Financial Report **2016**

BOUYGUES CONSTRUCTION

Shared **innovation**

Bouygues Construction: Shared innovation

A global player in construction with operations in over 80 countries, Bouygues Construction designs, builds and operates building, infrastructure and industrial projects. As a responsible and committed leader in sustainable construction, Bouygues Construction makes innovation its primary added value. Innovation is shared for the benefit of its customers and its 50,100 employees.

Key figures

at 31 December 2016

€11.8bn
Sales (-1%)

50,100
Employees

2.8%
Current operating margin (-0.1 point)

€320m
Net profit attributable to the Group (+16%)

€20.2bn
Order book (+4%)

Significant **events**

Major contract gains

- Civil works at Hinkley Point C EPR (UK)
- Nouveau Portier offshore extension (Monaco)
- Port of Calais extension (FR)
- Roll-out and operation of the FTTH network of the Nord and Pas-de-Calais departments in northern France

Projects under construction

- La Seine Musicale in Boulogne-Billancourt (FR)
- Tuen Mun-Chek Lap Kok Tunnel in Hong Kong
- Morpheus luxury hotel (City of Dreams complex) in Macao
- Biomass waste-to-energy plant in Belfast (UK)
- Paris district court complex (FR)

Projects handed over

- *MahaNakhon tower* in Thailand
- Russian Orthodox Spiritual and Cultural Centre in Paris (FR)
- Pollo solar farm (Philippines)

Sustainable construction

49% of the R&D budget is devoted to sustainable construction

Concessions management

- Sale of stake in Adelac, the concession-holder of the A41 motorway

Management report

Profile

Bouygues Construction operates in the building, infrastructure and industrial sectors with the aim of being a global player that spans the entire construction industry value chain.

Bouygues Construction is acknowledged as **a benchmark player in sustainable construction** through the construction of many eco-neighbourhoods, low-carbon (timber-frame) buildings and structures certified against the best world eco-standards, as well as through the rehabilitation of sites in order to reach positive-energy status.

As a pro-active and socially-responsible company, Bouygues Construction performs its **corporate social responsibility** duties to the full, particularly by supporting its corporate foundation *Terre Plurielle*, adhering to strong ethical and managerial commitments, and by prioritising health and safety.

Growth strategy and opportunities

Bouygues Construction's strategy in the building, infrastructure and industrial sectors is based on a number of priorities:

- **expanding its core activities in the places where Bouygues Construction** has a long-term presence (France, Switzerland, Hong Kong, Australia, the UK, etc.) and, more broadly speaking, by **targeting value-added projects** while taking a highly selective approach and ensuring that risks are controlled;
- **ensuring customer satisfaction over the long term**, in particular through after-sales support;
- **capitalising on its knowledge of markets in key sectors**, such as rehabilitation, healthcare and hotels, and **encouraging synergies** in order to propose full-service offerings which meet customers' needs;
- **ensuring control over execution and high-quality products and services** while improving productivity in order to further enhance performance in the building process.

In its various market sectors, Bouygues Construction is aiming in particular to:

- expand method of intervention and skills in **property development** by drawing on its LinkCity[1] network;
- be a top player in the **major infrastructure** (bridges, tunnels) market and in **power grid installation** in France and worldwide;
- adapt its model for **concessions and public-private partnerships** (PPP) to changing needs, especially in terms of investment;
- in **energy production**, offer turnkey solutions (power stations, solar farms, biomass plants, etc.), favour strategic partnerships and position Bouygues Construction on the EPC (engineering, procurement and construction) market;
- enhance its skills in **industrial processes and maintenance** and develop cutting-edge skills in areas such as robotics, automation, smart buildings and the Internet of Things;
- in digital technology, roll out **telecommunications infrastructure** offerings in France and on international markets.

Strengths and assets

An innovative, responsible and pro-active player, Bouygues Construction has many strengths to draw on in all of its business segments.

- Bouygues Construction's **know-how** is based primarily on the talent of its 50,100 employees, spread out in over 80 countries, who share the same customer-focused values.
- **Distinctive, high value-added products and services** driven by innovation in all its forms:
  - **digital**, in particular with BIM (Building Information Modeling), which industrialises processes and operating methods, and enables information sharing all the way down to worksite level;
  - **technological**, with R&D teams focused on those areas that offer the most promising prospects to the business segments, such as materials and structures, energy efficiency, building methods, ergonomy and productivity, eco-design, smart buildings, sustainable neighbourhoods and urban services, tunnel-boring machines and prestressing;
  - **operational**, including the roll-out of lean management techniques at all levels in order to improve efficiency;
  - **commercial**, in order to offer distinctive products and services;
  - **managerial**, by continually improving organisational structures and rolling out collaborative working methods in order to increase agility and performance.
- **A strong international presence:** Bouygues Construction operates worldwide on a long-term basis through well-established local subsidiaries or on one-off, technically complex major projects. These two approaches are complementary and give the company the necessary flexibility to mobilise its resources quickly on strong potential markets. Bouygues Construction generates over half its sales on international markets.

(1) As of 1 January 2016, the new brand name for Bouygues Construction's property development subsidiaries.

- **Long experience of managing complex projects:** thanks to its motivated teams with high technical skills, Bouygues Construction is able to fully meet the needs of public and private customers.
- **The capacity to adapt to changing markets:** the level of the order book provides good medium-term visibility, enabling costs to be adjusted while focusing investment on the most buoyant markets.
- **A policy of controlling operating and financial risks:** strict application of procedures at all levels of the company guarantees that the right projects are selected and carried out smoothly.
- **Robust financial performance:** over the last ten years, Bouygues Construction has demonstrated its capacity to preserve profitability and maintain a robust financial situation.

Outlook for 2017

Bouygues Construction enjoys good visibility, backed up by:

- **orders at 31 December 2016 to be executed in 2017** worth €9.0 billion;
- **sustained international activity**, especially in places less affected by the economic crisis, such as Hong Kong, Singapore, Canada, Switzerland, the UK and Australia, which are highly rated by the NGO Transparency International;
- **a long-term order book** (to be executed beyond five years) worth €2.5 billion at 31 December 2016;
- **a sound financial structure**, with a net cash position of €3.4 billion;
- **a lead in sustainable construction**, to which the company devotes much of its R&D budget;
- **a commitment to shared innovation** for the benefit of customers.

Tight control over the execution of major projects, a selective approach to orders and innovation will continue to be central priorities for Bouygues Construction in 2017, together with protecting the health and safety of employees and project partners.

Market position

Given the organisational structure of its direct competitors, it is difficult to make like-for-like comparisons between them and Bouygues Construction.

- **In Europe:** based on the 2015 ranking published by trade magazine *Le Moniteur* in December 2016, the Bouygues group's construction businesses (Bouygues Construction, Bouygues Immobilier, Colas) is the **third largest in Europe** after the Spanish firm ACS (Hochtief, Germany's leading construction firm, has been a subsidiary of ACS since 2011) and Vinci's Contracting and Property Development division, and ahead of the Swedish contractor Skanska and the French contractor Eiffage.
- **In the world:** the Group's construction businesses activity is placed **ninth in the 2015 ENR ranking of international contractors** published in August 2016, based on the share of sales generated on international markets.
- **In France:** in a French building and civil works market worth about €200 billion according to a Euroconstruct estimate in December 2016, Bouygues Construction (excluding Bouygues Energies & Services) is **one of the top three contractors** ahead of Eiffage Construction and behind Vinci Construction (2015 ranking published by *Le Moniteur* in December 2016). The market also includes many small and medium-sized firms. In energy and services, Bouygues Energies & Services is in sixth place after Vinci Energies, Spie, Eiffage Énergie, Dalkia and Engie-Cofely (2015 ranking published by *Le Moniteur* in December 2016).

Excellent commercial performance and robust financial results

Exceptional order intake: €12,633 million

Order intake in 2016 reach a record €12,633 million. It included ten contracts worth more than €100 million, six of them on international markets.

In **France**, order intake amounted to €5,761 million, 17% more than in 2015. Orders included the roll-out of FTTH (Fibre To The Home) networks in the Nord, Pas-de-Calais and Savoie departments, the Port of Calais extension, Tour Alto in the La Défense business district of Paris, renovation of the Louvre Post Office building in central Paris, Campus Luminy in Marseille, several packages for the construction of property complexes in the Wacken Europe international business district in Strasbourg, and the two Trigone office buildings in Issy-les-Moulineaux.

Order intake on **international** markets came to €6,872 million, close to the level in 2015. Orders included civil engineering works for the Hinkley Point C EPR nuclear plant in the UK, the Monaco offshore extension project, a new section of Line 3 of the Cairo metro in Egypt, six hotel complex projects in Cuba, *Les jardins du couchant* property development at Nyon and new lots for packages for the Erlenmatt (Basel) and GreenCity (Zurich) eco-neighbourhoods in Switzerland, the Clementi property development in Singapore, University 6 in Turkmenistan, Hounslow Civic Centre in the UK and Joseph Brant Hospital in Ontario, Canada.

Buildings with environmental certification accounted for 72% of the order intake, the same as in 2015.

A record order book giving long-term visibility (€20.2 billion)

The order book at end-2016 stood at a high €20.2 billion, up 4% on end-December 2015, with international markets accounting for 58%. Europe (excluding France) and the Asia-Oceania zones are the two most important international regions. Orders booked at end-2016 to be executed in 2017 amounted to €9.0 billion and orders to be executed beyond 2017 amounted to €11.2 billion, giving good visibility on future activity.

Sales: €11,815 million (stable like-for-like and at constant exchange rates[2])

Sales in 2016 fell 1.3% year-on-year to €11,815 million, with building and civil works accounting for 81% and energies and services for 19%. Like-for-like and at constant exchange rates, they were stable.

Sales in France fell 3% to €5,527 million, reflecting hesitation on the part of both public and private investors, and represented 47% of total sales. Sales outside France were stable at €6,288 million despite a fall in the pound sterling.

Robust operating results

Current operating profit came to €326 million, versus €349 million in 2015, and the current operating margin stood at 2.8%, compared with 2.9% in 2015.

Financial income amounted to €17 million, compared with €26 million in 2015.

Net profit attributable to the Group came to a high €320 million, versus €276 million in 2015, boosted by the capital gain on the sale of the stake in Adelac, a motorway concession company.

A record net cash surplus: €3,387 million

Bouygues Construction posted a record net cash position of €3.4 billion at end-2016.

Developments in Bouygues Construction's markets and activities

Construction needs around the world are growing due to increased urbanisation and challenges related to the environment and climate change. Technological progress also offers increased opportunities. The areas most concerned are urban rehabilitation, renovation and residential energy efficiency, transport, urban infrastructure, energy infrastructure and amenity projects.

Drawing on its expertise throughout the value chain, Bouygues Construction can offer its customers increasingly competitive solutions for complex major projects.

Shared innovation as client service

As it continually adapts to meet client needs, Bouygues Construction's main focus is on shared innovation.

We are driving innovation throughout the value chain:

- In the design phase, Bouygues Construction highlights its expertise in Building Information Modeling, which can be used to manage all the information needed to design and build a structure.
- In the construction phase, Bouygues Construction promotes the use of innovative methods and materials, for example Panobloc® composite panels (timber lattice incorporating insulating materials) and the ABC (Autonomous Building for Citizens) programme, which aims to produce buildings that are self-sufficient in water and energy, and optimise waste management.
- In the operational phase, Bouygues Construction is responsive to client needs in terms of usage, energy efficiency and optimal infrastructure management. For example, the Hypervision® tool measures and predicts energy and fluid consumption as part of a process of continually improving building performance and residents' convenience.

Leading player in sustainable construction

Building an environmental dimension into the design, construction and operation/maintenance of structures and embracing new renewable energies and energy renovation represents major global challenge.

(2) Definitions:
- at constant exchange rates: change after translating foreign-currency sales for the current period at the exchange rates for the comparative period.
- on a like-for-like basis: change in sales for the periods compared, recalculated so that divested entities are included, or acquired entities excluded, over the same length of time in each period.

Bouygues Construction designs and constructs buildings that are self-sufficient in 100% renewable energies and smart electricity supply networks (Smart Grids). We support renewable energy producers, and offer our clients innovative infrastructures like connected eco-districts (for example the Erlenmatt and GreenCity eco-districts in Switzerland and the Noés eco-village in Val-de-Reuil, France), biomass plants and solar farms. Bouygues Construction was a pioneer in carrying out the very first HQE™ (High Environmental Quality) certified renovations of contemporary tertiary buildings, office towers (the "First" tower at La Défense in Paris) and Haussmannian buildings (BBC-Effinergie® energy rating), and buildings with BEAM Plus [(3)], BREEAM®[(4)] and LEED® [(5)] certification.

Through its *Réavenir programme*, Bouygues Construction also offers solutions that cut the energy consumption of buildings while improving the lives of their occupants. *Réavenir* is based on three commitments: respect the environment and residents, engage in dialogue for active and participative refurbishment, and guarantee performance.

Building and civil works

In 2016, sales in the building and civil works segment came to €9,580 million, lower than the 2015 figure of €9,857 million. Sales amounted to €4,406 million in France and €5,174 million on international markets.

France

Contrasting conditions prevailed on the construction market in France. Government policy in support of housing construction, such as the Pinel tax incentives and the zero-interest loan scheme, combined with low interest rates directly favoured the building sector despite pressure on government budgets and hesitation on the part of private and industrial investors.

The construction market in the Paris region is supported by substantial housing needs and the "Grand Paris" major infrastructure programme, which offers attractive long-term opportunities. The "Grand Paris Express" project (the largest since the 1960s) represents a civil works market worth €25 billion over the period to 2030.

The market was also boosted by renovation needs stemming from recent environmental legislation (the Grenelle environment laws) and the appeal of the capital, reflected in innovation programmes such as "Réinventer Paris" and "Réinventer la Seine".

In the rest of France, the building segment remained under pressure, with projects tending to become smaller. Winning large-scale projects continues to be a very long and highly complex process, though some programmes such as the Institute for the Sustainable City help to sustain the market.

2016 sales: €4,406 million (-4%)

In the Paris region, Bouygues Construction continued work on major amenity projects such as the Paris district court complex, La Seine Musicale in Boulogne-Billancourt, renovation of the Longchamp racecourse and rehabilitation of the Louvre Post Office building in Paris.

In the commercial property segment, work continued on several office rehabilitation projects in Paris, on Rue des Archives, Rue Malakoff and Boulevard de Grenelle. Commercial activity in the segment was marked by the order for the Tour Alto tower in the La Défense business district of Paris.

Construction work also continued on several work packages for the Batignolles property development in Paris, comprising offices, social and private housing and shops.

Elsewhere in France, Bouygues Construction's four regional building subsidiaries were particularly active on the public-sector education and culture markets, with projects including renovation of the University of Bordeaux campus, extension and rehabilitation of the museum of fine arts in Nantes and the handover in 2016 of a new residential complex on the Saint-Jean-d'Angély campus of the University of Nice-Sophia-Antipolis.

In the healthcare sector, Bouygues Construction continued work on two buildings for the Strasbourg teaching hospitals and on the new hospital at Saint-Laurent-du-Maroni in French Guiana.

In the private sector, Bouygues Construction continued work on the Sky 56 office building in Lyon and took orders for several work packages for the construction of property complexes in the Wacken Europe business district in Strasbourg.

Work continued on major projects such as the property development programme associated with Stade Vélodrome stadium in Marseille, Lyon-Saint Exupéry airport and the future Bordeaux Métropole Arena entertainment complex.

(3) BEAM Plus: Building Environmental Assessment Method (Hong Kong certification).
(4) BREEAM®: Building Research Establishment Environmental Assessment Method (UK certification).
(5) LEED®: Leadership in Energy and Environmental Design (US certification).

In civil works, Bouygues Construction continue to work on complex major projects, including civil engineering for the Flamanville EPR nuclear power plant, the viaduct on the New coastal road on Reunion Island, the L2 Marseille bypass, the Nîmes-Montpellier railway bypass, the second tunnel package of the Paris metro Line 14 extension project, phases 3 and 5 of the Nice tramway and the renovation and extension of a wastewater pre-treatment plant in Clichy, north of Paris. Another highlight of 2016 was the order for a major project to extend the Port of Calais. In addition, regional branches all over France specialise in smaller-scale civil engineering projects and earthworks.

Europe

The construction market in Europe has been showing signs of recovery since 2014, especially in Sweden, Ireland, the UK and some eastern European countries (Hungary, Poland and the Czech Republic).

In Western Europe, Bouygues Construction subsidiaries are particularly active in the UK, and in Switzerland. In the UK, uncertainty about what will happen to the economy following the Brexit vote in June 2016 helped to stabilise a construction market that was overheating. In Switzerland, the construction sector remained steady as a result of a flourishing economy.

2016 sales: €2,126 million (-3%)

In the **UK**, Bouygues Construction's activity was underpinned by urban regeneration projects. The company continued work on the *Canning Town* project in London, the *Gascoigne* Estate in Barking and Addlestone town centre in Surrey, and was chosen to develop and build a new *Civic Centre* in Hounslow, west London. Work also continued on the *Manhattan Loft Gardens* tower, which has now reached its definitive height. The development will play a key role in renewing and reinvigorating Stratford in east London.

In the education sector, Bouygues Construction continued work on *The Triangle*, the new headquarters of Cambridge University's examination board, and recently booked an order for a property development project involving the construction of a university technical college and student residences at Ebury Bridge Centre in London. It also started construction work on a secondary school and on a centre for autism in Pembroke (Wales).

In late 2016, the company won the civil engineering contract for the Hinkley Point C EPR nuclear power plant.

Bouygues Construction also continued work on a proton-beam therapy cancer treatment centre in London.

Demand in **Switzerland** remained strong, especially on the housing market. Bouygues Construction drew on its expertise in putting together complex property development projects with stringent environmental requirements, building the *Im Lenz* eco-neighbourhood in Lenzburg, the L'*Atelier complex* in Geneva and the *Faubourg 1227* residential complex at Carouge (Geneva). On other occasions this same level of expertise was able to win contracts for entire neighbourhoods such as *Les jardins du couchant*, a residential complex in Nyon, for another lots in the *Erlenmatt* eco-neighbourhood in Basel and two new lots for the *GreenCity* eco-neighbourhood in Zurich.

In **Central Europe**, Bouygues Construction has well-established positions through local subsidiaries in **Poland** and the **Czech Republic**, which continued to expand their building activities.

Elsewhere in Europe, Bouygues Construction is also involved on a one-off basis in major infrastructure projects. Work on the new confinement shelter for the damaged nuclear reactor at Chernobyl in **Ukraine**, which is being built in partnership with Vinci, has culminated in the largest moveable land-based structure ever built. The arch will make the accident site safe and, with a lifetime of 100 years, allow for the eventual dismantling of the existing shelter and management of the radioactive waste. In **Croatia**, work continued on the construction of a new terminal at Zagreb Airport and renovation of the existing terminal.

Asia - Oceania

Growth rates on Asian markets remained very high despite a slowdown in China due to a fall in regional funding, consumption and imports.

Hong Kong, Singapore and Myanmar (since it opened up its economy) continue to be high-potential countries. Australia is heavily dependent on the mining industry, which accounts for 20% of its GDP, and consequently on exports. The Australian government's current policy aims to support the economy by investing in training and infrastructure.

2016 sales: €1,912 million (+5%)

Bouygues Construction has a strong local presence in the **Asia-Oceania** region, especially in **Hong Kong**, where it has been a player for 60 years, and in **Singapore**. Civil works activity continued unabated in **Hong Kong**. Several major projects are under construction, including a section of the giant Hong Kong-Zhuhai-Macao bridge, the sub-sea Tuen Mun-Chek Lap Kok road tunnel, two twin-tube tunnels for the six kilometre extension of the *Shatin to Central Link* metro line, and two 4.8-kilometre tunnels for the dual two lane highway linking the north-east of Hong Kong to the Liantang boundary control point with mainland China.

Bouygues Construction is a recognised player on the Asian building market, especially for high-rise structures. In **Singapore**, work continued on the Bishan and Buangkok condominium tower blocks. In **Bangkok**, the company is building three residential tower blocks and the new Australian Embassy complex. In 2016, it handed over the *MahaNakhon* tower, the tallest residential building in Thailand. In **Macao**, work continued on the 39-storey, 6-star luxury Morpheus hotel in the heart of the *City of Dreams* entertainment complex.

In **Myanmar**, Bouygues Construction continued to establish its presence, building the second phase of the *Star City* residential complex in Yangon. In **Australia**, work continued on the NorthConnex motorway link project in Sydney.

Africa - Middle East

Major projects are expected in Africa, linked in particular to rapid urbanisation, though the geopolitical context remains fragile and heavily dependent on prices for raw materials. In the Middle East, the economic situation is uncertain because it is highly reliant on the price of oil. However, transport infrastructure needs and the exploitation of natural resources make this a high-potential region for construction firms.

