2018
FINANCIAL REPORT

BOUYGUES CONSTRUCTION

Shared **innovation**

BOUYGUES CONSTRUCTION: SHARED INNOVATION

Bouygues Construction designs, builds, renovates, operates and deconstructs building, infrastructure and industrial projects for private- and public-sector customers. A global player with operations in over 60 countries, it spans the entire construction industry value chain.

EMPLOYEES

56,981

SALES

€12,358m
(+6%)

CURRENT OPERATING MARGIN

3.0% (-0.1 point)

2.1% **excluding partial sale of Axione [(1)]**
(-1 point)

NET PROFIT ATTRIBUTABLE TO THE GROUP

€296m
(-7%)

BACKLOG

€22.2bn

Order backlog growth of 5% at constant exchange rates and on a constant structure basis (excluding Alpiq ES, AW Edwards and Axione).

Morland Mixité Capitale project, Paris, © Elise Robaglia

[(1)] Excluding €106 million of capital gain related to the partial divestment of Axione shares and remeasurement of the residual interest.

HIGHLIGHTS

MAJOR CONTRACT GAINS

- WestConnex tunnel (Australia)
- Physics laboratory for the University of Cambridge (UK)
- Headquarters of Lille metropolitan authority, Biotope (France)
- CO'Met sports and entertainment complex in Orleans (France)


Cardiff University Innovation Campus.
© Hawkins Brown Architects, Hok

PROJECTS UNDER CONSTRUCTION

- Tour Alto in La Défense (France)
- Packages T2A and T3A of Grand Paris Express Line 15 (France)
- Cardiff University Innovation Campus (UK)
- Fibre rollout in Hauts-de-France region (France)
- Renovation of the 17 boulevard Morland site in Paris (France)
- Melbourne metro (Australia)

PROJECTS HANDED OVER

- Hong Kong – Zhuhai – Macau bridge (China)
- ParisLongchamp racecourse (France)
- Turnkey factory for Hexcel[1] in Isère (France)
- The Triangle, headquarters of Cambridge Assessment (UK)
- Phase 1 of the Greencity eco-neighbourhood in Zurich (Switzerland)

ACQUISITIONS/DIVESTMENTS

- Acquisitions: Alpiq InTec (Switzerland), Kraftanlagen München (Germany) and AW Edwards (Australia)
- Mirova acquires a 49% stake in Axione


Hong Kong–Zhuhai–Macau Bridge. © R.R.

[1] World no.1 in carbon fibre.

MANAGEMENT REPORT

PROFILE

Bouygues Construction designs, builds, renovates, operates and deconstructs building, infrastructure and industrial projects for private- and public-sector customers. **A global player with operations in over 60 countries, it spans the entire construction industry value chain.**

Bouygues Construction is acknowledged as **a benchmark player in sustainable construction** through the construction of many eco neighbourhoods, low-carbon (timber-frame) buildings and structures certified against the best world eco-standards, as well as through the rehabilitation of sites in order to reach positive-energy status[1]. The company also develops circular economy business models, from the design phase of projects to the recycling of their waste.

Bouygues Construction is increasingly involved in high value-added large-scale structures and in more encompassing projects ranging from neighbourhoods to connected communities.

GROWTH STRATEGY AND OPPORTUNITIES

Bouygues Construction's strategy is based around three priorities:

- Using innovative products and services **to establish Bouygues Construction as a global player in places where it has a long-term presence,** such as Australia, Canada, France, the UK, Hong Kong and Switzerland. The acquisition of Alpiq Engineering Services in Switzerland and AW Edwards in Australia is entirely consistent with this strategy, while the acquisition of Kraftanlagen München in Germany is an opportunity to establish the group for the long term in a new country;
- **Developing exceptional projects with local partners;**
- **Refocusing its activities towards industry and energy and services.**

More specifically, Bouygues Construction is aiming to:

- expand its property development activities by drawing on its Linkcity network;
- stake out a position as a leading player in the design and operation of smart cities;
- continue to be a top-notch player in the major infrastructure market (bridges, tunnels, concessions and PPP (public-private partnership) projects in France and worldwide) and expand its activities in the growing market for infrastructure repair work;
- 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 products and services in France and worldwide;
- continue its expansion in the solar farms segment, especially on international markets.

