, as the coupons were mainly paid in the first half of 2017 for this portfolio;
- the changes in long market rates.

30/06/2017				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	Loans, receivables, debt at amortised cost	At fair value through profit or loss	Derivatives qualified for hedging	Net carrying amount of the class on the balance sheet	Fair value of the class	Level 1	Level 2	Level 3
SNCF Réseau receivable	670	54	724	-	724	-	-	724	1,038	-	1,038	-
SNCF receivable	401	61	462	-	462	-	-	462	508	-	508	-
Public Debt Fund receivable	1,497	73	1,570	-	1,570	-	-	1,570	1,998	-	1,998	-
Cash collateral assets	-	513	513	-	513	-	-	513	513	-	513	-
Other loans and receivables	501	52	553	-	553	-	-	553	578	2	576	0
Concession financial assets	1,229	112		-	1,341	-	-	1,341	1,548	-	1,548	-
Sub-total loans and receivables	**4,298**	**865**	**3,822**	**-**	**5,163**	**-**	**-**	**5,163**	**6,184**	**2**	**6,182**	**0**
Pension assets	12											
Available-for-sale assets	206	0		206	-	-	-	206	206	-	-	206
Assets at fair value through profit or loss	0	0	0	-	-	0	-	0	0	0	-	-
Positive fair value of hedging derivatives	441	83	524	-	-	-	524	524	524	-	524	-
Positive fair value of trading derivatives	796	42	838	-	-	838	-	838	838	-	838	-
Cash and cash equivalents	-	5,719	5,719	-	-	5,719	-	5,719	5,719	5,090	629	0
Total current and non-current financial assets	5,754	6,709	10,903	206	5,163	6,558	524	12,451	13,471	5,092	8,173	206
Bonds	11,609	918	12,527	-	12,337	190	-	12,527	14,817	-	14,817	-
Bank borrowings	1,830	105	1,935	-	1,935	-	-	1,935	1,955	0	1,955	0
Finance-lease borrowings	793	68	861	-	861	-	-	861	861	0	861	0
Sub-total borrowings	**14,232**	**1,091**	**15,323**	**-**	**15,133**	**190**	**-**	**15,323**	**17,633**	**0**	**17,633**	**0**
of which:	-	-	-	-	-	-	-	-	-	-	-	-
- measured at amortised cost	*11,866*	*1,066*	*12,931*	-	*12,931*	-	-	*12,931*	*15,136*	*0*	*15,135*	*0*
- recognised using fair value hedge accounting	*2,181*	*21*	*2,201*	-	*2,201*	-	-	*2,201*	*2,307*	*0*	*2,307*	-
- valued according to the "fair value" option (*)	*185*	*5*	*190*	-	-	*190*	-	*190*	*190*	-	*190*	-
Negative fair value of hedging derivatives	517	41	558	-	-	-	558	558	558	-	558	-
Negative fair value of trading derivatives	632	46	678	-	-	678	-	678	678	-	678	-
Loans and borrowings	**15,381**	**1,178**	**16,559**	**-**	**15,133**	**869**	**558**	**16,559**	**18,869**	**0**	**18,869**	**0**
Cash borrowings and overdrafts	-	2,046	2,046	-	2,046	-	-	2,046	2,046	348	1,698	-
Amounts payable on non-controlling interest purchase commitments	1,189	-		1,189	-	-	-	1,189	1,189	-	1,159	30
Total current and non-current liabilities	16,570	3,225	18,605	1,189	17,179	869	558	19,794	22,104	349	21,726	30
	-	-	-	-	-	-	-	-	-	-	-	-
Group net indebtedness	11,074	-3,371	7,703	-	13,357	-5,689	34	7,703	9,199	-4,743	13,942	0

(*) The nominal amount of liabilities recorded under the fair value option was €150 million.