2016 sales: €753 million (-3%)

In **Africa**, Bouygues Construction's building and civil engineering firms work on major infrastructure projects. In **Egypt**, after taking part in the construction of Lines 1 and 2 of the Cairo metro, the company started work on the new phase of Line 3. Bouygues Construction is currently operating the Riviera Marcory bridge in Abidjan, **Ivory Coast**, and building the *Ridge Hospital* extension in Accra, **Ghana**. In **Nigeria**, work continued on the corporate headquarters of Nigeria LNG, a company which produces liquefied natural gas, and the *Jabi Lake Mall* in Abuja.

The company's expertise in earthworks for opencast mining is illustrated in its operation of gold mines at Kibali in the **Democratic Republic of Congo**, Tongon in **Ivory Coast** and Gounkoto in **Mali**.

Bouygues Construction is involved in roadbuilding projects in several African countries in response to considerable demand, especially in **Ivory Coast** and **Gabon**.

In the **Middle East**, the company started building two sewage tunnels in **Qatar** as part of a strategic project to collect, pump and treat wastewater in the south of Doha. It also completed work on the *Qatar Petroleum District* in the same city, a vast complex that includes nine high-rise office buildings.

Americas - Caribbean

There are opportunities in the Americas, especially the United States and Canada, as a result of the stated intention of rebuilding infrastructure, though they are tempered by a risk of greater protectionism. In Cuba, the expanding hotel industry and the need for infrastructure such as airports and port facilities make the country an attractive proposition for Bouygues Construction.

2016 sales: €348 million (-20%)

The **Americas/Caribbean** region is growing strongly. Bouygues Construction has a long-term presence in **Cuba**, where it is a recognised specialist in the construction of turnkey luxury hotel complexes. The company continued construction work on around a dozen up-market hotel complexes in Havana, on Cayo Santa Maria, Cayo Coco and Cayo Crus and at Varadero, and also took orders for six new hotels in 2016. The number of tourists visiting the island has soared, opening up great prospects for the Cuban hotel industry.

In the **United States**, Bouygues Construction put the finishing touches to the *Brickell City Centre* development in Miami, a complex comprising offices, shops, apartments and hotels.

In **Canada**, the company continued work on Iqaluit International Airport in the country's Arctic north.

Energies and services

Bouygues Energies & Services contributed €2,235 million to Bouygues Construction's consolidated sales compared with €2,118 million in 2015, a rise of 6%. Bouygues Energies & Services has three business lines: network infrastructure, facilities management and electrical and HVAC engineering. It also builds turnkey power generation facilities such as biomass power plants and solar farms.

There is growing demand in industry for cutting-edge expertise in areas such as robotization and smart buildings, as well as for complex processes and industrial maintenance. In addition, environmental issues, demographic growth, spreading urbanisation and increasingly scarce raw materials make energy efficiency in buildings a central concern. Fast-growing telecommunications needs have also increased demand for network infrastructure. These key trends on the energy and services markets offer Bouygues Energies & Services sources of growth, both in the countries where it has most of its operations (France, the UK, Switzerland and Canada) and in emerging countries, especially in Asia and Africa.

France

2016 sales: €1,121 million (+4%)

In addition to its traditional networks activity, Bouygues Energies & Services, through its Axione subsidiary, helps local authorities to implement their digital development policies. Axione continued to roll out very-high-speed broadband networks in the Oise, Eure-et-Loir, Vaucluse and Aisne departments. In 2016 it took orders to roll out FTTH (Fibre To The Home) networks in the Nord, Pas-de-Calais and Savoie departments. These three contracts involve activating more than 750,000 new FTTH connections.

In electrical and HVAC engineering, Bouygues Energies & Services provided mechanical and electrical equipment for the L2 Marseille bypass and electrical and HVAC engineering packages for the Saint-Laurent-du-Maroni hospital in French Guiana. It also handed over a thermal power plant in the French part of the Caribbean island of Saint-Martin.

In the framework of public-private partnerships, Bouygues Energies & Services provided maintenance services for the Paris zoo, the French Defence Ministry in Paris and the University of Bordeaux. It also continued a number of street-lighting contracts, the most important one being with the City of Paris.

International

2016 sales: €1,114 million (+7%)

Bouygues Energies & Services is continuing to expand in its three main lines of business (FM, energy and digital networks, and electrical, HVAC and mechanical engineering) in Europe (especially the UK and Switzerland), Africa (Gabon and Ivory Coast) and North America (Canada).

On international markets, Bouygues Energies & Services is an expert in major turnkey power grid infrastructure projects. It handed over a turnkey solar farm in **the Philippines**, currently the largest such facility in south-east Asia, and continued work on a thermal power station in **Gibraltar** and two biomass waste-to-energy gasification plants in the **UK**, at Hoddesdon, north of London, and in Belfast (**Northern Ireland**).

It has a facilities management (maintenance and services) business in Europe, with contracts as the offices of Crédit Suisse in **Switzerland** and *King's College*, London in the **UK**.

In Africa, Bouygues Energies & Services is involved in power transport and distribution, mainly in **Ivory Coast** and **Gabon**.

In **Canada**, Bouygues Energies & Services provides FM for Surrey Hospital and the RCMP headquarters. It is expanding on the electrical engineering market via its Plan Group subsidiary, which in 2016 was awarded the electrical engineering package for Joseph Brant Hospital in Ontario.

FM contracts, both in France and elsewhere, guarantee Bouygues Energies & Services recurring long-term income.

Risk management policy

The risks facing Bouygues Construction in 2016 were of a similar nature to those identified in previous years: operational risks relating to major projects, risks relating to employee security, risks relating to economic and political instability, and compliance risk.

Risk management policy

Internal control

Evaluation of internal control

During 2016, Bouygues Construction again deployed internal control self-assessment in depth across the organisational structure, including a number of production departments and branch offices.

Overall, the campaign involved over 500 people in more than 100 entities or units, representing more than 80% of Bouygues Construction sales. On average, each entity or unit evaluated 80 principles from the risk management and internal control framework.

Seven common themes were addressed: six covering general principles, and one covering accounting and financial principles. In addition to issues relating to legal compliance and information systems, entities also performed self-assessments on subcontracting.

The self-assessment campaign was conducted during the spring, with summary reports presented in the autumn. The data collected were used to compile findings about the effectiveness of internal control within Bouygues Construction, and to develop and implement action plans with a view to constantly improving the internal control system.

Each entity develops its own action plans. At Bouygues Construction level, managers of the support functions oversee action plans for the common themes:

- **Legal compliance:** awareness campaigns relating to the Group's compliance programmes continued during 2016. The key action plans in this area are described in the "Risk factors" section of this report.
- **Information systems:** the 2016 campaign shows the progress that has been made in continuity of service, security and regulatory compliance. Roll out of the information systems security policy is ongoing, with a particular focus on applications that host sensitive data and the administration of access and user authorisations.
- **Subcontracting:** the key areas of attention are measures to combat illegal employment practices, and the prevention of subcontractor default.
- **Accounting and treasury:** the 2016 campaign focused on a review of customer account processes and guarantees. Overall, the results of the assessments point to good levels of controls over these processes.

The 2016 campaign continued the process of extending the roll out of the internal control systems to front-line entities and units. By providing high-quality feedback and pooling their results, those involved are helping internal control to become a training, team-building and management tool.

Risk mapping

Risk mapping is now integrated into the Bouygues Construction management cycle as part of the strategic plan. It is also submitted to the Accounts Committee and the Board of Directors.

This management process provides a shared vision of major risks at both entity and Group level, with the aim of constantly improving control over those risks. In addition, synergies between risk management, internal control and internal audit can add value to the organisation's control processes. The annual internal audit plan includes a number of assignments which address the key risks identified by the mapping process.

The risk mapping campaign is conducted in the spring. The work done at entity level is supplemented by contributions from the support functions, forming the basis for risk mapping across the Group as a whole.

Key risk factsheets, which identify action plans, are updated during the campaign.

Resources deployed

The internal control roll out strategy adopted by Bouygues Construction reflects the Group's decentralised structure, and the decision to rely on strong and highly-structured support functions. The control environment is adapted accordingly:

Role of the Bouygues Construction holding company

Overall management of the internal control system is handled by a dedicated team within the Legal Affairs, Insurance, Audit, Internal Control and Legal Compliance department. The holding company plays the lead role in the process, co-ordinates the self-assessment campaigns, and provides methodological support to the entities. It also prepares the Group-level summary report, monitors transverse action plans, and drafts Group-level risk mapping.

Role of the entities

Within the entities, internal control is the responsibility of the Corporate Secretary. Each entity compiles its own risk mapping, and presents it as part of the strategic plan. Internal control correspondents are responsible for the roll out of self-assessment campaigns. The Corporate Secretary of each operational unit is responsible for onward deployment within the unit itself.

Role of the support functions

The support functions bind the process together, building on the work done at entity level. Managers of the support functions and centres of excellence are responsible for approving certain principles; they also prepare a summary report, and monitor transverse action plans. The support functions also carry out their own risk mapping.

Training and awareness programmes

Numerous training and awareness programmes form part of the campaign: discussion forums and feedback meetings, committee meetings at support function level, and reporting to the Executive Committees. A co-ordinating committee for those responsible for internal control at entity level provides a forum for information sharing across the Group's entities.

Accounting and financial internal control

The entities have specific resources in both accounting and financial control. Accounting teams may be centralised or decentralised, depending on the circumstances. Financial controllers – present at every level of the organisation – work closely with operational managers. Both functions operate on the double reporting principle.

The financial control and accounting functions both report to the Corporate Secretary. Shared resource centres are currently being set up in the main territories where Bouygues Construction operates. These centres enable subsidiaries based in the same geographical territory to access shared accounting resources.

Operational risks

Risks associated with major projects in the design or execution phase

Major projects are a potential source of risk for Bouygues Construction because of their size and number. They frequently involve complex packages (public-private partnerships, concessions, long-term contracts), which call for risks to be allocated commensurately with the capacities of the company. The 2016 order intake includes a number of large-scale building and civil works contracts, with contracts in international markets particularly prominent.

The types of risk inherent in major projects include:

- **in the design phase:** design flaws, miscalculation and under-budgeting, poor assessment of the local environment, inadequate contractual analysis, etc.;
- **in the execution phase:** technical or financial default by a customer, partner or subcontractor, difficulty in recruiting sufficient staff or adequately qualified staff, and execution defects leading to cost overruns, quality problems or failure to meet deadlines, etc.

To achieve tighter control over these two major risk areas, Bouygues Construction has an organisational structure that reflects the specific requirements of each business, backed up by rigorous selection, approval and control procedures.

Each entity has access to substantial, highly-qualified resources in technical fields such as design, costing, feasibility studies and methods. Clusters of staff with extensive expertise in highly specialised areas (tall buildings, materials engineering, facades and sustainable construction, for example) share knowledge and capitalise on experience across all Bouygues Construction entities.

The support function structure, which operates on similar lines, has been strengthened. Separate departments covering legal affairs, human resources, accounting, management control, information systems and procurement are headed up by members of the Bouygues Construction management team. Specialist clusters dedicated to treasury management, financial engineering, tax and insurance provide expertise to all Group entities.

Approval and control procedures apply at each key stage in design and execution. For major projects, project selection and key risks and opportunities are subject to systematic monitoring.

Key operational risks are further mitigated by the fact that project execution teams are highly professional and adequately staffed, and are actively supervised by experienced managers.

Design and execution processes are documented in management systems at operational unit level, and are subject to measures designed to enhance performance and control:

- particular attention is paid to the pre-execution phase of major projects, especially in design, contract drafting and site preparation;
- in the design phase, external consultants are used to back up in-house expertise on technical issues for the highest-risk projects;
- regular costing audits are performed on the reliability of procedures for expenses, subcontractor budgets, and site supervision costs;
- support functions are systematically involved upfront, especially in contract management and procurement;
- particular care is taken in the selection and monitoring of customers and partners;
- the subcontracting process is closely supervised, with major subcontractors and partners thoroughly assessed before awarding highly-sensitive work packages (such as architectural and technical trades);
- risk monitoring is assisted by the use of specifically developed procedures and tools.

In 2016, the main areas of focus were management of the works phase and oversight of project managers, plus managing stakeholder engagement and the drafting of tender documentation for major projects.

Risks relating to employee security

Bouygues Construction generates 47% of its sales in France and 73% in OECD countries.
Operations outside those regions potentially expose employees to security risk in respect of terrorism, criminal acts, organised crime, etc.

Bouygues Construction has responded to the level of terrorist risk worldwide, and to threats directed at French interests and French nationals, by reinforcing existing security measures designed to protect people at all of its sites.

The Security Committee constantly monitors the situation in countries where Bouygues Construction has ongoing or prospective operations, and implements appropriate preventive measures and solutions in response to risks as they arise.

In 2016, the increased focus on security was reflected in the appointment of a Security Director at Bouygues Construction, with the following key responsibilities:

- monitoring and preventing security risks in countries where Bouygues Construction is present;
- co-ordinating and directing resources in security risk situations;
- oversight of the security specialists employed by each entity;
- overseeing the security action plan.

The Security Committee regularly reviews the security situation in countries where Bouygues Construction has operations. Particularly close attention is paid to countries for which the French Foreign Ministry has recommended vigilance in relation to the risk of terrorist attacks, especially in the Sahel region of Africa. Restrictions are placed on movements in response to any warnings that may be issued, and the company regularly reminds the relevant employees of the rules regarding vigilance.

Regularly updated business continuity plans are also in place in the various countries in which Bouygues Construction has operations. A key aim of such plans is to safeguard people, in particular by ensuring that guidelines issued by French embassies in at-risk countries are strictly followed, and by liaising with the embassies to develop evacuation plans for various alert levels. In addition, flexible and responsive organisational structures mean that in exceptional circumstances, Bouygues Construction can withdraw from countries where such risks materialise while keeping its losses to a minimum.

Risks related to economic and political instability

There are a number of factors generating instability and uncertainty that may disrupt Bouygues Construction's operations:

- persistently weak world economic growth, and sluggish international trade;
- difficulties in commodity producing countries due to a slowdown in demand from China and worsening public finances in oil and gas exporting countries;
- volatility in stock markets;
- the economic consequences of Brexit, and the risk of a backlash against globalisation.

The euro zone is likely to see a downturn in growth during 2017, with France below the average.

However, the European construction market has returned to growth, and this applies to France too.

High borrowing levels and public spending constraints are holding back investment, while low interest rates are boosting household spending power.

In France, the upturn in the new residential property market is expected to continue, along with a gradual upturn in new commercial property. The business climate in civil works is improving.

Bouygues Construction's positioning in developed countries limits its exposure to uncertainties, but may lead to a risk of exposure to economic stagnation in those countries and to tough market conditions. In the rest of the world, Bouygues Construction needs to monitor the situation carefully and take preventive measures in legal, financial and insurance matters.

Nevertheless, Bouygues Construction has many strengths to help it resist and adapt to the economic climate. A diverse business mix and broad geographical footprint mean that the company is less exposed than a mono-line or mono-region business.

In addition, Bouygues Construction enjoys a favourable business environment in some countries or sectors. This applies to those parts of Asia where the company has a long-standing presence, in particular Hong Kong where Bouygues Construction is executing many large infrastructure projects. Bouygues Construction is also engaged in a geographical diversification strategy, focusing on expansion in buoyant markets such as the United States, Canada and Australia.

The healthy order backlog, which represented 18 months of sales as of the end of December 2016, gives good visibility in the short term. Bouygues Construction analyses forecasts to anticipate adverse trends, so that it can react appropriately and reallocate production resources to less affected markets or activities.

Finally, Bouygues Construction encourages job mobility between its businesses and geographical areas and the development of synergies between Group entities, so that it is always well placed to anticipate, react and adapt to changes in the economic environment.

Commodities risk

Bouygues Construction is not exposed to significant commodities risk.

Industrial and environmental risks

Because of the nature of its business, Bouygues Construction is not exposed to significant industrial or environmental risk, and is not subject to regulations on classified sites or to REACH[(6)].

Legal risk

Compliance risk

With compliance obligations becoming ever more demanding, Bouygues Construction has tightened its ethics policies to ensure that the principles contained in the Group's compliance programmes are strictly applied.

Ethical compliance falls within the remit of Legal Affairs, working in conjunction with Audit and Internal Control; all three departments are under common management. Resources have been made available for Ethics and Compliance administration to provide oversight, conduct research and surveys as needed, and manage the tools used in this area.

In 2016, new hires were once again required to sign up to Ethics and Compliance commitments. A large-scale ethics awareness campaign in the form of a "serious game" is ongoing. Rules relating to patronage, sponsorship and hospitality have been widely disseminated, and are monitored by appropriate tools. An Ethics and Compliance investigation is conducted ahead of any decision to do business in a new country.

Compliance reviews, covering the full range of Ethics and Compliance issues across the various entities, were introduced in 2016.

Claims and litigation

South Africa: Gautrain Project

This rail infrastructure project linking South Africa's principal airport to Johannesburg and Pretoria came fully into service on 8 June 2012.

Although this rail link has been a striking commercial success with higher than expected travel demand, a number of difficulties remained between Gauteng Province and Bombela Ltd, the concession company holding the contract, in which Bouygues Travaux Publics owns a 17% equity stake. These difficulties have given rise to several disputes.

These disputes led to arbitral proceedings before the Arbitration Foundation of Southern Africa which resulted in favourable awards either for the Province or for Bombela Ltd.

The Province and Bombela Ltd therefore decided to end these disputes permanently by concluding a settlement agreement on 21 November 2016. In this agreement, each party agreed to waive its rights against the other party in relation to the disputes.

The Settlement Agreement has therefore permanently ended the disputes which arose regarding the project.

France: Flamanville EPR

Cherbourg District Court found Bouygues Travaux Publics and Bouygues Bâtiment Grand Ouest (ex-Quille Construction) liable for various breaches of the employment legislation, on 7 July 2015. The Court ordered them to pay fines of €25,000 and €5,000 respectively. They have appealed this judgement. The hearing took place before the Caen Court of Appeal in November 2016.

The judgement is expected in March 2017.

(6) "Registration, Evaluation, Authorisation and Restriction of Chemicals" - a regulation of the European Union.

France: Île-de-France Regional Authority Contracts

Following a Competition Council (now the Competition Authority) ruling of 9 May 2007, the Île-de-France Regional Authority filed a compensation claim in 2008 for losses it claims to have incurred as a result of the anti-competitive practices by construction companies in connection with the awarding of public works contracts for the renovation of secondary school buildings in the region.

The Regional Authority's summary application to the Paris District Court was rejected in a ruling issued on 15 January 2009 on the ground that, prima facie, there were serious reasons for objecting in principle to the compensation claim.

After being invited to appeal on the merits, the Regional Authority filed a further claim in the Paris District Court in February 2010, this time claiming damages for a loss estimated at €358 million based on the joint and several liability of the parties collectively liable for the loss, i.e. the companies and individuals found to have engaged in anti-competitive practices.

In a ruling of 17 December 2013, the Paris District Court ruled the Regional Authority's claim inadmissible. The Regional Authority appealed to the Paris Court of Appeal on 22 January 2014. Nevertheless, after an application by the Prefect of the Île-de-France region, the Conflicts Court decided on 16 November 2015 that this dispute came within the jurisdiction of the Administrative Courts. To date, the Île-de-France Regional Authority has not brought any new action the Administrative Courts.

France: EOLE

Following a Competition Council (now Competition Authority) ruling of 21 March 2006, imposing fines on a number of companies for general collusion in sharing contracts and specific collusion on tranches 34B and 37B of the East-West Express Rail Link (Eole) project, on 21 March 2011 SNCF brought an action in damages before the Paris Administrative Court seeking relief for losses that it claims to have suffered as a result of anti-competitive practices by construction companies when the project tranches were awarded.

The Paris Administrative Court rejected all of the SNCF's claims on 31 May 2016. The SNCF has appealed this judgement. No hearing date has been fixed at the present time.

Insurance - Risk coverage

Bouygues Construction's policy on insurance cover focuses on optimising and ensuring the continuing validity of the policies contracted for the company and its subsidiaries; the aim is to protect against exceptionally large or numerous potential claims at a cost that does not impair the company's competitiveness.

This long-term approach to insurance cover requires partnerships with high-quality insurers with excellent financial solidity. To preserve these partnerships and prevent information being used to the detriment of Bouygues Construction, especially in legal disputes, the amount of premiums and the terms of cover are kept strictly confidential, especially in liability insurance.

In addition to insurance policies required by law, Bouygues Construction also takes out liability cover against loss or injury to third parties for which Group companies may be liable. Because Group companies vary greatly in size and in the nature of their operations, cover is tailored to the risks incurred, but is generally in excess of €5 million per claim.

Permanent premises (like the headquarters building, branch offices, depots and workshops) are protected by comprehensive insurance policies that provide cover up to a contractual rebuild cost agreed with the insurers on a maximum probable loss basis.

Projects in progress are usually covered by contractors' comprehensive insurance policies that provide protection for property damage. The insured sum is generally the market value.

However, in some cases, the insured sum may be limited by the total capacity available in the world insurance market, in light of specific criteria such as geographic location, the type of project (e.g. tunnels), the risk covered (e.g. cyclones or earthquakes), or the nature of the cover (e.g. ten-year construction guarantees for major building projects).

For all these contracts, deductibles are set so as to optimise the overall cost to Bouygues Construction, based on the likelihood of claims and the premium reductions that can be obtained from insurers by increasing the deductible.

