# 2017
# FINANCIAL REPORT

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.

## Key figures

€320m
Net profit attributable to the Group
(stable)

47,354
Employees

€21.2bn
Backlog
(up 5%; up 7% at constant exchange rates)

€11,660m
Sales
(-1%)

3.1%
Current operating margin
(+0.3 points)

# Highlights

## Major contract gains

- Grand Paris Express rapid transport project, Line 15 South, Packages T2A and T3A
- First Smart City in France (Dijon)
- Construction of a tower in Singapore, on the site of the former Golden Shoe Car Park
- Melbourne metro system and five solar farms in Australia

## Projects under construction

- Two tunnels in Hong Kong (Tuen Mun-Chek Lap Kok Link and Liantang)
- Hong Kong-Zhuhai-Macao bridge
- The New Coastal Road on Reunion Island
- NorthConnex motorway link in Australia
- UCLH hospital proton-beam therapy centre in London
- Monaco land reclamation scheme (Anse du Portier)
- Port of Calais extension project



## Projects handed over

- Paris Law courts building
- *La Seine Musicale* in Boulogne-Billancourt
- Hotel Le Crillon
- Zagreb Airport
- Hotel Morpheus (City of Dreams complex) in Macao

# 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 building of numerous eco-neighbourhoods, low-carbon (timber-frame) buildings and structures certified against the best world eco-standards, as well as through the renovation of sites in order to reach positive-energy status.

The company is increasingly involved in ambitious, high value-added civil engineering works and in larger-scale projects ranging from neighbourhoods to connected urban environments.

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

### Growth strategy and opportunities

Bouygues Construction's strategy in the building, infrastructure and industrial sectors is based on two priorities:
- using innovative products and services to expand its core activities in the places where it has a long-term presence, such as France, Switzerland, Hong Kong, Australia, the UK and Canada, and;
- targeting value-added projects while taking a highly selective approach in order to control risks.



More specifically, Bouygues Construction is aiming to:
- expand its options and skills in **property development** via its LinkCity[1] network;
- stake out a position as a **leading player in the design and operation of smart cities;**
- be a **top-notch player in the major infrastructure market** (bridges, tunnels, repairs) and in power networks in France and worldwide;
- offer turnkey **energy production** solutions (power stations, solar farms, etc.) by focusing on strategic partnerships and positioning 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;
- roll out **telecommunications infrastructure** offerings in France and on international markets.

In its various activities, Bouygues Construction:
- **proposes full-service offerings** which meet customers' needs, capitalising on its knowledge of markets in key sectors such as renovation, healthcare and hotels;
- **pursues customer satisfaction** over the long term, in particular by ensuring control over execution, high-quality products and services and after-sales support.

The company is also investing to increase productivity and improve its performance in the construction process.

### Strengths and assets

An innovative, responsible and pro-active player, Bouygues Construction has many strengths to draw on in all of its businesses:
- **know-how** based on the talent of its employees 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 Modelling), 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 its businesses, 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,** by rolling out lean management[2] techniques at all levels in order to improve efficiency and by industrialising construction processes;

(1) As of 1 January 2016, the new brand name for Bouygues Construction's property development subsidiaries.
(2) A long-term approach to work based on continuous improvement that systematically seeks to eliminate all wastage in order to improve a company's efficiency and quality.

  - **commercial,** in order to offer products and services that take account of customer usage,
  - **financial,** especially in project financing;
  - **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 deploy its resources quickly on strong-potential markets. Bouygues Construction generates over half its sales on international markets;
- **long experience of managing complex projects:** thanks to its motivated people with high-level 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 backlog 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.

## 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 2016 ranking published by trade magazine *Le Moniteur* in December 2017, the Bouygues group's construction businesses arm (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 Bouygues group's construction businesses arm, represented by its three subsidiaries, is placed **sixth** in the 2016 ENR ranking of international contractors published in August 2017, 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 2017, Bouygues Construction (excluding Bouygues Energies & Services) is **one of the top three contractors** ahead of Eiffage Construction and behind Vinci Construction (2016 ranking published by *Le Moniteur* in December 2017). In energy and services, Bouygues Energies & Services is in sixth place after Vinci Energies, Spie, Eiffage Énergie, Engie-Cofely and Engie Ineo (2016 ranking published by Le Moniteur in December 2017).



## Record commercial performance and improved financial results

### Exceptional order intake

Order intake in 2017 reached a record €13,130 million. It included 15 contracts worth more than €100 million, ten of them on international markets.

In **France,** order intake amounted to €6,175 million, 7% more than in 2016. The main orders included projects for the Grand Paris Express rapid transport network (packages T2A and T3A of Line 15) and the Eole project with French railway operator SNCF for the extension of the RER E rapid transit line in Paris. Others included the extension of Les 3 Fontaines shopping centre in Cergy-Pontoise, north-west of Paris, construction of Orange's headquarters at Issy-les-Moulineaux, renovation of the Paris Commodities Exchange building (Bourse de Commerce) and the Dijon metropolitan area Smart City project.

Order intake on **international** markets came to €6,955 million, slightly more than in 2016. Orders included the Melbourne Metro project and five solar farms in Australia, additional works on the Tuen Mun-Chek Lap Kok Link tunnel in Hong Kong, the redevelopment of the former Golden Shoe Car Park site into a multi-use complex in Singapore (to include its second highest tower), extension of the Manila metro in the Philippines, the construction of four towers at Yangon in Myanmar (formerly Burma), a supplementary contract for the Hinkley Point EPR backup plant (generators) in the UK, the Oassis office and residential complex at Crissier, near Lausanne in Switzerland, and Mackenzie Vaughan Hospital in Ontario, Canada.

Buildings with environmental certification accounted for 69% of the order intake in 2017, compared with 76% in 2016.

### A record backlog giving long-term visibility

The backlog at end-2017 stood at a high €21.2 billion, up 5% on end December 2016 (up 7% at constant exchange rates), with international markets accounting for 57%. Europe (excluding France) and Asia-Pacific are the two most important international regions. Orders booked at end-2017 to be executed in 2018 amounted to €9.0 billion and orders to be executed beyond 2018 amounted to €12.2 billion, giving good visibility on future activity.

### Sales stable like-for-like and at constant exchange rates

Sales in 2017 amounted to €11,660 million, with building and civil works accounting for 78% and energies and services for 22%. They were down 1.3% year-on-year, but stable like-for-like and at constant exchange rates.

Sales in France rose 0.8% to €5,569 million, equating to 48% of total sales. Sales outside France fell back 3% to €6,091 million, due in particular to an unfavourable exchange-rate effect (stable like-for-like and at constant exchange rates).

### Robust operating results

Current operating profit rose strongly to €363 million, versus €326 million in 2016, and the current operating margin stood at 3.1%, up 0.3 points versus 2016.

Financial income amounted to €61 million, compared with €17 million in 2016. It includes the sale of a concession company in South Africa.

Net profit attributable to the Group came to a high €320 million, which is stable versus 2016.

### Very high net surplus cash

Bouygues Construction posted record net surplus cash of €3,409 million at end-2017, slightly more than at end-2016 (€3,387 million).

## Developments in Bouygues Construction's markets and activities

The challenges of the environment and growing urbanisation are becoming increasingly important all over the world. Technological advances offer significant prospects for progress and increasing opportunities. In this dual context, its business activities are boosted by strong demand, especially for urban regeneration, 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.



### Building and civil works

In 2017, sales in the building and civil works segment came to €9,108 million, lower than the 2016 figure of €9,518 million. Sales in France accounted for 47% of the total, and on international markets for 53%.

#### France

Contrasting conditions continued on the construction market in France. The renewal of measures to support housing construction such as the Pinel tax incentive and zero-interest loans, 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 long-term prospects for the construction market in the Paris region are sustained by the Grand Paris major infrastructure programme and substantial needs for housing. The Grand Paris Express rapid transit project, the largest since the 1960s, represents civil works contracts worth over €30 billion over the period to 2030.

A certain resurgence in the Paris region is reflected in a large number of calls for projects under programmes such as "Réinventer Paris", "Réinventer la Seine" and "Invent the Grand Paris metropolitan area" [3], in a spirit of renewal and respect for the environment.

In the rest of France, despite some major civil works projects, the revival has been slow and has highlighted considerable disparities between different parts of the country.

**2017 sales: €4,252 million (-3%)**

Bouygues Construction handed over two large-scale projects in the Paris region in 2017, the Paris law courts building and La Seine Musicale concert venue in Boulogne-Billancourt, and continued work on other major amenity projects such as renovation of the Longchamp racecourse and renovation of the Louvre Post Office building in Paris. It also carried out substantial civil engineering projects which, through the Grand Paris projects (packages T2A and T3A of Line 15 South and Line 14 of the Paris metro), will improve the transport environment in the Paris region

In the commercial property segment, work continued on two major projects, the Quadrans Corne Ouest office building in Paris and the Tour Alto tower in the La Défense business district. The regeneration of several office buildings in Paris, such as the new headquarters of *Les Echos–Le Parisien*, was completed in 2017.

(3) Europe's largest international call for tenders in the field of urban planning and property development

Construction work continued on several work packages for the Batignolles property development in Paris.

Elsewhere in France, Bouygues Construction's four regional building subsidiaries continued to be active on the public-sector education and culture markets, notably with the renovation of the Luminy university campus in Marseille.

In the healthcare sector, Bouygues Construction continued work on four hospitals, in Strasbourg, French Guiana, Villeurbanne and in the north of the Deux-Sèvres department of western France.

In the private sector, Bouygues Construction continued work on the Sky 56 office building in Lyon and on property complexes in the Wacken Europe business district in Strasbourg.

Work continued on major projects such as Lyon-Saint Exupéry airport and the Hexcel production site in the foothills of the French Alps. The Bordeaux Métropole Arena entertainment complex was also handed over.

In civil works, Bouygues Construction continued work on complex major projects, including civil engineering for the viaduct on the New Coastal Road on Reunion Island, the L2 Marseille bypass and the Port of Calais. The Nîmes-Montpellier railway bypass was handed over and is now in operation. In addition, regional branches all over France specialise in smaller-scale civil engineering projects and earthworks.

## Europe

The construction market in Europe grew by more than 3% in 2017, its strongest rise since 2006.

The main drivers of construction at present are the economic recovery, low interest rates, migration flows, especially towards urban areas, and the need to compensate for the low levels of investment since the financial crisis.

In Western Europe, Bouygues Construction subsidiaries are particularly active in the UK and Switzerland. The construction market in the UK has stabilised after a period of overheating. The construction market in Switzerland, long driven by the building segment, is a little less dynamic.

**2017 sales: €2,109 million (-2%)**

In the **UK**, Bouygues Construction's activity was underpinned by urban regeneration projects such as the Canning Town project in London and Addlestone town centre in Surrey. Work continued on the new Civic Centre in Hounslow, west London and on the Manhattan Loft Gardens tower in Stratford. The company took an order in 2017 for the construction of a residential complex in Newham, east London, and has been selected for an initial design phase of the HS2 project, a high-speed rail link between London and Birmingham.

In the education sector, Bouygues Construction continued work on The Triangle, the new headquarters of Cambridge University's examination board, and a student residence complex for the University of Essex.

The company also carried out civil engineering work on the Hinkley Point EPR nuclear power plant, which on completion will meet 7% of the UK's power consumption needs and supply over five million households.

In the healthcare sector, work continued on a proton-beam therapy cancer treatment centre in London.

In **Switzerland,** Bouygues Construction drew on its expertise in managing complex property development projects such as the L'Atelier complex in Geneva. That expertise is increasingly on show at neighbourhood level, as exemplified by the Les Jardins du Couchant property development in Nyon and the Erlenmatt and Greencity eco-neighbourhoods in Basel and Zurich respectively.

Losinger Marazzi, Bouygues Construction's Swiss subsidiary, was selected to build the Vortex complex at Chavannes-près-Renens, which will accommodate athletes competing in the Youth Olympic Games in January 2020.

The company has also drawn on its expertise to win commercial property contracts, including orders to build the "Byte" office building and renovate the Post Office headquarters in Bern.

In **Central Europe,** Bouygues Construction has a number of local building subsidiaries in Poland and the Czech Republic.

Elsewhere in Europe, Bouygues Construction is also involved on a one-off basis in major infrastructure projects. Work continued on the confinement shelter for the damaged nuclear reactor at Chernobyl in **Ukraine.** In **Croatia,** the construction of a new terminal at Zagreb Airport and renovation of the existing terminal were completed and the project handed over. Work continued on a complex offshore extension project in **Monaco.**

## Asia - Pacific

Growth rates on Asian markets remained very high, with the Chinese economy well on the way to becoming the world's largest.

Hong Kong, Singapore and Myanmar continue to be high-potential countries.

In Australia, housing and retail construction and public investment in health care are driving the building market. The infrastructure construction market is likely to remain strongly sustained by the government, especially spending on roads and telecommunications.

**2017 sales: €1,927 million (+3%)**

Bouygues Construction capitalises on its strong local presence in the **Asia-Pacific** region, especially in Hong Kong, where it has been a player for over 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 Link road tunnel (for which a supplementary order was booked in 2017), two twin-tube tunnels for the extension of the Shatin to Central Link metro line, and two tunnels for the dual two-lane highway linking the northeast 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,** the company continued work on the Buangkok condominium tower block and won the project to redevelop the former Golden Shoe Car Park site into a multi-use complex. In **Bangkok,** it handed over the new Australian Embassy complex and continued work on a number of residential tower blocks, such as the Park 24 condominium. Construction work started on The Esse, a new condominium at the Singha Complex. In **Macao,** Bouygues Construction handed over the 6-star luxury Morpheus hotel in the heart of the City of Dreams entertainment complex.

In **Myanmar,** Bouygues Construction continued work on the second phase of the Star City residential complex in Yangon and took orders for two large-scale projects, the Peninsula Yangon and Yoma Central.

In **Australia,** work continued on the NorthConnex motorway link project in Sydney and the company was awarded the Melbourne Metro project as part of a consortium with Lendlease Engineering, John Holland and Capella Capital.



## 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.

**2017 sales: €589 million (-22%)**

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 is building 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,** the first phase of which was handed over in 2017. In **Nigeria,** work continued on the corporate headquarters of Nigeria LNG, a company which produces liquefied natural gas.

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 also involved on a one-off basis in roadbuilding projects in other African countries.

In the **Middle East,** the company is building sewage tunnels in Doha, **Qatar.**

## 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 it a strong-potential country for Bouygues Construction.

**2017 sales: €230 million (-34%)**

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, a growing market because of the steady rise in tourism. The company continued construction work on around a dozen upmarket hotel complexes in Havana, on Cayo Santa Maria, Cayo Coco and Cayo Cruz and at Varadero. Hurricane Irma caused a temporary slowdown in this activity in 2017 as resources were redeployed to repair and refurbish 26 operational hotel complexes damaged by the hurricane.

In the **United States,** Bouygues Construction is building "Arte by Antonio Citterio", a luxury residential complex in Florida.

In **Canada,** the company handed over Iqaluit International Airport in the country's Arctic north (Nunavut).

## Energies and Services

Bouygues Energies & Services contributed €2,552 million to Bouygues Construction's consolidated sales compared with €2,297 million in 2016, a rise of 11%. Bouygues Energies & Services has three principal 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. The company recently set up an Industry division in order to better meet its customers' needs.

There is growing demand in industry for cutting-edge expertise in areas such as robotisation and smart buildings, as well as for complex processes and industrial maintenance. In addition, environmental issues, demographic growth and increasingly scarce raw materials make energy efficiency in buildings a central concern. 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

**2017 sales: €1,317 million (+16%)**

In addition to its traditional networks activity, Bouygues Energies & Services, through its Axione subsidiary, stepped up its support for local authorities seeking to implement their digital development policies. In particular, it continued to roll out FTTH (Fibre To The Home) with a portfolio of 1.5 million premises in 16 French departments representing more than €1 billion, and extended its coverage of operational and marketed FTTH premises in 2017 with a target of 2.2 million premises by 2022.

In electrical and HVAC engineering, Bouygues Energies & Services provided mechanical and electrical equipment for the L2 Marseille bypass, electrical and HVAC engineering packages for the Saint-Laurent-du-Maroni hospital in French Guiana and power-voltage/communications-voltage work packages for La Seine Musicale in Boulogne-Billancourt.

In the framework of public-private partnerships, Bouygues Energies & Services started to provide maintenance services for the Paris law courts building, which was handed over in 2017 and will open its doors in 2018. It continued its existing contracts with 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, as part of a member of a consortium.



Also, as part of a consortium including EDF subsidiary Citelum, Suez and Capgemini, Bouygues Energies & Services will oversee the design, construction and operation of France's first smart-city project in Dijon. The 12-year contract concerns the management of a connected control centre for public facilities serving the 250,000 people who live in the Dijon metropolitan area.

### International

**2017 sales: €1,235 million (+7%)**

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

On international markets, Bouygues Energies & Services is an expert in major turnkey power grid infrastructure projects. The company has taken orders for seven solar farms in **Australia** and **Japan.** It continued work on a thermal power station in **Gibraltar** and two biomass waste-to-energy gasification plants in the **UK,** at Hoddesdon (north London) and in Belfast (Northern Ireland).

It has a facilities management business in Europe, with contracts for the offices of Crédit Suisse in **Switzerland** and for many public amenities in the **UK,** including hospitals, schools and the Home Office. It was also awarded the contract to design and build the backup plant for the Hinkley Point EPR nuclear power plant.

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

In **Canada,** Bouygues Energies & Services provides facility management for Surrey Hospital and the RCMP headquarters. It is expanding on the electrical engineering market via its Plan Group subsidiary, which is building the country's first smart hospital, Mackenzie Vaughan Hospital, in the greater Toronto region.

Facility Management contracts, both in France and elsewhere, guarantee Bouygues Energies & Services recurring long-term revenue streams.

# Research and development activities

## Shared innovation as customer service

As it continually adapts to meet customer needs, Bouygues Construction's main strength is shared innovation.

We are driving innovation throughout the value chain:

- In the design phase, Bouygues Construction highlights its expertise in BIM, which can be used to manage all the information needed to design and build a structure. We have also developed a "serious game" that all stakeholders can use to imagine how the neighbourhoods of the future will work.
- In the construction phase, Bouygues Construction promotes the use of innovative methods and materials. These range from 3D printing and the ABC (Autonomous Building for Citizens) programme (designed to produce buildings that are self-sufficient in water and energy, and optimise waste management) to the construction of timber buildings.
- In the operational phase, Bouygues Construction is responsive to customer 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

At the heart of our strategy as a responsible and engaged business is our emphasis on environmental issues such as energy, carbon, biodiversity and the circular economy. Environmental concerns are reflected in the design, construction and operation/maintenance of structures and in the harnessing of new renewable energies and energy renovation, which represent major global challenges.

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 customers innovative infrastructures like connected eco-districts (for example the Erlenmatt and Green City 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 (BBCEffinergie® energy rating), and buildings with BEAM Plus[(4)], BREEAM®[(5)] and LEED®[(6)] certification. We have also completed projects that have achieved accreditation under two new standards: BBCA (low-carbon buildings) and E+C- (energy positive/carbon negative).

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.

# Risk management policy

**Internal control and disclosures about risks (Article L. 225-100 paragraphs 3 to 6 of the French Commercial Code)**

## Internal control

### Evaluation of internal control

During 2017, Bouygues Construction again deployed in-depth internal control self-assessment 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 82% of Bouygues Construction sales. On average, each entity or unit evaluated 80 principles from the risk management and internal control reference manual.

