PRESS RELEASE
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Keolis results 2018
Record growth and continued transformation

2018 was an exceptional year of development for Keolis with many tenders won and growth in turnover and EBITDA of +10% and +15% respectively.

- At €5.93 Bn, turnover increased significantly notably thanks to the contract signed with Transport for Wales, and is now approaching the €6 billion milestone.
- This strong growth in turnover comes with an even larger increase in profitability (recurring EBITDA), which rose by 15% in 2018, from €342 M to €392 M.
- Operating margin is 6.6%.

“Keolis continues its development, with two-digit growth and a significant increase in its operating margins. We are investing to consolidate our status as a world player in the shared mobility market. Our performance provides us with the means to develop and to continue our transformation in an extremely competitive environment” - Jean-Pierre Farandou, Executive Chairman of the Keolis Group.

Having renewed with strong growth in 2017 (+6.4%), the growth rate of the Keolis Group reached a record +10% in 2018. This dynamic is due to the significant successes achieved both in France and internationally, and the Keolis Group’s capacity to adapt to changes in the sector with innovative, shared, sustainable, connected and autonomous mobility solutions.

2018 results: Strong growth for Keolis

The Keolis Group’s turnover reached €5.93 Bn in 2018, a €535 M increase on 2017 (+10%).

Revenues grew organically by +10.4% excluding the effects of foreign exchange and changes in scope, and by +12% at constant exchange rates. This large increase is due to the very good results recorded by all the businesses of the Keolis Group and by the launch of the record contract in Wales as well as other contracts in Europe (Netherlands, Germany, UK) and Australia.
The Keolis Group’s profitability (recurring EBITDA) also increased significantly compared to the previous year (+15%), reaching €392 M, mainly due to organic growth. This translates into a 2018 operating margin of 6.6% (compared with 6.3% in 2017).

The financial structure has been strengthened, with net debt at €982 M, lower than the previous year (€1,011 M). The net debt/EBITDA ratio is at 2.2x, well below the limits set in the group’s covenant.

The recurring net profit Group share is €79 M, 5.6% less than in 2017; this is due to the effects of taxes, notably related to the CICE (tax credit for competitiveness and employment) and CVAE (contribution on added value).

The net profit Group share is €30.9 M in 2018, below 2017 (€50.9 M), explained by various tax impacts and non-recurring items that have no impact on the Group’s cash flow.

<table>
<thead>
<tr>
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<th>31 December 2017</th>
<th>31 December 2018</th>
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<tbody>
<tr>
<td>Turnover</td>
<td>5,399</td>
<td>5,934</td>
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<tr>
<td>EBITDA</td>
<td>342</td>
<td>392</td>
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<tr>
<td>Operational margin</td>
<td>6.3%</td>
<td>6.6%</td>
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<tr>
<td>Recurring net profit</td>
<td>83</td>
<td>79</td>
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<tr>
<td>Group share</td>
<td></td>
<td>-5.6%</td>
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<tr>
<td>Free cash flow</td>
<td>-62</td>
<td>107</td>
</tr>
<tr>
<td>Net debt</td>
<td>1,011</td>
<td>982</td>
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<tr>
<td>Debt lever</td>
<td>2.4x</td>
<td>2.2x</td>
</tr>
<tr>
<td>Debt lever</td>
<td>-2.9%</td>
<td>-0.2x</td>
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</tbody>
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A very good year for sales in France

2018 was characterised by multiple invitations to tender and punctuated with commercial successes in an increasingly competitive context. Both defensive and offensive contract awards in 2018 demonstrate the group’s capacity to maintain and acquire relationships of confidence with public transport authorities.

In 2018, Keolis consolidated its leadership on the open French market and confirmed its ambition to be the number one partner of public authorities, assisting them in their own transformational challenges.

Excellent trend in passenger revenues

In 2018, Keolis recorded a strong increase of 5.3% in commercial revenues within its 15 largest urban networks, which account for more than 95% of patronage. This is coupled with a +3.2% increase in the number of passengers.

The income from these networks, which totalled €602 M thus passing the €600 M mark for the first time in Keolis’s history, testifies to the expertise of the Keolis Group in designing attractive networks, sales actions to win and retain customers, and fare evasion measures.