31/12/2016 Balance sheet heading and classes of financial instruments In € millions	**Non-current**	**Current**	**Net indebtedness**	Financial instruments				Total	Fair value			
				At fair value through equity	Loans, receivables, debt at amortised cost	At fair value through profit or loss	Derivatives qualified for hedging	Net carrying amount of the class on the balance sheet	Fair value of the class	Level 1	Level 2	Level 3
SNCF Réseau receivable	670	27	697	-	697	-	-	697	1,045	-	1,045	-
SNCF receivable	405	51	456	-	456	-	-	456	511	-	511	-
Public Debt Fund receivable	1,503	42	1,545	-	1,545	-	-	1,545	2,041	-	2,041	-
Cash collateral assets	-	802	802	-	802	-	-	802	802	0	802	-
Other loans and receivables	488	103	591	-	591	-	-	591	620	7	611	2
Concession financial assets	1,227	155		-	1,383	-	-	1,383	1,603	-	1,603	-
Sub-total loans and receivables	**4,293**	**1,180**	**4,091**	**-**	**5,473**	**-**	**-**	**5,473**	**6,622**	**7**	**6,613**	**2**
Pension assets	12									-	-	-
Available-for-sale assets	204	-		204	-	-	-	204	204	0	0	204
Assets at fair value through profit or loss	-	0	0	-	-	0	-	0	0	0	-	-
Positive fair value of hedging derivatives	567	51	617	-	-	-	617	617	617	-	617	-
Positive fair value of trading derivatives	912	118	1,030	-	-	1,030	-	1,030	1,030	-	1,030	-
Cash and cash equivalents	-	4,584	4,584	-	-	4,584	-	4,584	4,584	4,150	434	0
Total current and non-current financial assets	5,988	5,932	10,322	204	5,473	5,614	617	11,909	13,058	4,157	8,694	207
Bonds	10,526	906	11,432	-	11,237	195	-	11,432	13,962	-	13,962	-
Bank borrowings	1,698	147	1,845	-	1,845	-	-	1,845	1,870	1	1,869	0
Finance-lease borrowings	796	64	860	-	860	-	-	860	864	0	864	-
Sub-total borrowings	**13,020**	**1,117**	**14,137**	**-**	**13,942**	**195**	**-**	**14,137**	**16,697**	**1**	**16,696**	**0**
of which:												
- measured at amortised cost	*11,446*	*998*	*12,444*	-	*12,444*	-	-	*12,444*	*14,936*	*1*	*14,935*	*0*
- recognised using fair value hedge accounting	*1,381*	*118*	*1,499*	-	*1,499*	-	-	*1,499*	*1,566*	*0*	*1,566*	-
- valued according to the "fair value" option (*)	*193*	*2*	*195*	-	-	*195*	-	*195*	*195*	*0*	*194*	*0*
Negative fair value of hedging derivatives	549	44	593	-	-	-	593	593	593	-	593	-
Negative fair value of trading derivatives	736	86	822	-	-	822	-	822	822	-	822	-
Loans and borrowings	**14,305**	**1,247**	**15,552**	**-**	**13,942**	**1,017**	**593**	**15,552**	**18,111**	**1**	**18,110**	**0**
Cash borrowings and overdrafts	-	2,744	2,744	-	2,744	-	-	2,744	2,744	287	2,457	-
Amounts payable on non-controlling interest purchase commitments	1,176	1		1,177	-	-	-	1,177	1,177	-	1,146	31
Total current and non-current liabilities	15,481	3,992	18,296	1,177	16,686	1,017	593	19,473	22,032	288	21,713	31
Group net indebtedness	9,760	-1,786	7,974	-	12,595	-4,597	-25	7,974	9,605	-3,869	13,477	-2

* The nominal amount of liabilities recorded under the fair value option was €153 million.

6 OFF-BALANCE SHEET COMMITMENTS

The main changes in commitments given over the half-year were as follows:

- Net investment commitments for the operation of rail equipment increased by €2,557 million:
    - o The increase was mainly attributable to the new investment programme involving 71 New Generation RER trains for €1,321 million; a new purchase agreement involving 83 Régio2N trains for €951 million at Transilien; new purchase commitments involving 15 3UFC TGV trains for €424 million; a new purchase agreement involving Regiolis trains signed with AFITF for €242 million; and the TER rolling stock modernisation agreement for €254 million.
    - o The decrease stemmed from deposits paid on the acquisition of 40 double-deck TGV trains for €190 million; deliveries of Siemens trains for €72 million at Eurostar; expenses incurred and continued investment in TER equipment for €189 million and New Generation RER trains for €144 million.
- Commitments for the purchase and financing of assets other than rail equipment rose by €364 million, including €105 million for new TER workshops and €164 million in the Transilien network for maintenance workshop creation and adaptation projects for new Generation RER trains as well as ticketing and ticket inspection projects.
- Property operating lease commitments increased by €139 million due to new property leases.
- Operating and financial guarantees rose by €100 million, primarily due to the signature of a new contract in Manchester at Keolis for €59 million.