Five themes (human resources, purchasing, and three topics around legal compliance) were selected by the parent company (Bouygues SA). The revised reference manual, issued in April 2017, incorporates new principles related to the "Sapin 2" law.

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

Bouygues Construction selected the following additional themes, with reference to the strategic plan and risk mapping:
- sales and marketing, property development and internal partners;
- major projects and security, for which new principles have been issued;
- tax, information systems security, access controls over the "Edifice" integrated software solution, and payment systems fraud;
- accounting for property, plant and equipment and non-current financial assets.

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 are overseeing action plans for the common themes selected by the parent company:
- **Human resources:** the results of the 2017 campaign confirm the need for fresh recruitment initiatives at targeted engineering schools when starting new activities and projects, and for stronger induction programmes for newly hired staff. Internal mobility remains a strategic priority with the creation of the Global Mobility Forum, while the rollout of global HR is ongoing. Finally, talent reviews targeted at key positions within Bouygues Construction need to be upscaled;
- **Purchasing:** the main action points relate to the drafting of consultation rules for suppliers, with clearly explained selection criteria. Monitoring by HR of buyer rotation should help tighten controls;
- **Legal Affairs:** the Code of Ethics (and compliance programmes) will be updated in 2018 to incorporate principles specific to each business line and an introduction from the Chairman & CEO of Bouygues Construction. Anti-corruption compliance programme requirements will be extended to first-tier suppliers. Another finding recommended the systematic issuance of reminders that contracts must be validated by Legal Affairs prior to signature, in accordance with the anti-corruption compliance programme. Finally, a widespread internal communication campaign will be conducted in 2018 to inform staff that the "Fair Deal" serious game, designed to raise awareness of ethical issues, is now available in open access. The take-up rate on this programme will be monitored.

The 2017 campaign continued the process of extending the rollout of internal control systems to the entities and units closest to the front line, while identifying areas for progress in the rigour of self-assessment ratings. 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 and reducing risk exposure. 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 rollout 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, the internal control system is the responsibility of the Corporate Secretary. Each entity compiles its own risk mapping, and usually presents it as part of the strategic plan. Internal control correspondents are responsible for the rollout 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.

The financial control and accounting functions both report to the Corporate Secretary. Shared resource centres are in place in the main territories where Bouygues Construction operates. These centres enable subsidiaries based in the same geographical territory to access shared accounting resources, helping to ensure that common policies and rules are strictly observed.

## Operational risks

### Risks associated with major projects in the design or execution phase



### Background
Very large-scale projects account for a substantial proportion of Bouygues Construction's order book and sales.

Consequently, slippage in profits from any such project can have significant consequences for the company. Bouygues Construction continues to act on several fronts to tighten control over the risks inherent in major projects:

#### Internal control
Two new principles have been added to the Internal Control reference manual. The first defines what constitutes a "major project" for each operational entity. The second covers compliance with internal procedures, and requires that a score sheet and risk executive summary be included in all approval notes for major projects. Those principles were assessed during 2017.

#### Internal audit
Internal audits were conducted on major projects during 2017 to obtain assurance of adequate control over emerging risks, leading to specific recommendations where necessary. Follow-up audits will be carried out to ensure the recommendations are properly implemented.

#### Entity level
During 2017, a new batch of thirty projects was assessed in tandem with the internal control campaign in order to identify new action points, and additional points to incorporate into existing action plans. The focus was mainly on project organisation and selection, the accuracy of estimates, and the management of contracts (especially on subcontracted work packages).

#### Bouygues Construction
- Two action points identified by the Bouygues Construction Executive Committee at the start of 2017 have been implemented:
  - HR management and specific training programmes for major project managers;
  - increased selectivity in project decisions.

### Action plan
An action plan was prepared, including the following points at operational entity level:
- definition of a process specific to major projects within the Bouygues Construction management system;
- traceability of technical and commercial adjustments, defined using standardised terminology;
- monitoring of risks and opportunities.

And at Bouygues Construction level:
- transparency of information flows between management levels within support functions;
- a new organisational structure for Legal Affairs, intended largely to enhance contract management performance.

## Risks relating to employee security

Events may occur that threaten the security and/or health and safety of Bouygues Construction employees in any of our locations, but particularly in high-risk countries or regions.

Bouygues Construction generates 30% of its sales outside Europe. Out of the fifty or so countries where the company operates, around thirty have been identified as carrying a degree of country risk ranging from "Average" to "Very High", based on the Bouygues group Security Department's assessment of various risks: political, terrorist, criminal, employee-related, and international conflict.

Sales generated in countries regarded as "at risk" amounted to around €1 billion in 2017, or 8% of Bouygues Construction's total sales. This represents a reduction of €300 million in overall exposure relative to 2016, reflecting lower activity levels in some African countries (Nigeria, Ivory Coast, Morocco) but also increased activity in others (Mali, South Africa and Egypt). Activity levels also rose in Cameroon, Congo and Tanzania, all regarded as high risk, during 2017.

Meanwhile there was a marked drop in exposed activities in the America-Caribbean region due to a reduction in risk exposure in Cuba, which since 2017 has been regarded as low risk.

Another factor in 2017 was the emergence of many sensitive issues in French territory, both on the mainland and overseas.

### Security Committee organisation and remit

The security of our employees is an absolute priority for Bouygues Construction, alongside their health and safety. The overall guidelines set by the Executive Committee and General Management Committee of Bouygues Construction are implemented by the Security Committee, which meets every month.

The Security Committee implements the security procedure and constantly monitors the situation in countries where we have ongoing or prospective operations, and implements appropriate preventive measures and solutions in response to risks as they arise. The Committee relies on the work of Bouygues Construction's Security Director, whose remit includes:
- monitoring and preventing security risks in countries where Bouygues Construction has operations;
- co-ordinating and directing resources in security risk situations;
- providing leadership for security specialists working at entity level;
- overseeing the Security Action Plan.

### Key elements of the Security Action Plan

- A uniform risk assessment methodology has been developed in conjunction with Bouygues SA, applying at both country level and project level. Alongside this, a standardised security plan model has been developed and implemented;
- Specific audits are conducted by independent specialists (such as safety assessments of local airlines);
- In countries regarded as most at risk, a specific Country Security network has been set up;
- SSF Locator, a corporate travel tracking and crisis management tool, has been introduced and is due to be rolled out globally in the first half of 2018 to cover all travelling employees;
- Employees are prohibited from extending their stay for personal reasons in countries regarded as sensitive;
- Security principles have been incorporated into the Internal Control reference manual. All these principles were evaluated as part of the 2017 self-assessment campaign.

## Risks related to economic and political instability

- Bouygues Construction's positioning in OECD countries (around 70%-80% of its total activity) limits its exposure to uncertainty, but carries exposure to economic stagnation in those countries and to tough market conditions;
- In the rest of the world, vigilance is still needed and Bouygues Construction has taken preventive measures in legal, financial and insurance matters, such as:
  - prioritising contracts with multilateral international funding when selecting projects;
  - prioritising contractual clauses that systematically stipulate site shutdowns in the event of non-payment, and implementing more stringent receivables management;
  - including termination clauses and guarantee activation clauses;
  - maintaining a positive net cash position, and rapidly transferring non-convertible currencies;
  - contracting specific insurance policies.

## Commodities risk

Bouygues Construction is not exposed to 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 European chemicals regulations ("REACH").

## Legal risks

### Compliance risk

With compliance obligations becoming ever more demanding, Bouygues Construction continues to tighten its ethics policy to ensure that the Group's programmes are strictly applied, and also to update those programmes in response to recent legislative changes.

Ethical compliance falls within the remit of Legal Affairs, working in conjunction with Audit and Internal Control; all three departments are under common management. The Ethics and Compliance team has been reinforced to provide adequate oversight, conduct research and surveys as needed, and manage the tools used in this area.

In 2017, the internal regulations of the French entities were updated to align them with the "Sapin 2" law, and now allow for disciplinary proceedings against employees who do not adhere to the Group's Compliance programmes.

The key areas in which Bouygues Construction is exposed to compliance risk include:
- corruption, an area in which the company is subject to increasingly stringent requirements;
- anti-trust law, given the high level of financial risk;
- exports, due to the growing number of countries, products and companies that are subject to international sanctions, especially those imposed by the United States.



Compliance reviews, covering the full range of ethics and compliance issues across the various entities, were carried out on a full-scope basis in 2017.

### Claims and litigation

#### France: Flamanville EPR

In a judgement dated 20 March 2017, the Caen Court of Appeal found Bouygues Travaux Publics guilty of undeclared work and illegal supply of workers and was ordered to pay a fine of €29,950.

Bouygues Bâtiment Grand Ouest (formerly Quille Construction) was discharged by the Court of Appeal of the offences relating to various breaches of employment legislation.

Bouygues Travaux Publics has lodged an appeal against the judgement of the Court of Appeal.

#### 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 grounds 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.

On 2 May 2017, a number of companies of the Bouygues group were therefore informed that the Île-de-France region had on 28 March 2017 referred 85 different actions (one for each school) to the Paris Administrative Court in order to find all the parties jointly and severally liable for the losses incurred, for which it is claiming compensation equal to 16.4% of the price paid for each school.

The proceedings are still ongoing and no hearing date has been set at the present time.

### France: Eole

Following a Competition Council (now Competition Authority) ruling of 21 March 2006, imposing fines on a number of companies for general collusion relating to work packages 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 in relation to the abovementioned work packages.

The Paris Administrative Court rejected all of the SNCF's claims on 31 May 2016. The SNCF has appealed this judgement. On 29 December 2017, the Paris Administrative Court of Appeal handed down a judgement dismissing the SNCF's application on the grounds that the claim to cancel the contract, and the SNCF's claim for damages were both statute barred.

### 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 geographical 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 risks

### 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 are closely analysed. Depending on the contractual and commercial context of a project, we may inter alia:
- 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 6 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 and a positive yield.

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

No losses arose during 2017 on any of the investment products used by the Group.

As of 31 December 2017, no single bank held more than 5% 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 2017, net cash amounted to €3,925 million, and the Group also had €266 million of undrawn confirmed short-term credit facilities on that date.

## 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.

# Social and environmental impact of activities - societal commitments - collective agreements - working conditions

In accordance with Article L. 225-102-1 of the French Commercial Code as amended by Order no. 2017-1162 of 12 July 2017, information about:
- the consideration given by the company to the social and environmental consequences of its activities, including the consequences for climate change of those activities and of the use made of the goods and services produced by the company;
- societal commitments to support sustainable development and the circular economy, cut food waste, combat discrimination and promote diversity;
- collective agreements in effect within the company, and their impacts on the company's business performance;
- working conditions of employees;

is provided in the Bouygues 2017 Registration Document, available on www.bouygues.com.

# Significant events after the reporting period

No significant events have occurred since the end of the reporting period.

# Outlook for 2018

In a French market driven mainly by the Greater Paris region, and an international market rich in opportunities, Bouygues Construction has good visibility backed up by:
- **orders booked as of 31 December 2017 to be executed in 2018** worth €9.0 billion;
- **robust international activity,** in countries with a favourable economic outlook (Hong Kong, Singapore, Canada, Switzerland, United Kingdom, Australia, etc.) with good ratings from the Transparency International NGO;
- **a medium-term order book** (2 to 4 years) worth €9.8 billion as of 31 December 2017;
- **a healthy financial position,** bolstered by record net surplus cash of €3.4 billion;
- **a lead in sustainable construction,** to which the company devotes much of its R&D budget;
- **strong commitment to shared innovation** as customer service.

In 2018, Bouygues Construction will continue to focus on its core priorities – tight control over the execution of major projects, selectivity in order acceptance, and innovation – while protecting the health and safety of its employees and project partners.

# Review of the consolidated and parent company financial statements

## Consolidated financial statements

A total of 372 companies are included in the scope of consolidation, 58% of which are located outside France.

### Assets

In aggregate, property, plant and equipment (€598 million) and intangible assets (€44 million) are €108 million lower than at the end of 2016. The main factors in this year-on-year movement are:

- capital expenditure of €151 million during the year, of which €68 million was incurred outside France (including €15 million on the NorthConnex project in Australia, €12 million on mining assets and €8 million at VSL) and €91 million in France (including €19 million on the Anse du Portier project in Monaco);
- depreciation and amortisation expense charged during the period (€214 million).

Goodwill amounts to €526 million. The year-on-year reduction of €16 million mainly reflects movements in the exchange rates of foreign currencies against the euro.

Investments in joint ventures and associates, accounted for by the equity method, amount to €30 million. The increase of €9 million relative to the end of 2016 (€21 million) is mainly due to the inclusion of new entities in the Greater Paris region, plus a €3 million equity injection into Zaic (the Zagreb Airport concession company).

Other non-current financial assets (€270 million) comprise €83 million of investments in non-consolidated companies, plus €187 million of loans, advances to non-consolidated companies, and deposits and caution money. This compares with €253 million at the end of 2016.

"Deferred tax assets and non-current tax receivable" amounts to €89 million, and consists solely of deferred tax assets.

At €4,227 million, current assets other than cash are €165 million lower than at the end of 2016 (€4,392 million), including a reduction of €105 million in trade receivables.



The net cash position (cash and cash equivalents, net of overdrafts and short-term bank borrowings) is €3,925 million, €27 million lower than at end 2016 (€3,952 million).

### Liabilities and shareholders' equity

Total shareholders' equity, including non-controlling interests (i.e. minority interests) are €210 million higher than the end-2016 figure of €769 million. The main factors in this year-on-year movement are:

- **the €320 million of net profit attributable to the Group for the period;**
- less a €94 million reduction in the translation reserve;
- less the dividend payout of €20 million;
- plus a €14 million increase in the fair value of cash flow hedging instruments.

Non-current debt is €511 million, down €32 million year-on-year.

Provisions – which are a significant item in the construction industry – are split between non-current (€750 million) and current (€529 million), in accordance with international financial reporting standards.

Current taxes payable amount to €59 million, and comprise corporate income taxes payable by French and foreign subsidiaries in the short term.

Trade payables are €3,144 million, compared with €3,241 million at end 2016.

Other current liabilities amount to €3,243 million. This item mainly comprises deferred income, amounts due to governments and local authorities, and employee-related liabilities.

## Income statement

Sales for the year are €11,660 million, 1.3% lower than in 2016, with 48% generated in France (versus 47% in 2016). Building and civil engineering account for 78% of total sales.

Current operating profit is €363 million (versus €326 million in 2016). After deducting income tax expense of €103 million, net profit attributable to the Group is €320 million.

## Parent company financial statements

### Comments

The reduction of €28 million in net non-current assets (€1,066 million at end 2017, versus €1,094 million at end 2016) is due mainly to the €22 million negative effect of changes in exchange rates on foreign-currency loans; other transactions involving the financing of subsidiaries largely cancel each other out.

The reduction of €50 million in current assets (€302 million at end 2017, versus €352 million at end 2016) mainly comprises a €44 million reduction in current accounts.

Shareholders' equity at end 2017 is €711 million, an increase of €199 million, after taking account of the €20 million dividend payout; the €23 million impact of a change in accounting policy following first-time application of a new French accounting regulation on financial instruments (taken to retained earnings); and the net profit for the year of €196 million.

The new accounting regulation introduces the concept of "hedging of holdings in subsidiaries and affiliates", which means a provision is no longer required for unrealised foreign exchange losses arising on foreign-currency borrowings that hedge the value in use of holdings in subsidiaries or affiliates.

Consequently, the provision for foreign exchange risks as of 1 January on the Swiss-franc borrowing contracted to finance the investments in VSLI and Losinger Holding was reversed out and taken to retained earnings.

Debt at end December 2017 is €542 million (versus €561 million a year earlier). This line item consists of cash borrowed from Bouygues group cash pooling entities to finance non-current assets, to the extent that Bouygues Construction has access to confirmed, undrawn long-term credit facilities.

Current liabilities amount to €146 million at 31 December 2017 (versus €159 million at end 2016), a reduction of €13 million (reflecting a reduction of the same amount in currency translation differences).

Net debt at end December 2017 is €501 million, versus €731 million at end 2016, a year-on-year change of €230 million.

### Holdings in subsidiaries and affiliates

The description of the Bouygues Construction group's activities contained in this Financial Report includes the activities of the company's subsidiaries and affiliates.

A table showing information about holdings in subsidiaries and affiliates is appended to the company's balance sheet and reproduced on the following page.

### Branches - Secondary establishments

As required by Article L. 232-1 of the French Commercial Code, we inform you that the company has 3 secondary establishments in the form of shared resource centres, located at Rouen and St Herblain (accounting) and Lyon (payroll).

## Information about supplier and customer payment terms

As required by Articles L. 441-6-1 and D. 441-4 of the French Commercial Code, information about payment terms is provided below:

- suppliers: invoices received and due for payment that remain unpaid at the end of the reporting period;
- customers: invoices issued and due for payment that remain unpaid at the end of the reporting period.