Major new contracts…

Keolis won three new contracts, which came into effect on 1 January 2019:
- **Nancy**: the Metropolitan Council of Greater Nancy chose the Keolis Group to operate its public transport network, **Stan**, comprising trams, buses, electric shuttle services, on-demand transport services, transport for passengers with reduced mobility and park-and-ride facilities. The six-year contract will generate a cumulative revenue of €346.8 M. This contract includes the replacement of the current trams on tyres (TVR) with steel-wheeled trams.

- **Chambéry**: the six-year contract, with cumulative revenues of €138 M, includes the management and operation of the public transport network for the Municipality of Greater Chambéry, with a targeted 14% increase in passenger numbers (i.e. 15 million passengers per year vs 13 million at present).

- **Bourg-en-Bresse**: Greater Bourg-en-Bresse has entrusted Keolis with the operation of all public transport services for its 75 communes. The four-year contract, with a cumulative revenue of €37.5 M, includes the introduction of an on-demand transport service.

In **Île-de-France**, the French State designated the “**Hello Paris**” group, comprising Keolis and RATP Dev, to operate the **CDG Express**, the direct rail link between Paris Gare de l'Est station and Paris-Charles de Gaulle airport, in preparation for the Paris Olympic Games in 2024. The contract, which is expected to be signed in the very near future, includes a five-year pre-operational period (2019–2023), followed by a fifteen-year operational phase (2024–2038).

**... and numerous renewals**

In November 2018, Tours Métropole Val de Loire chose Keolis to operate and maintain its public transport network, **Fil Bleu**. This new seven-year public service concession, which includes the **Fil Blanc** transport service for passengers with reduced mobility, started on 1 January 2019. It will generate an expected cumulative revenue of €427 M. Keolis will advise Tours Métropole Val de Loire for the preparation and launch, in 2025, of the network’s second tram line.

Orléans Métropole renewed its contract with Keolis to operate and maintain its public transport network **Tao**. The new contract came into effect on 1 January 2019 for a period of six years, representing a cumulative revenue of €395 M. During this contract, the Keolis Group will assist Orléans Métropole in achieving its goal to propose a 100% electric transport offer, including the replacement of its entire fleet of buses with electric vehicles by 2024. Tao will thus be France’s first 100% electric network.

Including the renewed contracts for medium-sized city transport networks (**Arras**, **Montargis**, **Riom**, **Saintes**, **Thiers** and **Vitré**) and intercity lines, the revenue corresponding to the new contracts won represents an annual value of €413 M, while renewed contracts represent €327 M.

**Parking: a historic year for EFFIA**

In 2018, the Keolis Group’s EFFIA subsidiary won 25 contracts, representing €28 M in annual turnover including €19 M of new contracts. These victories are all the more important given that EFFIA won almost all the major tender contracts, and notably all the barrier parking contracts, for Limoges, Le Havre and Grenoble.
In total, as of 1 January 2019, EFFIA manages **240,000 parking spaces**, four times more than when it was acquired by Keolis in 2010.

**Keolis Santé: continued development via external growth**

Following on from the alliance formed at the end of 2017 between Keolis Santé and **Jussieu Secours**, which led to the creation of **France’s first medical transport network**, Keolis Santé **acquired and integrated another 12 firms** in 2018. On the strength of these acquisitions, the Jussieu Secours network now counts **4,200** professionals throughout France, and a fleet of **2,600** vehicles, representing a revenue of **€210 M**.

This strategy is in line with the Keolis Group’s ambition to participate actively in consolidating the sector, with a view to developing synergies and improving efficiency for patients.

**Dynamic international activity**

With growth of 13%, **international revenue now represents 49% of the Keolis Group’s “Public Transport” turnover**. This growth is supported by new and renewed contracts and successful launches in the sector of mass transit networks, as well as the creation of innovative micro-transit offers.

**Keolis consolidates its expertise in the rail sector**

In May 2018, KeolisAmey, the Keolis Group’s UK subsidiary, won the entire national rail network of **Transport for Wales**. The 15-year contract, with a cumulative revenue of €6 billion, **is Keolis’s largest ever win and its first rail contract in the UK as a majority partner**. The contract came into effect in October 2018 and includes the operation, maintenance and renovation of the network, which comprises 1,623km of track, 128 trains, 247 stations and three depots.