Finally, Bouygues Construction and its subsidiaries operate a prevent and protect policy, including the development of new measures to further reduce the incidence and financial effect of accidents and claims.

Credit and/or counterparty risk

Commercial credit and counterparty risk

The fact that our projects and operational units are structurally cash-positive is a fundamental principle underpinning the financial security of our operations. Cash flow and financial risk projections are prepared for major projects from the prospecting phase onwards, and are regularly updated.

The quality and financial soundness of sensitive customers, consortium members, partners, suppliers and subcontractors is closely analysed. Depending on the contractual and commercial context of a project, we may:
- require an upfront advance from the customer before works commence;
- require the customer to provide bank guarantees against payments;
- assign trade receivables without recourse;
- take out export risk insurance (covering against country risk and political risk);
- take out credit insurance.

The Bouygues Construction Group is not exposed to any risk of dependency on a specific customer.

In the case of ad-hoc consortia, temporary allocations of cash between consortium members are covered by bank guarantees securing the return of the cash.

Banking credit and counterparty risk

Any investment of funds with a third party requires the prior approval of the Treasury Department, in terms of both the choice of bank counterparty (based on an analysis of the bank's rating) and the type of instrument.

The main investment products used are:
- certificates of deposit and term deposits with a maturity of no more than six months with high-grade counterparties;
- term accounts and interest-bearing accounts with high-grade banks offering daily liquidity;
- pure money-market funds offering daily liquidity.

These investments are subject to review and monitoring on a monthly basis.

No losses arose during 2016 on any of the investment products used by the Group.

As of 31 December 2016, no single bank held more than 10% of the Group's available liquidity. Over 90% of investments are placed with counterparties rated investment grade or better (minimum: Standard & Poors BBB+).

Liquidity risk

As of 31 December 2016, net cash amounted to €3,952 million, and the Group also had €352 million of undrawn confirmed credit facilities on that date. Consequently, Bouygues Construction is not exposed to liquidity risk. The bank loans contracted by the Group contain no financial covenants or trigger event clauses.

Interest rate risk

Exposure to interest rate risk

Interest rate risk exposure arises on floating-rate debt recognised in the balance sheet, and is hedged by floating-rate investments. Bouygues Construction negotiates upfront payments with customers before starting work on a contract, and hence has a substantial net cash surplus which is invested in the short term in products that are sensitive to interest rate movements.

Interest rate risk hedging policy

The only instruments that can be used for interest rate risk hedging purposes are interest rate swaps, caps and collars. These instruments are used solely for hedging purposes, are contracted solely with high-grade French and foreign banks, and carry no liquidity risk in the event of reversal. Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of these instruments, the selection of counterparties with whom they are contracted, and more generally, the management of exposure to interest rate risk.

Bouygues Construction's policy is to hedge at Group level some or all of its financial assets and liabilities, where these are foreseeable and recurring. Given the Group's level of debt and capital expenditure needs, use of the financial instruments listed above is limited to hedging the company's risk exposures.

Currency risk

Exposure to currency risk

Bouygues Construction has low exposure to currency risk in routine commercial transactions. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed.

This applies to most construction projects executed outside France, on which local currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Bouygues Construction also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Currency risk hedging policy

The only instruments that can be used for currency risk hedging purposes are forward currency purchases and sales, currency swaps and currency options. These instruments are used solely for hedging purposes, are contracted solely with high-grade French and foreign banks, and carry no liquidity risk in the event of reversal. Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of these instruments, the selection of counterparties with whom they are contracted, and more generally, the management of exposure to currency risk.

Bouygues Construction Group policy is to hedge systematically all residual exposure to currency risk on commercial transactions relative to the functional currency of a project or entity. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed. Equity investments in foreign companies are usually hedged by a liability of a similar amount in the same currency in the books of the entity that holds the investment.

Risk relating to equities and other financial instruments

Bouygues Construction has no exposure to equities risk.

Financial instruments may occasionally be contracted to hedge a commodities risk, provided that an adequate instrument is available on the financial markets. These instruments are used solely for hedging purposes and are contracted solely with high-grade banks.

Consolidated financial statements

Consolidated balance sheet

Assets (€ million)	Note	31/12/2016 Net	31/12/2015 Net
Property, plant and equipment	3 and 16	702	743
Intangible assets	3 and 16	48	46
Goodwill	3 and 16	540	557
Investments in joint ventures and associates	3 and 16	21	26
Other non-current financial assets	3	253	251
Deferred tax assets and non-current tax receivable	7	103	116
Non-current assets		**1,667**	**1,739**
Inventories		262	345
Advances and down-payments made on orders		168	184
Trade receivables		2,955	2,704
Tax asset (receivable)		84	67
Other current receivables and prepaid expenses		910	926
Cash and cash equivalents		4,427	4,392
Financial instruments - Hedging of debt		–	–
Other current financial assets		13	10
Current assets	**4**	**8,819**	**8,628**
Held-for-sale assets and operations	22	2	35
Total assets		**10,488**	**10,402**

Liabilities and shareholders' equity (€ million)	Note	31/12/2016	31/12/2015
Share capital		128	128
Share premium and reserves		200	401
Translation reserve		95	107
Treasury shares		–	–
Consolidated net profit/(loss)		320	276
Shareholders' equity attributable to the Group	**5**	**743**	**912**
Non-controlling interests		26	24
Shareholders' equity		**769**	**936**
Non-current debt	8 and 16	543	573
Non-current provisions	6 and 16	853	828
Deferred tax liabilities and non-current tax liabilities	7	24	28
Non-current liabilities		**1,420**	**1,429**
Advances and down-payments received on orders		474	630
Current debt	8	22	9
Current taxes payable		62	53
Trade payables		3,241	2,945
Current provisions	6	588	655
Other current liabilities		3,416	3,158
Overdrafts and short-term bank borrowings		475	538
Financial instruments - Hedging of debt		–	–
Other current financial liabilities		21	49
Current liabilities	**10**	**8,299**	**8,037**
Liabilities related to held-for-sale operations	22	–	–
Total liabilities and shareholders' equity		**10,488**	**10,402**
Net surplus cash/(net debt)	**9**	**3,387**	**3,272**

Consolidated income statement

(€ million)	Note	Full year 2016	Full year 2015
Sales[(1)]	**11 and 16**	**11,815**	**11,975**
Other revenues from operations		116	91
Purchases used in production		(6,779)	(7,070)
Personnel costs		(2,738)	(2,749)
External charges		(1,713)	(1,619)
Taxes other than income tax		(147)	(153)
Net depreciation and amortisation expense		(227)	(190)
Net charges to provisions and impairment losses		(193)	(238)
Changes in production and property development inventories		(68)	19
Other income from operations[(2)]		497	558
Other expenses on operations		(237)	(275)
Current operating profit/(loss)	**12 and 16**	**326**	**349**
Other operating income		–	–
Other operating expenses		(23)	(35)
Operating profit/(loss)	**12 and 16**	**303**	**314**
Financial income		27	27
Financial expenses		(13)	(18)
Income from net surplus cash/(cost of net debt)	**13 and 16**	**14**	**9**
Other financial income	13 and 16	37	46
Other financial expenses	13 and 16	(34)	(29)
Income tax	14 and 16	(119)	(108)
Share of profits/(losses) of joint ventures and associates	3 and 16	121	56
Net profit/(loss) from continuing operations	**16**	**322**	**288**
Net profit/(loss) from discontinued and held-for-sale operations	22	–	–
Net profit/(loss)	**16**	**322**	**288**
Net profit/(loss) attributable to the Group	**16**	**320**	**276**
Net profit/(loss) attributable to non-controlling interests		2	12
Basic earnings per share from continuing operations (€)	**15**	**187.55**	**161.76**
Diluted earnings per share from continuing operations (€)	**15**	**187.55**	**161.76**

(1) Of which sales generated abroad.	6,288	6,286
(2) Of which reversals of unutilised provisions/impairment losses.	209	244

Consolidated statement of recognised income and expense

(€ million)	Full year 2016	Full year 2015
Net profit/(loss)	**322**	**288**
ITEMS NOT RECLASSIFIABLE TO PROFIT OR LOSS		
Actuarial gains/losses on post-employment benefits	(9)	(5)
Change in remeasurement reserve	–	–
Net tax effect of items not reclassifiable to profit or loss	(1)	1
Share of non-reclassifiable income and expense of joint ventures and associates	–	–
ITEMS RECLASSIFIABLE TO PROFIT OR LOSS		
Change in cumulative translation adjustment	(12)	53
Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)	24	(7)
Net tax effect of items reclassifiable to profit or loss	(3)	1
Share of reclassifiable income and expense of joint ventures and associates	13	5
Income and expense recognised directly in equity	**12**	**48**
Total recognised income and expense	**334**	**336**
Recognised income and expense attributable to the Group	331	323
Recognised income and expense attributable to non-controlling interests	3	13

Consolidated statement of changes in shareholders' equity

(€ million)	Share capital & share premium	Reserves related to capital/ Retained earnings	Consolidated reserves and profit/(loss)	Treasury shares	Items recognised directly in equity	Total attributable to the Group	Non-controlling interests	Total
Position at 31 December 2014	**143**	**246**	**458**	**–**	**(18)**	**829**	**12**	**841**
MOVEMENTS DURING 2015								
Capital and reserves transactions, net	–	5	(5)	–	–	–	–	–
Acquisitions/disposals of treasury shares	–	–	–	–	–	–	–	–
Acquisitions/disposals without loss of control	–	–	–	–	–	–	–	–
Dividend paid	–	–	(253)	–	–	(253)	(1)	(254)
Other transactions with shareholders	–	–	–	–	–	–	–	–
Net profit/(loss)	–	–	276	–	–	276	12	288
Translation adjustment	–	–	–	–	53	53	1	54
Other recognised income and expense	–	–	–	–	(6)	(6)	–	(6)
Total recognised income and expense(2)	**–**	**–**	**276**	**–**	**47**	**323**	**13**	**336**
Other transactions (changes in scope of consolidation and other items)	–	–	13	–	–	13	–	13
Position at 31 December 2015	**143**	**251**	**489**	**–**	**29**	**912**	**24**	**936**
MOVEMENTS DURING 2016								
Capital and reserves transactions, net	–	(5)	5	–	–	–	–	–
Acquisitions/disposals of treasury shares	–	–	–	–	–	–	–	–
Acquisitions/disposals without loss of control	–	–	–	–	–	–	–	–
Dividend paid	–	–	(500)	–	–	(500)	(1)	(501)
Other transactions with shareholders	–	–	–	–	–	–	–	–
Net profit/(loss)	–	–	320	–	–	320	2	322
Translation adjustment	–	–	–	–	(12) (1)	(12)	1	(11)
Other recognised income and expense	–	–	–	–	23	23	–	23
Total recognised income and expense(2)	**–**	**–**	**320**	**–**	**11**	**331**	**3**	**334**
Other transactions (changes in scope of consolidation and other items)	–	–	–	–	–	–	–	–
Position at 31 December 2016	**143**	**246**	**314**	**–**	**40**	**743**	**26**	**769**

(1) Change in translation reserve.

Attributable to:	Group	Non-controlling interests	Total
Controlled entities	(13)	1	(12)
Joint ventures and associates	1	–	1
	(12)	1	(11)

(2) See statement of recognised income and expense.

Consolidated cash flow statement

Cash flow from continuing operations (€ million)	Note	Full year 2016	Full year 2015
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations		322	288
Share of (profits)/losses reverting to joint ventures and associates, net of dividends received		(8)	11
Elimination of dividends (non-consolidated companies)		(15)	(15)
Charges to/(reversals of) depreciation, amortisation, impairment & non-current provisions		261	208
Gains and losses on asset disposals		(128)	(127)
Miscellaneous non-cash charges		(3)	3
Sub-total		**429**	**368**
(Income from net surplus cash)/cost of net debt		(14)	(9)
Income tax		119	108
Cash flow	**16**	**534**	**467**
Income taxes paid		(121)	(146)
Changes in working capital related to operating activities [1]		194	326
Net cash generated by/(used in) operating activities		**607**	**647**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	16	(217)	(252)
Proceeds from disposals of property, plant and equipment and intangible assets		44	38
Net liabilities related to property, plant and equipment and intangible assets		(8)	15
Purchase price of non-consolidated companies and other investments	16	(2)	(2)
Proceeds from disposals of non-consolidated companies and other investments		1	4
Net liabilities related to non-consolidated companies and other investments		–	–
Effects of changes in scope of consolidation	**21**		
Purchase price of investments in consolidated activities	16	(4)	(14)
Proceeds from disposals of investments in consolidated activities		144	57
Net liabilities related to consolidated activities		(1)	1
Other effects of changes in scope of consolidation (cash of acquired and divested companies)		17	2
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		27	24
Net cash generated by/(used in) investing activities		**1**	**(127)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders & non-controlling interests and other transactions between shareholders		–	–
Dividends paid			
Dividends paid to shareholders of the parent company		(500)	(253)
Dividends paid by consolidated companies to non-controlling interests		(1)	(1)
Change in current and non-current debt		(6)	9
Income from net surplus cash/(cost of net debt)		14	9
Other cash flows related to financing activities		–	–
Net cash generated by/(used in) financing activities		**(493)**	**(236)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		(17)	122
Change in net cash position (A + B + C + D)		**98**	**406**
Net cash position at start of period	**4 and 10**	**3,854**	**3,449**
Net cash flows		98	406
Other non-monetary flows		–	(1)
Net cash position at end of period	**4 and 10**	**3,952**	**3,854**

Cash flows from discontinued and held-for-sale operations	22		
Net cash position at start of period		**–**	**–**
Net cash flows		–	–
Net cash position at end of period		**–**	**–**

(1) Definition of change in working capital related to operating activities: current assets minus current liabilities (excluding income taxes paid, which are reported separately).

Notes to the consolidated financial statements

Note 1. Significant events

1.1 Significant events of the year

- On 15 June 2016 Bouygues Travaux Publics, a subsidiary of Bouygues Construction, sold its residual equity interest in Autoroute de Liaison Seine Sarthe (ALIS), which holds the concession for the Rouen-Alençon section of the A28 motorway in France.

  The assets sold, for €35 million, comprised 10% of the capital and shareholder loans.

- On 9 November 2016, the Bouygues Group sold its 46.10% equity interest in ADELAC (39.20% owned by Bouygues Construction, 6.90% by Colas), which holds the concession for a 19-kilometre stretch of the A41 "Autoroute des Deux Lacs" motorway in France, to AREA.

  The Bouygues Construction subsidiaries Bouygues Travaux Publics, Quille and Bouygues Bâtiment Sud-Est sold their equity interests in ADELAC, along with the associated shareholder loans.

  The €110 million gain arising on the sale is recognised in "Share of profits/(losses) of joint ventures and associates" in the income statement.

1.2 Significant events and changes in scope of consolidation since 31 December 2016

There have been no significant events since 31 December 2016.

Note 2. Group accounting policies

The financial statements of the Bouygues Construction group include the financial statements of Bouygues Construction SA and its subsidiaries, its investments in associates and joint ventures, and its joint operations. The financial statements are presented in millions of euros, and take account of Recommendation 2013-03 on the presentation of financial statements, issued on 7 November 2013 by the French national accounting standard-setter, the *Conseil National de la Comptabilité* (CNC), now the *Autorité des Normes Comptables* (ANC).

The consolidated financial statements were closed off by the Board of Directors on 20 February 2017, and will be submitted for approval by the forthcoming Annual General Meeting on 18 April 2017.

The consolidated financial statements for the year ended 31 December 2016 were prepared in accordance with International Financial Reporting Standards (IFRS) using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as at and for the year ended 31 December 2015.

The Bouygues Construction group applied the same standards, interpretations and accounting policies for the year ended 31 December 2016 as were applied in its consolidated financial statements for the year ended 31 December 2015, except for new IFRS requirements applicable from 1 January 2016 as mentioned below.

- Principal new IFRS standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption from 1 January 2016:

  - **Amendments to IAS 7: Statement of Cash Flows**
    These amendments lay down the principle that an entity should provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. To meet this requirement, Bouygues Construction provides a reconciliation between the opening and closing financial positions as regards liabilities included in financing activities, in Note 9.
    These amendments are applicable to annual reporting periods beginning on or after 1 January 2017, and have been early adopted in the consolidated financial statements for the year ended 31 December 2016.

- **IFRS 15: Revenue from Contracts with Customers**
  On 28 May 2014, the International Accounting Standards Board (IASB) issued a new standard on revenue recognition intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 11 and IAS 18. The new standard, which was endorsed by the European Union on 29 October 2016, is applicable from 1 January 2018. Bouygues Construction does not intend to early adopt IFRS 15.

- **IFRS 9: Financial Instruments**
  On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 39. The new standard, which was endorsed by the European Union on 22 November 2016, is applicable from 1 January 2018. Bouygues Construction does not intend to early adopt IFRS 9.

• Key standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union:

- **IFRS 16: Leases**
  On 16 January 2016, the IASB issued IFRS 16, "Leases".
  IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees will end the distinction previously made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease.
  IFRS 16, which has not yet been endorsed by the European Union, is applicable from 1 January 2019.

The financial statements for the year ended 31 December 2016 have been prepared using the historical cost convention, with the exception of certain items – in particular some financial assets and financial liabilities – which are measured at fair value.

Preparing financial statements to comply with IFRS requires the use of estimates and assumptions which may have affected the amounts reported for assets and liabilities at the end of the reporting period, and the amounts of income and expenses reported for the financial year. Those estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply. The main areas in which estimates and assumptions are involved are the measurement of provisions, and forecast data regarding the completion of construction contracts in progress.

2.1 Consolidation methods

2.1.1 Consolidation methods and scope of consolidation

Companies over which Bouygues Construction exercises control are consolidated by the full consolidation method.

In the case of joint operations (which give each party direct rights over the assets and obligations for the liabilities), the assets, liabilities, income and expenses of the joint operation are accounted for in accordance with the interests held in the joint operation.

Companies over which Bouygues Construction exercises significant influence, and joint ventures, are accounted for by the equity method.

Changes in the scope of consolidation	31/12/2016	31/12/2015
Companies controlled by the Group	238	233
Joint operations	102	97
Joint ventures and associates	16	20
	356	**350**

2.1.2 Translation of the financial statements of foreign entities

The financial statements of consolidated subsidiaries with a functional currency other than the euro are translated at the exchange rate prevailing at the end of the reporting period (in the case of the balance sheet) and at the average exchange rate for the year (in the case of the income statement and cash flow statement). The resulting translation differences are taken to equity under "Translation reserve".

Translation differences arising on foreign-currency liabilities accounted for as hedges of a net investment in a foreign operation are recognised in equity.

2.1.3 Translation of transactions denominated in foreign currencies

Entities that have the euro as their functional currency translate foreign-currency transactions into euros at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the closing exchange rate, with the resulting translation differences recognised in profit or loss for the period.

2.1.4. Deferred taxation

Deferred taxation is recognised on all differences between the carrying amount and the tax base of assets or liabilities (balance sheet liability method). These differences arise from:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
  - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
  - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes. Deferred tax assets are reviewed at the end of each reporting period, and recognised where it is probable there will be sufficient taxable profits to enable the temporary differences to be offset.
- Tax losses available for carry-forward (deferred tax assets), provided that there is a strong probability of recovery in future periods.

Deferred taxes are measured at the tax rate applicable at the end of the reporting period, adjusted as necessary for the effect of changes in tax legislation.

The effects of changes in corporate income tax rates are recognised in profit or loss for the period, in accordance with the liability method.

The estimated amount of non-recoverable taxes on dividends payable by French or foreign subsidiaries is covered by a provision where material.

2.1.5. Concession contracts and Public-Private Partnerships (PPP)

The Bouygues Construction group has equity interests in associates that have been awarded concession/PPP contracts; these are accounted for in accordance with IFRIC 12.

2.2. Accounting policies and valuation methods

2.2.1. Assets

a. Non-current assets

Property, plant and equipment

Property, plant and equipment are measured at acquisition cost.

Where an item of property, plant and equipment consists of significant components with different useful lives or different depreciation methods, each component is accounted for and depreciated as a separate item of property, plant and equipment (component-based approach).

The cost of an item of property, plant and equipment comprises the purchase price (after deducting any commercial discounts and rebates), plus import duties and non-refundable taxes and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating as intended by management.

Subsequent costs are recognised as an expense unless they improve the performance of the asset as originally specified, extend its useful life, or reduce the cost of operating the asset as previously established.

Following initial recognition as an asset, items of property, plant and equipment are carried at cost less accumulated depreciation and impairment. The Bouygues Construction group accounts for property, plant and equipment using the historical cost model.

Depreciation is calculated over the expected useful life of the asset. The useful life of an asset is the period over which the Group expects the asset to be available for use.

The depreciable amount of an asset is cost less any estimated residual value net of costs of disposal. The residual value of an item of property, plant and equipment is the amount the Group would receive currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life (excluding the effects of inflation).

The principal useful lives applied are:
- buildings: 10, 20 or 30 years, depending on whether the building is of lightweight or durable construction;
- plant, equipment and tooling: 3 to 8 years;
- other property, plant and equipment: 3 to 10 years, depending on the type of asset (vehicles, office equipment and furniture, etc.).