## Year ended 31 December 2017

| Subsidiaries and affiliates | Share capital (4) | Reserves & retained earnings before appropriation of profits (4) | % interest in capital | Carrying amount of shares held | | Loans and 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Gross | Net | | | | | | |
| A. DETAILED INFORMATION (1) (2) | | | | | | | | | | | |
| **Subsidiaries (interest held >50%)** | | | | **639** | **622** | **605** | **112** | | | | |
| DTP | 10 | 2 | 100.00% | 24 | 24 | – | – | 6 | 6 | 14 | |
| Bouygues Bâtiment International | 25 | 103 | 100.00% | 85 | 85 | 75 | 48 | 329 | 8 | – | |
| Bouygues Bâtiment Ile-de-France | 13 | 23 | 99.70% | 103 | 103 | – | – | 1,532 | 47 | 27 | |
| Bouygues Travaux Publics | 41 | 60 | 92.02% | 93 | 93 | 43 | 46 | 1,024 | 65 | 57 | |
| BYES (5) | 51 | 82 | 100.00% | 158 | 158 | 256 | 9 | 2,543 | (5) | 15 | |
| Bouygues Bâtiment Nord Est | 25 | 9 | 100.00% | 35 | 35 | 0 | – | 322 | 13 | 4 | |
| Bouygues Bâtiment Centre Sud Ouest | 7 | 8 | 100.00% | 11 | 11 | 0 | 9 | 177 | 4 | 3 | |
| Bouygues Bâtiment Sud Est | 3 | 21 | 100.00% | 6 | 6 | 0 | – | 448 | 14 | 9 | |
| Fichallenge | 2 | (7) | 100.00% | 2 | – | – | – | – | 1 | – | |
| Challenger | 0 | – | 99.99% | 15 | 15 | – | – | 18 | 2 | – | |
| Bouygues Bâtiment Grand Ouest | 2 | 30 | 100.00% | 4 | 4 | – | – | 420 | 18 | 3 | |
| Kohler | 0 | 22 | 100.00% | 25 | 25 | 36 | – | – | (0) | – | |
| | | | | | | | | | | | |
| VSL (Switzerland) | 2 | (6) | 100.00% | 32 | 32 | 84 | – | 19 | 1 | – | 1 CHF = 0.854555 |
| Losinger Holding (Switzerland) | 15 | 9 | 99.96% | 22 | 22 | – | – | - | 58 | 51 | 1 CHF = 0.854555 |
| Dragages Hong Kong (Hong Kong) | 50 | 74 | 100.00% | 6 | 6 | 107 | – | 320 | 33 | 11 | 1 HKD = 0.106701 |
| Acieroid (Spain) | 1 | 1 | 93.81% | 15 | - | 3 | – | 20 | (3) | – | |
| **Detailed information: affiliates (interest held: 10%-50%)** | | | | **–** | **–** | **–** | **–** | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| | | | | | | | | | | | |
| B. AGGREGATE INFORMATION FOR OTHER SUBSIDIARIES AND AFFILIATES NOT INCLUDED IN ITEM A | | | | | | | | | | | |
| **Total** | | | | **33** | **12** | **9** | | | | | |
| French subsidiaries (aggregate) | | | | 2 | 1 | 9 | | | | 1 | |
| Foreign subsidiaries (aggregate) (3) | | | | 0 | 0 | – | | | | 0 | |
| French affiliates | | | | 30 | 11 | 0 | | | | 0 | |
| Foreign affiliates | | | | 0 | 0 | 0 | | | | | |
| **Grand total** | | | | **672** | **634** | **614** | | | | | |

(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 regulations, 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.
(5) Consolidated reserves and consolidated net profit/(loss) for the year excluding non-controlling interests, and consolidated sales.

| Amounts in thousands of euros | Invoices received and due for payment that remain unpaid at the end of the reporting period | | | | | | Invoices issued and due for payment that remain unpaid at the end of the reporting period | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 0 days (indicative) | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 days or more | Total (1 day or more) | 0 days (indicative) | 1 to 30 days | 31 to 60 days | 61 to 90 days | 91 days or more | Total (1 day or more) |
| **A. AGEING PROFILE OF PAYMENT ARREARS** | | | | | | | | | | | | |
| Number of invoices | 302 | | | | | 14 | 531 | | | | | 44 |
| Total amount (incl. VAT) | 18,374 | 36 | 73 | 14 | 0 | 123 | 21,403 | 605 | 10 | 966 | 34 | 1,614 |
| % of total purchases (incl. VAT) | 13.33% | 0.03% | 0.05% | 0.01% | 0% | 0.09% | | | | | | |
| % of total sales (incl. VAT) | | | | | | | 8.88% | 0.25% | 0% | 0.40% | 0.01% | 0.67% |
| **B. INVOICES EXCLUDED FROM (A) BECAUSE THEY ARE DISPUTED OR NOT RECOGNISED IN THE ACCOUNTS** | | | | | | | | | | | | |
| Number of invoices | | | 0 | | | | | | 0 | | | |
| Total amount (incl. VAT) | | | 0 | | | | | | 0 | | | |
| **C. BENCHMARK PAYMENT TERMS USED (CONTRACTUAL OR STATUTORY - ARTICLE L. 441-6 OR L. 443-1 OF THE FRENCH COMMERCIAL CODE)** | | | | | | | | | | | | |
| Payment terms used to determine arrears | Contractual terms: other than in special cases, the contractual term generally used is 45 days from the end of the invoice month | | | | | | Contractual terms: other than in special cases, the contractual term generally used is 30 days after the 15th of the following month | | | | | |

Note:
- The "Trade payables" line item (€33 million) also includes accrued expenses and unpresented bills of exchange;
- The "Trade receivables" line item (€25 million) also includes unbilled receivables.

# Human resources update

As of 31 December 2017, Bouygues Construction had a consolidated headcount of 47,354 employees, split as follows:

| | |
|---|---|
| • **France** | **20,788** |
| - Site workers | 5,840 |
| - Clerical, technical & supervisory | 5,577 |
| - Managerial | 9,371 |
| Includes managerial staff on secondment outside France | |
| • **International** | **26,566** |
| - Expatriates | 917 |
| - Local staff | 25,649 |

The frequency rate of accidents requiring time off work across all Group employees was 3.28 in 2017, compared with 3.8 in 2016 (for information, the French national average for production employees in the construction industry was 38.5 in 2016, compared with 5.25 for Bouygues Construction in 2017).

The severity rate was 0.23, versus 0.21 in 2016 (the French national average for production employees in the construction industry was 2.7 in 2016, compared with 0.37 for Bouygues Construction in 2017).

# Appropriation of 2017 profits

We propose that you approve the following appropriation of profits:

| | |
|---|---|
| Legal reserve (already at the maximum amount) | zero |
| Net profit for the 2017 financial year | €196,127,360.16 |
| Retained earnings brought forward | €359,376,472.35 |
| Giving distributable profits of | €555,503,832.51 |
| Distribution of a dividend of (€187.26 per share) | €319,508,629.80 |
| Balance carried forward as retained earnings | €235,995,202.71 |

The dividend will be paid on 25 April 2018.

In accordance with Article 243 bis of the French General Tax Code, the entire amount of the dividend distributed is eligible for the 40% tax relief specified in Article 158.3.2 of that Code, available to individual taxpayers resident in France for tax purposes who elect to have their investment income taxed using the sliding scale applicable to personal income tax.

As required by law, dividends paid in respect of each of the last three financial years are disclosed below:

| Financial year | 2014 | 2015 | 2016 |
|---|---|---|---|
| Number of shares | 1,706,230 | 1,706,230 | 1,706,230 |
| Dividend per share | €148.54 | €146.32 | €158.26 |
| **Total dividend** | **€253,443,404.20** | **€250,167,442.60** | **€270,027,959.80** |

# Five-year financial summary

As required by Article R. 225-102 paragraph 2 of the French Commercial Code, a table showing a summary of the company's results for each of the last five financial years is appended to the present report.

# Acquisitions and divestments of control and equity interests

## Acquisitions of significant equity interests (over 5%) in companies with their registered office in France

During 2017, Bouygues Construction did not acquire any significant equity interests in companies with their registered office in France.

## Acquisitions of control of companies with their registered office in France

In accordance with Article L. 233-3 Section II of the French Commercial Code, we inform you that Bouygues Construction indirectly acquired control of the following company in 2017:

- SMI Informatique Automatismes (acquired by Bouygues Energies & Services):
  - 2016 sales: €4 million
  - Projected 2017 sales: €3 million



Integrating SMI into its Industrial Specialised Business Unit will enable Bouygues Energies & Services to:

- develop a regional presence in south-west France and improve its connections with the industrial sector in that region;
- add to its firepower in industrial robotisation/automation technology, to improve penetration of lucrative sectors such as pharmaceuticals, agribusiness, aerospace and chemicals;
- expand its customer portfolio, especially in aerospace (Safran, Sabena, Dassault), pharmaceuticals (Sanofi, Merckx, Ceva), agribusiness (Sasso, Lesieur, etc.) and chemicals (Syngenta, Monsanto, etc.).

# Information about the share capital

## Transactions altering the share capital

No transaction that had the effect of altering the amount of share capital took place during the year ended 31 December 2017.

## Identity of individuals or entities owning more than one-twentieth of the share capital or voting rights

In accordance with Article L. 233-13 of the French Commercial Code and based on the information received pursuant to Article L. 233-12 of that Code, we inform you that as of 31 December 2017, 99.93% of the share capital of Bouygues Construction was held by Bouygues, a *Société Anonyme* with share capital of €365,104,531 and its registered office at 32, Avenue Hoche, 75008 Paris, France, registered in the Paris Register of Commerce and Companies as number 572 015 246.

## Information about controlled entities and own shares

As required by Article L. 233-31 of the French Commercial Code, we inform you that as of 31 December 2017 Bouygues Construction did not own any of its own shares.

### Shares bought and sold in connection with voluntary employee profit-sharing schemes (Articles L. 225-208, L. 225-209-2 and L. 225-211 of the French Commercial Code)

No shares were bought or sold in connection with voluntary employee profit-sharing schemes during the year ended 31 December 2017.

## Non-deductible expenses

As required by Articles 223 *quater* and 223 *quinquies* of the French General Tax Code, no expenses not deductible for tax purposes (as mentioned in Article 39.4 of that Code) were incurred during the year, and no overheads mentioned in Article 39.5 of that Code were added back for tax purposes.

## Employee share ownership

As required by Article L. 225-102 of the French Commercial Code, we inform you that as of the end of the reporting period (i.e. 31 December 2017), the percentage interest in the company's share capital held by employees of the company itself (and of entities related to the company within the meaning of Article L. 225-180 of the French Commercial Code) was zero.

However, as required by Article L. 225-184 of the French Commercial Code, a special report is being presented to the Annual General Meeting on awards and exercises of stock options during the year, relating to (i) corporate officers of the company and (ii) the ten company employees awarded the most options.

## Works Council observations

The Works Council has made no observations pursuant to Article L. 2323-8 of the French Labour Code.

## Authorisation of guarantees

As required by Articles L. 225-35 and R. 225-28 of the French Commercial Code, we inform you that the Board of Directors, at its meeting of 16 February 2018, authorised the Chairman & Chief Executive Officer and the Deputy CEO in charge of Strategy, Finance and Concessions to enter into guarantees up to an overall cap of €300 million and €100 million, respectively.

Both authorisations were granted for a period of one year.

## Resolutions

The following resolutions are submitted for your approval:
- reading of the Management Report, the Board of Directors' report on corporate governance and the statutory auditors' report;
- approval of those reports, of the parent company financial statements and of the consolidated financial statements for the 2017 financial year – Discharge of the Directors;
- approval of agreements covered by Article 225-38 of the French Commercial Code;
- appropriation of profits for the 2017 financial year;
- powers for filing and formalities.

We request that you cast your vote on the above resolutions.

## Other information

### Administration and audit of the company

As of 31 December 2017, Bouygues Construction is directed by a Chairman & CEO and three Deputy CEOs.

We inform you that the terms of office of the statutory auditors and their alternates do not expire at the end of the Annual General Meeting held to approve the financial statements for the year ended 31 December 2017.

# Consolidated financial statements

## Consolidated balance sheet

| Assets (€ million) | Note | 31/12/2017 Net | 31/12/2016 Net |
|---|---|---|---|
| Property, plant and equipment | 3 and 16 | 598 | 702 |
| Intangible assets | 3 and 16 | 44 | 48 |
| Goodwill | 3 and 16 | 526 | 540 |
| Investments in joint ventures and associates | 3 and 16 | 30 | 21 |
| Other non-current financial assets | 3 | 270 | 253 |
| Deferred tax assets and non-current tax receivable | 7 | 89 | 103 |
| **Non-current assets** | | **1,557** | **1,667** |
| Inventories | | 237 | 262 |
| Advances and down-payments made on orders | | 161 | 168 |
| Trade receivables | | 2,850 | 2,955 |
| Tax asset (receivable) | | 95 | 84 |
| Other current receivables and prepaid expenses | | 875 | 910 |
| Cash and cash equivalents | | 4,310 | 4 427 |
| Financial instruments - Hedging of debt | | – | – |
| Other current financial assets | | 9 | 13 |
| **Current assets** | **4** | **8,537** | **8,819** |
| Held-for-sale assets and operations | | – | 2 |
| **Total assets** | | **10,094** | **10,488** |

| Liabilities and shareholders' equity (€ million) | Note | 31/12/2017 | 31/12/2016 |
|---|---|---|---|
| Share capital | | 128 | 128 |
| Share premium and reserves | | 505 | 200 |
| Translation reserve | | 1 | 95 |
| Treasury shares | | – | – |
| Consolidated net profit/(loss) | | 320 | 320 |
| **Shareholders' equity attributable to the Group** | **5** | **954** | **743** |
| Non-controlling interests | | 25 | 26 |
| **Shareholders' equity** | | **979** | **769** |
| Non-current debt | 8 and 16 | 511 | 543 |
| Non-current provisions | 6 and 16 | 750 | 853 |
| Deferred tax liabilities and non-current tax liabilities | 7 | 17 | 24 |
| **Non-current liabilities** | | **1,278** | **1,420** |
| Advances and down-payments received on orders | | 469 | 474 |
| Current debt | 8 | 5 | 22 |
| Current taxes payable | | 59 | 62 |
| Trade payables | | 3,144 | 3,241 |
| Current provisions | 6 | 529 | 588 |
| Other current liabilities | | 3,243 | 3,416 |
| Overdrafts and short-term bank borrowings | | 385 | 475 |
| Financial instruments - Hedging of debt | | – | – |
| Other current financial liabilities | | 3 | 21 |
| **Current liabilities** | **10** | **7,837** | **8,299** |
| Liabilities related to held-for-sale operations | | – | – |
| **Total liabilities and shareholders' equity** | | **10,094** | **10,488** |
| **Net surplus cash/(net debt)** | **9** | **3,409** | **3,387** |

# Consolidated income statement

| (€ million) | Note | Full year 2017 | Full year 2016 |
|---|---|---|---|
| **Sales [1]** | **11 and 16** | **11,660** | **11,815** |
| Other revenues from operations | | 107 | 116 |
| Purchases used in production | | (6,709) | (6,779) |
| Personnel costs | | (2,766) | (2,738) |
| External charges | | (1,724) | (1,713) |
| Taxes other than income tax | | (149) | (147) |
| Net depreciation and amortisation expense | | (214) | (227) |
| Charges to provisions and impairment losses, net of reversals due to utilisation | | (146) | (193) |
| Changes in production and property development inventories | | (58) | (68) |
| Other income from operations [2] | | 548 | 497 |
| Other expenses on operations | | (186) | (237) |
| **Current operating profit/(loss)** | **12 and 16** | **363** | **326** |
| Other operating income | | – | – |
| Other operating expenses | | – | (23) |
| **Operating profit/(loss)** | **12 and 16** | **363** | **303** |
| Financial income | | 26 | 27 |
| Financial expenses | | (14) | (13) |
| **Income from net surplus cash/(cost of net debt)** | **13 and 16** | **12** | **14** |
| Other financial income | 13 and 16 | 73 | 37 |
| Other financial expenses | 13 and 16 | (24) | (34) |
| Income tax | 14 and 16 | (103) | (119) |
| Share of net profits/losses of joint ventures and associates | 3 and 16 | 2 | 121 |
| **Net profit/(loss) from continuing operations** | **16** | **323** | **322** |
| Net profit/(loss) from discontinued and held-for-sale operations | | – | – |
| **Net profit/(loss)** | **16** | **323** | **322** |
| **Net profit/(loss) attributable to the Group** | **16** | **320** | **320** |
| Net profit/(loss) attributable to non-controlling interests | | 3 | 2 |
| **Basic earnings per share from continuing operations (€)** | **15** | **187.55** | **187.55** |
| **Diluted earnings per share from continuing operations (€)** | **15** | **187.55** | **187.55** |

| | | | |
|---|---|---|---|
| (1) Of which sales generated abroad | | 6,091 | 6,288 |
| (2) Of which reversals of unutilised provisions/impairment losses | | 251 | 209 |

# Consolidated statement of recognised income and expense

| (€ million) | Full year 2017 | Full year 2016 |
|---|---|---|
| **Net profit/(loss)** | **323** | **322** |
| ITEMS NOT RECLASSIFIABLE TO PROFIT OR LOSS | | |
| Actuarial gains/losses on post-employment benefits | (9) | (9) |
| 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 | (1) (97) | (12) |
| Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets) | 12 | 24 |
| Net tax effect of items reclassifiable to profit or loss | 1 | (3) |
| Share of reclassifiable income and expense of joint ventures and associates | 1 | 13 |
| **Income and expense recognised directly in equity** | **(91)** | **12** |
| **Total recognised income and expense** | **232** | **334** |
| Recognised income and expense attributable to the Group | 232 | 331 |
| Recognised income and expense attributable to non-controlling interests | – | 3 |

(1) Of which (79) reclassified to profit or loss in 2017

# 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 2015** | **143** | **251** | **489** | **–** | **29** | **912** | **24** | **936** |
| MOVEMENTS DURING 2016 | | | | | | | | |
| Net profit/(loss) | – | – | 320 | – | – | 320 | 2 | 322 |
| Translation adjustment | – | – | – | – | (12) | (12) | 1 | (11) |
| Other recognised income and expense | – | – | – | – | 23 | 23 | – | 23 |
| **Total recognised income and expense (2)** | **–** | **–** | **320** | **–** | **11** | **331** | **3** | **334** |
| 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 | – | – | – | – | – | – | – | – |
| Other transactions (changes in scope of consolidation and other items) | – | – | – | – | – | – | – | – |
| **Position at 31 December 2016** | **143** | **246** | **314** | **–** | **40** | **743** | **26** | **769** |
| MOVEMENTS DURING 2017 | | | | | | | | |
| Net profit/(loss) | – | – | 320 | – | | 320 | 3 | 323 |
| Translation adjustment | – | – | – | – | (94) (1) | (94) | (3) | (97) |
| Other recognised income and expense | – | – | – | – | 6 | 6 | – | 6 |
| **Total recognised income and expense (2)** | **–** | **–** | **320** | **–** | **(88)** | **232** | **–** | **232** |
| Capital and reserves transactions, net | – | 126 | (126) | – | – | – | – | – |
| Acquisitions/disposals of treasury shares | – | – | – | – | – | – | – | – |
| Acquisitions/disposals without loss of control | – | – | – | – | – | – | – | – |
| Dividend paid | – | – | (20) | – | – | (20) | (1) | (21) |
| Other transactions with shareholders | – | – | – | – | – | – | – | – |
| Other transactions (changes in scope of consolidation and other items) | – | – | (1) | – | – | (1) | – | (1) |
| **Position at 31 December 2017** | **143** | **372** | **487** | **–** | **(48)** | **954** | **25** | **979** |

(1) Change in translation reserve

| Attributable to: | Group | Non-controlling interests | Total |
|---|---|---|---|
| Controlled entities | (94) | (3) | (97) |
| Joint ventures and associates | – | – | – |
| | (94) | (3) | (97) |

(2) See statement of recognised income and expense

# Consolidated cash flow statement

| I. Cash flow from continuing operations (€ million) | Note | Full year 2017 | Full year 2016 |
|---|---|---|---|
| A. NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES | | | |
| Net profit/(loss) from continuing operations | | 323 | 322 |
| Share of profits/losses reverting to joint ventures and associates, net of dividends received | | (2) | (8) |
| Elimination of dividends (non-consolidated companies) | | (17) | (15) |
| Net charges to/(reversals of) depreciation, amortisation, and non-current impairment & provisions | | 133 | 261 |
| Gains and losses on asset disposals | | (43) | (128) |
| Miscellaneous non-cash charges | | (1) | (3) |
| **Cash flow after cost of net debt and income tax** | | **393** | **429** |
| (Income from net surplus cash)/cost of net debt | | (12) | (14) |
| Income tax | | 103 | 119 |
| **Cash flow** | **16** | **484** | **534** |
| Income taxes paid | | (77) | (121) |
| Changes in working capital related to operating activities (including current impairment and provisions) (1) | | (129) | 194 |
| **Net cash generated by/(used in) operating activities** | | **278** | **607** |
| B. NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES | | | |
| Purchase price of property, plant and equipment and intangible assets | 16 | (159) | (217) |
| Proceeds from disposals of property, plant and equipment and intangible assets | | 40 | 44 |
| Net liabilities related to property, plant and equipment and intangible assets | | – | (8) |
| Purchase price of non-consolidated companies and other investments | 16 | (4) | (2) |
| Proceeds from disposals of non-consolidated companies and other investments | | 23 | 1 |
| Net liabilities related to non-consolidated companies and other investments | | 1 | – |
| **Effects of changes in scope of consolidation** | **21** | | |
| Purchase price of investments in consolidated activities | 16 | (1) | (4) |
| Proceeds from disposals of investments in consolidated activities | | 2 | 144 |
| Net liabilities related to consolidated activities | | (4) | (1) |
| Other effects of changes in scope of consolidation (cash of acquired and divested companies) | | (5) | 17 |
| Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies) | | (1) | 27 |
| **Net cash generated by/(used in) investing activities** | | **(108)** | **1** |
| C. NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES | | | |
| Capital increases/(reductions) paid by shareholders & non-controlling interests and other transactions between shareholders | | (17) | – |
| **Dividends paid** | | | |
| Dividends paid to shareholders of the parent company | | (20) | (500) |
| Dividends paid by consolidated companies to non-controlling interests | | (1) | (1) |
| Change in current and non-current debt | | – | (6) |
| Income from net surplus cash/(cost of net debt) | | 12 | 14 |
| Other cash flows related to financing activities | | – | – |
| **Net cash generated by/(used in) financing activities** | | **(26)** | **(493)** |
| D. EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS | | (171) | (17) |
| **Change in net cash position (A + B + C + D)** | | **(27)** | **98** |
| **Net cash position at start of period** | **4 and 10** | **3,952** | **3,854** |
| Net cash flows | | (27) | 98 |
| Other non-monetary flows | | – | – |
| **Net cash position at end of period** | **4 and 10** | **3,925** | **3,952** |

| II. Cash flows from discontinued and held-for-sale operations | Note | Full year 2017 | Full year 2016 |
|---|---|---|---|
| **Net cash position at start of period** | | **–** | **–** |
| Net cash flows | | – | – |
| **Net cash position at end of period** | | **–** | **–** |

(1) Definition of changes in working capital related to operating activities: Current assets minus current liabilities, excluding (i) income taxes paid, which are presented separately and (ii) current debt and financial instruments used to hedge debt, which are classified in financing activities.