In these various market segments, Bouygues Construction:

- proposes full-service offerings which meet customers' needs, capitalising on its knowledge of markets in key sectors such as rehabilitation, healthcare and hotels;
- pursues customer satisfaction over the long term, in particular by ensuring tight 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 proactive player, Bouygues Construction has many strengths to draw on in all its businesses:

- **know-how** through the talent of employees in over 60 countries who share the same customer-focused values;
- **end-to-end coverage of the value chain;**
- **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;
- **distinctive, high value-added products and services** based on long experience of managing complex projects, specific knowledge of sustainable construction and constant innovation in all its forms;
- **the ability to adapt to changing markets:** the level of the backlog provides good medium-term visibility, enabling costs to be adjusted while focusing commercial investment on the most dynamic markets;
- **a high level of cash.**

1. A building which, in operation, produces more energy than it consumes.

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 the world:** the Bouygues group's construction businesses arm, represented by its three business segments, is placed **sixth in the 2017 ENR ranking of international contractors** published in August 2018, based on the share of sales generated on international markets.
- **In Europe:** based on the 2017 ranking published by trade magazine *Le Moniteur* in December 2018, the Bouygues group's construction businesses arm (Bouygues Construction, Bouygues Immobilier, Colas) is **the third largest in Europe** after the Spanish firm ACS and Vinci's Contracting and Property Development division, and ahead of the Swedish contractor Skanska and the French contractor Eiffage.
- **In France:** in a market worth €216 billion according to a Euroconstruct estimate in December 2018, Bouygues Construction (its building and civil works activities alone) is **one of the top three contractors** ahead of Eiffage Construction and behind Vinci Construction (2017 ranking published by *Le Moniteur* in December 2018).

RECORD COMMERCIAL PERFORMANCE

EXCEPTIONAL ORDER INTAKE

Order intake in 2018 reached €14.5 billion. It included 19 contracts worth more than €100 million, 13 of them on international markets.

In **France**, order intake amounted to €5.8 billion, 6% less than in 2017. The main orders included the conversion of the 17 boulevard Morland site in Paris into a 44,000-m² complex, the construction of Biotope, a 7-storey building that will host the headquarters of the Lille metropolitan authority (MEL), and a public-private partnership project for a university building on the Paris-Saclay site.
Order intake on **international markets** came to €8.7 billion, 25% more than in 2017, following the acquisition of AW Edwards and Alpiq Engineering Services (Alpiq InTec and Kraftanlagen München). Orders included the WestConnex tunnel in Australia, a physics laboratory for Cambridge University, three new hotels in Cuba, a project to build an artificial island for the tourism industry in the Bahamas, and the construction of a solar farm in Australia.

A LARGER BACKLOG GIVING LONG-TERM VISIBILITY

The backlog at end-2018 stood at a high €22.2 billion, up 5% on end-December 2017 (up 7% at constant exchange rates and up 5% at constant exchange rates excluding Alpiq Engineering Services, AW Edwards and Axione), with international markets accounting for 61%. Europe and Asia-Oceania are the two most important international regions. Orders booked at end-2018 to be executed in 2019 amounted to €9.9 billion (€12.3 billion to be executed after 2019), giving good visibility for future activity.

SALES DRIVEN BY INTERNATIONAL MARKETS

Sales in 2018 amounted to €12.4 billion, with building and civil works accounting for 74% and energies and services for 26%. They were up 6% year-on-year (up 1% like-for-like and at constant exchange rates).

Sales in France were broadly stable versus 2017 at €5.6 billion, equating to 45% of total sales. Sales on international markets reached a record €6.8 billion, up 11% versus 2017, due in particular to the acquisition by Bouygues Construction of Alpiq InTec in Switzerland, Kraftanlagen München in Germany and AW Edwards in Australia.

Stable operating performance

Current operating profit rose slightly to €368 million versus €363 million in 2017, and the current operating margin stood at 3.0%, down 0.1 points versus 2017. This includes the €106-million capital gain on the partial disposal of Axione (49% of the shares) to the Mirova investment fund (a BPCE subsidiary) and the remeasurement of the residual interest in the company. Restated for this transaction, current operating profit was €262 million and the current operating margin 2.1%, down by 1 point year-on-year. The building and civil works activities delivered a very good performance in 2018, recording a 0.3-point year-on-year increase in the margin to 4.2%. Current operating profit was hit by difficulties completing three energies and services projects in Ireland and the United Kingdom. Two biomass power plants in the UK experienced difficulties during the commissioning and testing phases, related mainly to malfunctions on certain equipment, leading to delays, additional costs and compensation paid to customers. The data centre in Ireland, which was terminated by the client, has entered a new phase of litigation following the client's demand for payment of the maximum amount of compensation.