Depreciation periods are reviewed annually, and may be adjusted if expectations differ from previous estimates. Any such changes in estimates are accounted for prospectively.

Finance leases

A finance lease is a contract under which substantially all the risks and rewards of ownership are transferred to the lessee, whether or not title is ultimately transferred to the lessee.

Assets acquired under finance leases are, if material, recognised as an asset in the balance sheet under "Property, plant and equipment", with a matching liability recognised under "Debt" on the liabilities side of the balance sheet.
These assets are depreciated over their expected useful lives.

Site rehabilitation costs

Rehabilitation costs arising from the gradual deterioration of a site are covered by provisions recognised on the liabilities side of the balance sheet.

Investment properties

The Bouygues Construction group has not identified any asset that qualifies as an investment property.

Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance which is controlled by the entity. An asset is identifiable:
- if it is separable, i.e. capable of being independently sold, transferred, licensed, rented or exchanged;
- or if it is derived from contractual or other legal rights, whether separable or not.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are tested for impairment annually.

Development expenses

Development expenses are capitalised if the IAS 38 criteria are met, i.e. if they are expected to generate future economic benefits and their cost can be reliably measured.

Incorporation and research expenses are expensed as incurred.

Intangible assets with no legal protection

Acquired intangible assets with no legal protection are included in goodwill.

Business combinations

With effect from 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3 and IAS 27, which use the concept of "obtaining control" in determining the accounting treatment to be applied to acquisitions or disposals of equity interests; depending on the circumstances, the impacts of such acquisitions and disposals are recognised either in consolidated profit or loss or in equity.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities of the acquiree, which are measured at fair value at the acquisition date and presented in the balance sheet using the full fair value method in accordance with the revised IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including non-controlling interests), rather than remeasuring just the percentage interest acquired.

The revised IFRS 3 allows entities to elect one of two methods of accounting for non-controlling interests in each business combination:
- at fair value (full goodwill method), i.e. the non-controlling interests are allocated their share of goodwill;
- at the non-controlling interests' proportionate share of the acquired entity's identifiable assets and liabilities (partial goodwill method), i.e. no share of goodwill is allocated to the non-controlling interests.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Non-controlling interests in these items are measured on the basis of the carrying amount of the items as shown in the balance sheet of the acquired entity. The revised standards allow the acquirer to elect to account for each new business combination on either a full goodwill basis or a partial goodwill basis.

Fair value is the price that would be received for an asset or paid to settle a liability in an arm's length transaction between market participants at the date of measurement.

Goodwill is the excess of the acquisition cost over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date.

It represents the payment made by the acquirer in anticipation of the future economic benefits arising from assets that cannot be individually identified and separately recognised, and is reported separately as an asset under "Goodwill" in the balance sheet.
Negative goodwill (i.e. gain from a bargain purchase) is taken to the income statement in the period in which the acquisition is made.
The purchase price allocation period is limited to the time required to identify and measure the acquired entity's assets and liabilities, the non-controlling interests, the consideration transferred and the fair value of any previously held equity interest, subject to a maximum period of 12 months.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses in accordance with IAS 36, and is tested for impairment annually. Impairment losses are charged to the income statement as an operating item.

Goodwill is allocated to the Cash Generating Unit (CGU) benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured.

The value in use of CGUs is determined using the Discounted Cash Flow (DCF) method, applying the following principles:
- the discount rate is determined by reference to the weighted average cost of capital;
- the cash flows used are derived from the medium-term business plan prepared by the management of the CGU;
- the terminal value is calculated by aggregating the DCF to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the CGU operates and with its competitive position in those markets.

Bouygues Construction has identified two CGUs:

- **A CGU comprising French and international Building and Civil Engineering activities:**
  The business plan used was prepared within the context of the Group's management cycle.
  The assumptions applied include no changes in the scope of the Group's Building and Civil Engineering activities, and the continuation of those activities as a going concern over the three-year period covered by the business plan.
  The Bouygues Construction group has set a year by year profitability target for its Building and Civil Engineering activities.
  This target is incorporated into the assumptions used in the business plan, which also takes into account past experience and external sources of information.
  Discount rate applied: 7.06%/6.47%, depending on the assumptions used. Growth rate applied: 1%.
  There were no events or circumstances requiring the recognition of an impairment loss in 2016.

- **A CGU comprising French and international Energy and Services activities:**
  The business plan used was prepared within the context of the Group's management cycle.
  The assumptions applied include no changes in the scope of the Group's Energy and Services activities, and the continuation of those activities as a going concern over the three-year period covered by the business plan.
  The Bouygues Construction group has set a year by year profitability target for its Energy and Services activities. This target is incorporated into the assumptions used in the business plan, which also takes into account past experience and external sources of information.
  Discount rate applied: 5.55%/5.08%, depending on the assumptions used. Growth rate applied: 1%.
  There were no events or circumstances requiring the recognition of an impairment loss in 2016.

Financial assets

Investments in non-consolidated companies and other long-term investment securities

Investments in non-consolidated companies and other long-term investment securities are classified as available-for-sale financial assets, and are recognised at fair value in the balance sheet.

Changes in fair value are recognised in equity except in the case of other-than-temporary impairment, in which case the impairment loss is recognised in profit or loss for the period. When an asset is derecognised, the change in fair value previously recognised in equity is reclassified to profit or loss.

Non-current loans receivable

Loans, advances to non-consolidated companies, and deposits and caution money are measured at fair value on initial recognition, and subsequently at amortised cost.

b. Current assets

Inventories

Inventories are stated at the lower of cost (weighted average unit cost) or market price.
Where the realisable value of inventory is lower than cost, an impairment loss is recognised.

Trade and other receivables

Trade receivables are essentially short-term, and are carried at face value net of impairment allowances recorded to reflect the probability of recovery.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been temporarily delayed.

Cash and cash equivalents

Cash equivalents (short-term investments) are measured at fair value and classified as available-for-sale financial assets.

Cash, short-term deposits and bank overdrafts:
Because of the short-term nature of these items, the carrying amounts shown in the consolidated financial statements are a reasonable estimate of market value.

2.2.2. Liabilities and shareholders' equity

a. Non-current liabilities

Non-current provisions

A provision is recorded where the Group has a present obligation to a third party at the end of the reporting period resulting from a past event, the settlement of which is expected to result in a probable outflow from the Group of resources embodying economic benefits that can be measured reliably.

These mainly comprise:

Employee benefits

Provisions for lump-sum retirement benefit obligations:
The Group records a provision for its obligations to pay lump-sum benefits to its employees on retirement, to the extent that those obligations are not covered by insurance policies.
This provision is calculated using the projected unit credit method based on final salary, projected to the retirement date.

The amount of the provision is determined on the basis of the relevant collective agreement, and taking account of the following factors:

- classification of employees into groups with common characteristics in terms of status, age and length of service;
- monthly salary, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;
- final salary inflation rate;
- discount rate applied to the obligation over the projected period to the retirement date;
- employee turnover rate, determined by age bracket and socio-professional category;
- life expectancy, determined using the INSEE 2006-2008 mortality table.

In accordance with the revised IAS 19, all actuarial gains and losses on defined-benefit post-employment benefit plans are recognised in non-current provisions, with the matching entry recognised in equity via the statement of recognised income and expense.

Provision for long-service awards:
The Group records a provision for its obligations in respect of long-service awards (10, 20, 30 and 40 years) using the projected unit credit method, projected over the period to the date of the award.

Provisions for litigation, claims and foreseeable risk exposures

Customer warranty provisions
These provisions are intended to cover risks for which the company is liable during the warranty period (essentially the ten-year warranty in France).

The provision is determined by applying a statistical rate (determined annually by reference to warranty information specific to each entity) to sales.

b. Current liabilities

Trade and other payables

Because of the short-term nature of these liabilities, the carrying amounts shown in the consolidated financial statements are a reasonable estimate of market value.

Advances and down-payments received on orders

This item comprises advances and down-payments received from customers on construction contract starts.

Current provisions

These mainly comprise:

- provisions for project risks and project completion;
- provisions for expected losses to completion. These relate to construction contracts in progress, and take account of claims accepted by the client. They are measured on a contract by contract basis, with no netting between them.

2.2.3. Income statement

a. Consolidated sales

Consolidated sales represent the aggregate amount of contract revenues, sales of products and sales of services, including sales generated by entities controlled by Bouygues Construction and by joint operations (after eliminating intercompany transactions).

Sales are broken down into construction contracts, sales of goods, and sales of services.

b. Accounting for construction contracts

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual completion rate determined by reference to the physical state of progress of the works. The latest estimate of the total selling price takes account of claims accepted by the client.

If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses on completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it can be reliably measured, irrespective of the completion rate.

c. Profits/losses from joint operations

These represent the Group's share of profits or losses from non-consolidated partnerships and non-consolidated joint ventures; as such, they are a component of operating profit and are reported on the lines "Other income from operations" and "Other expenses on operations".

d. Operating profit

Operating profit represents the net amount of all income and expenses not generated by financing activities, by associates or by discontinued or held-for-sale operations, and excluding income taxes.

Any impairment of goodwill is recognised as a charge against operating profit.

e. Income from net surplus cash

Income from net surplus cash comprises all gains, losses, income and expenses generated by components of net surplus cash during the period (see Note 9, "Change in net surplus cash"), including gains and losses on related interest rate and currency hedges.

f. Other financial income and expenses

This comprises financial income and expenses that are of a non-operating nature and do not relate to components of net surplus cash.

2.2.4. Financial instruments

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

The only instruments used for hedging purposes are:
- forward currency purchases and sales, currency swaps and currency options for currency risk hedging purposes;
- interest rate swaps and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:
- are used solely for hedging purposes;
- are contracted solely with high-grade French and foreign banks;
- carry no liquidity risk in the event of reversal.

Specific reports are prepared on a regular basis for those responsible for the management and supervision of the relevant Group companies, describing the use of hedging instruments; the selection of counterparties with whom they are contracted; and more generally, the management of exposure to currency risk and interest rate risk.

a. Financial risks to which the Group is exposed, and principles applied to the management of those risks

Currency risk

In general, the Bouygues Construction group has little exposure to currency risk in routine commercial transactions. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most construction projects executed outside France, on which local currency expenses (subcontracting and supplies) represent a much higher proportion than euro-denominated expenses. Particular attention is paid to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

Group policy is to hedge systematically all residual exposure to currency risk on commercial transactions relative to the functional currency of a project or entity. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed.

Equity investments in foreign companies are usually hedged by a liability of a similar amount in the same currency in the books of the entity that holds the investment.

Interest rate risk

Interest rate risk exposure arises on floating-rate debt recognised in the balance sheet, and is hedged by floating-rate investments.

The Group's income statement could be adversely affected by a significant fall in European interest rates. Interest rate swaps may be contracted to lock in the income streams from the Group's surplus cash.

b. Hedge accounting policies and rules

The Group accounts for hedges in accordance with IAS 39.

Hedge accounting is applied where a derivative instrument wholly or partly offsets changes in the fair value or cash flows of a hedged item. Hedge effectiveness is assessed on a regular basis, and at least once a quarter.

To qualify for hedge accounting, financial instruments must meet the following conditions:
- formal designation and documentation of the hedging relationship on inception of the hedge;
- hedge effectiveness demonstrated throughout the life of the financial instrument.

If a hedging relationship cannot be demonstrated, all changes in fair value are recognised in profit or loss.

All derivative instruments are measured at fair value. Fair value is the quoted market price in the case of listed instruments, or is determined using calculation and valuation models based on market data (yield curves, exchange rates, etc.) in other cases.

No embedded derivatives within the meaning of IAS 39 have been identified within the Bouygues Construction Group.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in the future cash flows from a hedged item or a future transaction.

Where a derivative instrument is used to hedge the exposure to variability in the cash flows from a firm commitment or a forecast transaction, the change in the fair value of the portion of the hedging instrument that is determined to be an effective hedge is recognised directly in equity.

The change in fair value of the portion of the hedge regarded as ineffective is recognised immediately in profit or loss.

Fair value hedges

The purpose of a fair value hedge is to limit the variability of the fair value of an asset or a liability recognised in the balance sheet.

Where a derivative instrument hedges exposure to changes in the fair value of a receivable or a payable, the change in the fair value of the hedging instrument is recognised immediately in profit or loss. The gain or loss on the hedged item attributable to the hedged risk is accounted for as an adjustment to the carrying amount of the hedged item, and is recognised directly in profit or loss.

The fair value of hedged items corresponds to their carrying amount translated into euros using the rate prevailing at the end of the reporting period.

Hedge of a net investment in a foreign operation

A hedge of a net investment in a foreign operation is a hedge of the currency risk exposure on the parent company's interest in the net assets of that operation.

Where a liability denominated in a foreign currency is used to hedge a net investment in a foreign operation, translation differences arising between that currency and the euro are recognised directly in equity. If the hedging instrument is a derivative instrument, the change in the fair value of the portion of the hedging instrument that is determined to be an effective hedge is recognised directly in equity; the change in fair value of the ineffective portion is recognised immediately in profit or loss.

2.2.5. Cash flow statement

The cash flow statement is presented in accordance with IAS 7 and with ANC recommendation 2013-03 of 7 November 2013 (indirect method).

The net profit of consolidated entities is adjusted to eliminate the impact of transactions with no cash effect, and of income and expenses related to investing or financing activities.

Cash flow as reported in the cash flow statement is defined as follows:
Net profit from consolidated entities before net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, income from net surplus cash/cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

The cash flow statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:
- cash and cash equivalents;
- overdrafts and short-term bank borrowings.

No cash or cash equivalents were unavailable as of 31 December 2016.

2.2.6. Off balance sheet commitments

A summary of off balance sheet commitments is provided in Note 18.

2.2.7. EBITDA

EBITDA equals "Current operating profit" after stripping out "Net depreciation and amortisation expense", "Net charges to provisions and impairment losses", and reversals of unused provisions and impairment losses reported in "Other income from operations".

The competitiveness and employment tax credit ("CICE") to which French companies are entitled is recognised in current operating profit, as a reduction in personnel costs.

2.2.8. Free cash flow

Free cash flow equals cash flow after income from net surplus cash (or cost of net debt) and income tax expense, less net capital expenditure for the period.

Net capital expenditure equals the purchase price of property, plant and equipment and intangible assets acquired during the period, net of proceeds from disposals and investment grants obtained.

2.2.9. Net surplus cash

Net surplus cash is the sum total of the following items:
- cash and cash equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

2.3. Other information

Comparability of the financial statements:
The impact of changes in the scope of consolidation between 1 January and 31 December 2016 does not impair the comparability of the consolidated financial statements as presented.

Under the revised IAS 1, "Presentation of Financial Statements", the Group has elected to present the components of comprehensive income in two detailed statements, as permitted by the IASB:
- an income statement;
- a statement of recognised income and expense that reports other comprehensive income, including income and expenses recognised directly in equity.

Bouygues Construction is included in the scope of consolidation of Bouygues SA for the purposes of the presentation of the Bouygues SA consolidated financial statements.

Note 3. Non-current assets

For a breakdown of non-current assets by business segment see Note 16, "Segment Information".

Acquisitions of non-current assets during the year, net of disposals	31/12/2016	31/12/2015
Acquisitions of property, plant and equipment (1)	207	244
Acquisitions of intangible assets (1)	10	8
Capital expenditure	**217**	**252**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies, other long-term investments)	6	16
Acquisitions of non-current assets	**223**	**268**
Disposals of non-current assets	(189)	(99)
Acquisitions of non-current assets, net of disposals	**34**	**169**

(1) Net of investment grants obtained (netted off the asset in the balance sheet).

3.1. Property, Plant and Equipment €702m

Gross value	Land and buildings	Plant, equipment and tooling	Other property, plant and equipment	PP&E under construction and advance payments	Total
1 January 2015	**410**	**781**	**318**	**75**	**1,584**
Translation adjustments	7	27	6	7	47
Transfers between accounts	3	44	1	(48)	–
Changes in scope of consolidation	1	–	2	–	3
Acquisitions during the period	5	155	33	51	244
Disposals and other reductions	(3)	(126)	(41)	(1)	(171)
31 December 2015	**423**	**881**	**319**	**84**	**1,707**
Of which finance leases	5	1	–	–	6
MOVEMENTS DURING 2016					
Translation adjustments	(5)	5	–	(1)	(1)
Transfers between accounts	–	119	1	(101)	19
Changes in scope of consolidation	–	(2)	(4)	1	(5)
Acquisitions during the period	2	135	31	39	207
Disposals and other reductions	(8)	(105)	(43)	–	(156)
31 December 2016	**412**	**1,033**	**304**	**22**	**1,771**
Of which finance leases	5	1	2	–	8

Amortisation and impairment	Land and buildings	Plant, equipment and tooling	Other property, plant and equipment	PP&E under construction and advance payments	Total
1 January 2015	**(115)**	**(567)**	**(218)**	**–**	**(900)**
Translation adjustments	(5)	(20)	(5)	–	(30)
Transfers between accounts	–	–	–	–	–
Changes in scope of consolidation	–	–	(3)	–	(3)
Disposals and other reductions	2	107	37	–	146
Depreciation expense	(19)	(123)	(35)	–	(177)
Impairment losses charged	–	–	–	–	–
Impairment losses reversed	–	–	–	–	–
31 December 2015	**(137)**	**(603)**	**(224)**	**–**	**(964)**
Of which finance leases	(4)	–	–	–	(4)
MOVEMENTS DURING 2016					
Translation adjustments	1	(4)	1	–	(2)
Transfers between accounts	–	(21)	–	–	(21)
Changes in scope of consolidation	–	2	3	–	5
Disposals and other reductions	2	88	38	–	128
Depreciation expense	(15)	(163)	(37)	–	(215)
Impairment losses charged	–	–	–	–	–
Impairment losses reversed	–	–	–	–	–
31 December 2016	**(149)**	**(701)**	**(219)**	**–**	**(1,069)**
Of which finance leases	(4)	–	(1)	–	(5)

Carrying amount	Land and buildings	Plant, equipment and tooling	Other property, plant and equipment	PP&E under construction and advance payments	Total
31 December 2015	**286**	**278**	**95**	**84**	**743**
Of which finance leases	1	1	–	–	2
31 December 2016	**263**	**332**	**85**	**22**	**702**
Of which finance leases	1	1	1	–	3

Analyses by business segment and geographical area of the carrying amount of intangible assets and property, plant and equipment, and of capital expenditure, are provided in Note 16, "Segment Information".

3.2. Intangible assets €48m

Gross value	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
1 January 2015	**–**	**126**	**27**	**153**
Translation adjustments	–	1	–	1
Transfers between accounts	–	–	–	–
Changes in scope of consolidation	–	–	–	–
Acquisitions during the period	–	7	1	8
Disposals and other reductions	–	(5)	–	(5)
31 December 2015	**–**	**129**	**28**	**157**
MOVEMENTS DURING 2016				
Translation adjustments	–	(1)	(2)	(3)
Transfers between accounts	–	2	(2)	–
Changes in scope of consolidation	–	–	5	5
Acquisitions during the period	–	7	3	10
Disposals and other reductions	–	(3)	–	(3)
31 December 2016	**–**	**134**	**32**	**166**

Amortisation and impairment	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
1 January 2015	**–**	**(93)**	**(9)**	**(102)**
Translation adjustments	–	(1)	–	(1)
Transfers between accounts	–	–	–	–
Changes in scope of consolidation	–	–	–	–
Disposals and other reductions	–	5	–	5
Amortisation expense	–	(11)	(2)	(13)
Impairment losses charged	–	–	–	–
Impairment losses reversed	–	–	–	–
31 December 2015	**–**	**(100)**	**(11)**	**(111)**
MOVEMENTS DURING 2016				
Translation adjustments	–	2	–	2
Transfers between accounts	–	–	–	–
Changes in scope of consolidation	–	–	–	–
Disposals and other reductions	–	3	–	3
Amortisation expense	–	(11)	(1)	(12)
Impairment losses charged	–	–	–	–
Impairment losses reversed	–	–	–	–
31 December 2016	**–**	**(106)**	**(12)**	**(118)**

Carrying amount	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
31 December 2015	**–**	**29**	**17**	**46**
31 December 2016	**–**	**28**	**20**	**48**

3.3. Goodwill €540m

	Gross value	Impairment	Carrying amount	Building & Civil Engineering	Energy & Services
1 January 2015	**528**	**–**	**528**	**239**	**289**
Changes in scope of consolidation, translation adjustments & other movements	29	–	29	12	17
Impairment losses	–	–	–	–	–
31 December 2015	**557**	**–**	**557**	**251**	**306**
Changes in scope of consolidation, translation adjustments & other movements	(17)	–	(17)	(16)	(1)
Impairment losses	–	–	–	–	–
31 December 2016	**540**	**–**	**540**	**235**	**305**

3.4. Non-current financial assets €274m

	Investments in joint ventures and associates	Other non-current financial assets		Total gross value	Amortisation and impairment	Carrying amount
		Investments in non-consolidated companies	Other non-current assets			
1 January 2015	**75**	**147**	**223**	**445**	**(131)**	**314**
Translation adjustments	1	7	6	14	0	14
Transfers between accounts	10	(24)	(11)	(25)	(3)	(28)
Changes in scope of consolidation	(14)	38	–	24	38	62
Acquisitions and other increases	10	3	39	52	–	52
Disposals and other reductions	(13)	(12)	(51)	(76)	–	(76)
Amortisation and impairment, net	–	–	–	–	(61)	(61)
31 December 2015	**69**	**159**	**206**	**434**	**(157)**	**277**
Translation adjustments	1	2	–	3	–	3
Transfers between accounts	(1)	22	11	32	1	33
Changes in scope of consolidation	–	7	(1)	6	(4)	2
Acquisitions and other increases	7	2	19	28	–	28
Disposals and other reductions	(12)	(26)	(35)	(73)	–	(73)
Amortisation and impairment, net	–	–	–	–	4	4
31 December 2016	**64**	**166**	**200**	**430**	**(156)**	**274**

3.4.1. Investments in joint ventures and associates €21m

	Share of net assets hold	Goodwill on joint ventures and associates	Carrying amount
1 January 2015	**75**	**–**	**75**
Translation adjustments	1	–	1
Transfers between accounts	10	–	10
Changes in scope of consolidation	(14)	–	(14)
Acquisitions and other increases	10	–	10
Disposals and other reductions	(13)	–	(13)
Impairment losses	(43)	–	(43)
31 December 2015	**26**	**–**	**26**
Translation adjustments	1	–	1
Transfers between accounts	(1)	–	(1)
Changes in scope of consolidation	–	–	–
Acquisitions and other increases	7	–	7
Disposals and other reductions	(12)	–	(12)
Impairment losses	–	–	–
31 December 2016	**21**	**–**	**21**

The Bouygues Construction group owns a number of investments in joint ventures and associates, a list of which is provided in Note 24, "List of principal consolidated entities".