# Notes to the consolidated financial statements

## Note 1. Significant events

### 1.1. Significant events of the year

None.

### 1.2. Significant events and changes in scope of consolidation since 31 December 2017

None.

## Note 2. Group accounting policies

The financial statements of the Bouygues Construction group include the financial statements of Bouygues Construction S.A. 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 *Autorité des Normes Comptables* (ANC), the French national accounting standard-setter.



The consolidated financial statements were closed off by the Board of Directors on 16 February 2018, and will be submitted for approval by the forthcoming Annual General Meeting on 12 April 2018.

The consolidated financial statements for the year ended 31 December 2017 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 2016.

The Bouygues Construction group applied the same standards, interpretations and accounting policies for the year ended 31 December 2017 as were applied in its consolidated financial statements for the year ended 31 December 2016, except for new IFRS requirements applicable from 1 January 2017 as mentioned below.

- Principal new IFRS standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2017:
  - **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 to the consolidated financial statements.
    Those amendments are applicable to annual reporting periods beginning on or after 1 January 2017, and were early adopted in the Bouygues Construction consolidated financial statements for the year ended 31 December 2016.

  - **IFRS 9: Financial Instruments**
    On 24 July 2014, the International Accounting Standards Board (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 was endorsed by the European Union on 22 November 2016 and is applicable from 1 January 2018. The Bouygues Construction group has not elected to early adopt this standard.
    The Group will apply the classification, measurement and impairment principles of IFRS 9 retrospectively with effect from 1 January 2018, with no restatement of prior period comparatives on first-time application. The hedge accounting principles of IFRS 9 will also be applied by the Group with effect from 1 January 2018, using a prospective approach in accordance with the standard.
    The impact of applying IFRS 9 will not be material at Group level.

- **IFRS 15: Revenue from Contracts with Customers**
  On 28 May 2014, the 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 was endorsed by the European Union on 29 October 2016, and is applicable from 1 January 2018. The Bouygues Construction group has not elected to early adopt IFRS 15. IFRS 15 will be applied retrospectively with effect from 1 January 2018, and the 2017 comparatives presented in 2018 will be restated to reflect the impacts of the new standard.
  The Bouygues Construction group has completed its analysis of contracts in light of IFRS 15. As anticipated, no material impact on opening equity as of 1 January 2017 (comparative period) was identified. This reflects the fact that the methods used by the Group to recognise revenue over time are consistent with the new standard. In addition, the vast majority of contracts in the construction sector consist of a single performance obligation as defined by IFRS 15, with no impact on their accounting treatment.

- New standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption as of 1 January 2019:
  - **IFRS 16: Leases**
    On 13 January 2016, the IASB issued IFRS 16, “Leases”.
    IFRS 16 replaces IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees ends 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 analogous 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.
    The new standard was endorsed by the European Union on 31 October 2017 (and published in the Official Journal on 9 November 2017), and is applicable from 1 January 2019. The Bouygues Construction group has elected to use the retrospective approach for the first-time application of the standard.
    The impact of IFRS 16 is currently under review. The detailed information on leases as provided in the notes to the consolidated financial statements for the year ended 31 December 2017 is not indicative of the actual impact that IFRS 16 might have on those financial statements.

- Essential interpretation issued by the IASB but not yet endorsed by the European Union:
  - **IFRIC 23: Uncertainty Over Income Tax Treatments**
    On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23, which is mandatorily applicable from 1 January 2019 and has not yet been endorsed by the European Union. IFRIC 23 clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. The Bouygues Construction group has not elected early adoption of IFRIC 23, and is reviewing the potential consequences of applying it.

- Exercise of judgement and use of estimates:
  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 exclusive control are consolidated by the full consolidation method.

In the case of jointly controlled operations (which give each party direct rights over the assets and obligations for the liabilities), the income, expenses, assets and liabilities 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 (which give the parties rights over the net assets), are accounted for using the equity method.

| Changes in the scope of consolidation | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Companies controlled by the Group | 244 | 238 |
| Joint operations | 103 | 102 |
| Joint ventures and associates | 25 | 16 |
| **Total** | **372** | **356** |

### 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 using national tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted in the relevant country by the end of the reporting period.



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 tax rates used for France are:

| Year of reversal of temporary differences | Deferred tax rate used |
|---|---|
| 2018 | 34.43% |
| 2019 | 32.02% |
| 2020 | 28.92% |
| 2021 | 27.37% |
| 2022 & later | 25.83% |

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 is 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, and including 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 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.

### 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 in the balance sheet.

If the cost of a business combination is less than the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities, then the difference is referred to as "negative goodwill" or "gain on a bargain purchase" and is recognised in profit or loss in the period in which the combination occurred.

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 discounted cash flows 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: 6.83%/6.49%, depending on the assumptions used. Growth rate applied: 1%.
  There were no events or circumstances requiring the recognition of an impairment loss in 2017.

- **A CGU comprising French and international Energies 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 Energies 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 Energies 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: 5.54%/5.29%, depending on the assumptions used. Growth rate applied: 1%.
  There were no events or circumstances requiring the recognition of an impairment loss in 2017.

### 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 and joint ventures 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, "Main components of 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.

### 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 (sub-contracting 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.

### 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 the amended IAS 7 and with ANC recommendation 2013-03 of 7 November 2013 (indirect method).

Consolidated net profit 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 is defined as consolidated net profit before: net depreciation and amortisation expense, net charges to non-current provisions and impairment losses, gains and losses on asset disposals, income from net surplus cash (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.

## 2.2.6. Off balance sheet commitments

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

## 2.2.7. EBITDA

EBITDA is defined as current operating profit excluding net depreciation and amortisation expense, changes in provisions, impairment losses, and the effects of acquisition or loss of control.

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 2017 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 | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Acquisitions of property, plant and equipment (1) | 151 | 207 |
| Acquisitions of intangible assets (1) | 8 | 10 |
| **Capital expenditure** | **159** | **217** |
| Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies, other long-term investments) | 5 | 6 |
| **Acquisitions of non-current assets** | **164** | **223** |
| Acquisitions of non-current assets | (65) | (189) |
| **Acquisitions of non-current assets, net of disposals** | **99** | **34** |

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

## 3.1. Property, plant and equipment €598m

| Gross value | Land and buildings | Plant, equipment and tooling | Other property, plant and equipment | PP&E under construction and advance payments | Total |
|---|---|---|---|---|---|
| **1 January 2016** | **423** | **881** | **319** | **84** | **1,707** |
| 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 |
| MOVEMENTS DURING 2017 | | | | | |
| Translation adjustments | (9) | (62) | (9) | (1) | (81) |
| Transfers between accounts | 1 | 36 | 1 | (42) | (4) |
| Changes in scope of consolidation | – | (8) | (2) | – | (10) |
| Acquisitions during the period | 5 | 77 | 25 | 44 | 151 |
| Disposals and other reductions | (2) | (110) | (34) | – | (146) |
| **31 December 2017** | **407** | **966** | **285** | **23** | **1,681** |
| Of which finance leases | 5 | 1 | 2 | – | 8 |

| Depreciation and impairment | Land and buildings | Plant, equipment and tooling | Other property, plant and equipment | PP&E under construction and advance payments | Total |
|---|---|---|---|---|---|
| **1 January 2016** | **(137)** | **(603)** | **(224)** | **–** | **(964)** |
| 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) |
| MOVEMENTS DURING 2017 | | | | | |
| Translation adjustments | 7 | 43 | 7 | – | 57 |
| Transfers between accounts | – | – | – | – | – |
| Changes in scope of consolidation | – | 6 | 1 | – | 7 |
| Disposals and other reductions | 2 | 91 | 31 | – | 124 |
| Depreciation expense | (15) | (155) | (32) | – | (202) |
| Impairment losses charged | – | – | – | – | – |
| Impairment losses reversed | – | – | – | – | – |
| **31 December 2017** | **(155)** | **(716)** | **(212)** | **–** | **(1,083)** |
| 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 2016** | **263** | **332** | **85** | **22** | **702** |
| Of which finance leases | 1 | 1 | 1 | – | 3 |
| **31 December 2017** | **252** | **250** | **73** | **23** | **598** |
| 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 €44m

| Gross value | Development expenses | Concessions, patents and similar rights | Other intangible assets | Total |
|---|---|---|---|---|
| **1 January 2016** | **–** | **129** | **28** | **157** |
| 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** |
| MOVEMENTS DURING 2017 | | | | |
| Translation adjustments | – | (1) | (1) | (2) |
| Transfers between accounts | – | 1 | – | 1 |
| Changes in scope of consolidation | – | – | – | – |
| Acquisitions during the period | – | 6 | 2 | 8 |
| Disposals and other reductions | – | (1) | – | (1) |
| **31 December 2017** | **–** | **139** | **33** | **172** |

| Amortisation and impairment | Development expenses | Concessions, patents and similar rights | Other intangible assets | Total |
|---|---|---|---|---|
| **1 January 2016** | **–** | **(100)** | **(11)** | **(111)** |
| 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)** |
| MOVEMENTS DURING 2017 | | | | |
| Translation adjustments | – | – | – | – |
| Transfers between accounts | – | 1 | – | 1 |
| Changes in scope of consolidation | – | – | – | – |
| Disposals and other reductions | – | 1 | – | 1 |
| Amortisation expense | – | (11) | (1) | (12) |
| Impairment losses charged | – | – | – | – |
| Impairment losses reversed | – | – | – | – |
| **31 December 2017** | **–** | **(115)** | **(13)** | **(128)** |

| Carrying amount | Development expenses | Concessions, patents and similar rights | Other intangible assets | Total |
|---|---|---|---|---|
| **31 December 2016** | **–** | **28** | **20** | **48** |
| **31 December 2017** | **–** | **24** | **20** | **44** |

## 3.3. Goodwill €526m

| | Gross value | Impairment | Carrying amount | Building & Civil Engineering | Energies & Services |
|---|---|---|---|---|---|
| **1 January 2016** | **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** |
| Changes in scope of consolidation, translation adjustments & other movements | (14) | – | (14) | (5) | (9) |
| Impairment losses | – | – | – | – | – |
| **31 December 2017** | **526** | **–** | **526** | **230** | **296** |

## 3.4. Non-current financial assets €300m

| | 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 2016** | **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 | 0 | 28 |
| Disposals and other reductions | (12) | (26) | (35) | (73) | 0 | (73) |
| Amortisation and impairment, net | – | – | – | – | 4 | 4 |
| **31 December 2016** | **64** | **166** | **200** | **430** | **(156)** | **274** |
| Translation adjustments | (1) | (9) | (11) | (21) | – | (21) |
| Transfers between accounts | (1) | 1 | 3 | 3 | – | 3 |
| Changes in scope of consolidation | 4 | (1) | – | 3 | – | 3 |
| Acquisitions and other increases | 7 | 3 | 53 | 63 | – | 63 |
| Disposals and other reductions | (2) | (7) | (29) | (38) | – | (38) |
| Amortisation and impairment, net | – | – | – | – | 16 | 16 |
| **31 December 2017** | **71** | **153** | **216** | **440** | **(140)** | **300** |

## 3.4.1. Investments in joint ventures and associates €30m

| | Share of net assets held | Goodwill on joint ventures and associates | Carrying amount |
|---|---|---|---|
| **1 January 2016** | **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** |
| Translation adjustments | (1) | – | (1) |
| Transfers between accounts | (1) | – | (1) |
| Changes in scope of consolidation | 4 | – | 4 |
| Acquisitions and other increases | 7 | – | 7 |
| Disposals and other reductions | – | – | – |
| Impairment losses | – | – | – |
| **31 December 2017** | **30** | **–** | **30** |

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 | 31/12/2017 Stade de France | 31/12/2016 Stade de France |
|---|---|---|
| Non-current assets (1) | 203 | 202 |
| Current assets | 59 | 70 |
| **Total assets** | **262** | **272** |
| Shareholders' equity | 42 | 40 |
| Non-current liabilities | 163 | 155 |
| Current liabilities | 57 | 77 |
| **Total liabilities & shareholders' equity** | **262** | **272** |
| Sales | 69 | 56 |
| Operating profit/(loss) | 1 | (5) |
| Net profit/(loss) | 2 | (3) |

(1) Net of investment grants obtained.

| Movements during the period | 01/01/2017 | Net movements (1) during 2017 | 31/12/2017 |
|---|---|---|---|
| Stade de France | 11 | – | 11 |
| Zaic | 4 | 4 | 8 |
| Warnowquerung | – | – | – |
| Bina (Fincom and Istra) | – | – | – |
| Transjamaican | 1 | (1) | – |
| Socoprim | – | – | – |
| VSL Corée | – | – | – |
| VSL Japon | 2 | – | 2 |
| VSL Chili | 2 | – | 2 |
| Other | 1 | 6 | 7 |
| **Total** | **21** | **9** | **30** |

(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: €(21) million.

## 3.4.2. Investments in non-consolidated companies €83m

| Investments in non-consolidated companies [1] | 31/12/2017 | | | | 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 | – | – | – |
| Axione Infrastructures | 5 | – | 5 | 15% | 235 | 177 | 3 | 5 |
| Other investments in French companies | 17 | (5) | 12 | – | – | – | – | – |
| **Sub-total** | **32** | **(13)** | **19** | **–** | **–** | **–** | **–** | **–** |
| **FOREIGN COMPANIES** | | | | | | | | |
| Hong Kong IEC Limited | 58 | – | 58 | 15% | 111 | 28 | 61 | (6) |
| VSL Corporation (United States) | 22 | (22) | – | 100% | – | – | – | – |
| Other investments in foreign companies | 41 | (35) | 6 | – | – | – | – | – |
| **Sub-total** | **121** | **(57)** | **64** | **–** | **–** | **–** | **–** | **–** |
| **Total** | **153** | **(70)** | **83** | **–** | **–** | **–** | **–** | **–** |

| 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 | – | – | – |
| Axione Infrastructures | 5 | | 5 | 15% | 240 | 187 | 3 | 6 |
| Other investments in French companies | 16 | (4) | 12 | – | – | – | – | – |
| **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% | – | – | – | – |
| Other investments in foreign companies | 46 | (42) | 4 | – | – | – | – | – |
| **Sub-total** | **135** | **(64)** | **71** | **–** | **–** | **–** | **–** | **–** |
| **Total** | **166** | **(76)** | **90** | **–** | **–** | **–** | **–** | **–** |

(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 €187m

The main items included in this heading are:

- Advances to non-consolidated companies 91
- Non-current loans and receivables 67
- Other long-term investments: 29

comprising:

- Deposits and caution money 23
- Other long-term investment securities 6

### 3.4.4. Analysis of investments in non-consolidated companies and other non-current assets by type €270m

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 2016** | **96** | **157** | **–** | **–** | **253** |
| Movements during 2017 | (7) | 24 | – | – | 17 |
| **31 December 2017** | **89** | **181** | **–** | **–** | **270** |
| Due within less than 1 year | – | 12 | – | – | 12 |
| Due within 1 to 5 years | – | 79 | – | – | 79 |
| Due after more than 5 years | 89 | 90 | – | – | 179 |

### 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 2017 is provided in Note 24.

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

| Bouygues Construction share | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Non-current assets | 135 | 153 |
| Current assets | 1,170 | 988 |
| **Total assets** | **1,305** | **1,141** |
| Shareholders' equity | 13 | (160) |
| Non-current liabilities | 40 | 38 |
| Current liabilities | 1,252 | 1,263 |
| **Total liabilities & shareholders' equity** | **1,305** | **1,141** |
| Sales | 1,510 | 1,500 |
| Operating profit/(loss) | 6 | 119 |
| **Net profit/(loss)** | **7** | **114** |



## 3.5. Non-current tax assets €89m

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Deferred tax assets (1) | 89 | 103 |
| Other non-current tax assets | – | – |
| **Total non-current tax assets (1)** | **89** | **103** |

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

# Note 4. Current assets

## 4.1. Inventories €237m

| Inventories | 31/12/2017 | | | 31/12/2016 | | |
|---|---|---|---|---|---|---|
| | Gross value | Impairment | Carrying amount | Gross value | Impairment | Carrying amount |
| Raw materials and supplies, finished goods and property development inventories | 258 | (21) | 237 | 287 | (25) | 262 |
| **Total** | **258** | **(21)** | **237** | **287** | **(25)** | **262** |

| Impairment of inventories | Charged during the year | | Reversed during the year | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| Raw materials and supplies, finished goods and property development inventories | (4) | (14) | 8 | 4 |
| **Total** | **(4)** | **(14)** | **8** | **4** |

## 4.2. Advances and down-payments made on orders €161m

| | 31/12/2017 | | | 31/12/2016 | | |
|---|---|---|---|---|---|---|
| | Gross value | Impairment | Carrying amount | Gross value | Impairment | Carrying amount |
| Advances and down-payments made on orders | 161 | – | 161 | 168 | – | 168 |
| **Total** | **161** | **–** | **161** | **168** | **–** | **168** |



## 4.3. Trade and other receivables €3,820m

| | 31/12/2017 | | | 31/12/2016 | | |
|---|---|---|---|---|---|---|
| | Gross value | Impairment | Carrying amount | Gross value | Impairment | Carrying amount |
| Trade receivables (including unbilled receivables) | 3,084 | (234) | 2,850 | 3,173 | (218) | 2,955 |
| Current tax assets (tax receivable) | 95 | – | 95 | 84 | – | 84 |
| Other current receivables & prepaid expenses: | | | | | | |
| • Other operating receivables (employees, social security, government and other) | 386 | (6) | 380 | 360 | (7) | 353 |
| • Sundry receivables (including current accounts) | 461 | (44) | 417 | 512 | (44) | 468 |
| • Prepaid expenses | 78 | – | 78 | 89 | – | 89 |
| **Total trade and other receivables** | **4,104** | **(284)** | **3,820** | **4,218** | **(269)** | **3,949** |

## 4.4. Split of trade receivables between non past due and past due as of 31 December 2017

| | Non past due balances | Balances past due by | | | Total |
|---|---|---|---|---|---|
| | | 0-6 months | 6-12 months | > 12 months | |
| Trade receivables | 2,336 | 359 | 63 | 326 | 3,084 |
| Impairment | (9) | (2) | (3) | (220) | (234) |
| **Total trade receivables** | **2,327** | **357** | **60** | **106** | **2,850** |
| **Comparative at 31 December 2016** | **2,394** | **370** | **85** | **106** | **2,955** |

## 4.5. Other current financial assets €9m

See Note 17, "Financial instruments".