The main changes in commitments received over the half-year were as follows:

- Net investment funding receivable from the Regions for the operation of rolling stock increased by €1,762 million.
    - o The increase was in line with the commitments given for the purchase of new Régio2N trains at Transilien for €951 million. It was attributable to new commitments involving 71 New Generation RER trains for €724 million; new Regiolis trains at Intercités for €196 million following the signing of the financing agreement with AFITF in the first half of 2017; and the TER rolling stock modernisation agreement for €219 million.
    - o The decrease stemmed from the investments made during the period by Transilien for €161 million involving Nouvelles Automotrices Transilien (NAT) and Regio2N trains as well as Tram Trains; by Intercités for €98 million on Regiolis trains; and by TER for €83 million on Regio2N trains and €62 million on Regiolis trains.
- Investment funding receivable from the Regions for the operation of fixed assets other than rolling stock increased by €149 million mainly in line with the work on new TER workshops (€85 million) and the renovation of workshops housing the new Regiolis trains (€16 million) and new project financing at SNCF Gares et Connexions for €34 million.

Furthermore, sales undertakings received and given declined by €120 million mainly due to the disposals completed in early 2017 (see Note 2.1).

SNCF Mobilités also set up a revolving factoring facility for the assignment of trade receivables in the Geodis sector. The transactions cover the entire amount of assigned receivables and can be carried out on a monthly basis. Counterparty and late payment risks and the benefits associated with the receivables are transferred to the factor. As the receivables are denominated and assigned in euros, there is no foreign exchange risk. Accordingly, the Group is deemed to have transferred virtually all the risks and rewards relating to the receivables. As this involves operating receivables, assignments led to net receipts for the Group presented in "Net cash from operating activities" on the cash flow statement. Assignments at the year-end resulted in a net receipt of €101 million being obtained in advance from the factor compared to the usual debt collection period.

7 SCOPE OF CONSOLIDATION

There were no major changes in the scope of consolidation during the period.

SNCF Mobilités

Statutory Auditors' review report on the 2017 interim financial information

For the six months ended 30 June 2017

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Statutory Auditors' review report on the 2017 interim financial information

For the six months ended 30 June 2017

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.

SNCF Mobilités
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In compliance with the assignment entrusted to us by the French Minister for the Economy, Industry and Digital Affairs on 18 April 2014 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 SNCF Mobilités for the six months ended 30 June 2017;
- 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, with the exception of the item described in the following paragraphs. A review of interim financial information consists of making enquiries, 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 indicated in Note 1.2.3 to the condensed interim consolidated financial statements, as part of the 10-year operational contract signed between the State and SNCF Mobilités, and in light of its financial trajectory, the strategic plan for Gares & Connexions was modified in the second half of 2016, resulting in the reversal of part of the impairment loss for the assets of the Gares & Connexions cash-generating unit of €273 million at 31 December 2016. At 30 June 2017, the Company did not identify any new indications of impairment or increases in value.

The sensitivity of the recoverable value of these assets to economic and financial assumptions remains very high at 30 June 2017. There are therefore major uncertainties and contingencies that could affect the economic and financial prospects of the Gares & Connexions cash-generating unit, namely (i) a pricing model still being negotiated and adapted; (ii) the possibility raised by the French Rail and Road Office (ARAFER) and a French government report to the Parliament of the stations and their management being transferred to a third party, with operational, economic and financial consequences for SNCF Mobilités that are difficult to assess; and (iii) a financial trajectory which, as seen over the past two years, has to be adapted in line with the changes in the economic and regulatory environment.

These uncertainties and contingencies could also materialize in the near future, affecting each other in ways that cannot be precisely determined and affecting the value in use of the assets of the Gares & Connexions cash-generating unit as presented by SNCF Mobilités.

As a result, we are unable to assess the probative value of the projections, and are therefore unable to give an opinion on the net carrying amount of the assets of the Gares & Connexions cash-generating unit, which amounted to €1,622 million at 30 June 2017.

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

Without qualifying our conclusion, we draw your attention to Note 1.2.3 to the condensed interim consolidated financial statements, which describes the context, uncertainties and contingencies that at 30 June 2017 continue to affect certain economic and financial assumptions used by SNCF Mobilités to determine the recoverable amount of the assets of its Eurostar and TGV France and Europe (excluding Eurostar and Thalys) cash-generating units. Given the uncertainty at 30 June 2017 linked to the accuracy of these assumptions and the fact that recoverable amounts are extremely sensitive to them, the measurement of the value of these assets and the associated repurchase commitments, and consequently that of deferred tax assets, could vary significantly over time.

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 matters to report as to its fair presentation and its consistency with the condensed interim financial statements.

Neuilly-sur-Seine and Paris-La Défense, 28 July 2017

The Statutory Auditors

PricewaterhouseCoopers Audit — ERNST & YOUNG Audit

Laurent Daniel — Pierre Marty — Christine Vitrac — Denis Thibon