Summary information about the assets, liabilities, income and expenses of the Bouygues Construction group's principal joint ventures and associates is provided below.

Figures are for 100% of the joint venture/associate	31/12/2016	31/12/2015	
	Stade de France	Stade de France	Adelac
Non-current assets [(1)]	202	197	813
Current assets	70	53	38
Total assets	**272**	**250**	**851**
Shareholders' equity	40	43	(65)
Non-current liabilities	155	148	854
Current liabilities	77	59	62
Total liabilities & shareholders' equity	**272**	**250**	**851**
Sales	56	56	47
Operating profit/(loss)	(5)	(1)	26
Net profit/(loss)	**(3)**	**–**	**(12)**

(1) Net of investment grants obtained.

Movements during the period	01/01/2016	Net movements during 2016 [(1)]	31/12/2016
Stade de France	11	–	11
Adelac	–	–	–
Zaic	2	2	4
Warnowquerung	–	–	–
Bina (Fincom and Istra)	–	–	–
TransJamaican	1	–	1
Socoprim	–	–	–
VSL Corée	6	(6)	–
VSL Japon	2	–	2
VSL Chili	2	–	2
Other	2	(1)	1
Total	**26**	**(5)**	**21**

(1) Includes the Group's share of net profit/loss for the period, acquisitions, changes in scope of consolidation, translation adjustments, dividends paid, capital increases, and changes in the fair value of financial instruments.
Accumulated unrecognised losses on joint ventures and associates: €(20) million.

3.4.2. Investments in non-consolidated companies €90m

Investments in non-consolidated companies (1)	31/12/2016				Total assets (2)	Total current & non-current liabilities (2)	Total sales (2)	Net profit/ (loss) (2)
	Gross value	Impairment	Carrying amount	% interest				
FRENCH COMPANIES								
Foncière Point du Jour	10	(8)	2	100%	2	–	–	–
Fichallenge	2	(1)	1	100%	1	6	–	–
Other investments in French companies	19	(3)	16					
Sub-total	**31**	**(12)**	**19**					
FOREIGN COMPANIES								
Hong Kong IEC Limited	67	–	67	15%	134	31	53	(9)
VSL Corporation (United States)	22	(22)	–	100%	–	–	–	–
C.C.I.B (Romania)	6	(6)	–	22%	29	58	7	(1)
Frog Electr. Cont (South Africa)	5	(5)	–	100%	–	–	–	–
Equiby Limited (Jersey)	5	(5)	–	68%	10	–	–	–
Vorspanntechnik (Germany)	2	(2)	–	100%	–	–	–	–
Other investments in foreign companies	28	(24)	4					
Sub-total	**135**	**(64)**	**71**					
Total	**166**	**(76)**	**90**					

Investments in non-consolidated companies (1)	31/12/2015				Total assets (2)	Total current & non-current liabilities (2)	Total sales (2)	Net profit/ (loss) (2)
	Gross value	Impairment	Carrying amount	% interest				
FRENCH COMPANIES								
Foncière Point du Jour	10	(8)	2	100%	2	–	–	–
Fichallenge	2	(1)	1	100%	1	5	–	2
Other investments in French companies	18	(3)	15					
Sub-total	**30**	**(12)**	**18**					
FOREIGN COMPANIES								
Hong Kong IEC Limited	65	–	65	15%	140	31	48	(13)
VSL Corporation (United States)	22	(22)	–	100%	–	–	–	–
C.C.I.B (Romania)	6	(6)	–	22%	29	57	8	(1)
Frog Electr. Cont (South Africa)	5	(5)	–	100%	–	–	–	–
Equiby Limited (Jersey)	5	(5)	–	68%	10	–	–	–
Vorspanntechnik (Germany)	2	(2)	–	100%	–	–	–	–
VSL Offshore (Singapore)	2	(1)	1	100%	1	1	2	–
Other investments in foreign companies	22	(17)	5					
Sub-total	**129**	**(58)**	**71**					
Total	**159**	**(70)**	**89**					

(1) Not consolidated because:
- the Group does not exercise control or significant influence over the entity;
- the potential contribution of the entity to the consolidated financial statements is immaterial.

(2) Based on available annual information.

3.4.3. Other non-current assets €163m

The main items included in this heading are:

- Advances to non-consolidated companies 67
- Non-current loans and receivables 64
- Other long-term investments: 32

comprising:

- Deposits and caution money 26
- Other long-term investment securities 6

3.4.4. Analysis of investments in non-consolidated companies and other non-current assets by type €253m

The figures below do not include joint ventures or associates.

	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Held-to-maturity financial assets	Total
31 December 2015	**96**	**155**	**–**	**–**	**251**
Movements during 2016	–	2	–	–	2
31 December 2016	**96**	**157**	**–**	**–**	**253**
Due within less than 1 year	–	17	–	–	17
Due within 1 to 5 years	–	64	–	–	64
Due after more than 5 years	96	76	–	–	172

3.4.5. Joint operations

The Bouygues Construction group owns a number of investments in joint operations. A list of the principal consolidated entities as of 31 December 2016 is provided in Note 24.

Summary information about the assets, liabilities, income and expenses of joint operations is provided below.

Bouygues Construction share	31/12/2016	31/12/2015
Non-current assets	153	112
Current assets	988	902
Total assets	**1,141**	**1,014**
Shareholders' equity	(160)	(203)
Non-current liabilities	38	35
Current liabilities	1,263	1,182
Total liabilities & shareholders' equity	**1,141**	**1,014**
Sales	1,500	1,426
Operating profit/(loss)	119	(62)
Net profit/(loss)	**114**	**(65)**

3.5. Non-current tax assets €103m

	31/12/2016	31/12/2015
Deferred tax assets(1)	103	116
Other non-current tax assets	–	–
Total non-current tax assets(1)	**103**	**116**

(1) See Note 7, "Non-current tax assets and liabilities", for details.

Note 4. Current assets

4.1. Inventories €262m

Inventories	31/12/2016			31/12/2015		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Raw materials and supplies, finished goods and property development inventories	287	(25)	262	360	(15)	345
Total	**287**	**(25)**	**262**	**360**	**(15)**	**345**

Impairment of inventories	Charged during the year		Reversed during the year	
	2016	2015	2016	2015
Raw materials and supplies, finished goods and property development inventories	(14)	(4)	4	2
Total	**(14)**	**(4)**	**4**	**2**

4.2. Advances and down-payments made on orders €168m

	31/12/2016			31/12/2015		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments made on orders	168	–	168	184	–	184
Total	**168**	**–**	**168**	**184**	**–**	**184**

4.3. Trade and other receivables €3,949m

	31/12/2016			31/12/2015		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	3,173	(218)	2,955	2,926	(222)	2,704
Current tax assets (tax receivable)	84	–	84	67	–	67
Other current receivables & prepaid expenses:						
Other operating receivables (employees, social security, government and other)	360	(7)	353	369	(5)	364
Sundry receivables (including current accounts)	512	(44)	468	494	(41)	453
Prepaid expenses	89	–	89	109	–	109
Total trade and other receivables	**4,218**	**(269)**	**3,949**	**3,965**	**(268)**	**3,697**

4.4. Split of trade receivables between non past due and past due as of 31 December 2016 (ageing of trade receivables)

	Non past due balances	Balances past due by			Total
		0-6 months	6-12 months	> 12 months	
Trade receivables	2,398	374	88	313	3,173
Impairment	(4)	(4)	(3)	(207)	(218)
Total trade receivables	**2,394**	**370**	**85**	**106**	**2,955**
Comparative at 31 December 2015	**2,120**	**401**	**79**	**104**	**2,704**

4.5. Other current financial asset €13m

See Note 17, “Financial instruments”.

4.6. Cash and cash equivalents €4,427m

	31/12/2016			31/12/2015		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Bouygues Relais	2,127	–	2,127	2,298	–	2,298
Uniservice	1,410	–	1,410	1,234	–	1,234
Other cash	889	–	889	849	–	849
Cash equivalents	1	–	1	11	–	11
Total	**4,427**	**–**	**4,427**	**4,392**	**–**	**4,392**

Split by currency 2016	Euro	Pound sterling	Swiss franc	Hong Kong dollar	Singapore dollar	Canadian dollar	Australian dollar	US dollar	CFA franc	Qatari riyal	Other	Total
Cash	2,517	342	547	432	82	81	26	213	14	31	141	4,426
Cash equivalents	–	–	–	1	–	–	–	–	–	–	–	1
Total	**2,517**	**342**	**547**	**433**	**82**	**81**	**26**	**213**	**14**	**31**	**141**	**4,427**

Split by currency 2015	Euro	Pound sterling	Swiss franc	Hong Kong dollar	Singapore dollar	Canadian dollar	Australian dollar	US dollar	CFA franc	Qatari riyal	Other	Total
Cash	2,728	267	456	336	100	49	51	220	20	47	107	4,381
Cash equivalents	11	–	–	–	–	–	–	–	–	–	–	11
Total	**2,739**	**267**	**456**	**336**	**100**	**49**	**51**	**220**	**20**	**47**	**107**	**4,392**

Cash equivalents have a maturity of less than 3 months, or are readily convertible into cash.
The net cash position shown in the cash flow statement comprises the following items:

	31/12/2016	31/12/2015
Cash	4,426	4,381
Cash equivalents	1	11
Total	**4,427**	**4,392**
Overdrafts and short-term bank borrowings	(475)	(538)
Net cash position	**3,952**	**3,854**

Note 5. Shareholders' equity

5.1. Share capital €127,967,250

As of 31 December 2016, the share capital amounted to €127,967,250, comprising 1,706,230 shares with a par value of €75. Movements during the period were as follows:

	01/01/2016	Movements during 2016		31/12/2016
		Reduction	Increases	
Shares	1,706,230	–	–	1,706,230
Investment certificates	–	–	–	–
Number of shares	**1,706,230**	**–**	**–**	**1,706,230**
Par value	€75	–	–	€75
Share capital (€)	**127,967,250**	**–**	**–**	**127,967,250**

5.2. Items recognised directly in equity

5.2.1. Translation reserve €95m

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero under the option allowed by IFRS 1.

The translation reserve includes the cumulative translation differences of joint ventures and associates.

The table below shows the principal translation differences in the year ended 31 December 2016 arising on foreign companies reporting in:

Currency	31/12/2015	Movements during 2016	31/12/2016
Pound sterling	(2)	12	10
Swiss franc	5	3	8
US dollar	(8)	1	(7)
Hong Kong dollar	5	3	8
Singapore dollar	1	–	1
Australian dollar	2	–	2
South African rand	103	(29)	74
Other currencies	1	(2)	(1)
Total	**107**	**(12)**	**95**

5.2.2. Fair value remeasurement reserve €(12)m

The fair value remeasurement reserve is used to record changes in fair value that will be reclassified to profit or loss at a future date. It includes fair value remeasurements of (i) financial instruments used as cash flow hedges and (ii) available-for-sale financial assets.

	31/12/2015	Movements during 2016	31/12/2016
Fair value remeasurement reserve	(45)	33	(12)
Total	**(45)**	**33**	**(12)**

5.2.3. Other reserves €(43)m

	31/12/2015	Movements during 2016	31/12/2016
Revaluation reserve	4	–	4
Actuarial gains/(losses)	(37)	(10)	(47)
Total	**(33)**	**(10)**	**(43)**

Note 6. Non-current and current provisions

6.1. Non-current provisions €853m

	Employee benefits	Litigation and claims	Customer warranties	Risks on subsidiaries and affiliates	Miscellaneous foreign risks	Other non-current provisions	Total
1 January 2015	**199**	**169**	**292**	**35**	**80**	**87**	**862**
Translation adjustments	1	–	3	–	–	3	7
Transfers between accounts	–	(1)	–	3	(1)	2	3
Changes in method and in scope of consolidation, other movements	–	(1)	–	(1)	–	–	(2)
Recognised directly in equity	5	–	–	–	–	–	5
Charges to provisions	6	50	78	1	3	60	198
Reversals (provisions used)	(9)	(12)	(51)	–	(52)	(4)	(128)
Reversals (provisions not used)	(4)	(32)	(24)	(6)	(24)	(27)	(117)
31 December 2015	**198**	**173**	**298**	**32**	**6**	**121**	**828**
MOVEMENTS DURING 2016							
Translation adjustments	–	–	(3)	–	–	–	(3)
Transfers between accounts	–	(1)	–	–	–	(1)	(2)
Changes in method and in scope of consolidation, other movements	–	–	–	(18)	–	(2)	(20)
Recognised directly in equity	9	–	–	–	–	–	9
Charges to provisions	14	49	78	2	29	33	205
Reversals (provisions used)	(16)	(14)	(49)	(2)	(2)	(8)	(91)
Reversals (provisions not used)	(1)	(37)	(23)	(1)	(1)	(10)	(73)
31 December 2016	**204**	**170**	**301**	**13**	**32**	**133**	**853**

6.2. Current provisions €588m

	Risks on completed projects	Project completion expenses	Expected losses to completion	Other current provisions	Total
1 January 2015	**65**	**247**	**196**	**91**	**599**
Translation adjustments	4	16	(7)	(3)	10
Transfers between accounts	5	(4)	–	–	1
Changes in method and in scope of consolidation, other movements	–	(1)	4	–	3
Charges to provisions	27	106	137	35	305
Reversals (provisions used)	(14)	(68)	(70)	(17)	(169)
Reversals (provisions not used)	(14)	(58)	(15)	(7)	(94)
31 December 2015	**73**	**238**	**245**	**99**	**655**
MOVEMENTS DURING 2016					
Translation adjustments	–	2	–	2	4
Transfers between accounts	1	–	–	3	4
Changes in method and in scope of consolidation, other movements	–	–	–	–	–
Charges to provisions	16	90	114	36	256
Reversals (provisions used)	(5)	(76)	(97)	(29)	(207)
Reversals (provisions not used)	(21)	(32)	(66)	(5)	(124)
31 December 2016	**64**	**222**	**196**	**106**	**588**

Note 7. Non-current tax assets and liabilities

Assets €103m
Liabilities €24m

7.1. Non-current tax assets

Movement in deferred tax assets in the consolidated balance sheet	31/12/2015	Movements during 2016		31/12/2016
		Net gain/ (expense)	Other movements	
Deferred tax assets	116	(9)	(4)	**103**

7.2. Deferred tax assets by business segment

Type of deferred taxation by business segment	Deferred tax assets 31/12/2015	Changes in scope of consolidation	Translation adjustments	Movements during 2016		Other	Deferred tax assets 31/12/2016
				Gain	Expense		
(A) TAX LOSSES AVAILABLE FOR CARRY-FORWARD							
Building & Civil Engineering	7	–	–	–	(1)	–	6
Energy & Services	3	–	–	2	–	–	5
Sub-total: tax losses	**10**	**–**	**–**	**2**	**(1)**	**–**	**11**
(B) TEMPORARY DIFFERENCES (1)							
Building & Civil Engineering	95	–	–	1	(13)	(2)	81
Energy & Services	11	–	–	2	–	(2)	11
Sub-total: temporary differences	**106**	**–**	**–**	**3**	**(13)**	**(4)**	**92**
Total deferred tax assets	**116**	**–**	**–**	**5**	**(14)**	**(4)**	**103**

7.3. Non-current tax liabilities

Movement in deferred tax liabilities in the consolidated balance sheet	31/12/2015	Movements during 2016		31/12/2016
		Net (gain)/ expense	Other movements	
Deferred tax liabilities	28	(5)	1	**24**

7.4. Deferred tax liabilities by business segment

Type of deferred taxation by business segment	Deferred tax liabilities 31/12/2015	Changes in scope of consolidation	Translation adjustments	Movements during 2016		Other	Deferred tax liabilities 31/12/2016
				Gain	Expense		
TEMPORARY DIFFERENCES (1)							
Building & Civil Engineering	27	1	–	(6)	1	–	23
Energy & Services	1	–	–	–	–	–	1
Sub-total: temporary differences	**28**	**1**	**–**	**(6)**	**1**	**–**	**24**
Total deferred tax liabilities	**28**	**1**	**–**	**(6)**	**1**	**–**	**24**

(1) Arising on differences between tax and accounting treatments, and on consolidation adjustments.

7.5. Main sources of deferred taxation

	31/12/2016	31/12/2015
Deferred tax assets	**103**	**116**
Employee benefits	38	45
Customer warranties	14	14
Expected losses to completion	35	45
Provisions for customer disputes and bad debts	4	4
Tax losses available for carry-forward	11	10
Other sources of deferred tax assets	1	(2)
Deferred tax liabilities	**24**	**28**
Total	**79**	**88**

7.6. Period to recovery of deferred tax assets

31 December 2016	Less than 2 years	2 to 5 years	More than 5 years	Total
Deferred tax assets	71	12	20	**103**

7.7. Unrecognised deferred tax assets

	31/12/2016	31/12/2015
Bouygues Group tax election	94	78
Other assets	144	144
Total	**238**	**222**

Note 8. Non-current and current debt

8.1. Interest-bearing debt by maturity

€565m

Debt	Current		Non-current						Total 31/12/2016	Total 31/12/2015
	0-3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	5-6 years	6 years & beyond		
Bond issues	–	–	–	–	–	–	–	–	–	–
Bank borrowings	1	1	2	–	–	–	–	–	4	16
Finance lease obligations	–	–	1	–	–	–	–	–	1	2
Other borrowings	–	17	5	3	9	4	3	7	48	49
Participating debt	–	–	–	–	–	–	–	–	–	–
Uniservice debt	1	2	237	227	45	–	–	–	512	515
Total interest-bearing debt	**2**	**20**	**245**	**230**	**54**	**4**	**3**	**7**	**565**	**582**
Comparative: 31/12/2015	**2**	**7**	**124**	**154**	**229**	**50**	**9**	**7**	**582**	**–**

Finance lease obligations by business segment	Building & Civil Engineering	Energy & Services	Total
Non-current: 31/12/2016	**1**	**–**	**1**
Current: 31/12/2016	**–**	**–**	**–**
Non-current: 31/12/2015	2	–	2
Current: 31/12/2015	–	–	–

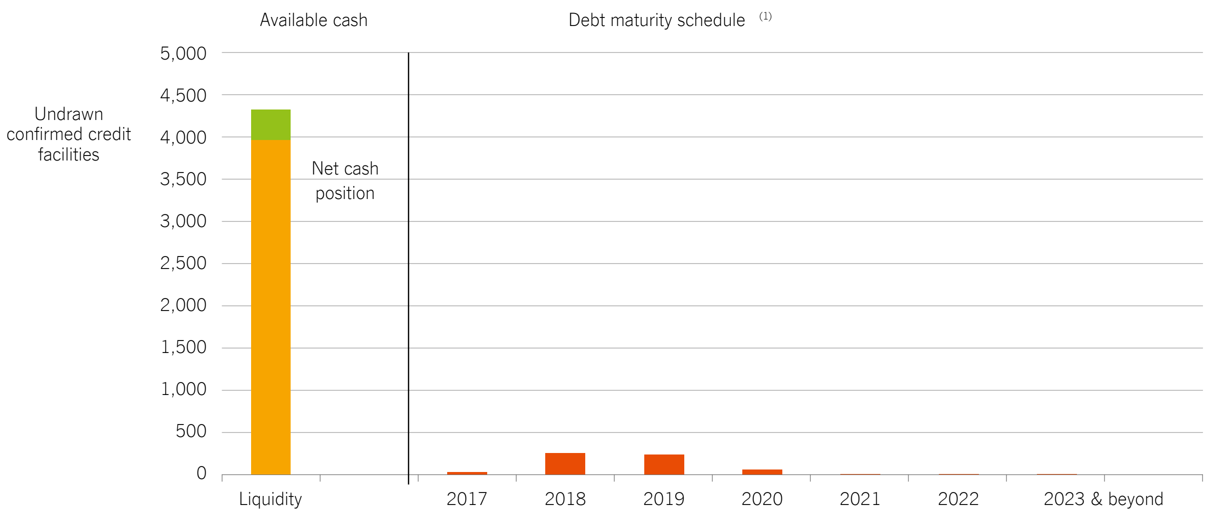
8.2. Confirmed credit facilities and drawdowns

	Confirmed facilities - Maturity				Drawdowns - Maturity			
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total
Bond issues	–	–	–	–	–	–	–	–
Bank borrowings	2	2	–	4	2	2	–	4
Other borrowings	20	883	10	913	20	531	10	561
Participating debt	–	–	–	–	–	–	–	–
Intra-group borrowings	–	–	–	–	–	–	–	–
Total	**22**	**885**	**10**	**917**	**22**	**533**	**10**	**565**

8.3. Liquidity at 31 December 2016

As of 31 December 2016, the net cash position was €3,952 million, plus €352 million of undrawn confirmed credit facilities as of that date.