## 4.6. Cash and cash equivalents €4,310m

| | 31/12/2017 | | | 31/12/2016 | | |
|---|---|---|---|---|---|---|
| | Gross value | Impairment | Carrying amount | Gross value | Impairment | Carrying amount |
| Bouygues Relais | 2,012 | – | 2,012 | 2,127 | – | 2,127 |
| Uniservice | 1,342 | – | 1,342 | 1,410 | – | 1,410 |
| Other cash | 956 | – | 956 | 889 | – | 889 |
| Cash equivalents | – | – | – | 1 | – | 1 |
| **Total** | **4,310** | **–** | **4,310** | **4,427** | **–** | **4,427** |

| Split by currency: 2017 | Euro | Pound sterling | Swiss franc | Hong Kong dollar | Singapore dollar | Australian dollar | Canadian dollar | US dollar | Moroccan dirham | CFA franc | Qatari riyal | Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 2,449 | 307 | 504 | 463 | 72 | 130 | 52 | 178 | 40 | 11 | 43 | 61 | 4,310 |
| Cash equivalents | – | – | – | – | – | – | – | – | – | – | – | – | – |
| **Total** | **2,449** | **307** | **504** | **463** | **72** | **130** | **52** | **178** | **40** | **11** | **43** | **61** | **4,310** |

| Split by currency: 2016 | Euro | Pound sterling | Swiss franc | Hong Kong dollar | Singapore dollar | Australian dollar | Canadian dollar | US dollar | Moroccan dirham | CFA franc | Qatari riyal | Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash | 2,517 | 342 | 547 | 432 | 82 | 26 | 81 | 213 | 31 | 14 | 31 | 110 | 4,426 |
| Cash equivalents | – | – | – | 1 | – | – | – | – | – | – | – | – | 1 |
| **Total** | **2,517** | **342** | **547** | **433** | **82** | **26** | **81** | **213** | **31** | **14** | **31** | **110** | **4,427** |

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:

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Cash | 4,310 | 4,426 |
| Cash equivalents | – | 1 |
| **Total** | **4,310** | **4,427** |
| Overdrafts and short-term bank borrowings | (385) | (475) |
| **Net cash position** | **3,925** | **3,952** |

# Note 5. Shareholders' equity

## 5.1. Share capital €127,967,250

As of 31 December 2017, 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:

| | 01/01/2017 | Movements during 2017 | | 31/12/2017 |
|---|---|---|---|---|
| | | Reductions | 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 €1m

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 2017 arising on foreign companies reporting in:



| Currency | 31/12/2016 | Movements during 2017 | 31/12/2017 |
|---|---|---|---|
| Pound sterling | 10 | 1 | 11 |
| Swiss franc | 8 | (6) | 2 |
| US dollar | (7) | – | (7) |
| Hong Kong dollar | 8 | (13) | (5) |
| Singapore dollar | 1 | (1) | – |
| Australian dollar | 2 | 4 | 6 |
| South African rand | 74 | (74) | – |
| Other currencies | (1) | (5) | (6) |
| **Total** | **95** | **(94)** | **1** |

### 5.2.2. Fair value remeasurement reserve €2m

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.

| | 31/12/2016 | Movements during 2017 | 31/12/2017 |
|---|---|---|---|
| Fair value remeasurement reserve | (12) | 14 | 2 |
| **Total** | **(12)** | **14** | **2** |

### 5.2.3. Other reserves €(51)m

| | 31/12/2016 | Movements during 2017 | 31/12/2017 |
|---|---|---|---|
| Revaluation reserve | 4 | – | 4 |
| Actuarial gains/(losses) | (47) | (8) | (55) |
| **Total** | **(43)** | **(8)** | **(51)** |

# Note 6. Non-current and current provisions

## 6.1. Non-current provisions €750m

| | Employee benefits | Litigation and claims | Customer warranties | Risks on subsidiaries and affiliates | Miscellaneous foreign risks | Other non-current provisions | Total |
|---|---|---|---|---|---|---|---|
| **1 January 2016** | **198** | **173** | **298** | **32** | **6** | **121** | **828** |
| 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** |
| MOVEMENTS DURING 2017 | | | | | | | |
| Translation adjustments | (1) | (1) | (3) | – | – | (1) | (6) |
| Transfers between accounts | – | (2) | – | – | 5 | (38) | (35) |
| Changes in method and in scope of consolidation, other movements | – | – | – | – | – | – | – |
| Recognised directly in equity | 8 | – | – | – | – | – | 8 |
| Charges to provisions | 15 | 28 | 78 | – | 4 | 11 | 136 |
| Reversals (provisions used) | (15) | (9) | (46) | (2) | (1) | (12) | (85) |
| Reversals (provisions not used) | (1) | (52) | (35) | (1) | (16) | (16) | (121) |
| **31 December 2017** | **210** | **134** | **295** | **10** | **24** | **77** | **750** |



## 6.2. Current provisions €529m

| | Risks on completed projects | Project completion expenses | Expected losses to completion | Other current provisions | Total |
|---|---|---|---|---|---|
| **1 January 2016** | **73** | **238** | **245** | **99** | **655** |
| 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** |
| MOVEMENTS DURING 2017 | | | | | |
| Translation adjustments | (3) | (8) | (9) | (4) | (24) |
| Transfers between accounts | 1 | (3) | – | – | (2) |
| Changes in method and in scope of consolidation, other movements | (2) | (1) | (1) | (1) | (5) |
| Charges to provisions | 23 | 91 | 138 | 37 | 289 |
| Reversals (provisions used) | (10) | (72) | (99) | (40) | (221) |
| Reversals (provisions not used) | (15) | (26) | (45) | (10) | (96) |
| **31 December 2017** | **58** | **203** | **180** | **88** | **529** |

# Note 7. Non-current tax assets and liabilities

## 7.1. Non-current tax assets

Assets €89m

| Movement in deferred tax assets in the consolidated balance sheet | 31/12/2016 | Movements during 2017 | | 31/12/2017 |
|---|---|---|---|---|
| | | Net gain/(expense) | Other movements | |
| Deferred tax assets | 103 | (15) | 1 | 89 |

## 7.2. Deferred tax assets by business segment

| Type of deferred taxation by business segment | Deferred tax assets 31/12/2016 | Changes in scope of consolidation | Translation adjustments | Movements during 2017 | | Other | Deferred tax assets 31/12/2017 |
|---|---|---|---|---|---|---|---|
| | | | | Gain | Expense | | |
| A. TAX LOSSES AVAILABLE FOR CARRY-FORWARD | | | | | | | |
| Building & Civil Engineering | 6 | – | – | 5 | (1) | – | 10 |
| Energies & Services | 5 | – | – | 7 | – | – | 12 |
| **Sub-total: tax losses** | **11** | **–** | **–** | **12** | **(1)** | **–** | **22** |
| B. TEMPORARY DIFFERENCES [1] | | | | | | | |
| Building & Civil Engineering | 81 | – | – | 1 | (26) | – | 56 |
| Energies & Services | 11 | – | – | 1 | (2) | 1 | 11 |
| **Sub-total: temporary differences** | **92** | **–** | **–** | **2** | **(28)** | **1** | **67** |
| **Total deferred tax assets** | **103** | **–** | **–** | **14** | **(29)** | **1** | **89** |

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



## 7.3. Non-current tax liabilities

Liabilities €17m

| Movement in deferred tax liabilities in the consolidated balance sheet | 31/12/2016 | Movements during 2017 | | 31/12/2017 |
|---|---|---|---|---|
| | | Net (gain)/expense | Other movements | |
| Deferred tax liabilities | 24 | (5) | (2) | 17 |

## 7.4. Deferred tax liabilities by business segment

| Type of deferred taxation by business segment | Deferred tax liabilities 31/12/2016 | Changes in scope of consolidation | Translation adjustments | Movements 2017 | | Other | Deferred tax liabilities 31/12/2017 |
|---|---|---|---|---|---|---|---|
| | | | | Gain | Expense | | |
| TEMPORARY DIFFERENCES [1] | | | | | | | |
| Building & Civil Engineering | 23 | – | – | (5) | – | (2) | 16 |
| Energies & Services | 1 | – | – | – | – | – | 1 |
| **Sub-total: temporary differences** | **24** | **–** | **–** | **(5)** | **–** | **(2)** | **17** |
| **Total deferred tax liabilities** | **24** | **–** | **–** | **(5)** | **–** | **(2)** | **17** |

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

## 7.5. Main sources of deferred taxation

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| **Deferred tax assets** | **89** | **103** |
| Employee benefits | 35 | 38 |
| Customer warranties | 11 | 14 |
| Expected losses to completion | 21 | 35 |
| Provisions for customer disputes and bad debts | 3 | 4 |
| Tax losses available for carry-forward | 21 | 11 |
| Other sources of deferred tax assets | (2) | 1 |
| **Deferred tax liabilities** | **17** | **24** |
| **Total** | **72** | **79** |

## 7.6. Period to recovery of deferred tax assets

| 31 December 2017 | Less than 2 years | 2 to 5 years | More than 5 years | Total |
|---|---|---|---|---|
| **Deferred tax assets** | 57 | 7 | 25 | **89** |

## 7.7. Unrecognised deferred tax assets

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Bouygues group tax election | 120 | 94 |
| Other assets | 154 | 144 |
| **Total** | **274** | **238** |

# Note 8. Non-current and current debt

## 8.1. Interest-bearing debt by maturity

€516m

| Debt | Current | | Non-current | | | | | | Total 31/12/2017 | Total 31/12/2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| | 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 | 4 |
| Finance lease obligations | – | – | – | – | – | – | – | – | – | 1 |
| Other borrowings | – | 1 | 12 | 8 | 5 | 4 | 2 | – | 32 | 48 |
| Participating debt | – | – | – | – | – | – | – | – | – | – |
| Uniservice debt | 1 | 2 | 305 | 45 | – | 130 | – | – | 483 | 512 |
| **Total interest-bearing debt** | **1** | **4** | **317** | **53** | **5** | **134** | **2** | **0** | **516** | **565** |
| **Comparative: 31/12/2016** | **2** | **20** | **245** | **230** | **54** | **4** | **3** | **7** | **565** | **–** |

| Finance lease obligations by business segment | Building & Civil Engineering | Energies & Services | Total |
|---|---|---|---|
| **Non-current: 31/12/2017** | **–** | **–** | **–** |
| **Current: 31/12/2017** | **–** | **–** | **–** |
| Non-current: 31/12/2016 | 1 | – | 1 |
| Current: 31/12/2016 | – | – | – |



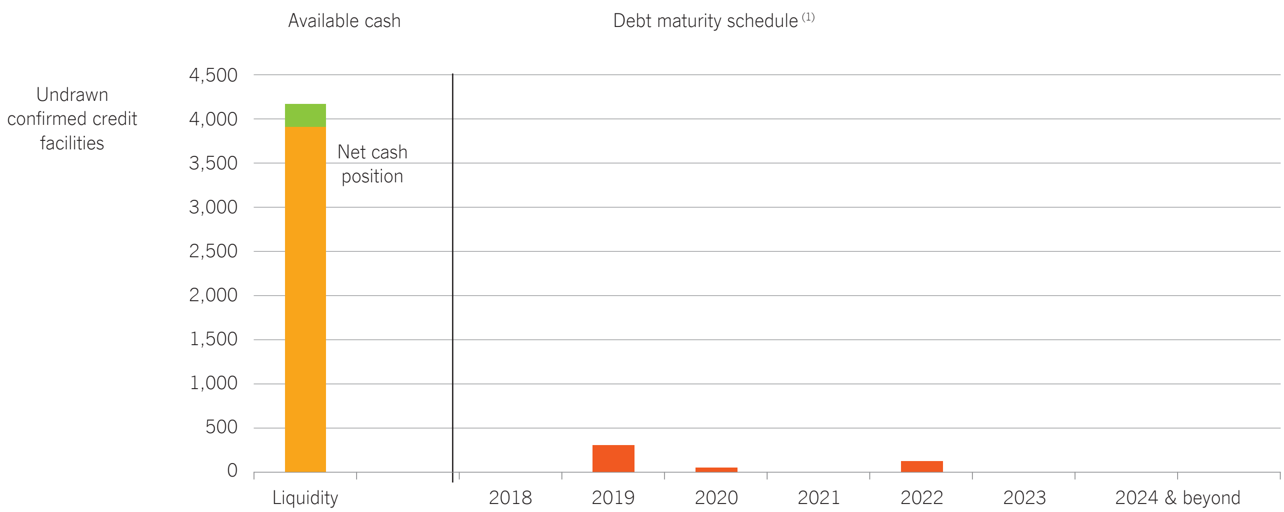
## 8.2. Confirmed credit facilities and drawdowns

| | 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 | 1 | – | – | 1 | 1 | – | – | 1 |
| Other borrowings | 4 | 775 | 2 | 781 | 4 | 509 | 2 | 515 |
| Participating debt | – | – | – | – | – | – | – | – |
| Intra-group borrowings | – | – | – | – | – | – | – | – |
| **Total** | **5** | **775** | **2** | **782** | **5** | **509** | **2** | **516** |

## 8.3. Liquidity at 31 December 2017

As of 31 December 2017, the net cash position was €3,925 million, plus €266 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 (€511m) and current debt (€5m).

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:

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Fixed rate [1] | 2% | 1% |
| Floating rate | 98% | 99% |

(1) Rates fixed for more than one year.

## 8.5. Split of debt by currency

| | Euro | Pound sterling | Swiss franc | Polish zloty | Czech koruna | Hong Kong dollar | US dollar | Canadian dollar | Other currencies | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Non-current: 31/12/2017** | **2** | **122** | **155** | **17** | **18** | **15** | **63** | **117** | **2** | **511** |
| **Current: 31/12/2017** | **–** | **–** | **–** | **–** | **–** | **5** | **–** | **–** | **–** | **5** |
| Non-current: 31/12/2016 | – | 126 | 169 | 31 | 26 | 18 | 75 | 98 | – | 543 |
| Current: 31/12/2016 | – | – | – | – | – | 6 | – | 16 | – | 22 |

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

# Note 9. Main components of change in net surplus cash €3,409m

## 9.1. Change in net surplus cash

| | 31/12/2016 | Cash flows | Changes in scope of consolidation | Translation adjustments | Other items | 31/12/2017 |
|---|---|---|---|---|---|---|
| Cash and cash equivalents | 4,427 | 57 | (5) | (169) | – | 4,310 |
| Overdrafts and short-term bank borrowings | (475) | 92 | | (2) | – | (385) |
| **Net cash position** | **3,952** | **149** | **(5)** | **(171)** | **–** | **3,925 (1)** |
| Non-current debt | (543) | (4) | 1 | 31 | 4 | (511) |
| Current debt | (22) | 4 | – | 1 | 12 | (5) |
| Financial instruments - hedging of debt | – | – | – | – | – | – |
| **Debt** | **(565)** | **0 (2)** | **1** | **32** | **16** | **(516)** |
| **Net surplus cash** | **3,387** | **149** | **(4)** | **(139)** | **16** | **3,409** |

(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 2016** | **3,387** |
| Net cash generated by operating activities | 278 |
| Net cash used in investing activities | (108) |
| Dividends paid | (21) |
| Income from net surplus cash | 12 |
| Effect of changes in scope of consolidation on debt | 1 |
| Effect of exchange rates on net cash position and debt | (139) |
| Other movements | (1) |
| **Net surplus cash at 31 December 2017** | **3,409** |

# Note 10. Other current liabilities

## 10.1. Trade payables and other current liabilities €6,915m

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| **Advances and down-payments received on orders** | **469** | **474** |
| **Current taxes payable** | **59** | **62** |
| **Trade payables** | **3,144** | **3,241** |
| **Other current liabilities** | **3,243** | **3,416** |
| Employee-related and social security liabilities | 453 | 438 |
| Amounts due to government and local authorities | 626 | 556 |
| Other current liabilities | 602 | 577 |
| Deferred income | 1,562 | 1,845 |

## 10.2. Overdrafts and short-term bank borrowings €385m

| Split by currency: 31/12/2017 | Euro | Pound sterling | Swiss franc | Czech koruna | Hong Kong dollar | US dollar | Canadian dollar | CFA franc | Other currencies | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Overdrafts and short-term bank borrowings | 92 | 6 | 80 | 21 | 111 | 1 | 27 | 27 | 20 | 385 |

| Split by currency: 31/12/2016 | Euro | Pound sterling | Swiss franc | Czech koruna | Hong Kong dollar | US dollar | Canadian dollar | CFA franc | Other currencies | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| Overdrafts and short-term bank borrowings | 109 | 12 | 136 | 13 | 140 | 2 | 23 | 16 | 24 | 475 |

## 10.3. Other current financial liabilities €3m

See Note 17, "Financial instruments".

# Note 11. Sales and other revenue from operations

## 11.1. Analysis by accounting classification

| | 2017 (1) | 2016 (1) |
|---|---|---|
| Sales of goods | 118 | 135 |
| Sales of services | 3,015 | 2,837 |
| Construction contracts | 8,527 | 8,843 |
| **Sales** | **11,660** | **11,815** |
| **Other revenues from operations** | **107** | **116** |
| **Total** | **11,767** | **11,931** |

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

| Information about construction contracts as at 31 December 2017 | |
|---|---|
| ASSETS | |
| Unbilled works | 623 |
| Warranty retentions | 198 |
| LIABILITIES | |
| Works billed in advance | 1,276 |
| Advance payments received | 382 |
| **Costs incurred since inception on contracts in progress (plus recognised profits, minus recognised losses)** | **17,187** |



## 11.2. Analysis of sales by business segment

| Business segment | 2017 sales | | | | 2016 sales proforma * | | | |
|---|---|---|---|---|---|---|---|---|
| | France | International | Total | % of total sales | France | International | Total | % of total sales |
| Building & Civil Engineering | 4,252 | 4,856 | 9,108 | 78% | 4,387 | 5,131 | 9,518 | 81% |
| Energies & Services | 1,317 | 1,235 | 2,552 | 22% | 1,140 | 1,157 | 2,297 | 19% |
| **Total sales** | **5,569** | **6,091** | **11,660** | **100%** | **5,527** | **6,288** | **11,815** | **100%** |
| % change 2017 vs 2016 | 1% | -3% | -1% | | | | | |

* With effect from 1 January 2017, contracts legally housed within the Building & Civil Engineering segment but under the operational management of the Energies & Services segment are reallocated to Energies & Services.
The figures for 2016 have been restated accordingly.