In the fourth quarter of 2018, current operating profit excluding Axione increased as a result of the continued good performances at the building and civil works activities and the return to a positive contribution from Bouygues Energies & Services.

Net profit attributable to the Group came to €296 million.

High net surplus cash

Bouygues Construction had net surplus cash of €3.1 billion at end-2018 versus €3.4 billion at end-2017.

DEVELOPMENTS IN BOUYGUES CONSTRUCTION'S MARKETS AND ACTIVITIES

BUILDING AND CIVIL WORKS

In 2018, sales in the building and civil works segment came to €9.2 billion, 1% more than in 2017. Sales in France accounted for 45% of the total, and on international markets for 55%.

France

The recovery of the French construction market continued in 2018, and it is expected to stabilise in 2019. The recovery was further boosted by public-sector orders and business investment. 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 represents civil works contracts worth more than €30 billion over the period to 2030.

2018 sales: €4.1 billion (-2%)

Bouygues Construction handed over large-scale projects in the Paris region in 2018, such as the Batignolles development in Paris, and continued work on other major amenity projects such as 3 Fontaines shopping centre at Cergy and the rehabilitation of the Louvre Post Office and Commodities Exchange buildings in Paris. It also carried out substantial civil engineering projects which, through Grand Paris initiatives (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 the Tour Alto tower in the La Défense business district and on the Bridge building, Orange's future headquarters in Issy-les-Moulineaux.

The company continued its activity in the public sector, starting work on the Biotope project in Lille, which will host the headquarters of Lille Metropolitan authority (MEL), and building the CO'Met sports and entertainment complex in Orleans.

Major projects handed over in 2018 included Terminal 1 of Lyon Saint-Exupéry airport and a carbon-fibre production site for Hexcel in south-east France.

In civil works, Bouygues Construction continued work on complex major projects, including civil engineering for the viaduct of the New Coastal Road on Reunion Island and for the Port of Calais. Work also continued on Line T2 of the Nice tramway. 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 2018, slightly less than in 2017 (4%).

The main drivers of construction at present are the economic recovery, growing urbanisation and catch-up investment after several years of under-spending following the 2008 financial crisis.

In Western Europe, Bouygues Construction subsidiaries are particularly active in the UK and Switzerland. The construction market in the UK has stabilised despite the uncertainties over Brexit. The construction market in Switzerland, long driven by the building segment, is a little less dynamic.

2018 sales: €2.0 billion (-4%)

In the **UK**, Bouygues Construction's activity was underpinned by major housing projects such as the Canning Town urban regeneration project in London. It completed construction of the Manhattan Loft Gardens tower in Stratford.

In the education sector, Bouygues Construction took orders for two major new projects, Cardiff University's Innovation Campus, which is planned to include two research centres, and Cavendish Lab III for Cambridge University.

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 **Switzerland**, Bouygues Construction drew on its expertise in managing complex property development projects, increasingly at the entire neighbourhood level, as exemplified by Les Jardins du Couchant in Nyon and the Erlenmatt and Greencity eco-neighbourhoods in Basel and Zurich respectively.

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. The confinement shelter for the damaged nuclear reactor at Chernobyl in **Ukraine** was completed in late 2018 and work continued on a complex offshore extension project in **Monaco**.

Asia and Oceania

Growth rates on Asian markets remained high, partly driven by China, which is on the way to becoming the world's largest economy. Hong Kong, Singapore and Myanmar continue to exhibit strong potential.

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

2018 sales: €2.1 billion (+12%)

Bouygues Construction capitalises on its strong local presence in the **Asia – Oceania** region, especially in **Hong Kong**, where it has been a player for over 60 years. Several major projects are under construction there, including the sub-sea Tuen Mun-Chek Lap Kok road tunnel and two twin-tube tunnels for the extension of the Shatin to Central Link metro line. The Hong Kong-Zhuhai-Macao bridge was handed over in October 2018.

Bouygues Construction is a recognised player on the Asian building market, especially for high-rise structures. In **Singapore**, the company continued work on the Project Glory mixed-use complex and took an order for a complex of six 15-storey buildings. In **Bangkok**, work continued on one of the two buildings of The Esse at Singha Complex, a new condominium in the city centre.