See Note 4.6 for more details about cash and cash equivalents.



(1) Non-current debt (€543 million) and current debt (€22 million).

Consequently, the Bouygues Construction group is not exposed to liquidity risk.

The bank loans contracted by the Bouygues Construction group contain no financial covenants or trigger event clauses.

8.4. Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedges at the end of the reporting period:

	31/12/2016	31/12/2015
Fixed rate [1]	**1%**	1%
Floating rate	**99%**	99%

(1) Rates fixed for more than one year.

8.5. Split of debt by currency

	Euro	Pound sterling	Swiss franc	US dollar	Czech koruna	Polish zloty	Hong Kong dollar	Canadian dollar	Other	Total
Non-current 31/12/2016	**–**	**126**	**169**	**75**	**26**	**31**	**18**	**98**	**–**	**543**
Current 31/12/2016	**–**	**–**	**–**	**–**	**–**	**–**	**6**	**16**	**–**	**22**
Non-current 31/12/2015	4	147	168	53	26	32	25	115	3	573
Current 31/12/2015	–	–	–	–	–	–	6	–	3	9

An analysis of debt by business segment is provided in Note 16, "Segment information".

Note 9. Main components of change in net surplus cash €3,387m

9.1. Change in net surplus cash

	31/12/2015	Cash flows	Changes in scope of consolidation	Translation adjustments	Other items	31/12/2016
Cash and cash equivalents	4,392	52	1	(18)	–	**4,427**
Overdrafts and short-term bank borrowings	(538)	46	16	1	–	**(475)**
Net cash position	**3,854**	**98**	**17**	**(17)**	**–**	**3,952 (1)**
Non-current debt	(573)	(7)	–	12	25	**(543)**
Current debt	(9)	13	–	(1)	(25)	**(22)**
Financial instruments - hedging of debt	–	–	–	–	–	**–**
Debt	**(582)**	**6 (2)**	**–**	**11**	**–**	**(565)**
Net surplus cash	**3,272**	**104**	**17**	**(6)**	**–**	**3,387**

(1) Net cash position as analysed in the cash flow statement (net cash flows + non-monetary movements).
(2) Net cash generated by/(used in) financing activities.

9.2. Principal movements in net surplus cash

Net surplus cash at 31 December 2015	**3,272**
Net cash generated by operating activities	607
Net cash generated by investing activities	1
Dividends paid	(501)
Income from net surplus cash	14
Effect of changes in scope of consolidation on debt	–
Effect of exchange rates on net cash position and debt	(6)
Other movements	–
Net surplus cash at 31 December 2016	**3,387**

Note 10. Other current liabilities

10.1. Trade payables and other current liabilities €7,193m

	31/12/2016	31/12/2015
Advances and down-payments received on orders	**474**	**630**
Current taxes payable	**62**	**53**
Trade payables	**3,241**	**2,945**
Other current liabilities	**3,416**	**3,158**
Employee-related and social security liabilities	438	444
Amounts due to government and local authorities	556	520
Other current liabilities	577	597
Deferred income	1,845	1,597

10.2. Overdrafts and short-term bank borrowings €475m

Split by currency 31/12/2016	Euro	Hong Kong dollar	CFA franc	Pound sterling	US dollar	Canadian dollar	Swiss franc	Other	Total
Overdrafts and short-term bank borrowings	109	140	16	12	2	23	136	37	**475**

Split by currency 31/12/2015	Euro	Hong Kong dollar	CFA franc	Pound sterling	US dollar	Canadian dollar	Swiss franc	Other	Total
Overdrafts and short-term bank borrowings	122	147	45	39	12	28	111	34	538

10.3. Other current financial liabilities €21m

See Note 17, "Financial instruments".

Note 11. Sales and other revenues from operations

11.1. Analysis by accounting classification

	2016 (1)	2015 (1)
Sales of goods	135	152
Sales of services	2,837	2,724
Construction contracts	8,843	9,099
Sales	**11,815**	**11,975**
Other revenues from operations	**116**	**91**
Total	**11,931**	**12,066**

(1) There were no exchanges of goods or services during the period.

Information about construction contracts as at 31 December 2016	
ASSETS	
Unbilled works	641
Warranty retentions	220
LIABILITIES	
Works billed in advance	1,530
Advance payments received	356
Costs incurred since inception on contracts in progress (plus recognised profits, minus recognised losses)	**18,942**

11.2. Analysis of sales by business segment

Business segment	2016 sales				2015 sales			
	France	International	Total	% of total sales	France	International	Total	% of total sales
Building & Civil Engineering	4,406	5,174	9,580	81%	4,613	5,244	9,857	82%
Energy & Services	1,121	1,114	2,235	19%	1,076	1,042	2,118	18%
Total Sales	**5,527**	**6,288**	**11,815**	**100%**	**5,689**	**6,286**	**11,975**	**100%**
% Change 2016 vs. 2015	-3%	0%	-1%					

11.3. Analysis of sales by geographical area

Analysis by geographical area	2016 sales		2015 sales	
	Total	% of total sales	Total	% of total sales
France	5,527	46.8%	5,689	47.5%
European Union	1,695	14.4%	1,745	14.6%
Rest of Europe	1,055	8.9%	955	8.0%
Africa	651	5.5%	780	6.5%
Middle East	182	1.5%	120	1.0%
Americas	792	6.7%	869	7.3%
Asia-Pacific	1,913	16.2%	1,817	15.1%
Total	**11,815**	**100.0%**	**11,975**	**100.0%**

The Bouygues group has operations in the United Kingdom, in Construction and Energy & Services. These activities are carried out locally within the United Kingdom, and have no material exposure to uncertainities relating to imports and exports. Sales generated in 2016 amounted to £1,108 million (€1,352 million), compared with £1,018 million (€1,402 million) in 2015. The year-on-year decrease of €50 million reflects the fall in the average euro/sterling exchange rate (from €1.38 in 2015, to €1.22 in 2016) following the vote by the United Kingdom to leave the European Union, which had a negative impact of €171 million.

11.4. Analysis of sales by type of contract (%)

Type of contract	2016			2015		
	France	International	Total	France	International	Total
Public-sector contracts [1]	44%	40%	42%	45%	41%	43%
Private-sector contracts	56%	60%	58%	55%	59%	57%

(1) Sales billed directly to government departments, local authorities or public enterprises in France and abroad.

Note 12. Operating profit and EBITDA

12.1. Operating profit

	2016	2015
Current operating profit [1]		
Sales	11,815	11,975
Other revenues from operations	116	91
Purchases used in production and external charges	(8,492)	(8,689)
Personnel costs	(2,738)	(2,749)
Taxes other than income tax	(147)	(153)
Net depreciation & amortisation expense	(227)	(190)
Net charges to provisions & impairment losses	(193)	(238)
Change in production and property development inventories	(68)	19
Other income and expenses on operations:		
· Reversals of impairment losses and unused provisions	209	244
· Net gains on disposals of non-current assets	18	15
· Net foreign exchange gains/(losses)	(17)	(24)
· Other income/(expenses)	50	48
Sub-total: current operating profit	**326**	**349**
Other operating income and expenses [2]	**(23)**	**(35)**
Operating profit [3]	**303**	**314**

(1) An analysis by business segment is provided in Note 16.
(2) Costs incurred on implementation of the new organisational structure.
(3) Includes rental expense of €426 million in 2016 and €395 million in 2015.

12.2. EBITDA

	2016	2015
Current operating profit	**326**	**349**
Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses:		
· Net depreciation & amortisation expense	227	190
· Net charges to provisions & impairment losses	193	238
Elimination of items included in other operating income:		
· Reversals of unused provisions and impairment losses	(209)	(244)
EBITDA	**537**	**533**

Note 13. Income from net surplus cash and other financial income and expenses

13.1. Components of income from net surplus cash

	2016	2015
Cost of debt	(6)	(6)
Income from cash and cash equivalents	20	15
Income from net surplus cash	**14**	**9**

Income from net surplus cash comprises:

	2016	2015
Net interest expense on debt	(6)	(6)
Interest expense on finance leases	–	–
Impact of financial instruments on debt	–	–
Sub-total	**(6)**	**(6)**
Net interest income from cash and cash equivalents	20	15
Impact of financial instruments on net cash position	–	–
Income from available-for-sale financial assets and cash equivalents	–	–
Sub-total	**20**	**15**

13.2. Breakdown of other financial income and expenses

	2016	2015
Dividends from non-consolidated companies	15	15
Net (increase)/decrease in financial provisions	5	(10)
Net discounting expense	–	–
Change in fair value of other financial assets and liabilities	–	–
Current account waivers, gains and losses on disposals of investments in non-consolidated companies and of other financial assets, net interest other than on debt, and other items	(17)	12
Other financial income/(expenses), net	**3**	**17**

An analysis by business segment is provided in Note 16.

Note 14. Income tax expense

14.1. Analysis of income tax expense

	2016			2015		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(49)	(61)	(110)	(61)	(52)	(113)
Change in deferred tax liabilities [(1)(2)]	5	–	5	–	–	–
Change in deferred tax asset [(1)(2)]	(11)	2	(9)	8	1	9
Dividend taxes	–	(5)	(5)	–	(4)	(4)
Total	**(55)**	**(64)**	**(119)**	**(53)**	**(55)**	**(108)**

An analysis by business segment is provided in Note 16.

		2016	2015
(1) Includes deferred taxes arising from:	temporary differences	(4)	5
	tax loss carry-forwards	1	4
	changes in tax rates or new taxes	(1)	–

(2) Includes tax charges/credits on temporary differences from prior periods not previously recognised:

	2016	2015
- current taxes	–	–
- deferred taxes	–	–

14.2. Tax proof (reconciliation between standard tax rate and effective tax rate)

Differences between the standard corporate income tax rate applicable in France and the effective tax rate based on the consolidated financial statements are explained as follows:

	2016	2015
Standard tax rate in France	34.43%	34.43%
Differences in tax rates between France and other countries	-2.70%	-1.05%
Unrecognised deferred tax assets and creation/utilisation of tax loss carry-forwards	-0.97%	7.05%
Effect of permanent differences	-1.59%	-12.60%
Flat-rate and reduced-rate taxes	-1.60%	-1.66%
Dividend taxes	1.03%	0.95%
Other	-1.57%	0.19%
Effective tax rate	**27.03%**	**27.31%**

Note 15. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing net profit attributable to the Group by the weighted average number of shares outstanding during the year (excluding the average number of ordinary shares bought and held as treasury shares), i.e. 1,706,230 shares.

	2016	2015
Net profit attributable to the Group	€320m	€276m
Weighted average number of shares outstanding	1,706,230	1,706,230
Basic earnings per share	**€187.55**	**€161.76**

Diluted earnings per share is calculated by reference to the weighted average number of shares outstanding, adjusted for the conversion of all potentially dilutive shares. Because Bouygues Construction does not use dilutive instruments, there is no difference between basic earnings per share and diluted earnings per share.

	2016	2015
Net profit used to calculate diluted earnings per share	€320m	€276m
Weighted average number of shares outstanding used to calculate diluted earnings per share	1,706,230	1,706,230
Diluted earnings per share	**€187.55**	**€161.76**

Note 16. Segment information

The operating segments used are those reviewed by the chief operational decision-maker of the Group, and are not aggregated for segment reporting purposes. The table below shows the contribution made by each business segment to key items in the income statement, balance sheet and cash flow statement.

16.1. Analysis by business segment: year ended 31 December 2016

31/12/2016	Building & Civil Engineering	Energy & Services	Total
INCOME STATEMENT			
Total sales	9,652	2,331	11,983
Inter-segment sales	(72)	(96)	(168)
Third-party sales	**9,580**	**2,235**	**11,815**
Current operating profit	**271**	**55**	**326**
Other operating income and expenses	(16)	(7)	(23)
Operating profit	**255**	**48**	**303**
Income from net surplus cash/(cost of net debt)	19	(5)	14
Other financial income/(expenses), net	15	(12)	3
Income tax expense	(111)	(8)	(119)
Share of profits/(losses) of joint ventures and associates	121	–	121
Net profit from continuing operations	**299**	**23**	**322**
Net profit from discontinued and held-for-sale operations	–	–	–
Net profit	**299**	**23**	**322**
Net profit attributable to the Group	**297**	**23**	**320**
BALANCE SHEET			
Property, plant and equipment (1)	665	37	702
Intangible assets	26	22	48
Goodwill	235	305	540
Investments in joint ventures and associates	21	–	21
Deferred tax assets and non-current tax receivable	87	16	103
Current tax assets (tax receivable)	57	27	84
Cash and cash equivalents	4,271	156	4,427
Other segmental assets	3,629	934	4,563
Unallocated assets	–	–	–
Total assets			**10,488**
Non-current debt	532	11	543
Non-current provisions	768	85	853
Deferred tax liabilities and non-current tax liabilities	23	1	24
Current taxes payable	56	6	62
Overdrafts and short-term bank borrowings	460	15	475
Other segmental liabilities (2)	6,588	1,174	7,762
Unallocated liabilities	–	–	769
Total liabilities and shareholders' equity			**10,488**
CASH FLOW STATEMENT			
Cash flow	483	51	534
Purchase price of property, plant & equipment and intangible assets (3)	(200)	(17)	(217)
Purchase price of non-consolidated companies and other investments	(1)	(1)	(2)
Purchase price of investments in consolidated companies (4)	(4)	–	(4)
Depreciation of property, plant & equipment and amortisation of intangible assets	(243)	16	(227)
Other non-cash expenses/(income) (5)	(32)	(2)	(34)
OTHER INDICATORS			
EBITDA	**476**	**61**	**537**
Net surplus cash/(net debt) (6)	**3,299**	**88**	**3,387**
Free cash flow	**234**	**22**	**256**

(1) Including assets held under finance leases.
(2) Trade payables, advance payments received, current provisions, etc.
(3) Net of investment grants obtained.
(4) Net of cash acquired and debt assumed on acquisitions.
(5) Net charges to non-current provisions and impairment losses.
(6) Segment-level contribution.

16.2. Analysis by business segment: year ended 31 December 2015

31/12/2015	Building & Civil Engineering	Energy & Services	Total
INCOME STATEMENT			
Total sales	9,928	2,216	12,144
Inter-segment sales	(71)	(98)	(169)
Third-party sales	**9,857**	**2,118**	**11,975**
Current operating profit	**292**	**57**	**349**
Other operating income and expenses	(26)	(9)	(35)
Operating profit	**266**	**48**	**314**
Income from net surplus cash/(cost of net debt)	12	(3)	9
Other financial income/(expenses), net	16	1	17
Income tax expense	(94)	(14)	(108)
Share of profits/(losses) of joint ventures and associates	55	1	56
Net profit from continuing operations	**255**	**33**	**288**
Net profit from discontinued and held-for-sale operations	–	–	–
Net profit	**255**	**33**	**288**
Net profit attributable to the Group	**244**	**32**	**276**
BALANCE SHEET			
Property, plant and equipment (1)	703	40	743
Intangible assets	25	21	46
Goodwill	251	306	557
Investments in joint ventures and associates	25	1	26
Deferred tax assets and non-current tax receivable	102	14	116
Current tax assets (tax receivable)	43	24	67
Cash and cash equivalents	4,181	211	4,392
Other segmental assets	3,668	787	4,455
Unallocated assets	–	–	–
Total assets			**10,402**
Non-current debt	546	27	573
Non-current provisions	743	85	828
Deferred tax liabilities and non-current tax liabilities	28	–	28
Current taxes payable	48	5	53
Overdrafts and short-term bank borrowings	506	32	538
Other segmental liabilities (2)	6,407	1,039	7,446
Unallocated liabilities	–	–	936
Total liabilities and shareholders' equity			**10,402**
CASH FLOW STATEMENT			
Cash flow	395	72	467
Purchase price of property, plant & equipment and intangible assets (3)	(237)	(15)	(252)
Purchase price of non-consolidated companies and other investments	(1)	(1)	(2)
Purchase price of investments in consolidated companies (4)	–	(12)	(12)
Depreciation of property, plant & equipment and amortisation of intangible assets	172	18	190
Other non-cash expenses/(income) (5)	11	7	18
OTHER INDICATORS			
EBITDA	**456**	**77**	**533**
Net surplus cash/(net debt) (6)	**3,131**	**141**	**3,272**
Free cash flow	**113**	**41**	**154**

(1) Including assets held under finance leases.
(2) Trade payables, advance payments received, current provisions, etc.
(3) Net of investment grants obtained.
(4) Net of cash acquired and debt assumed on acquisitions.
(5) Net charges to non-current provisions and impairment losses.
(6) Segment-level contribution.

16.3. Analysis by geographical area

31/12/2016	France (incl. overseas departments)	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
INCOME STATEMENT								
Third-party sales	5,527	1,695	1,055	651	1,913	792	182	11,815
BALANCE SHEET								
Property, plant and equipment (1)	393	19	27	59	172	16	16	702
Intangible assets	37	10	–	1	–	–	–	48
CASH FLOW STATEMENT								
Acquisitions of property, plant & equipment and intangible assets	77	7	9	15	91	3	15	217
Acquisitions of investments in non-consolidated companies and other investments	1	–	–	1	–	–	–	2
Acquisitions of investments in consolidated companies, net of acquired cash	–	4	–	–	–	–	–	4

(1) Including assets held under finance leases.

31/12/2015	France (incl. overseas departments)	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
INCOME STATEMENT								
Third-party sales	5,689	1,745	955	780	1,817	869	120	11,975
BALANCE SHEET								
Property, plant and equipment (1)	394	23	33	82	187	18	6	743
Intangible assets	40	6	–	–	–	–	–	46
CASH FLOW STATEMENT								
Acquisitions of property, plant & equipment and intangible assets	(76)	(5)	(12)	(21)	(128)	(5)	(5)	(252)
Acquisitions of investments in non-consolidated companies and other investments	(2)	–	–	–	–	–	–	(2)
Acquisitions of investments in consolidated companies, net of acquired cash	–	–	–	–	–	(12)	–	(12)

(1) Including assets held under finance leases.

Note 17. Financial instruments

The disclosures presented below show aggregate notional amounts at 31 December 2016 for each type of financial instrument used, split by residual maturity for interest rate hedges and by currency for currency hedges.

17.1. Interest rate and currency hedges

17.1.1. Analysis by business segment

(€ million)	Building & Civil Engineering	Energy & Services	Total 31/12/2016	Total 31/12/2015
Forward purchases	314	50	364	527
Forward sales	332	35	367	301
Currency swaps	7	–	7	5
Interest rate swaps (1)	15	–	15	3
Interest rate options (caps, floors)	–	–	–	–
Commodities derivatives	–	–	–	1
Total	**668**	**85**	**753**	**837**

(1) Bouygues Construction Relais: €4m at a fixed rate paid of 0.77%; Bouygues Development: €11m at a fixed rate paid of 0.81%.