## 11.3. Analysis of sales by geographical area

| Analysis by geographical area | 2017 sales | | 2016 sales | |
|---|---|---|---|---|
| | Total | % of total sales | Total | % of total sales |
| France | 5,569 | 47.8% | 5,527 | 46.8% |
| European Union | 1,560 | 13.4% | 1,695 | 14.4% |
| Rest of Europe | 1,192 | 10.2% | 1,055 | 8.9% |
| Africa | 484 | 4.2% | 651 | 5.5% |
| Middle East | 159 | 1.4% | 182 | 1.5% |
| Americas | 620 | 5.3% | 792 | 6.7% |
| Asia-Pacific | 2,076 | 17.8% | 1,913 | 16.2% |
| **Total** | **11,660** | **100.0%** | **11,815** | **100.0%** |

The Bouygues Construction group has operations in the United Kingdom, in Construction and Energies & Services. Those activities are carried out locally within the United Kingdom, and have no material exposure to uncertainties relating to imports and exports. Sales generated in 2017 amounted to £1,069 million (€1,219 million), compared with £1,108 million (€1,352 million) in 2016. Of the total year-on-year decrease of €133 million, €86 million is explained by the 7% fall in the average euro/sterling exchange rate (from €1.22 in 2016, to €1.14 in 2017) following the vote by the United Kingdom to leave the European Union.

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

| Type of contract | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | France | International | Total | France | International | Total |
| Public-sector contracts (1) | 39% | 38% | 38% | 44% | 40% | 42% |
| Private-sector contracts | 61% | 62% | 62% | 56% | 60% | 58% |

(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 — €363m

| | 2017 | 2016 |
|---|---|---|
| **Current operating profit (1)** | | |
| Sales | 11,660 | 11,815 |
| Other revenues from operations | 107 | 116 |
| Purchases used in production and external charges | (8,433) | (8,492) |
| Personnel costs | (2,766) | (2,738) |
| Taxes other than income tax | (149) | (147) |
| Net depreciation & amortisation expense | (214) | (227) |
| Net charges to provisions & impairment losses | (146) | (193) |
| Change in production and property development inventories | (58) | (68) |
| Other income and expenses on operations: | | |
| • Reversals of impairment losses and unused provisions | 251 | 209 |
| • Net gains on disposals of non-current assets | 22 | 18 |
| • Net foreign exchange gains/(losses) | – | (17) |
| • Other income/(expenses) | 89 | 50 |
| **Sub-total: current operating profit** | **363** | **326** |
| **Other operating income and expenses (2)** | **–** | **(23)** |
| **Operating profit (3)** | **363** | **303** |

(1) An analysis by business segment is provided in Note 16.
(2) In 2016, includes costs incurred on implementation of the new organisational structure.
(3) Includes rental expense of €406 million in 2017 and €426 million in 2016.

### 12.2. EBITDA — €472m

| | 2017 | 2016 |
|---|---|---|
| **Current operating profit** | **363** | **326** |
| Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses: | | |
| • Net depreciation & amortisation expense | 214 | 227 |
| • Net charges to provisions & impairment losses | 146 | 193 |
| Elimination of items included in other income from operations: | | |
| • Reversals of unutilised provisions and impairment | (251) | (209) |
| **EBITDA** | **472** | **537** |

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

## 13.1. Analysis of income from net surplus cash €12m

| | 2017 | 2016 |
|---|---|---|
| Cost of debt | (6) | (6) |
| Income from cash and cash equivalents | 18 | 20 |
| **Income from net surplus cash** | **12** | **14** |
| Income from net surplus cash comprises: | | |
| • 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 | 18 | 20 |
| • impact of financial instruments on net cash position | – | – |
| • income from available-for-sale financial assets and cash equivalents | – | – |
| **Sub-total** | **18** | **20** |

## 13.2. Analysis of other financial income and expenses €49m

| | 2017 | 2016 |
|---|---|---|
| Dividends from non-consolidated companies | 17 | 15 |
| Net (increase)/decrease in financial provisions | 13 | 5 |
| 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 | 19 | (17) |
| **Other financial income/(expenses), net** | **49** | **3** |

An analysis by business segment is provided in Note 16.

# Note 14. Income tax expense

## 14.1. Analysis of income tax expense €(103)m

| | 2017 | | | 2016 | | |
|---|---|---|---|---|---|---|
| | France | Other countries | Total | France | Other countries | Total |
| Tax payable to the tax authorities | (40) | (50) | (90) | (49) | (61) | (110) |
| Change in deferred tax liabilities [(1) (2)] | 5 | – | 5 | 5 | – | 5 |
| Change in deferred tax assets [(1) (2)] | (15) | – | (15) | (11) | 2 | (9) |
| Dividend taxes | – | (3) | (3) | – | (5) | (5) |
| **Total** | **(50)** | **(53)** | **(103)** | **(55)** | **(64)** | **(119)** |

An analysis by business segment is provided in Note 16.

| | 2017 | 2016 |
|---|---|---|
| (1) Includes deferred taxes arising from: | | |
| • temporary differences | (19) | (4) |
| • tax loss carry-forwards | 5 | 1 |
| • changes in tax rates or new taxes | (3) | (1) |
| (2) Includes tax charges/credits on temporary differences from prior periods not previously recognised: | | |
| • current taxes | – | – |
| • deferred taxes | 7 | – |

## 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:

| | 2017 | 2016 |
|---|---|---|
| Standard tax rate in France | 34.43% | 34.43% |
| Differences in tax rates between France and other countries | -10.84% | -2.70% |
| Unrecognised deferred tax assets and creation/utilisation of tax loss carry-forwards | 4.01% | -0.97% |
| Effect of permanent differences | -1.34% | -1.59% |
| Flat-rate and reduced-rate taxes | -1.29% | -1.60% |
| Dividend taxes | 0.61% | 1.03% |
| Other | -1.43% | -1.57% |
| **Effective tax rate** | **24.15%** | **27.03%** |

# 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.

| | 2017 | 2016 |
|---|---|---|
| Net profit attributable to the Group | €320m | €320m |
| Weighted average number of shares outstanding | 1,706,230 | 1,706,230 |
| **Basic earnings per share** | **€187.55** | **€187.55** |

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.

| | 2017 | 2016 |
|---|---|---|
| Net profit used to calculate diluted earnings per share | €320m | €320m |
| 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** | **€187.55** |

# 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 2017

| 31/12/2017* | Building & Civil Engineering | Energies & Services | Total |
|---|---|---|---|
| INCOME STATEMENT | | | |
| Total sales | 9,200 | 2,656 | 11,856 |
| Inter-segment sales | (92) | (104) | (196) |
| **Third-party sales** | **9,108** | **2,552** | **11,660** |
| **Current operating profit** | **357** | **6** | **363** |
| Other operating income and expenses | – | – | – |
| **Operating profit** | **357** | **6** | **363** |
| Income from net surplus cash/(cost of net debt) | 16 | (4) | 12 |
| Other financial income/(expenses), net | 47 | 2 | 49 |
| Income tax expense | (98) | (5) | (103) |
| Share of profits/(losses) of joint ventures and associates | 2 | – | 2 |
| **Net profit from continuing operations** | **324** | **(1)** | **323** |
| Net profit from discontinued and held-for-sale operations | – | – | – |
| **Net profit** | **324** | **(1)** | **323** |
| **Net profit attributable to the Group** | **320** | **–** | **320** |
| BALANCE SHEET | | | |
| Property, plant and equipment (1) | 559 | 39 | 598 |
| Intangible assets | 20 | 24 | 44 |
| Goodwill | 230 | 296 | 526 |
| Investments in joint ventures and associates | 30 | – | 30 |
| Deferred tax assets and non-current tax receivable | 67 | 22 | 89 |
| Current tax assets (tax receivable) | 60 | 35 | 95 |
| Cash and cash equivalents | 4,145 | 165 | 4,310 |
| Other segmental assets | 3,447 | 955 | 4,402 |
| Unallocated assets | – | – | – |
| **Total assets** | **–** | **–** | **10,094** |
| Non-current debt | 503 | 8 | 511 |
| Non-current provisions | 672 | 78 | 750 |
| Deferred tax liabilities and non-current tax liabilities | 16 | 1 | 17 |
| Current taxes payable | 56 | 3 | 59 |
| Overdrafts and short-term bank borrowings | 366 | 19 | 385 |
| Other segmental liabilities (2) | 6,212 | 1,181 | 7,393 |
| Unallocated liabilities | – | – | 979 |
| **Total liabilities and shareholders' equity** | **–** | **–** | **10,094** |
| CASH FLOW STATEMENT | | | |
| Cash flow | 470 | 14 | 484 |
| Purchase price of property, plant & equipment and intangible assets (3) | (138) | (21) | (159) |
| Purchase price of non-consolidated companies and other investments | (3) | (1) | (4) |
| Purchase price of investments in consolidated companies (4) | – | (1) | (1) |
| Depreciation of property, plant & equipment and amortisation of intangible assets | (198) | (16) | (214) |
| Other non-cash expenses/(income) (5) | 73 | 8 | 81 |
| OTHER INDICATORS | | | |
| **EBITDA** | **449** | **23** | **472** |
| **Net surplus cash/(net debt) (6)** | **3,376** | **33** | **3,409** |
| **Free cash flow** | **289** | **(15)** | **274** |

(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.

* With effect from 1 January 2017, contracts legally housed within the Building & Civil Engineering segment but under the operational management of the Energies & Services segment are reallocated to Energies & Services.

# Note 16. Segment information

## 16.2. Analysis by business segment: year ended 31 December 2016

| 31/12/2016 proforma* | Building & Civil Engineering | Energies & Services | Total |
|---|---|---|---|
| INCOME STATEMENT | | | |
| Total sales | 9,590 | 2,393 | 11,983 |
| Inter-segment sales | (72) | (96) | (168) |
| **Third-party sales** | **9,518** | **2,297** | **11,815** |
| **Current operating profit** | **258** | **68** | **326** |
| Other operating income and expenses | (16) | (7) | (23) |
| **Operating profit** | **241** | **62** | **303** |
| Income from net surplus cash/(cost of net debt) | 19 | (5) | 14 |
| Other financial income/(expenses), net | 15 | (12) | 3 |
| Income tax expense | (107) | (12) | (119) |
| Share of profits/(losses) of joint ventures and associates | 121 | – | 121 |
| **Net profit from continuing operations** | **289** | **33** | **322** |
| Net profit from discontinued and held-for-sale operations | – | – | – |
| **Net profit** | **289** | **33** | **322** |
| **Net profit attributable to the Group** | **286** | **34** | **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 | 4,273 | 154 | 4,427 |
| Other segmental assets | 3,638 | 925 | 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) | 6,583 | 1,179 | 7,762 |
| Unallocated liabilities | – | – | 769 |
| **Total liabilities and shareholders' equity** | **–** | **–** | **10,488** |
| CASH FLOW STATEMENT | | | |
| Cash flow | 470 | 64 | 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 | (211) | (16) | (227) |
| Other non-cash expenses/(income) (5) | (36) | 2 | (34) |
| OTHER INDICATORS | | | |
| **EBITDA** | **476** | **74** | **550** |
| **Net surplus cash/(net debt) (6)** | **3,298** | **89** | **3,387** |
| **Free cash flow** | **223** | **33** | **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.

* With effect from 1 January 2017, contracts legally housed within the Building & Civil Engineering segment but under the operational management of the Energies & Services segment are reallocated to Energies & Services.
The figures for 2016 have been restated accordingly.

## 16.3. Analysis by geographical area

| 31/12/2017 | France (incl. overseas departments) | European Union | Rest of Europe | Africa | Asia Pacific Oceania | Americas | Middle East | Total |
|---|---|---|---|---|---|---|---|---|
| INCOME STATEMENT | | | | | | | | |
| Third-party sales | 5,569 | 1,560 | 1,192 | 484 | 2,076 | 620 | 159 | **11,660** |
| BALANCE SHEET | | | | | | | | |
| Property, plant and equipment (1) | 411 | 22 | 23 | 29 | 91 | 13 | 9 | **598** |
| Intangible assets | 34 | 9 | – | 1 | – | – | – | **44** |
| CASH FLOW STATEMENT | | | | | | | | |
| Acquisitions of property, plant & equipment and intangible assets | 91 | 7 | 20 | 8 | 26 | 4 | 3 | **159** |
| Acquisitions of investments in non-consolidated companies and other investments | 3 | – | 1 | – | – | – | – | **4** |
| Acquisitions of investments in consolidated companies, net of acquired cash | 1 | – | – | – | – | – | – | **1** |

(1) Including assets held under finance leases.

| 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.



# Note 17. Financial instruments

The disclosures presented below show aggregate notional amounts at 31 December 2017 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 | Energies & Services | Total 31/12/2017 | Total 31/12/2016 |
|---|---|---|---|---|
| Forward purchases | 249 | 9 | **258** | 364 |
| Forward sales | 288 | 47 | **335** | 367 |
| Currency swaps | 31 | – | **31** | 7 |
| Interest rate swaps* | 12 | – | **12** | 15 |
| Interest rate options (caps, floors) | – | – | **–** | – |
| Commodities derivatives | – | – | **–** | – |
| **Total** | **580** | **56** | **636** | **753** |

* Bouygues Construction Relais €1 million at a fixed rate paid of 0.77%, and Bouygues Development €11 million at a fixed rate paid of 0.81%.

### 17.1.2. Analysis by maturity and original currency

| (€ million) | Maturity | | | | Original currency | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | < 1 year | 1 to 5 years | > 5 years | Total | EUR | CHF | GBP | USD | HKD | CAD | Other currencies |
| Forward purchases | 240 | 18 | – | 258 | 92 | 6 | 3 | 109 | 6 | 2 | 40 |
| Forward sales | 234 | 101 | – | 335 | 29 | 70 | 35 | 96 | 55 | 12 | 38 |
| Currency swaps | 31 | – | – | 31 | – | – | 1 | 1 | – | 20 | 9 |
| Interest rate swaps | – | 12 | – | 12 | 1 | – | 11 | – | – | – | – |
| Interest rate options (caps, floors) | – | – | – | – | – | – | – | – | – | – | – |
| Commodities derivatives | – | – | – | – | – | – | – | – | – | – | – |
| **Total** | **505** | **131** | **–** | **636** | **122** | **76** | **50** | **206** | **61** | **34** | **87** |

## 17.2. Market value of hedging instruments

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

| Derivatives recognised as liabilities (€m) | Original currency | | | | | | Fair value hedge | Cash flow hedge | Hedge of net investment in foreign operation |
|---|---|---|---|---|---|---|---|---|---|
| | EUR | USD | GBP | CHF | Other currencies | Total | | | |
| Forward purchases | – | (2) | – | – | – | (2) | – | (2) | – |
| Forward sales | – | – | – | – | (1) | (1) | – | (1) | – |
| Currency swaps | – | – | – | – | – | – | – | – | – |
| Interest rate swaps | – | – | – | – | – | – | – | – | – |
| Interest rate options (caps, floors) | – | – | – | – | – | – | – | – | – |
| Commodities derivatives | – | – | – | – | – | – | – | – | – |
| **Total recognised as liabilities** | **–** | **(2)** | **–** | **–** | **(1)** | **(3)** | **–** | **(3)** | **–** |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Total net asset/(liability)** | **2** | **2** | **1** | **–** | **1** | **6** | **–** | **6** | **–** |

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 positive market value of €2.9 million.

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

# Note 18. Off balance sheet commitments at 31 December 2017

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

## 18.1. Guarantee commitments

| | 31/12/2017 | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Pledges, mortgages and collateral | 4 | 3 | – | 1 |
| Guarantees and endorsements given [(1)] | 43 | 13 | 23 | 7 |
| **Total guarantee commitments given** | **47** | **16** | **23** | **8** |
| 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

| | 31/12/2017 | 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

| | 31/12/2017 | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Operating lease commitments (given/received) | 49 | 11 | 27 | 11 |

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)

| | 31/12/2017 | Less than 1 year | 1 to 5 years | More than 5 years |
|---|---|---|---|---|
| Finance lease commitments | – | – | – | – |

# Note 18. Off balance sheet commitments at 31 December 2016

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

## 18.5. 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.

## 18.6. 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.

## 18.7. 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.).

## 18.8. 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 19. Average headcount and employee benefit obligations

## 19.1. Average headcount

| | 2017 | 2016 |
|---|---:|---:|
| Managerial staff | 9,109 | 8,628 |
| Technical, supervisory & clerical staff | 5,435 | 5,353 |
| Site workers | 5,868 | 6,173 |
| **Sub-total - headcount France** | **20,412** | **20,154** |
| Expatriate staff and local employment contracts | 28,094 | 30,957 |
| **Total average headcount** | **48,505** | **51,111** |

## 19.2. Employee benefit obligations

### 19.2.1. Employee benefit obligations

| | 01/01/2017 | Movements during 2017 | 31/12/2017 |
|---|---:|---:|---:|
| Lump-sum retirement benefits | 165 | 6 | 171 |
| Long-service awards | 31 | – | 31 |
| Other post-employment benefits (pensions) | 7 | – | 7 |
| **Total** | **203** | **6** | **209** |

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

| | 2017 | 2016 |
|---|---:|---:|
| Amount recognised as an expense | 202 | 190 |

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 | |
|---|---|---|---|---|
| | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| Present value of obligation | 171 | 165 | 29 | 29 |
| Fair value of plan assets | – | – | (22) | (22) |
| **Net obligation recognised** | **171** | **165** | **7** | **7** |

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

| | Lump-sum retirement benefits | | Pensions | |
|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 |
| **1 January** | **165** | **163** | **7** | **2** |
| Current service cost | 10 | 9 | 1 | 1 |
| Expected return on plan assets | – | – | – | (1) |
| Net recognised actuarial gains and losses | – | – | (1) | (1) |
| Interest expense on obligation | 2 | 3 | (1) | 1 |
| **Income statement impact** | **12** | **12** | **1** | **–** |
| Reversals (provisions used) (1) | (15) | (13) | – | – |
| Changes in scope of consolidation and effect of exchange rates | – | – | – | (1) |
| Actuarial gains and losses recognised in equity | 9 | 3 | – | 6 |
| Transfers and other movements | – | – | – | – |
| **31 December** | **171** | **165** | **7** | **7** |

(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

| | 31/12/2017 | 31/12/2016 |
|---|---|---|
| **Discount rate** | | |
| Lump-sum retirement benefits | 1.50% (iboxx € corporate A10+) | 1.71% (iboxx € corporate A10+) |
| Pensions | 2.6% | 2.8% |
| **Mortality table** | **INSEE** | **INSEE** |
| **Salary inflation rate** | | |
| Lump-sum retirement benefits | 1 to 2.8% | 1 to 2.5% |
| Pensions | 3.40% | 3.45% |

# Note 20. Related-party disclosures

## 20.1. Related-party disclosures

| | Expenses | | Income | | Receivables | | Payables | |
|---|---|---|---|---|---|---|---|---|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| Parties with an ownership interest | (171) | (192) | 253 | 252 | 3,443 (1) | 3,614 | 788 | 897 |
| Joint operations | (79) | (23) | 223 | 193 | 214 | 321 | 235 | 219 |
| Joint ventures and associates | | (1) | 36 | 3 | 22 | 6 | 4 | 4 |
| Other related parties | (3) | (5) | 30 | 38 | 45 | 57 | 24 | 47 |
| **Total** | **(253)** | **(221)** | **542** | **486** | **3,724** | **3,998** | **1,051** | **1,167** |
| Due within less than 1 year | | | | | 3,684 | 3,963 | 568 | 658 |
| Due within 1 to 5 years | | | | | 22 | 19 | 483 | 509 |
| Due after more than 5 years | | | | | 18 | 16 | | |
| Of which bad debt write-offs | | | | | | | | |
| Of which impairment of receivables | | | | | 71 | 72 | | |

(1) Includes Bouygues Relais: €2,012m and Uniservice: €1,342m

The off balance sheet commitments disclosed in Note 18 to these consolidated financial statements include €10 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 General Management Committee in post on 31 December 2017;
- Direct remuneration amounted to €13,623 thousand, comprising €8,199 thousand of basic remuneration and €5,424 thousand of variable remuneration paid in 2018 on the basis of 2017 performance;
- Short-term benefits: none;
- Post-employment benefits: members of the Group Management 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 €713 thousand in 2017;
- Long-term benefits: none;
- Termination benefits: these comprise lump-sum retirement benefits of €4,112 thousand as of 31 December 2017;
- Share-based payment: 301,000 stock options were awarded on 1 June 2017, at an exercise price of €37.99. The earliest exercise date is 2 June 2019.