In **Myanmar**, Bouygues Construction continued work on the second phase of the Yoma Central multi-use residential complex.

In **Australia**, Bouygues Construction continued work on the Melbourne metro as part of a consortium with Lendlease, John Holland and Capella Capital. Its acquisition of AW Edwards will strengthen the company's activity in the country through the construction of public amenities like Blacktown Hospital in Sydney.

Africa – Middle East

High levels of economic growth are expected in Africa, linked in particular to rapid urbanisation, though the geopolitical context remains fragile. In the Middle East, the economic situation is highly dependent on the price of oil. However, transport infrastructure needs and the exploitation of natural resources make these high-potential regions for construction firms.

2018 sales: €536 million (-9%)

In **Africa**, Bouygues Construction's local subsidiaries work on 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.

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 public authorities' stated intention of rebuilding infrastructure. The growth of tourism in the region also potentially opens up attractive opportunities for Bouygues Construction.

2018 sales: €335 million (+46%)

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 growth of tourism.

In the **Bahamas**, Bouygues Construction started work on Ocean Cay, a 100-acre artificial island.

In the **United States**, work continued on "Arte by Antonio Citterio", a luxury residential complex in Florida.

ENERGIES AND SERVICES

An Energies and Services division incorporating Bouygues Energies & Services was created in 2018 following the acquisition of Alpiq InTec and Kraftanlagen München. It will benefit from the energy-sector expertise of the two newly acquired businesses, in electrical and HVAC engineering and power-plant development respectively.

The Energies & Service division has three main business lines:
- network infrastructure;
- facility management;
- and electrical and HVAC engineering.

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 are also driving rising demand for network infrastructure. These key trends on the energy and services markets offer the Energies & Services division sources of growth, both in the countries where it has most of its operations (Canada, France, the UK and Switzerland) and in emerging countries, especially in Asia and Africa.

The Energies & Services activity generated sales of €3.2 billion in 2018.

France

2018 sales: €1.4 billion (+9%)

In late 2018, the Mirova[2] investment fund acquired a 49% stake in Axione. With its 51% interest, Bouygues Energies & Services remains Axione's core shareholder and will continue to provide it with operational support. This strategic alliance will help create a leader in mobile and very-high-speed fixed infrastructure (investment, roll-out, maintenance and operation) in France and abroad.

In electrical and HVAC engineering, Bouygues Energies & Services provided mechanical and electrical equipment for the L2 Marseille bypass and carried out electrical engineering work for the rehabilitation of la Samaritaine in Paris. The company is also responsible for installing electrical and HVAC systems at the new Sanofi production facility at Val-de-Reuil in north-western France.

Within public-private partnerships, Bouygues Energies & Services continued to provide maintenance services for the Paris law courts building, the Paris zoo and the French Defence Ministry in Paris. It also continued the street-lighting contract with the Municipality of Paris, as part of a consortium.

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

International

2018 sales: €1.7 billion (+39%)

Following the acquisition in 2018 of the Swiss company Alpiq InTec and the German company Kraftanlagen München, Bouygues Construction extended its presence in **Switzerland** and Northern **Italy** and established a foothold in **Germany**.

Bouygues Energies & Services is an expert in major turnkey power grid infrastructure projects, for example in **Australia**, where it recently completed the construction of two solar farms.

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

It has a facilities management (FM) 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 awarded two significant street-lighting contracts there, in the Oxford region and in the borough of Lambeth, London.

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

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

2. A subsidiary of Natixis Asset Management (BPCE group).

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 at every stage in the value chain:

- **In the design phase,** Bouygues Construction highlights its expertise in Building Information Modelling, 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 look.

  Bouygues Construction is also looking to draw on the principles of the sharing economy and adaptive building design: optimising the use of goods and services, and greater reversibility of buildings so that they can be adapted more easily to future needs (as with "Bâtiment K", a Linkcity project in the new Eureka Confluence neighbourhood in Lyon).

- **In the construction phase,** Bouygues Construction promotes innovation in methods and materials. These include biosourced materials, such as in the ABC (Autonomous Building for Citizens) programme (designed to produce buildings that are self-sufficient in water, energy, and waste management), the foundation stone of which was laid in October 2018, but also the construction of timber buildings.

  Bouygues Construction is confirming its position as the market leader in modular construction, as demonstrated by the project led by Bouygues International and its Dragages Singapore subsidiary: the two 40-storey Clement Canopy towers are the world's tallest modular concrete towers.