17.1.2. Analysis by maturity and original currency

(€ million)	Maturity			Total	Original currency						
	< 1 year	1 to 5 years	> 5 years		EUR	CHF	GBP	USD	HKD	CAD	Other
Forward purchases	355	9	–	364	216	7	5	99	4	5	28
Forward sales	304	63	–	367	32	1	28	158	95	21	32
Currency swaps	7	–	–	7	–	–	–	–	–	–	7
Interest rate swaps	–	15	–	15	4	–	11	–	–	–	–
Interest rate options (caps, floors)	–	–	–	–	–	–	–	–	–	–	–
Commodities derivatives	–	–	–	–	–	–	–	–	–	–	–
Total	**666**	**87**	**–**	**753**	**252**	**8**	**44**	**257**	**99**	**26**	**67**

17.2. Market value of hedging instruments

Derivatives recognised as assets (€ million)	Original currency					Total	Fair value hedge	Cash flow hedge	Hedge of net investment in foreign operation
	EUR	USD	GBP	CHF	Other				
Forward purchases	2	1	–	–	1	4	–	4	–
Forward sales	7	–	2	–	–	9	–	9	–
Currency swaps	–	–	–	–	–	–	–	–	–
Interest rate swaps	–	–	–	–	–	–	–	–	–
Interest rate options (caps, floors)	–	–	–	–	–	–	–	–	–
Commodities derivatives	–	–	–	–	–	–	–	–	–
Total recognised as assets	**9**	**1**	**2**	**–**	**1**	**13**	**–**	**13**	**–**

Derivatives recognised as liabilities (€ million)	Original currency					Total	Fair value hedge	Cash flow hedge	Hedge of net investment in foreign operation
	EUR	USD	GBP	CHF	Other				
Forward purchases	(6)	(4)	–	–	–	(10)	(2)	(8)	–
Forward sales	–	(9)	–	–	(2)	(11)	(1)	(10)	–
Currency swaps	–	–	–	–	–	–	–	–	–
Interest rate swaps	–	–	–	–	–	–	–	–	–
Interest rate options (caps, floors)	–	–	–	–	–	–	–	–	–
Commodities derivatives	–	–	–	–	–	–	–	–	–
Total recognised as liabilities	**(6)**	**(13)**	**–**	**–**	**(2)**	**(21)**	**(3)**	**(18)**	**–**
Total net asset/(liability)	**3**	**(12)**	**2**	**–**	**(1)**	**(8)**	**(3)**	**(5)**	**–**

In the event of a +1.00% movement in the yield curve, the market value of the hedging instruments portfolio would decrease by **€0.1** million.

In the event of a 1% adverse movement in the euro against each of the other currencies, the hedging instruments portfolio would have a negative market value of €13.0 million.

These calculations were prepared by the Group, or obtained from the banks with which the instruments were contracted.

Note 18. Off balance sheet commitments at 31 December 2016

This note discloses information about guarantee commitments, sundry contractual commitments, and lease commitments.

18.1. Guarantee commitments

	31/12/2016	Less than 1 year	1 to 5 years	More than 5 years
Pledges, mortgages and collateral	5	–	4	1
Guarantees and endorsements given (1)	69	4	44	21
Total guarantee commitments given	**74**	**4**	**48**	**22**
Pledges, mortgages and collateral	–	–	–	–
Guarantees and endorsements received	–	–	–	–
Total guarantee commitments received	**–**	**–**	**–**	**–**

(1) In connection with its ordinary activities, the Bouygues Construction Group grants multi-year guarantees (such as ten-year building guarantees), which are usually covered by statistically-based provisions on the liabilities side of the balance sheet. Contract guarantees provided by banks to Group customers represent off balance sheet commitments for those banks. Where such guarantees are liable to result in payments being made, a provision is recognised in the Group's consolidated balance sheet.

18.2. Sundry contractual commitments

	31/12/2016	Less than 1 year	1 to 5 years	More than 5 years
Lump-sum retirement benefit obligations	–	–	–	–
Unmatured bills	–	–	–	–
Other	–	–	–	–
Total sundry contractual commitments given	**–**	**–**	**–**	**–**
Lump-sum retirement benefit obligations	–	–	–	–
Unmatured bills	–	–	–	–
Other	–	–	–	–
Total sundry contractual commitments received	**–**	**–**	**–**	**–**

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

18.3. Operating leases

	31/12/2016	Less than 1 year	1 to 5 years	More than 5 years
Operating lease commitments (given/received)	44	10	31	3

These figures show the minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc.).

18.4. Finance leases (already recognised as liabilities in the balance sheet)

	31/12/2016	Less than 1 year	1 to 5 years	More than 5 years
Finance lease commitments	4	1	2	1

Note 18. Off balance sheet commitments at 31 December 2015

This note discloses information about guarantee commitments, sundry contractual commitments, and lease commitments.

18.5. Guarantee commitments

	31/12/2015	Less than 1 year	1 to 5 years	More than 5 years
Pledges, mortgages and collateral	5	–	1	4
Guarantees and endorsements given [(1)]	50	4	46	–
Total guarantee commitments given	**55**	**4**	**47**	**4**
Pledges, mortgages and collateral	–	–	–	–
Guarantees and endorsements received	–	–	–	–
Total guarantee commitments received	**–**	**–**	**–**	**–**

(1) In connection with its ordinary activities, the Bouygues Construction Group grants multi-year guarantees (such as ten-year building guarantees), which are usually covered by statistically-based provisions on the liabilities side of the balance sheet. Contract guarantees provided by banks to Group customers represent off balance sheet commitments for those banks. Where such guarantees are liable to result in payments being made, a provision is recognised in the Group's consolidated balance sheet.

18.6. Sundry contractual commitments

	31/12/2015	Less than 1 year	1 to 5 years	More than 5 years
Lump-sum retirement benefit obligations	–	–	–	–
Unmatured bills	–	–	–	–
Other	–	–	–	–
Total sundry contractual commitments given	**–**	**–**	**–**	**–**
Lump-sum retirement benefit obligations	–	–	–	–
Unmatured bills	–	–	–	–
Other	–	–	–	–
Total sundry contractual commitments received	**–**	**–**	**–**	**–**

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

18.7. Operating leases

	31/12/2015	Less than 1 year	1 to 5 years	More than 5 years
Operating lease commitments (given/received)	41	8	26	7

These figures show the minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc.).

18.8. Finance leases (already recognised as liabilities in the balance sheet)

	31/12/2015	Less than 1 year	1 to 5 years	More than 5 years
Finance lease commitments	3	1	2	–

Note 19. Average headcount and employee benefit obligations

19.1. Average headcount

	2016	2015
Managerial staff	8,628	8,648
Technical, supervisory & clerical staff	5,353	5,583
Site workers	6,173	6,709
Sub-total - headcount France	**20,154**	**20,940**
Expatriate staff and local employment contracts	30,957	30,781
Total average headcount	**51,111**	**51,721**

19.2. Employee benefit obligations

19.2.1. Employee benefit obligations

	31/12/2015	Movements during 2016	31/12/2016
Lump-sum retirement benefits	163	2	165
Long service awards	30	1	31
Other post-employment benefits (pensions)	2	5	7
Total	**195**	**8**	**203**

These obligations are covered by provisions, recorded as non-current liabilities.

19.2.2. Employee benefit obligations: pensions and other post-employment benefits, excluding long-service awards

19.2.2.1. Defined-contribution plans

	2016	2015
Amount recognised as an expense	**190**	**191**

The figures disclosed above are the contributions paid to pension funds for compulsory and top-up schemes.

19.2.2.2. Defined-benefit plans (retirement benefit obligations)

a. Amounts recognised in the balance sheet

	Lump-sum retirement benefits		Pensions	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Present value of obligation	165	163	29	26
Fair value of plan assets	–	–	(22)	(24)
Net obligation recognised	**165**	**163**	**7**	**2**

b. Movement in balance sheet items (non-current provisions)

	Lump-sum retirement benefits		Pensions	
	2016	2015	2016	2015
1 January	**163**	**163**	**2**	**2**
Current service cost	9	4	1	1
Expected return on plan assets	–	–	(1)	(1)
Net recognised actuarial gains/(losses)	–	–	(1)	(1)
Interest expense on obligation	3	3	1	1
Income statement impact	**12**	**7**	**0**	**0**
Reversals (provisions used) [1]	(13)	(13)	–	–
Changes in scope of consolidation and effect of exchange rates	–	–	(1)	–
Actuarial gains/(losses) recognised in equity	3	6	6	–
Transfers and other movements	–	–	–	–
31 December	**165**	**163**	**7**	**2**

(1) The charge corresponding to provisions used during the period is included in "Personnel costs" in the income statement.

c. Main actuarial assumptions used to measure post-employment benefit plan obligations

	31/12/2016	31/12/2015
Discount rate		
Lump-sum retirement benefits	1.7136% (iboxx € corporate A10+)	2.09% (iboxx € corporate A10+)
Pensions	2.8%	4.0%
Mortality table	**INSEE**	**INSEE**
Salary inflation rate		
Lump-sum retirement benefits	1 to 2.5%	1.3 to 2.5%
Pensions	3.45%	3.50%

Note 20. Related-party disclosures

20.1. Related-party disclosures

	Expenses		Income		Receivables		Payables	
	2016	2015	2016	2015	2016	2015	2016	2015
Parties with an ownership interest	(192)	(192)	252	214	3,614 [(1)]	3,604	897	911
Joint operations	(23)	(43)	193	199	321	265	219	205
Joint ventures and associates	(1)	(4)	3	25	6	18	4	4
Other related parties	(5)	(6)	38	29	57	60	47	57
Total	**(221)**	**(245)**	**486**	**467**	**3,998**	**3,947**	**1,167**	**1,177**
Due within less than 1 year					3,963	3,913	658	771
Due within 1 to 5 years					19	19	509	406
Due after more than 5 years					16	15	–	–
Of which bad debt write-offs					–	–		
Of which impairment of receivables					72	74		

(1) Includes Bouygues Relais: €2,127 million and Uniservice: €1,410 million.

The off balance sheet commitments disclosed in Note 18 to these consolidated financial statements include €11 million of commitments to related parties.

20.2. Disclosures about remuneration and benefits paid to directors and senior executives

- Disclosures about senior executives cover members of the Executive Committee in post on 31 December 2016.
- Direct remuneration amounted to €14,156 thousands, comprising €8,460 thousands of basic remuneration and €5,696 thousands of variable remuneration paid in 2017 on the basis of 2016 performance.
- Short-term benefits: none.
- Post-employment benefits: members of the Executive Committee belong to a top-up retirement plan based on 0.92% of their reference salary for each year's membership of the plan. This top-up plan is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €408 thousands in 2016.
- Long-term benefits: none.
- Termination benefits: these comprise lump-sum retirement benefits of €4,057 thousands as of 31 December 2016.
- Share-based payment: 286,500 stock options were awarded on 30 May 2016, at an exercise price of €28.997.
  The earliest exercise date is 31 May 2018.

Note 21. Additional cash flow statement information

21.1. Cash flows of acquired and divested subsidiaries

Breakdown by business segment of cash flows resulting from acquisitions and divestments of consolidated companies.

	Building & Civil Engineering	Energy & Services	Group total 2016
Property, plant and equipment	–	–	–
Intangible assets	(4)	–	**(4)**
Goodwill	–	–	–
Non-current financial assets	6	1	**7**
Deferred tax assets and non-current tax receivable	–	–	–
Cash and cash equivalents	–	1	**1**
Held-for-sale assets	23	–	**23**
Impact on equity	–	–	–
Non-current and current debt	–	–	–
Non-current provisions	–	(1)	**(1)**
Deferred tax liabilities and non-current tax liabilities	–	–	–
Overdrafts and short-term bank borrowings	–	(16)	**(16)**
Working capital needs	1	19	**20**
Net divestment/(acquisition) cost	**26**	**4**	**30**
Gains on divestments of consolidated companies	113	(1)	**112**
Receivables on disposals/liabilities on acquisitions	–	(1)	**(1)**
Cash divested or acquired	–	15	**15**
Net cash flow arising from divestments and acquisitions of consolidated companies	**139**	**17**	**156**

	Building & Civil Engineering	Energy & Services	Group total 2015
Property, plant and equipment	–	(2)	(2)
Intangible assets	–	–	–
Goodwill	–	(12)	(12)
Non-current financial assets	(30)	–	(30)
Deferred tax assets and non-current tax receivable	–	(1)	(1)
Cash and cash equivalents	–	(2)	(2)
Impact on equity	–	–	–
Non-current and current debt	–	3	3
Non-current provisions	–	4	4
Deferred tax liabilities and non-current tax liabilities	–	–	–
Overdrafts and short-term bank borrowings	–	–	–
Working capital needs	–	(4)	(4)
Net divestment/(acquisition) cost	**(30)**	**(14)**	**(44)**
Gains on divestments of consolidated companies	87	–	87
Receivables on disposals/liabilities on acquisitions	–	–	–
Cash divested or acquired	–	2	2
Net cash flow arising from divestments and acquisitions of consolidated companies	**57**	**(12)**	**45**

21.2. Calculation of free cash flow

	31/12/2016	31/12/2015
CASH FLOW	**534**	**467**
Income from net surplus cash	14	9
Income taxes	(119)	(108)
Cash flow after income from net surplus cash and income taxes	**429**	**368**
Purchase price of property, plant & equipment and intangible assets	(217)	(252)
Proceeds from disposals of property, plant & equipment and intangible assets	44	38
Net capital expenditure	**(173)**	**(214)**
Free cash flow	**256**	**154**

Note 22. Held-for-sale assets and operations €2m

As of 31 December 2016, this item comprised items of property, plant and equipment being sold in the United Kingdom.

As of 31 December 2015, it comprised the assets relating to the sale of the residual 10% equity interest in ALIS and shareholder loans. That sale was completed on 15 June 2016 (see Note 1.1, "Significant events of the year").

Note 23. Auditors' fees

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues Construction and consolidated companies (excluding joint ventures and associates), as expensed through the income statement in 2016.

Type of engagement (in thousand €)	Mazars network			Ernst & Young network			Other firms			Total fee expense	
	2016	%	2015	2016	%	2015	2016	%	2015	2016	2015
A - AUDIT											
Audit of consolidated and individual company financial statements	2,217	98%	2,237	3,475	90%	3,650	286	62%	272	5,978	6,159
Related engagements	50	2%	30	334	9%	48	47	10%	223	431	301
Sub-total 1	**2,267**	**100%**	**2,267**	**3,809**	**99%**	**3,698**	**333**	**73%**	**495**	**6,409**	**6,460**
B - OTHER SERVICES											
Legal, tax, employment law	–	–	15	55	1%	65	79	17%	(1)	134	79
Other	–	–	–	–	–	–	46	10%	5	46	5
Sub-total 2	**–**	**–**	**15**	**55**	**1%**	**65**	**125**	**27%**	**4**	**180**	**84**
Total fee expense	**2,267**	**100%**	**2,282**	**3,864**	**100%**	**3,763**	**458**	**100%**	**499**	**6,589**	**6,544**

Note 24. List of principal consolidated entities at 31 December 2016

Company	City	Country	% interest		% control	
			31/12/2016	31/12/2015	31/12/2016	31/12/2015
FULLY CONSOLIDATED						
1- Bouygues Construction						
Bouygues Construction SA	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
· France						
Bouygues Construction Relais SNC	Guyancourt	France	99.50%	99.50%	99.50%	99.50%
Challenger Investissement SAS	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
Challenger SNC	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
Distrimo SNC	Cléon	France	99.93%	99.93%	100.00%	100.00%
Bouygues Construction Materiel SNC	Tourville-La-Rivière	France	99.93%	99.93%	100.00%	100.00%
GIE Bouygues Construction Purchasing	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
Structis SNC	Guyancourt	France	98.98%	98.98%	99.00%	99.00%
Bouygues Construction Middle East	Guyancourt	France	99.99%	99.99%	100.00%	100.00%
· Other countries						
Bypar SARL	Luxembourg	Luxembourg	100.00%	100.00%	100.00%	100.00%
Structis Maroc	Casablanca	Morocco	100.00%	100.00%	100.00%	100.00%
2 - Bouygues Bâtiment Île-De-France						
Bouygues Bâtiment Île-de-France SA	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
· France						
Bati Renov SA	Orly	France	99.35%	99.35%	99.35%	99.35%
Bouygues Bâtiment Île-de-France PPP SA	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
Brézillon SA	Margny-Lès-Compiègne	France	99.35%	99.35%	99.35%	99.35%
Élan SARL	Guyancourt	France	99.99%	99.99%	99.99%	99.99%
Linkcity Île-de-France (formerly Sodearif)	Guyancourt	France	99.99%	99.99%	99.99%	99.99%
Cogemex SAS	Ivry-sur-Seine	France	100.00%	100.00%	100.00%	100.00%
3 - Entreprises France-Europe Subsidiaries						
· France						
Linkcity Centre Sud-Ouest (formerly Cirmad Centre Sud-Ouest)	Merignac	France	100.00%	100.00%	100.00%	100.00%
Linkcity Nord-Est (formerly Cirmad Nord-Est)	Nancy	France	100.00%	100.00%	100.00%	100.00%
Linkcity Sud-Est (formerly Cirmad Grand Sud)	Colombier Saugnieu	France	100.00%	100.00%	100.00%	100.00%
Linkcity Grand Ouest (formerly Cirmad Prospectives)	Rouen	France	100.00%	100.00%	100.00%	100.00%
Bouygues Bâtiment Centre Sud-Ouest (formerly DV)	Merignac	France	100.00%	100.00%	100.00%	100.00%
Bouygues Bâtiment Sud-Est (formerly GFC)	Colombier Saugnieu	France	100.00%	100.00%	100.00%	100.00%
Bouygues Bâtiment Grand Ouest (formerly Quille Construction)	Nantes	France	100.00%	100.00%	100.00%	100.00%
Bouygues Bâtiment Nord-Est (formerly Pertuy)	Nancy	France	100.00%	100.00%	100.00%	100.00%
Quille SA	Rouen	France	100.00%	100.00%	100.00%	100.00%
· Other countries						
Acieroid SA	Barcelona	Spain	100.00%	100.00%	100.00%	100.00%
Bouygues Belgium	Brussels	Belgium	100.00%	100.00%	100.00%	100.00%
Colt España	L'Hospitalet de Llobregat	Spain	60.00%	60.00%	60.00%	60.00%
Losinger Holding AG	Lucerne	Switzerland	100.00%	100.00%	100.00%	100.00%
Losinger Marazzi AG	Koniz	Switzerland	100.00%	100.00%	100.00%	100.00%
Richelmi SA	Monaco	Monaco	100.00%	100.00%	100.00%	100.00%
4 - Bouygues Bâtiment International						
Bouygues Bâtiment International SA	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
· France						
Kohler Investment	Guyancourt	France	100.00%	100.00%	100.00%	100.00%

Company	City	Country	% interest		% control	
			31/12/2016	31/12/2015	31/12/2016	31/12/2015
· Other countries						
Americaribe Inc.	Miami	United States	100.00%	100.00%	100.00%	100.00%
Americaribe Ghana	Accra	Ghana	100.00%	100.00%	100.00%	100.00%
Bouygues Construction India Building Projects LLP	Mumbai	India	100.00%	100.00%	100.00%	100.00%
Bouygues Bâtiment Guinée équatoriale SA	Malabo	Equatorial Guinea	99.96%	99.96%	99.96%	99.96%
Bouygues Bâtiment Trinidad & Tobago	Port of Spain	Trinidad & Tobago	100.00%	100.00%	100.00%	100.00%
Bouygues Construcaõ Brasil	Sao Paulo	Brazil	100.00%	100.00%	100.00%	100.00%
Bouygues Construction Nigeria Ltd	Abuja	Nigeria	86.37%	86.37%	86.37%	86.37%
Bouygues Construction Ghana	Accra	Ghana	100.00%	100.00%	100.00%	100.00%
Bouygues Construcciones Perú	Lima	Peru	100.00%	100.00%	100.00%	100.00%
Bouygues Thai Ltd	Nonthaburi	Thailand	49.00%	49.00%	49.00%	49.00%
Bouygues UK Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Bouygues Building Canada	Vancouver	Canada	100.00%	100.00%	100.00%	100.00%
Bouygues Development Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Bouygues Thai/VSL Australia Ltd	Bangkok	Thailand	92.32%	92.32%	99.97%	99.97%
Bymaro	Casablanca	Morocco	99.99%	99.99%	99.99%	99.99%
Byme Singapore Private Company Ltd	Singapore	Singapore	100.00%	100.00%	100.00%	100.00%
Byme USA Inc.	Miami	United States	100.00%	100.00%	100.00%	100.00%
Bysolar Asia Ltd	Hong Kong	China	–	100.00%	–	100.00%
Dragages et Travaux Publics Singapore PTE Ltd	Singapore	Singapore	100.00%	100.00%	100.00%	100.00%
Dragages Engineering and Construction Nigeria Ltd	Abuja	Nigeria	100.00%	100.00%	100.00%	100.00%
Hallmark - BY Development Ltd	London	United Kingdom	100.00%	–	100.00%	–
Karmar SA	Warsaw	Poland	100.00%	100.00%	100.00%	100.00%
Leadbitter Bouygues Holding Limited and its subsidiaries	Abingdon	United Kingdom	–	100.00%	–	100.00%
Setao	Abidjan	Ivory Coast	78.61%	78.61%	78.61%	78.61%
Thomas Vale Group	Worcestershire	United Kingdom	100.00%	100.00%	100.00%	100.00%
Tower Hamlets LEP Ltd	London	United Kingdom	80.00%	80.00%	80.00%	80.00%
VCES Holding SRO and its subsidiaries	Prague	Czech Republic	100.00%	100.00%	100.00%	100.00%
Westminster Local Education Partnership Ltd	London	United Kingdom	90.00%	90.00%	90.00%	90.00%
Linkcity Poland (formerly Bypolska Property Development)	Warsaw	Poland	100.00%	100.00%	100.00%	100.00%
5 - Other Bâtiment International subsidiaries						
· Other countries						
Asiaworld Expo Management Ltd	Hong Kong	China	100.00%	100.00%	100.00%	100.00%
Byme Engineering Hong Kong Limited	Hong Kong	China	90.00%	90.00%	90.00%	90.00%
Dragages et Travaux Publics (Hong Kong) Limited	Hong Kong	China	100.00%	100.00%	100.00%	100.00%
Dragages - Bouygues TP MTRC SCL 1128	Hong Kong	China	100.00%	100.00%	100.00%	100.00%
IEC Investments Ltd	Hong Kong	China	60.00%	60.00%	60.00%	60.00%
Dragages Construction Macau Ltd	Macau	China	100.00%	100.00%	100.00%	100.00%
6- Bouygues Travaux Publics						
Bouygues TP SA	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
· France						
DTP SAS	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
Bouygues Construction Services Nucléaires	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
BYTP Régions France SA	Labège	France	100.00%	100.00%	100.00%	100.00%
Europe Fondations	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
· Other countries						
Bouygues Construction Australia PTY Ltd	Sydney	Australia	100.00%	100.00%	100.00%	100.00%
Bouygues Travaux Publics MC (Monaco)	Monaco	Monaco	100.00%	–	100.00%	–
Bouygues Civil Works	Johannesburg	South Africa	100.00%	100.00%	100.00%	100.00%
Bouygues Civil Works Florida	Miami	United States	100.00%	100.00%	100.00%	100.00%
DCW	Hong Kong	China	100.00%	100.00%	100.00%	100.00%