# 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 | Energies & Services | Group total 2017 |
|---|---|---|---|
| Property, plant and equipment | – | – | – |
| Intangible assets | – | – | – |
| Goodwill | – | (1) | (1) |
| Non-current financial assets | (2) | (2) | (4) |
| Deferred tax assets and non-current tax receivable | – | – | – |
| Cash and cash equivalents | 3 | (1) | 2 |
| Held-for-sale assets | – | – | – |
| 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 | – | – | – |
| Working capital needs | 4 | 1 | 5 |
| **Net divestment/(acquisition) cost** | **4** | **(3)** | **1** |
| Gains on divestments of consolidated companies | (3) | 2 | (1) |
| Receivables on disposals/liabilities on acquisitions | – | – | – |
| Cash divested or acquired | (2) | 1 | (1) |
| **Net cash flow arising from acquisitions and divestments of consolidated companies** | **(1)** | **–** | **(1)** |

| | Building & Civil Engineering | Energies & 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 acquisitions and divestments of consolidated companies** | **139** | **17** | **156** |

## 21.2. Calculation of free cash flow

| | 2017 | 2016 |
|---|---|---|
| **Cash flow** | **484** | **534** |
| Income from net surplus cash | 12 | 14 |
| Income taxes | (103) | (119) |
| **Cash flow after income from net surplus cash and income taxes** | **393** | **429** |
| Purchase price of property, plant & equipment and intangible assets | (159) | (217) |
| Proceeds from disposals of property, plant & equipment and intangible assets | 40 | 44 |
| **Net capital expenditure** | **(119)** | **(173)** |
| **Free cash flow** | **274** | **256** |

## 21.3. Changes in working capital related to operating activities

| | 2017 | 2016 |
|---|---|---|
| ASSETS | | |
| Inventories | 29 | 79 |
| Advances and down-payments made on orders | (2) | 11 |
| Trade receivables | (85) | (198) |
| Other current receivables and current financial assets | (198) | 19 |
| **Sub-total: Assets(1)** | **(256)** | **(89)** |
| LIABILITIES | | |
| Advances and down-payments received on orders | 20 | (146) |
| Trade payables | 277 | 260 |
| Current provisions | (22) | (76) |
| Other current liabilities and current financial liabilities | (148) | 245 |
| **Sub-total: Liabilities(2)** | **127** | **283** |
| **Changes in working capital related to operating activities** | **(129)** | **194** |

(1) Assets: decrease/(increase)
(2) Liabilities: (decrease)/increase

# Note 22. Impacts of first-time application of IFRS 15, “Revenue from contracts with customers” and IFRS 9, “Financial instruments”

The Bouygues Construction group will apply IFRS 15 with effect from 1 January 2018, with retrospective application and presentation of a comparative period.

The method already used by the Group to recognise revenue over time is consistent with IFRS 15. First-time application of IFRS 15 does not have a material impact on the comparative financial statements.

The Bouygues Construction group will apply the classification, measurement and impairment principles of IFRS 9 to financial instruments retrospectively with effect from 1 January 2018, with no restatement of prior period comparatives on first-time application. The hedge accounting principles of IFRS 9 will also be applied by the Group with effect from 1 January 2018, using a prospective approach in accordance with the standard.

The impact of applying IFRS 9 will not have a material impact on opening equity as of 1 January 2018 at Group level.

The following tables show the impacts of IFRS 15 (mandatorily applicable from 1 January 2018) on the opening position at the start of the 2017 financial year (based on balances as of 31 December 2016) and on interim periods of 2017, plus the impacts of both IFRS 15 and IFRS 9 as of 1 January 2018 (based on balances as of 31 December 2017).

## Balance sheet line items as of 31 December 2016 impacted by IFRS 15

BOUYGUES CONSTRUCTION GROUP CONSOLIDATED FINANCIAL STATEMENTS

**Consolidated balance sheet (€ million)**

| Assets | 31/12/2016 Published | IFRS 15 impact | 31/12/2016 Restated |
|---|---|---|---|
| Property, plant and equipment | 702 | | 702 |
| Intangible assets | 48 | | 48 |
| Goodwill | 540 | | 540 |
| Investments in joint ventures and associates | 21 | | 21 |
| Other non-current financial assets | 253 | | 253 |
| Deferred tax assets and non-current tax receivable | 103 | | 103 |
| **Non-current assets** | **1,667** | | **1,667** |
| Inventories | 262 | | 262 |
| Advances and down-payments made on orders | 168 | | 168 |
| Trade receivables | 2,955 | | 2,955 |
| Tax asset (receivable) | 84 | | 84 |
| Other current receivables and prepaid expenses | 910 | | 910 |
| Cash and cash equivalents | 4,427 | | 4,427 |
| Financial instruments - Hedging of debt | – | | – |
| Other current financial assets | 13 | | 13 |
| **Current assets** | **8,819** | | **8,819** |
| Held-for-sale assets and operations | 2 | | 2 |
| **Total assets** | **10,488** | | **10,488** |

| Liabilities and shareholders' equity | 31/12/2016 Published | IFRS 15 impact | 31/12/2016 Restated |
|---|---|---|---|
| Share capital | 128 | | 128 |
| Share premium and reserves | 200 | | 200 |
| Translation reserve | 95 | | 95 |
| Treasury shares | – | | – |
| Consolidated net profit/(loss) | 320 | | 320 |
| **Shareholders' equity attributable to the Group** | **743** | | **743** |
| Non-controlling interests | 26 | | 26 |
| **Shareholders' equity** | **769** | | **769** |
| Non-current debt | 543 | | 543 |
| Non-current provisions | 853 | (21) | 832 |
| Deferred tax liabilities and non-current tax liabilities | 24 | | 24 |
| **Non-current liabilities** | **1,420** | **(21)** | **1,399** |
| Advances and down-payments received on orders | 474 | | 474 |
| Current debt | 22 | | 22 |
| Current taxes payable | 62 | | 62 |
| Trade payables | 3,241 | | 3,241 |
| Current provisions | 588 | | 588 |
| Other current liabilities | 3,416 | 21 | 3,437 |
| Overdrafts and short-term bank borrowings | 475 | | 475 |
| Financial instruments - Hedging of debt | – | | – |
| Other current financial liabilities | 21 | | 21 |
| **Current liabilities** | **8,299** | **21** | **8,320** |
| Liabilities related to held-for-sale operations | – | | – |
| **Total liabilities and shareholders' equity** | **10,488** | | **10,488** |
| | | | |
| **Net debt (-)/Net surplus cash (+)** | **3,387** | | **3,387** |

## Balance sheet line items as of 31 March 2017 impacted by IFRS 15[(1)]

| BOUYGUES CONSTRUCTION GROUP CONSOLIDATED FINANCIAL STATEMENTS | | | |
|---|---|---|---|
| **Consolidated balance sheet (€ million)** | | | |
| Assets | 31/03/2017 Published | IFRS 15 impact | 31/03/2017 Restated |
| Property, plant and equipment | 657 | | 657 |
| Intangible assets | 46 | | 46 |
| Goodwill | 540 | | 540 |
| Investments in joint ventures and associates | 23 | | 23 |
| Other non-current financial assets | 256 | | 256 |
| Deferred tax assets and non-current tax receivable | 100 | | 100 |
| **Non-current assets** | **1,622** | | **1,622** |
| Inventories | 284 | | 284 |
| Advances and down-payments made on orders | 185 | | 185 |
| Trade receivables | 3,082 | | 3,082 |
| Tax asset (receivable) | 94 | | 94 |
| Other current receivables and prepaid expenses | 923 | | 923 |
| Cash and cash equivalents | 3,862 | | 3,862 |
| Financial instruments - Hedging of debt | – | | – |
| Other current financial assets | 10 | | 10 |
| **Current assets** | **8,440** | | **8,440** |
| Held-for-sale assets and operations | – | | – |
| **Total assets** | **10,062** | | **10,062** |
| | | | |
| Liabilities and shareholders' equity | 31/03/2017 Published | IFRS 15 impact | 31/03/2017 Restated |
| Share capital | 128 | | 128 |
| Share premium and reserves | 519 | | 519 |
| Translation reserve | 84 | | 84 |
| Treasury shares | – | | – |
| Consolidated net profit/(loss) | 79 | | 79 |
| **Shareholders' equity attributable to the Group** | **810** | | **810** |
| Non-controlling interests | 25 | | 25 |
| **Shareholders' equity** | **835** | | **835** |
| Non-current debt | 546 | | 546 |
| Non-current provisions | 841 | (21) | 820 |
| Deferred tax liabilities and non-current tax liabilities | 23 | | 23 |
| **Non-current liabilities** | **1,410** | **(21)** | **1,389** |
| Advances and down-payments received on orders | 457 | | 457 |
| Current debt | 21 | | 21 |
| Current taxes payable | 65 | | 65 |
| Trade payables | 2,931 | | 2,931 |
| Current provisions | 526 | | 526 |
| Other current liabilities | 3,439 | 21 | 3,460 |
| Overdrafts and short-term bank borrowings | 361 | | 361 |
| Financial instruments – Hedging of debt | – | | – |
| Other current financial liabilities | 17 | | 17 |
| **Current liabilities** | **7,817** | **21** | **7,838** |
| Liabilities related to held-for-sale operations | – | | – |
| **Total liabilities and shareholders' equity** | **10,062** | | **10,062** |
| | | | |
| **Net debt (-)/Net surplus cash (+)** | **2,934** | | **2,934** |

(1) The consolidated financial statements as of 31 March 2017 were subject to a review by the statutory auditors.

## Balance sheet line items as of 30 June 2017 impacted by IFRS 15[2]

BOUYGUES CONSTRUCTION GROUP CONSOLIDATED FINANCIAL STATEMENTS

**Consolidated balance sheet (€ million)**

| Assets | 30/06/2017 Published | IFRS 15 impact | 30/06/2017 Restated |
|---|---|---|---|
| Property, plant and equipment | 622 | | 622 |
| Intangible assets | 45 | | 45 |
| Goodwill | 537 | | 537 |
| Investments in joint ventures and associates | 23 | | 23 |
| Other non-current financial assets | 273 | | 273 |
| Deferred tax assets and non-current tax receivable | 98 | | 98 |
| **Non-current assets** | **1,598** | | **1,598** |
| Inventories | 280 | | 280 |
| Advances and down-payments made on orders | 166 | | 166 |
| Trade receivables | 3,129 | | 3,129 |
| Tax asset (receivable) | 88 | | 88 |
| Other current receivables and prepaid expenses | 942 | | 942 |
| Cash and cash equivalents | 3,641 | | 3,641 |
| Financial instruments – Hedging of debt | – | | – |
| Other current financial assets | 15 | | 15 |
| **Current assets** | **8,261** | | **8,261** |
| Held-for-sale assets and operations | – | | – |
| **Total assets** | **9,859** | | **9,859** |

| Liabilities and shareholders' equity | 30/06/2017 Published | IFRS 15 impact | 30/06/2017 Restated |
|---|---|---|---|
| Share capital | 128 | | 128 |
| Share premium and reserves | 509 | | 509 |
| Translation reserve | 89 | | 89 |
| Treasury shares | – | | – |
| Consolidated net profit/(loss) | 159 | | 159 |
| **Shareholders' equity attributable to the Group** | **885** | | **885** |
| Non-controlling interests | 24 | | 24 |
| **Shareholders' equity** | **909** | | **909** |
| Non-current debt | 529 | | 529 |
| Non-current provisions | 793 | (21) | 772 |
| Deferred tax liabilities and non-current tax liabilities | 22 | | 22 |
| **Non-current liabilities** | **1,344** | **(21)** | **1,323** |
| Advances and down-payments received on orders | 460 | | 460 |
| Current debt | 20 | | 20 |
| Current taxes payable | 52 | | 52 |
| Trade payables | 2,967 | | 2,967 |
| Current provisions | 493 | | 493 |
| Other current liabilities | 3,283 | 21 | 3,304 |
| Overdrafts and short-term bank borrowings | 327 | | 327 |
| Financial instruments – Hedging of debt | – | | – |
| Other current financial liabilities | 4 | | 4 |
| **Current liabilities** | **7,606** | **21** | **7,627** |
| Liabilities related to held-for-sale operations | – | | – |
| **Total liabilities and shareholders' equity** | **9,859** | | **9,859** |
| | | | |
| **Net debt (-) / Net surplus cash (+)** | **2,765** | | **2,765** |

(2) The consolidated financial statements as of 30 June 2017 were subject to a review by the statutory auditors.

## Balance sheet line items as of 30 September 2017 impacted by IFRS 15[3]

BOUYGUES CONSTRUCTION GROUP CONSOLIDATED FINANCIAL STATEMENTS

**Consolidated balance sheet (€ million)**

| Assets | 30/09/2017 Published | IFRS 15 impact | 30/09/2017 Restated |
|---|---|---|---|
| Property, plant and equipment | 591 | | 591 |
| Intangible assets | 43 | | 43 |
| Goodwill | 528 | | 528 |
| Investments in joint ventures and associates | 22 | | 22 |
| Other non-current financial assets | 278 | | 278 |
| Deferred tax assets and non-current tax receivable | 100 | | 100 |
| **Non-current assets** | **1,562** | | **1,562** |
| Inventories | 258 | | 258 |
| Advances and down-payments made on orders | 174 | | 174 |
| Trade receivables | 3,140 | | 3,140 |
| Tax asset (receivable) | 89 | | 89 |
| Other current receivables and prepaid expenses | 890 | | 890 |
| Cash and cash equivalents | 3,535 | | 3,535 |
| Financial instruments - Hedging of debt | – | | – |
| Other current financial assets | 21 | | 21 |
| **Current assets** | **8,107** | | **8,107** |
| Held-for-sale assets and operations | – | | – |
| **Total assets** | **9,669** | | **9,669** |

| Liabilities and shareholders' equity | 30/09/2017 Published | IFRS 15 impact | 30/09/2017 Restated |
|---|---|---|---|
| Share capital | 128 | | 128 |
| Share premium and reserves | 517 | | 517 |
| Translation reserve | 90 | | 90 |
| Treasury shares | – | | – |
| Consolidated net profit/(loss) | 233 | | 233 |
| **Shareholders' equity attributable to the Group** | **968** | | **968** |
| Non-controlling interests | 26 | | 26 |
| **Shareholders' equity** | **994** | | **994** |
| Non-current debt | 535 | | 535 |
| Non-current provisions | 751 | (21) | 730 |
| Deferred tax liabilities and non-current tax liabilities | 21 | | 21 |
| **Non-current liabilities** | **1,307** | **(21)** | **1,286** |
| Advances and down-payments received on orders | 481 | | 481 |
| Current debt | 5 | | 5 |
| Current taxes payable | 63 | | 63 |
| Trade payables | 3,063 | | 3,063 |
| Current provisions | 487 | | 487 |
| Other current liabilities | 2,967 | 21 | 2,988 |
| Overdrafts and short-term bank borrowings | 297 | | 297 |
| Financial instruments – Hedging of debt | – | | – |
| Other current financial liabilities | 5 | | 5 |
| **Current liabilities** | **7,368** | **21** | **7,389** |
| Liabilities related to held-for-sale operations | – | | – |
| **Total liabilities and shareholders' equity** | **9,669** | | **9,669** |
| | | | |
| **Net debt (-)/Net surplus cash (+)** | **2,698** | | **2,698** |

(3) The consolidated financial statements as of 30 September 2017 were subject to a review by the statutory auditors.

## Financial statement line items as of 31 December 2017 impacted by IFRS 15 and IFRS 9

### Balance sheet

BOUYGUES CONSTRUCTION GROUP CONSOLIDATED FINANCIAL STATEMENTS

**Consolidated balance sheet (€ million)**

| Assets | 31/12/2017 Published | IFRS 15 impact | 31/12/2017 Restated | IFRS 9 impact | 01/01/2018 Restated |
|---|---|---|---|---|---|
| Property, plant and equipment | 598 | | 598 | | 598 |
| Intangible assets | 44 | | 44 | | 44 |
| Goodwill | 526 | | 526 | | 526 |
| Investments in joint ventures and associates | 30 | | 30 | | 30 |
| Other non-current financial assets | 270 | | 270 | (1) | 269 |
| Deferred tax assets and non-current tax receivable | 89 | | 89 | | 89 |
| **Non-current assets** | **1,557** | **0** | **1,557** | **(1)** | **1,556** |
| Inventories | 237 | | 237 | | 237 |
| Advances and down-payments made on orders | 161 | | 161 | | 161 |
| Trade receivables | 2,850 | | 2,850 | | 2,850 |
| Tax asset (receivable) | 95 | | 95 | | 95 |
| Other current receivables and prepaid expenses | 875 | | 875 | | 875 |
| Cash and cash equivalents | 4,310 | | 4,310 | | 4,310 |
| Financial instruments – Hedging of debt | – | | – | | – |
| Other current financial assets | 9 | | 9 | | 9 |
| **Current assets** | **8,537** | **0** | **8,537** | **0** | **8,537** |
| Held-for-sale assets and operations | – | | – | | – |
| **Total assets** | **10,094** | **0** | **10,094** | **(1)** | **10,093** |

| Liabilities and shareholders' equity | 31/12/2017 Published | IFRS 15 impact | 31/12/2017 Restated | IFRS 9 impact | 01/01/2018 Restated |
|---|---|---|---|---|---|
| Share capital | 128 | | 128 | | 128 |
| Share premium and reserves | 505 | | 505 | (1) | 504 |
| Translation reserve | 1 | | 1 | | 1 |
| Treasury shares | – | | – | | – |
| Consolidated net profit/(loss) | 320 | | 320 | | 320 |
| **Shareholders' equity attributable to the Group** | **954** | **0** | **954** | **(1)** | **953** |
| Non-controlling interests | 25 | | 25 | | 25 |
| **Shareholders' equity** | **979** | **0** | **979** | **(1)** | **978** |
| Non-current debt | 511 | | 511 | | 511 |
| Non-current provisions | 750 | (21) | 729 | | 729 |
| Deferred tax liabilities and non-current tax liabilities | 17 | | 17 | | 17 |
| **Non-current liabilities** | **1,278** | **(21)** | **1,257** | **0** | **1,257** |
| Advances and down-payments received on orders | 469 | | 469 | | 469 |
| Current debt | 5 | | 5 | | 5 |
| Current taxes payable | 59 | | 59 | | 59 |
| Trade payables | 3,144 | | 3,144 | | 3,144 |
| Current provisions | 529 | | 529 | | 529 |
| Other current liabilities | 3,243 | 21 | 3,264 | | 3,264 |
| Overdrafts and short-term bank borrowings | 385 | | 385 | | 385 |
| Financial instruments – Hedging of debt | – | | – | | – |
| Other current financial liabilities | 3 | | 3 | | 3 |
| **Current liabilities** | **7,837** | **21** | **7,858** | **0** | **7,858** |
| Liabilities related to held-for-sale operations | – | | – | | – |
| **Total liabilities and shareholders' equity** | **10,094** | **0** | **10,094** | **(1)** | **10,093** |
| | | | | | |
| **Net debt (-) / Net surplus cash (+)** | **3,409** | **0** | **3,409** | **0** | **3,409** |

The income statement and cash flow statement are not impacted by IFRS 15 or IFRS 9.