2018 also saw the Keolis Group’s rail transport expertise bringing an improved operational performance to the **Boston suburban train network** as well as positive financial results for the first time since Keolis began operating the network. Based on higher levels of punctuality and reliability, this performance improvement has generated a **22% increase in passenger numbers** since 2014.

**Keolis confirms its status as global leader in trams…**

Illustrating the Keolis Group’s capacity to propose mass transit solutions for all countries, **Shanghai Keolis**, the joint-venture formed by Shanghai Shentong Metro Group Co. Ltd. (51%) and Keolis (49%), began operating the first section of the **Songjiang tram line**, a district in the south west of the city. Inaugurated in December 2018, this is the first tram operated by the Keolis Group in **China**.

In Northern Europe, Keolis was once again selected to operate the **Bergen tram in Norway** for another eight years. **Patronage doubled between 2010 and 2018**, confirming its success with passengers.
In Denmark, the Keolis Group was chosen by the public transport authority of Odense to operate and maintain its future tram network, which is scheduled to launch in 2021. The fifteen-year contract will generate a cumulative revenue of approximately €230 M. This is the country's second tram network, after Aarhus, where Keolis extended the tram line from 12 to 32 km in August 2018.

In Australia, 2018 also saw the start of the new Melbourne tram contract, following its renewal for seven years in 2017. Operated by the Keolis Group’s Australian subsidiary Keolis Downer since 2009, this is the world’s largest network. The project notably includes the overhaul of more than 85% of the fleet over the next four years, and track modernisation work. At the beginning of the year, Keolis Downer, which already operates buses, real-time on-demand transport and ferries in Newcastle, successfully launched the city's new tram service. This multimodal transport network is the first to be entrusted to a private operator in Australia.

... and leader in automated metros

2018 was also the year of preparation and launch of the automated metro lines in Asia and the Middle East.

At the end of 2017, in Qatar, Keolis won a €3 billion contract as part of the Keolis, RATP Dev and Hamad Group consortium to operate and maintain the Doha automated metro and Lusail tram. Almost 1,000 employees have been recruited and trained, with a final objective of 3,000 employees. The network will be deployed in phases between now and the Football World Cup in 2022 and will be able to transport 650,000 passengers per day. It will be opened to the public imminently.

In China, the Keolis Group continues to develop. Shanghai Keolis began to operate the Pujiang driverless metro line in March 2018. It is Shanghai’s first driverless automated metro line, covering 6.7km and connecting six overground stations to optimise service to the Pujiang district in the south of the city.

In 2019, Keolis will also start operating the metro for Terminal 3 of Pudong airport. The project aims to support the rapid development of the airport, which is expected to receive some 80 million annual passengers over the next few years compared with 60 million today. The 20-year contract includes several phases, the first of which will begin this summer.

In India, two new sections of the Hyderabad automated metro were opened, and the network is now the second largest in the country in terms of size. With these extensions, the metro now links the east to the west of the city, serving the major business district, HITEC City, which attracts many new companies and residents to Hyderabad every year. When the 67km line is completed this year, it will carry over a million passengers every day.

External growth

Last year, the Keolis Group continued its external growth strategy by acquiring four companies from the Belgian firm, Open Tours Group. Specialised in airport transport, they will enable Keolis Belgium to expand its public transport activities, which also include school transport and tourist transport services.
Keolis accelerates its transformation through innovation

In sustainable mobility

As a supporter of the energy transition, Keolis makes commitments to both public transport authorities and passengers to promote more sustainable means of transport.

In 2018, Keolis prepared the launches of various projects with dedicated transport corridors: the 100% electric bus rapid transit (BRT) services in Amiens and Bayonne-Biarritz-Anglet, the hydrogen BRT service in Pau* and the new steel-wheeled tram in Caen, which are scheduled for the coming months.

Thanks to these launches, in 2019, the Group will become the operator responsible for the largest number of 100% electric bus networks in France.

In December 2018, Keolis Canada became the largest 100% electric school bus operator in North America.

In the USA, the Group will soon be in charge of the second largest electric fleet on the East Coast. Operating buses in Greensboro, North Carolina, since January 2019, Keolis launched the state’s first all-electric bus line in February 2019. The entire fleet (43 buses) is due to be converted to electric power.

*(In Pau, Keolis provides technical assistance)

Real-time shared mobility

Keolis hopes to use the development of artificial intelligence to enhance its expertise in real-time, on-demand transport.