Company	City	Country	% interest		% control	
			31/12/2016	31/12/2015	31/12/2016	31/12/2015
Gounkoto Mining Services	Bamako	Mali	100.00%	100.00%	100.00%	100.00%
Kibali Minig Services (KMS) SPRL	Watsa Province Orientale	Democratic Rep. Congo	100.00%	100.00%	100.00%	100.00%
Mining and Rehandling Services (Mars)	Bamako	Mali	100.00%	100.00%	100.00%	100.00%
Prader Losinger SA	Sion	Switzerland	99.67%	99.67%	99.67%	99.67%
Société de Construction du Pont Riviera Marcory	Abidjan	Ivory Coast	100.00%	100.00%	100.00%	100.00%
Tongonaise des Mines	Korhogo	Ivory Coast	100.00%	100.00%	100.00%	100.00%
Société Ivoirienne du Métro d'Abidjan (Sicma) SA	Abidjan	Ivory Coast	100.00%	–	100.00%	–
7 - VSL						
VSL International Ltd	Köniz	Switzerland	100.00%	100.00%	100.00%	100.00%
· Other countries						
VSL Construction Systems	Barcelona	Spain	99.75%	99.75%	99.75%	99.75%
VSL Civil Works Ltd	Subingen	Switzerland	100.00%	100.00%	100.00%	100.00%
Intrafor Hong Kong Limited	Hong Kong	China	100.00%	100.00%	100.00%	100.00%
VSL Engineering (China)	Hefei	China	60.00%	60.00%	60.00%	60.00%
VSL Australia PTY Ltd	Sydney	Australia	100.00%	100.00%	100.00%	100.00%
VSL Annahutte System AG	Rapperswil-Jona	Switzerland	69.91%	70.00%	70.00%	70.00%
VSL Brasil Recuperacaõ Construcaõ LTDA	Sao Paulo	Brazil	–	100.00%	–	100.00%
VSL Canada	Toronto	Canada	100.00%	100.00%	100.00%	100.00%
VSL Hong Kong	Hong Kong	China	100.00%	100.00%	100.00%	100.00%
VSL India	Chennai	India	100.00%	100.00%	100.00%	100.00%
VSL Indonesia	Jakarta	Indonesia	67.00%	67.00%	67.00%	67.00%
VSL Malaysia	Kuala Lumpur	Malaysia	100.00%	100.00%	100.00%	100.00%
VSL Mexico	Mexico D.F	Mexico	100.00%	100.00%	100.00%	100.00%
VSL Middle East LLC	Dubai	United Arab Emirates	80.00%	80.00%	80.00%	80.00%
VSL Middle East Qatar	Doha	Qatar	78.40%	78.40%	98.00%	98.00%
VSL Philippines	Mandaluyong	Philippines	80.00%	80.00%	80.00%	80.00%
VSL Polska	Warsaw	Poland	100.00%	100.00%	100.00%	100.00%
VSL Portugal	Paco De Arcos	Portugal	99.33%	99.33%	99.33%	99.33%
VSL Singapour	Singapore	Singapore	100.00%	100.00%	100.00%	100.00%
VSL Suisse	Subingen	Switzerland	99.88%	99.88%	99.88%	99.88%
VSL Systems (Bruneï)	Darussalam	Brunei	60.00%	60.00%	60.00%	60.00%
VSL Systems Manufacturer (Spain)	Barcelona	Spain	100.00%	100.00%	100.00%	100.00%
VSL Tchequecz	Prague	Czech Republic	100.00%	100.00%	100.00%	100.00%
VSL Thailand	Bangkok	Thailand	82.15%	82.15%	88.00%	88.00%
VSL Vietnam Ltd	Ho Chi Minh City	Vietnam	100.00%	100.00%	100.00%	100.00%
8 - Bouygues Energies & Services						
Bouygues Energies & Services SAS	Montigny-Le-Bretonneux	France	100.00%	100.00%	100.00%	100.00%
· France						
Axione	Malakoff	France	100.00%	100.00%	100.00%	100.00%
Bouygues E&S Fondations	Montigny-Le-Bretonneux	France	100.00%	100.00%	100.00%	100.00%
Bouygues E&S FM France	Montigny-Le-Bretonneux	France	100.00%	100.00%	100.00%	100.00%
Bouygues E&S Industrie et Logistique	Montigny-Le-Bretonneux	France	100.00%	100.00%	100.00%	100.00%
Bouygues E&S SPV Management	Montigny-Le-Bretonneux	France	100.00%	100.00%	100.00%	100.00%
Bouygues E&S Maintenance Industrielle	Feyzin	France	100.00%	100.00%	100.00%	100.00%
Marc Favre SAS	Valleiry	France	100.00%	100.00%	100.00%	100.00%
Thiais Lumière SAS	Montigny-Le-Bretonneux	France	100.00%	100.00%	100.00%	100.00%

Company	City	Country	% interest		% control	
			31/12/2016	31/12/2015	31/12/2016	31/12/2015
· Other countries						
Axione Gabon SA	Libreville	Gabon	100.00%	–	100.00%	–
Bouygues E&S Technics Schweiz (formerly Balestra Galiotto TCC)	Grand-Lancy	Switzerland	100.00%	100.00%	100.00%	100.00%
Barking & Dagenham Schools Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Barnet Hospital Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
BY Home Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Lewisham Schools Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Mid Essex Hospital Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
North Middlesex Hospital Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Central Middlesex Hospital Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Bouygues E&S Infrastructure UK	Hatfield	United Kingdom	100.00%	100.00%	100.00%	100.00%
Bouygues E&S FM UK	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Bouygues E&S Congo	Brazzaville	Congo	–	100.00%	–	100.00%
Bouygues E&S Contracting UK	East Kilbride	Scotland	100.00%	100.00%	100.00%	100.00%
Bouygues E&S Côte d'Ivoire	Abidjan	Ivory Coast	93.85%	90.17%	93.85%	90.17%
Bouygues E&S FM Canada	Vancouver BC	Canada	100.00%	100.00%	100.00%	100.00%
Bouygues E&S UK	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Europland Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Gastier and its subsidiaries	Montreal	Canada	85.00%	85.00%	85.00%	85.00%
GIE Lumen	Libreville	Gabon	63.31%	63.31%	75.00%	75.00%
Icel Maidstone Ltd and its subsidiaries	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Bouygues E&S FM Schweiz (formerly Mibag Property FM)	Zurich	Switzerland	100.00%	100.00%	100.00%	100.00%
Mibag Property Managers AG	Zug	Switzerland	100.00%	100.00%	100.00%	100.00%
Mindful Experience Inc.	Toronto	Canada	43.35%	43.35%	51.00%	51.00%
Peterborough Schools Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Plan Group Inc. and its subsidiaries	Toronto	Canada	85.00%	85.00%	85.00%	85.00%
Bouygues E&S Gabon	Libreville	Gabon	84.42%	84.42%	84.42%	84.42%
West Middlesex Hospital Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Abakus Byes Solar UK	Hatfield	United Kingdom	100.00%	–	100.00%	–
Bouygues E&S Japan	Tokyo	Japan	100.00%	–	100.00%	–
JOINT OPERATIONS						
1 - Bouygues Bâtiment Île-de-France						
Chrysalis Developpement SAS	Paris	France	65.00%	65.00%	65.00%	65.00%
2 - Entreprises France-Europe subsidiaries						
XXL Marseille SNC	Marseille	France	50.00%	–	50.00%	–
3 - Bouygues Bâtiment International						
Byma PTE	Singapore	Singapore	60.00%	60.00%	60.00%	60.00%
Byma Myanmar Ltd	Rangoon	Myanmar	60.00%	60.00%	60.00%	60.00%
CMBI SNC	Antananarivo	Madagascar	50.00%	–	50.00%	–
4 - Bouygues Travaux Publics						
Bombela Civils JV Ltd	Johannesburg	South Africa	45.00%	45.00%	45.00%	45.00%
Société pour la réalisation du Port de Tanger Méditerranée	Tangier	Morocco	66.67%	66.67%	66.67%	66.67%
TMBYS SAS	Guyancourt	France	66.67%	66.67%	66.67%	66.67%
Oc'via Maintenance SAS	Guyancourt	France	49.00%	49.00%	49.00%	49.00%
GIE Oc'via Construction	Nîmes	France	49.00%	49.00%	49.00%	49.00%
GIE L2 Construction	Marseille	France	56.50%	56.50%	56.50%	56.50%
GIE Constructeurs CSO Vichy	Lyon	France	66.00%	66.00%	66.00%	66.00%
GIE Compagnie Maritime du Littoral	Rueil-Malmaison	France	33.00%	–	33.00%	–
GIE Prefa Réunion	Le Port	Reunion Island	33.00%	33.00%	33.00%	33.00%
GIE Viaduc du Littoral	Le Port	Reunion Island	33.00%	33.00%	33.00%	33.00%
KAS 1 Limited	Saint Helier	Jersey	49.90%	49.90%	49.90%	49.90%

Company	City	Country	% interest		% control	
			31/12/2016	31/12/2015	31/12/2016	31/12/2015
5 - Bouygues Energies & Services						
Themis FM SAS	Versailles	France	50.00%	50.00%	50.00%	50.00%
Evesa SAS	Paris	France	33.00%	33.00%	33.00%	33.00%
Plessentiel GIE	Guyancourt	France	28.50%	28.50%	28.50%	28.50%
Plessentiel SAS	Guyancourt	France	28.50%	28.50%	28.50%	28.50%
JOINT VENTURES AND ASSOCIATES						
1 - Bouygues Construction						
Consortium Stade de France SA	Saint-Denis	France	33.33%	33.33%	33.33%	33.33%
2 - Entreprises France-Europe subsidiaries						
Europerfil	L'hospitalet de Llobregat	Spain	–	50.00%	–	50.00%
3 - Bouygues Bâtiment International						
Anfab21 SAS	Casablanca	Morocco	15.00%	15.00%	15.00%	15.00%
Bouygues Construction Qatar LLC	Doha	Qatar	49.00%	49.00%	49.00%	49.00%
Hermes Airports Ltd	Nicosia	Cyprus	22.00%	22.00%	22.00%	22.00%
Zaic A Limited	Leeds	United Kingdom	20.77%	20.77%	20.77%	20.77%
Bedford Riverside Regeneration	Bedford	United Kingdom	50.00%	50.00%	50.00%	50.00%
4 - Bouygues Travaux Publics						
Adelac SAS	Archamps	France	–	39.20%	–	39.20%
Bina Fincom	Zagreb	Croatia	45.00%	45.00%	45.00%	45.00%
Bombela TKC JV PTY Ltd	Johannesburg	South Africa	25.00%	25.00%	25.00%	25.00%
TransJamaican Highway Limited	Kingston	Jamaica	48.89%	48.89%	48.89%	48.89%
Warnowquerung	Rostock	Germany	30.00%	30.00%	30.00%	30.00%
5 - VSL						
GPN2	Rueil-Malmaison	France	48.00%	48.00%	48.00%	48.00%
VSL Corée	Seoul	South Korea	–	31.82%	–	31.82%
VSL Japon	Tokyo	Japan	25.00%	25.00%	25.00%	25.00%
VSL Sistemas Especiales de Construction	Santiago	Chile	50.00%	50.00%	50.00%	50.00%
6 - Bouygues Energies & Services						
Abakus BYES Solar UK	Hatfield	United Kingdom	–	51.00%	–	51.00%
Betron	Ottawa	Canada	42.50%	42.50%	50.00%	50.00%

A complete list of companies included in the consolidation is available from the Bouygues SA Investor Relations Department.

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meetings, we hereby report to you, for the year ended 31 December 2016 on:
- the audit of the accompanying consolidated financial statements of Bouygues Construction;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2016 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:
- Current and non-current provisions appearing in the balance sheet were assessed in accordance with methods and accounting principles described in Note 2.2.2: "Liabilities and shareholders' equity" to the consolidated financial statements. In light of the available information, our assessment of these provisions was based primarily on analysis of the processes implemented by management to identify and evaluate risks.
- As stated in Note 2.2.3 to the consolidated financial statements, the Group accounts for construction contracts using the percentage of completion method, which results in year-end margin being measured on the basis of the latest estimate of the total margin of the contract. Our work consisted mainly in assessing the appropriateness of the assumptions taken and of the recognized margin.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense, March 24th, 2016
The statutory auditors

MAZARS
Julien Marin-Pache Guillaume Potel

ERNST & YOUNG Audit
Laurent Vitse

Parent company financial statements

Bouygues Construction SA: balance sheet at 31 December 2016

Assets (€ million)	31/12/2016			31/12/2015
	Gross	Amortisation, depreciation & impairment	Net	Net
Intangible assets	77	60	18	22
Property, plant and equipment	27	16	11	12
Long-term investments:				
· Holdings in subsidiaries and affiliates	666	28	638	646
· Other	427	0	427	432
Sub-total	**1,093**	**28**	**1,065**	**1,078**
Non-current assets	**1,197**	**103**	**1,094**	**1,111**
Inventories and work in progress	0	0	0	0
Advances and down-payments made on orders	0	0	0	0
Trade receivables	17	0	17	20
Other receivables	262	14	247	307
Short-term investments	0	0	0	0
Cash	2,148	0	2,148	2,317
Current assets	**2,427**	**14**	**2,412**	**2,643**
Other assets	88	0	88	103
Total assets	**3,712**	**118**	**3,595**	**3,858**

Liabilities and equity (€ million)	31/12/2016	31/12/2015
Share capital	128	128
Share premium	15	15
Revaluation reserves	0	0
Other reserves	13	13
Retained earnings	(15)	236
Net profit for the year	371	249
Investment grants	0	0
Restricted provisions	0	0
Shareholders' equity	**512**	**640**
Other forms of equity	**0**	**0**
Provisions	**44**	**48**
Debt	**561**	**556**
Advances and down-payments received on orders	**0**	**0**
Trade payables	32	25
Other payables	61	68
Non-financial liabilities	**93**	**92**
Overdrafts and short-term bank borrowings	2,318	2,441
Accruals and deferred income	66	81
Total liabilities and shareholders' equity	**3,595**	**3,858**

Bouygues Construction SA: income statement for the year ended 31 December 2016

(€ million)	2016	2015
Sales	**178**	**174**
Other operating revenue	2	2
Purchases and changes in inventory	0	0
Taxes other than income tax	(4)	(3)
Personnel costs	(65)	(61)
Other operating expenses	(106)	(105)
Depreciation, amortisation, impairment & provisions, net	(8)	(8)
Profits/(losses) from shared operations	2	1
Operating profit/(loss)	**(1)**	**(0)**
Financial income and expenses	377	251
Pre-tax profit on ordinary activities	**376**	**250**
Exceptional items	0	0
Employee profit-sharing	0	0
Income tax expense	(5)	(2)
Net profit for the year	**371**	**249**

Bouygues Construction SA: cash flow statement for the year ended 31 December 2016

(€ million)	2016	2015
A - OPERATING ACTIVITIES		
Cash flow		
· Net profit for the year	371	249
· Depreciation and amortisation	8	9
· Net change in impairment and provisions (1)	4	7
· Net gains on asset disposals and other items (2)	0	0
Sub-total	**383**	**265**
Change in working capital:		
· Current assets, other assets, accruals and deferred income	78	(80)
· Net advances and down-payments received, non-financial liabilities & other items	(13)	44
Net cash generated by/(used in) operating activities	**448**	**229**
B - INVESTING ACTIVITIES		
Increases in non-current assets:		
· Acquisitions of intangible assets and property, plant & equipment	(4)	(3)
· Acquisitions of holdings in subsidiaries and affiliates	0	(6)
Sub-total	**(4)**	**(10)**
Disposals of non-current assets:		
· Disposals of intangible assets and property, plant & equipment	0	0
· Disposals of holdings in subsidiaries and affiliates	0	0
Other financial investments, net	(8)	(24)
Amounts receivable in respect of non-current assets, net	0	0
Net cash generated by/(used in) investing activities	**(11)**	**(34)**
C - FINANCING ACTIVITIES		
Increase in shareholders' equity	0	0
Dividends paid during the year	(500)	(253)
Change in net debt	18	16
Net cash generated by/(used in) financing activities	**(482)**	**(237)**
Change in net cash position (A+B+C)	**(45)**	**(42)**
Net cash position at 1 January (3)	(124)	(82)
Net cash flows during the year, excluding transfers between accounts	(45)	(42)
Impact of transfers between accounts	–	–
Net cash position at end of period (3)	(169)	(124)

(1) Excluding impairment of current assets.
(2) Net of corporate income tax.
(3) Cash + Short-term investments - Overdrafts and short-term bank borrowings.

List of subsidiaries and affiliates - Year ended 31 December 2016

Subsidiary/affiliate (€ million)	Share capital [4]	Reserves & retained earnings before appropriation of profits [4]	% interest in capital	Carrying amount of shares held		
				Gross	Net	
A. DETAILED INFORMATION [1] [2]						
Subsidiaries (interest held ≥ 50%)				634	626	
French subsidiaries						
DTP	10	2	100.00	24	24	
Bouygues Bâtiment International	25	69	89.32	75	75	
Bouygues Bâtiment Île-de-France	13	13	99.70	103	103	
Bouygues Travaux Publics	41	20	90.25	93	93	
Bouygues Energies & Services [5]	51	77	100.00	158	158	
Quille	15	4	100.00	43	43	
Bouygues Bâtiment Nord-Est	25	5	100.00	35	35	
Bouygues Bâtiment Centre Sud-Ouest	7	8	100.00	11	11	
Bouygues Bâtiment Sud-Est	3	21	100.00	6	6	
Fichallenge	2	(6)	100.00	2	1	
Challenger	0		99.99	15	15	
Foreign subsidiaries						
VSLI (Switzerland)	2	(23)	100.00	32	32	
Losinger Holding (Switzerland)	15	8	99.96	22	22	
Dragage Hong Kong (Hong Kong)	50	54	100.00	6	6	
Acieroid (Spain)	5	(2)	93.81	7	–	
Affiliates (interest held > 10%, ≤ 50%)						
Total						
B. AGGREGATE INFORMATION FOR OTHER SUBSIDIARIES AND AFFILIATES NOT INCLUDED IN ITEM A						
French subsidiaries (aggregate)				2	1	
Foreign subsidiaries (aggregate) [3]				0	0	
French affiliates				30	11	
Foreign affiliates				0	0	
TOTAL				**666**	**638**	

(1) Where the carrying amount exceeds a certain percentage (determined by applicable regulations) of the share capital of the reporting entity. If the reporting entity has also published a consolidated balance sheet that complies with the applicable regulation, it is only required to disclose aggregate information (item B), showing separately (a) French subsidiaries (aggregate) and (b) foreign subsidiaries (aggregate).
(2) Give the name of each subsidiary and affiliate in which the reporting entity holds an equity interest.
(3) Foreign subsidiaries and affiliates exempt from inclusion in item A are included on this line.
(4) Amount in local currency, with the currency and exchange rate shown in the "Comments" column (rate as of 31 December 2016).
(5) Consolidated reserves and consolidated net profit/(loss) for the year excluding non-controlling interests, and consolidated sales.

Loans & advances receivable by the parent	Guarantees given by the parent	Sales for last financial year	Net profit/(loss) for last financial year	Dividends received by the parent during the year	Comments
669	180				
		38	8		
134	97	523	33		
0		1,733	44	28	
44	49	924	215	195	
261	26	2,331	23	41	
		4	36	43	
0		316	13	7	
0	9	202	8	12	
0		413	14	13	
		–	(1)		
		18	2		
87		25	17		CHF 1 = €0.931185
0		–	51	49	CHF 1 = €0.931185
132		254	5		HKD 1 = €0.122323
9		36	(11)		
8				7	
				0	
0					
0					
678					

Bouygues Construction Corporate Communications department.
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