## Presentations of non-current financial assets and impairment in accordance with IFRS 9

| (€ million) | Available-for-sale financial assets | Financial assets at fair value through profit or loss | Held-to-maturity assets | Loans and receivables | Total |
|---|---|---|---|---|---|
| **31 December 2016 (IAS 39)** | **96** | **–** | **–** | **157** | **253** |
| Movements during 2017 | (7) | – | – | 24 | 17 |
| **31 December 2017 published (IAS 39)** | **89** | **–** | **–** | **181** | **270** |
| Due within less than 1 year | – | – | – | 12 | 12 |
| Due within 1 to 5 years | – | – | – | 79 | 79 |
| Due after more than 5 years | 89 | – | – | 90 | 179 |

| (€ million) | Equity instruments | | Debt instruments | Total |
|---|---|---|---|---|
| | Fair value through OCI | Fair value through profit or loss | Amortised cost | |
| **1 January 2018 (IFRS 9)** | **69** | **13** | **187** | **270** |
| Gross value (IFRS 9) | 69 | 13 | 216 | 298 |
| Impairment (IFRS 9) | – | – | (29) | (29) |
| Carrying amount (IFRS 9) | 69 | 13 | 187 | 270 |



| (€ million) | Total Fair value through OCI | Total Fair value through profit or loss | Total Amortised cost | Total |
|---|---|---|---|---|
| **1 January 2018 (IFRS 9)** | **69** | **13** | **187** | **270** |
| Gross value (IFRS 9) | 69 | 13 | 216 | 298 |
| Impairment (IFRS 9) | – | – | (29) | (29) |
| Carrying amount (IFRS 9) | 69 | 13 | 187 | 270 |

## Order book (IFRS 15)

As of 31 December 2017 the Group's order book stood at €21,177 million, of which 42% was expected to be realised within the next 12 months.

# 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 2017.

| Type of engagement | Mazars network | | | Ernst & Young network | | | Other firms | | | Total fee expense | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2017 | % | 2016 | 2017 | % | 2016 | 2017 | % | 2016 | 2017 | 2016 |
| A. AUDIT | | | | | | | | | | | |
| Audit of consolidated and individual company financial statements | 2,227 | 96% | 2,217 | 3,416 | 92% | 3,475 | 163 | 14% | 286 | 5,806 | 5,978 |
| Related engagements | 95 | 4% | 50 | 203 | 6% | 334 | 2 | 0% | 47 | 300 | 431 |
| **Sub-total 1** | **2,322** | **100%** | **2,267** | **3,619** | **98%** | **3,809** | **165** | **14%** | **333** | **6,106** | **6,409** |
| B. OTHER SERVICES | | | | | | | | | | | |
| Legal, tax, employment law | – | – | – | 77 | 2% | 55 | 929 | 80% | 79 | 1,006 | 134 |
| Other | 1 | 0% | – | – | 0% | – | 70 | 6% | 46 | 71 | 46 |
| **Sub-total 2** | **1** | **0%** | **–** | **77** | **2%** | **55** | **999** | **86%** | **125** | **1,077** | **180** |
| **Total fee expense** | **2,323** | **100%** | **2,267** | **3,696** | **100%** | **3,864** | **1,164** | **100%** | **458** | **7,183** | **6,589** |

# Note 24. List of principal consolidated entities at 31 December 2017

| Company | City | Country | % interest | | % control | |
|---|---|---|---|---|---|---|
| | | | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| 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 Ile-de-France** | | | | | | |
| Bouygues Bâtiment Ile-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 Ile-de-France PPP SA | Guyancourt | France | 100.00% | 100.00% | 100.00% | 100.00% |
| Brezillon SA | Margny-Lès-Compiègne | France | 99.35% | 99.35% | 99.35% | 99.35% |
| Elan SARL | Guyancourt | France | 99.99% | 99.99% | 99.99% | 99.99% |
| Linkcity Ile-de-France (formerly Sodearif) | Guyancourt | France | 99.99% | 99.99% | 99.99% | 99.99% |
| Cogemex SAS | Ivry-sur-Seine | France | – | 100.00% | – | 100.00% |
| **3. Entreprises France Europe subsidiaries** | | | | | | |
| **• France** | | | | | | |
| Linkcity Centre Sud-Ouest (formerly Cirmad Centre Sud-Ouest) | Mérignac | 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) | Mérignac | 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 Constr) | 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% |
| **• 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% |
| Losinger Holding AG | Lucerne | Switzerland | 100.00% | 100.00% | 100.00% | 100.00% |
| Losinger Marazzi AG | Köniz | Switzerland | 100.00% | 100.00% | 100.00% | 100.00% |
| Richelmi SA | Monaco | Monaco | 100.00% | 100.00% | 100.00% | 100.00% |

| Company | City | Country | % interest | | % control | |
|---|---|---|---|---|---|---|
| | | | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **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% |
| **• 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 Guinee Equatoriale 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 Construcao 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 Peru | Lima | Peru | 100.00% | 100.00% | 100.00% | 100.00% |
| Bouygues Thai Ltd | Nonthaburi | Thailand | 85.00% | 85.00% | 90.57% | 90.57% |
| 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% |
| BY Development Ltd | London | United Kingdom | 100.00% | 100.00% | 100.00% | 100.00% |
| BY 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% |
| 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% | 100.00% | 100.00% |
| Karmar SA | Warsaw | Poland | 100.00% | 100.00% | 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% |
| 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 Developement) | 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 Nucleaires | Guyancourt | France | 100.00% | 100.00% | 100.00% | 100.00% |
| BYTP Regions France SA | Labège | France | 100.00% | 100.00% | 100.00% | 100.00% |
| Europe Fondations | Guyancourt | France | 100.00% | 100.00% | 100.00% | 100.00% |

| Company | City | Country | % interest | | % control | |
|---|---|---|---|---|---|---|
| | | | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| **• 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% | 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% |
| 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% | 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% | 69.91% | 70.00% | 70.00% |
| 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 Singapore | Singapore | Singapore | 100.00% | 100.00% | 100.00% | 100.00% |
| VSL Suisse | Subingen | Switzerland | 99.88% | 99.88% | 99.88% | 99.88% |
| VSL Systems (Brunei) | Darussalam | Brunei | – | 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% |

| Company | City | Country | % interest | | % control | |
|---|---|---|---|---|---|---|
| | | | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| 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% |
| Thiais Lumiere SAS | Montigny-Le-Bretonneux | France | 100.00% | 100.00% | 100.00% | 100.00% |
| • **Other countries** | | | | | | |
| Axione Gabon SA | Libreville | Gabon | 100.00% | 100.00% | 100.00% | 100.00% |
| Bouygues E&S Technics Schweiz (formerly Balestra Galiotto TCC) | Grand-Lancy | Switzerland | – | 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 Contracting UK | East Kilbride | Scotland | 100.00% | 100.00% | 100.00% | 100.00% |
| Bouygues E&S Côte d'Ivoire | Abidjan | Ivory Coast | 93.85% | 93.85% | 93.85% | 93.85% |
| Bouygues E&S FM Canada | Vancouver | 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% | – | 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% | 100.00% | 100.00% |
| Bouygues E&S Japan | Tokyo | Japan | 100.00% | 100.00% | 100.00% | 100.00% |
| JOINT VENTURES AND ASSOCIATES | | | | | | |
| **1. Bouygues Bâtiment Ile-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% | 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% | 50.00% | 50.00% |
| **4. Bouygues Travaux Publics** | | | | | | |
| Bombela Civils JV Ltd | Johannesburg | South Africa | – | 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% |

| Company | City | Country | % interest | | % control | |
|---|---|---|---|---|---|---|
| | | | 31/12/2017 | 31/12/2016 | 31/12/2017 | 31/12/2016 |
| 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% |
| GIE Compagnie Maritime du Littoral | Rueil-Malmaison | France | 33.00% | 33.00% | 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% |
| **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% |
| Plessentiel SAS | Guyancourt | France | – | 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** | | | | | | |
| | | | | | | |
| **3. Bouygues Bâtiment International** | | | | | | |
| AnfaB21 SAS | Casablanca | Morocco | 15.00% | 15.00% | 15.00% | 15.00% |
| Bouygues Construction Qatar LLC | Doha | Qatar | 72.00% | 72.00% | 72.00% | 72.00% |
| 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** | | | | | | |
| Bina Fincom | Zagreb | Croatia | 45.00% | 45.00% | 45.00% | 45.00% |
| Bombela TKC JV PTY Ltd | Johannesburg | South Africa | – | 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 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** | | | | | | |
| 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

**Year ended 31 December 2017**

To the Annual General Meeting of Bouygues Construction,

## Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Bouygues Construction for the year ended 31 December 2017.

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 2017 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.

## Basis for opinion

### Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report

### Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de Commissaire aux comptes*).

## Justification of assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

- Your Group recognises profit or loss on long-term contracts according to the conditions described in the section entitled "Accounting for construction contracts" of Note 2.2.3 to the consolidated financial statements. This profit or loss depends on your company's estimates of profit or loss upon completion. Based on the information provided to us, our work included assessing the data and assumptions on which the valuation of the profit or loss upon completion of these contracts is based, and evaluating the main controls implemented by the Group to measure profit or loss upon completion. Within the scope of our assessments, we considered the reasonableness of these estimates.

- Your company recognises provisions for claims and litigation, as set out in Notes 2.2.2 and 6.1 to the consolidated financial statements, designed to cover claims, litigation and foreseeable risks relating to the Group's business. On the basis of the information available to date, our assessment of these provisions included a review of the situation and the assumptions underlying their measurement.

## Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Board of Directors' management report.

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

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

## Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements



Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:
- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Courbevoie and Paris-La Défense, 22 March 2018

The Statutory Auditors
French original signed by

| **Mazars** | | **Ernst & Young Audit** |
|---|---|---|
| Gilles Rainaut | Julien Marin Pache | Laurent Vitse |

# Parent company financial statements

## Bouygues Construction SA: balance sheet at 31 December 2017

| Assets (€ million) | 31/12/2017 | | | 31/12/2016 |
|---|---|---|---|---|
| | Gross | Amortisation, depreciation & impairment | Net | Net |
| Intangible assets | 79 | 66 | 13 | 18 |
| Property, plant and equipment | 29 | 18 | 11 | 11 |
| Long-term investments | | | | |
| • Holdings in subsidiaries and affiliates | 672 | 38 | 634 | 638 |
| • Other | 408 | 0 | 407 | 427 |
| **Sub-total** | **1,080** | **38** | **1,042** | **1,065** |
| **Non-current assets** | **1,188** | **122** | **1,066** | **1,094** |
| Inventories and work in progress | – | – | – | – |
| Advances and down-payments made on orders | 0 | – | 0 | 0 |
| Trade receivables | 25 | – | 25 | 17 |
| Other receivables | 219 | 9 | 210 | 247 |
| Short-term investments | – | – | – | – |
| Cash | 2,047 | – | 2,047 | 2,148 |
| **Current assets** | **2,292** | **9** | **2,282** | **2,412** |
| Other assets | 67 | – | 67 | 88 |
| **Total assets** | **3,547** | **131** | **3,416** | **3,595** |

| Liabilities and equity (€ million) | 31/12/2017 | 31/12/2016 |
|---|---|---|
| Share capital | 128 | 128 |
| Share premium | 15 | 15 |
| Revaluation reserves | 0 | 0 |
| Other reserves | 13 | 13 |
| Retained earnings | 359 | (15) |
| Net profit for the year | 196 | 371 |
| Investment grants | – | – |
| Restricted provisions | – | – |
| **Shareholders' equity** | **711** | **512** |
| **Other forms of equity** | **–** | **–** |
| **Provisions** | **13** | **44** |
| **Debt** | **542** | **561** |
| **Advances and down-payments received on orders** | **–** | **–** |
| Trade payables | 33 | 32 |
| Other payables | 60 | 61 |
| **Non-financial liabilities** | **92** | **93** |
| Overdrafts and short-term bank borrowings | 2,006 | 2,318 |
| Accruals and deferred income | 53 | 66 |
| **Total liabilities and shareholders' equity** | **3,416** | **3,595** |

# Bouygues Construction SA: income statement for the year ended 31 December 2017

| (€ million) | 2017 | 2016 |
|---|---|---|
| **Sales** | **204** | **178** |
| Other operating revenue | 2 | 2 |
| Purchases and changes in inventory | – | – |
| Taxes other than income tax | (4) | (4) |
| Personnel costs | (81) | (65) |
| Other operating expenses | (117) | (106) |
| Depreciation, amortisation, impairment & provisions, net | (8) | (8) |
| Profits/(losses) from shared operations | 2 | 2 |
| **Operating profit/(loss)** | **(3)** | **(1)** |
| Financial income and expenses | 204 | 377 |
| **Pre-tax profit on ordinary activities** | **201** | **376** |
| Exceptional items | 2 | 0 |
| Employee profit-sharing | – | – |
| Income tax expense | (7) | (5) |
| **Net profit for the year** | **196** | **371** |

# Bouygues Construction SA: cash flow statement for the year ended 31 December 2017

| (€ million) | 2017 | 2016 |
|---|---|---|
| A. OPERATING ACTIVITIES | | |
| Cash flow | | |
| • Net profit for the year | 196 | 371 |
| • Depreciation and amortisation | 8 | 8 |
| • Net change in impairment and provisions (1) | 1 | 4 |
| • Net gains on asset disposals and other items (2) | (3) | 0 |
| Sub-total | 203 | 383 |
| Change in working capital | | |
| • Current assets, other assets, accruals and deferred income | 51 | 78 |
| • Net advances and down-payments received, non-financial liabilities & other items | (15) | (13) |
| **Net cash generated by/(used in) operating activities** | **239** | **448** |
| B. INVESTING ACTIVITIES | | |
| Increases in non-current assets: | | |
| • Acquisitions of intangible assets and property, plant & equipment | (4) | (4) |
| • Acquisitions of holdings in subsidiaries and affiliates | (34) | 0 |
| Sub-total | (38) | (4) |
| 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) | (8) |
| Amounts receivable in respect of non-current assets, net | (1) | 0 |
| **Net cash generated by/(used in) investing activities** | **(46)** | **(11)** |
| C. FINANCING ACTIVITIES | | |
| Increase in shareholders' equity | 0 | 0 |
| Dividends paid during the year | (20) | (500) |
| Change in net debt | 8 | 18 |
| **Net cash generated by/(used in) financing activities** | **(12)** | **(482)** |
| **Change in net cash position (a + b + c)** | **180** | **(45)** |
| Net cash position at 1 January (3) | (169) | (124) |
| Net cash flows during the year, excluding non-monetary flows | 180 | (45) |
| Other non-monetary flows | 31 | – |
| Net cash position at end of period (3) | 42 | (169) |

(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 2017

| Subsidiaries and affiliates | 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%)** | | | | **639** | **622** |
| DTP | 10 | 2 | 100.00% | 24 | 24 |
| Bouygues Bâtiment International | 25 | 103 | 100.00% | 85 | 85 |
| Bouygues Bâtiment Ile-de-France | 13 | 23 | 99.70% | 103 | 103 |
| Bouygues Travaux Publics | 41 | 60 | 92.02% | 93 | 93 |
| BYES (5) | 51 | 82 | 100.00% | 158 | 158 |
| Bouygues Bâtiment Nord Est | 25 | 9 | 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 | (7) | 100.00% | 2 | – |
| Challenger | 0 | – | 99.99% | 15 | 15 |
| Bouygues Bâtiment Grand Ouest | 2 | 30 | 100.00% | 4 | 4 |
| Kohler | 0 | 22 | 100.00% | 25 | 25 |
| | | | | | |
| VSL (Switzerland) | 2 | (6) | 100.00% | 32 | 32 |
| Losinger Holding (Switzerland) | 15 | 9 | 99.96% | 22 | 22 |
| Dragages Hong Kong (Hong Kong) | 50 | 74 | 100.00% | 6 | 6 |
| Acieroid (Spain) | 1 | 1 | 93.81% | 15 | – |
| **Detailed information: affiliates (interest held: 10%-50%)** | | | | **–** | **–** |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| B. AGGREGATE INFORMATION FOR OTHER SUBSIDIARIES AND AFFILIATES NOT INCLUDED IN ITEM A. | | | | | |
| **Total** | | | | **33** | **12** |
| French subsidiaries (aggregate) | | | | 2 | 1 |
| Foreign subsidiaries (aggregate) (3) | | | | 0 | 0 |
| French affiliates | | | | 30 | 11 |
| Foreign affiliates | | | | 0 | 0 |
| **Grand total** | | | | **672** | **634** |

(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 regulations, 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.
(5) Consolidated reserves and consolidated net profit/(loss) for the year excluding non-controlling interests, and consolidated sales.

| Loans and 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 |
|---|---|---|---|---|---|
| | | | | | |
| **605** | **112** | | | | |
| – | – | 6 | 6 | 14 | |
| 75 | 48 | 329 | 8 | – | |
| – | – | 1,532 | 47 | 27 | |
| 43 | 46 | 1,024 | 65 | 57 | |
| 256 | 9 | 2,543 | (5) | 15 | |
| 0 | – | 322 | 13 | 4 | |
| 0 | 9 | 177 | 4 | 3 | |
| 0 | – | 448 | 14 | 9 | |
| – | – | – | 1 | – | |
| – | – | 18 | 2 | – | |
| – | – | 420 | 18 | 3 | |
| 36 | – | – | (0) | – | |
| | | | | | |
| 84 | – | 19 | 1 | – | 1 CHF = 0.854555 |
| – | – | - | 58 | 51 | 1 CHF = 0.854555 |
| 107 | – | 320 | 33 | 11 | 1 HKD = 0.106701 |
| 3 | – | 20 | (3) | – | |
| **–** | **–** | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| **9** | | | | | |
| 9 | | | | 1 | |
| – | | | | 0 | |
| 0 | | | | 0 | |
| 0 | | | | | |
| **614** | | | | | |

Bouygues Construction Corporate Communications department.
Design and production: agence aristophane
April 2018. The French or English versions of the 2017 Financial Report
can be downloaded from www.bouygues-construction.com.

FIND OUR FINANCIAL REPORT ON
WWW.BOUYGUES-CONSTRUCTION.COM

www.bouygues-construction.com • blog.bouygues-construction.com
twitter.com/bouygues–c • youtube.com/bouyguesconstruction

Bouygues Construction
1, avenue Eugène Freyssinet Guyancourt
78065 Saint-Quentin-en-Yvelines Cedex
Tel.: +33 (0)1 30 60 33 00

BOUYGUES CONSTRUCTION

Shared **innovation**