- **In the operational phase,** Bouygues Construction is responsive to customer needs in terms of usage, energy efficiency and optimal infrastructure and utilities management.

  Our Wizom Connected offer uses state-of-the-art predictive management and internet of things technologies to make buildings perform better and more cheaply, and to make homes safer and more comfortable.

  Bouygues Energies & Services is also developing innovative neighbourhood solutions. The Citybox® solution transforms the lighting grid into a smart, responsive infrastructure. It can reduce energy consumption by modulating lighting in response to the weather, the time of day, what's happening in the neighbourhood, and maintenance requirements. Another solution, Alizé®, uses real-time smart management systems to provide charging points for local authority and corporate electric vehicle fleets.

  Bouygues Construction is putting digital at the heart of the "OnDijon" smart city project, developed in partnership with Bouygues Energies & Services, Citelum (EDF), Suez and Capgemini. The aim is to deliver more effective urban space management within the city of Dijon; the project includes street lighting, traffic lights, CCTV, access control, etc.

  Bouygues Construction is also keen to migrate towards a data-driven culture. The teams at the Tunnel Lab centre of excellence, set up in 2016 within civil engineering subsidiary Bouygues Travaux Publics, won the "Grand Prix du Jury" at the French Civil Engineering Federation Awards in December 2018. This award was in recognition of the "Machine Soil Interaction Indicator", an innovative solution that uses data analytics and modelling to develop decision-making tools for tunnelling projects.

Finally, in May 2018, Bouygues Construction and the École Centrale de Lille engineering school, with backing from Lille City Council and the Hauts-de-France Region, set up the "Chaire Construction 4.0" initiative. This collaboration brings together a mixed research team (doctoral students, young researchers and Bouygues Construction employees) to plan for the digital transition of the construction sector, and to leverage productivity through digitisation and industrialisation.

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.

In a world of dwindling resources, we are developing alternative solutions, such as reusing tunnelling spoil to make concrete for use in building new structures.

Bouygues Construction also designs and constructs buildings that are self-sufficient in 100% renewable energies, and smart electricity supply networks (Smart Grids). We support industrial companies in the production of renewable energies. We also offer our customers innovative infrastructure solutions such as eco-neighbourhoods.

Bouygues Construction was a pioneer in carrying out the very first HQE™ (High Environmental Quality) certified renovations of contemporary tertiary buildings, office towers and Haussmannian buildings (BBC Effinergie® energy rating), and buildings with BEAM Plus[3], BREEAM®[4] and LEED®[5] 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).

The Maillerie project in Lille illustrates our drive to reduce site waste by using methodologies such as selective deconstruction, zero-waste design-and-build, and tools to calculate the investment needed for onsite waste prevention.

Bouygues Travaux Publics is currently testing Ubysol, a real-time waste removal tracking solution. Ubysol uses geolocators in the vehicle fleet to track where waste is going, what type of waste is being moved, how much it weighs and where it is being disposed of. This system not only generates productivity gains, it also makes waste disposal more reliable and effective.

RISK MANAGEMENT POLICY

Internal control and disclosures about risks (Article L. 225-100-1, I-3 to 6 of the Commercial Code)

INTERNAL CONTROL

EVALUATION OF INTERNAL CONTROL

The 2018 internal control campaign involved over 600 people in more than 120 entities or units, representing 87% of Bouygues Construction sales. On average, each entity or unit evaluated 125 principles from the risk management and internal control reference manual.

Bouygues SA identified eight topics for evaluation:
- treasury management, financing and market transactions;
- four legal compliance topics: anti-corruption, competition law, promoting ethics within the Group, and controls and inspections;
- embargoes and export restrictions;
- accounting compliance in purchasing and trade payables;
- treasury, financing and financial instruments.

Bouygues Construction selected the following additional themes, with reference to the strategic plan and risk mapping:
- property development;
- control over major project risks;
- security;
- subcontracting;
- internal communication;
- project management.

The self-assessment campaign was conducted during the spring and summer, with summary reports presented at the end of the year. 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 and risk management system.