This offer, which guarantees flexibility for passengers, encourages the use of public transport via an efficient multi-modal structure, helping to reduce urban congestion by sharing vehicles.

In collaboration with Via (world leader in real-time shared mobility solutions), the Keolis Group launched a number of dynamic on-demand transport projects in 2018, including KE'OP in Bordeaux, France.

In 2019, this transport offer will be deployed in Nancy and Tours.

On the international front, Keolis and its partner launched dynamic on-demand transport offers in Sydney and Newcastle in Australia, and in Orange County, California, USA.

Keolis also continued to launch real-time, on-demand transport offers in the Paris region with Filéo, the largest on-demand transport service in Europe, which includes services to Paris Charles de Gaulle airport, and Orleans.

In digital mobility

To offer a simplified, connected passenger experience, Keolis is constantly innovating and creating new digital mobility services.

In Dijon, Keolis launched the first open payment solution deployed in a French transport network, enabling transport ticket validation using a contactless credit card. The very rapid
uptake and success of this innovation (650,000 validations and 83,000 new users in one year) encouraged Keolis and Dijon Métropole to expand the service, initially used only on the tram, to the bus network in autumn 2018.

In autonomous mobility

Keolis, a pioneer in new mobility solutions, continued its autonomous shuttle strategy in partnership with the manufacturer Navya.

In 2018, nine new trials were launched in France (on the university campuses in Lille and Rennes, in Nevers and in Paris Charles de Gaulle airport) and abroad (at Flinders University and in Victoria state in Australia; in Candiac, Canada, on public roads; and in Han-sur-Lesse and Braine l’Alleud near Waterloo in Belgium).

The Keolis Group will continue these trials in 2019, notably serving the OL stadium in Lyon, and in Australia, in Sydney and Newcastle.

Since their launch in 2016, the shuttle services operated by Keolis on more than 30 sites have covered more than 60,000km and transported more than 140,000 passengers.

In carpooling

Since 2016, the Keolis Group has been developing a carpooling service to offer passengers a dynamic solution that operates alongside the other transport modes.

To develop its offer, Keolis has formed a partnership with Instant System. Currently available in Bordeaux, Dijon, Rennes and Lille, more than 10,000 people have signed up for this service.

This year, the offer will be launched for the Bourg-en-Bresse, Le Mans, Besançon and Chambéry networks.

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Significant growth in turnover and profitability confirms the pertinence of the Keolis Group’s strategy. Profitable growth secures Keolis Group’s transformation towards mobility solutions of the future, which will be shared, sustainable, connected and automated.

In 2018, the Keolis Group balanced its activities between France and the international market, both in terms of turnover (51% vs 49%) and its 3.3 billion annual passengers.

Symbolising the dynamism of the Keolis Group, the headcount at Keolis increased by 3%, totalling 65,000 employees (37,000 in France and 28,000 internationally) in 16 countries at the end of 2018. In parallel, 2018 saw the Group recruit 4,460 employees in France and 3,907 internationally, excluding acquisitions.

Keolis, a pioneer in the development of public transport services, works with public decision makers aiming to enhance the attractiveness and vitality of their territories using shared mobility. Global leader in the operation of automated metro and tram networks, Keolis is committed to a policy of strong, open innovation with all its partners and subsidiaries: Kisio, EFFIA, Keolis Santé, Cykleo. This commitment strengthens the core business and enables new, innovative and “customised” shared mobility offers for trains, buses and coaches, trolley buses, collective private driver services, river and sea shuttles, self-service bicycles,
car-sharing, 100% electric automated shuttles, urban cable cars and other modes. In France, Keolis is no. 2 in the parking market with its subsidiary EFFIA and no. 1 in medical transport, since Keolis Santé was created in July 2017. 70% owned by SNCF and 30% by CDPQ (Caisse de Dépôt et Placement du Québec), the Group employs 65,000 people in 16 countries, and generated turnover of €5.9 billion in 2018. In the same year, 3.3 billion passengers used one of the shared mobility services proposed by Keolis.

* Keolis is historically present in France and has developed in Australia, Belgium, Canada, China, Denmark, Germany, India, Luxembourg, Netherlands, Norway, Qatar, Senegal, Sweden, the UK and the USA.

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