At Bouygues Construction level, managers of the support functions and centres of excellence are overseeing action plans for the common themes selected by Bouygues SA:

- **Treasury:** the results of the campaign show that the principles are well understood and applied. The Shared Treasury Resource Centres set up in countries where Bouygues Construction has long-standing operations (UK, Switzerland, Australia, Singapore and Hong Kong) have been building up their competencies, promoting knowledge-sharing and process standardisation. However, there is room for improvement in the way some principles are applied, and actions will be implemented to address this: rolling out the "Top 10" approach to at-risk subcontractors and suppliers across all entities; updating the EDC 08 procedure and raising awareness of risk curve analysis; developing the GRC module during 2019; and further training in how to use and generate reports from the @méris application.

- **Controls and Inspections**: significant fraud cases are generally being correctly identified and referred upwards, but more needs to be done on processes for loading data into the SAFE application.

- **Purchasing/Trade Payables and Financial Instruments:** principles relating to purchase orders and invoices (acceptance, processing and payment) are generally being correctly applied, as is the principle of segregation of duties. There is still room for improvement in a few isolated cases outside France.

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

- **Ethics and Compliance:** new compliance tools were introduced during 2018 including the launch of guidance notes on applying the Code of Ethics and Compliance programmes and of corruption risk mapping, the implementation of a new policy on gifts and hospitality, and the rollout of the "Probity" software application. The results of the 2018 campaign show that the principles are generally well understood and applied, but also highlighted some that were poorly understood or unfamiliar. The 2019 action plan will focus on those areas: introduction of guidelines on patronage and sponsorship; overhaul of the content and format of the "Fair Deal" programme; a targeted staff awareness campaign on embargoes and sanctions; and enhancements to the system for evaluating suppliers and lead subcontractors with the launch of the Bouygues Purchasing platform.

The 2018 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 integrated into the Bouygues Construction management cycle as part of the strategic plan, and is submitted to the Accounts Committee and the Board of Directors.

This management process provides a shared vision of major risks within Bouygues Construction, with the aim of constantly reducing risk exposure. In addition, synergies between risk management, internal control and internal audit 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.

Risk mapping us updated annually, in the spring and summer. The work done at entity level is supplemented by contributions from the support functions, forming the basis for risk mapping across the Bouygues Construction 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 risk mapping.

Role of the entities

Within the entities, the internal control system is the responsibility of the Corporate Secretary. 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.

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

RISK MANAGEMENT POLICY

Most of the risks faced by Bouygues Construction in 2018 were of a similar nature to those identified in previous years: operational risks relating to major projects, risks relating to human resources, geopolitical risks, risks relating to cyber-crime, and compliance risk.

ASSOCIATED WITH MAJOR PROJECTS IN THE DESIGN OR EXECUTION PHASE

The types of risk inherent in major projects include:

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

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

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

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

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

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

Particular attention is paid to the pre-execution phase of major projects, especially in design, contract drafting and site preparation.

In the design phase, external consultants are used to back up in-house expertise on technical issues for the highest-risk projects. Regular costing audits are performed on the reliability of procedures for expenses, subcontractor budgets, and site supervision costs.

Support functions are systematically involved upfront, especially in contract management and procurement.

Particular care is taken in the selection and monitoring of customers and partners. The subcontracting process is closely supervised, with major subcontractors and partners thoroughly assessed before awarding highly-sensitive work packages (such as architectural and technical trades).

Specific additional actions were taken in 2018, and are ongoing:

- internal audits of large-scale projects;
- improvements to the project selection and approval process;
- evaluation of subcontractors.

GEOPOLITICAL RISKS AND THE RISE OF PROTECTIONISM

Bouygues Construction can sometimes be exposed to political instability, and to the rise of protectionism that is emerging in a number of countries around the world. Various events (including stricter regulation, taxes, embargoes and trade wars) may trigger transformations in the economic landscape such as closure of markets to foreign companies, curbs on foreign investment, disruption of trade, and restrictions on the movement of foreign workers.

Political instability may generate geographical instability and the emergence of dangerous regions (for example through revolutions, a new Arab spring or social unrest). This might require Bouygues Construction to withdraw rapidly from a country or region, either temporarily or permanently.

The first line of defence against this risk is a diversified business and geographical mix and the fact that the vast majority of Bouygues Construction's business is conducted in Europe, North America and Australia, combined with the process used to select new countries for operations. Generally speaking, vigilance is essential, and Bouygues Construction's geographical reach strategy takes account of this ecosystem, with development prioritised in stable countries such as Germany, Australia, Canada and Switzerland. In other countries, where operations are more transient - with one-off interventions on specific major projects - Bouygues Construction's flexible organisational structure means that in exceptional circumstances, resources can be reconfigured so as to minimise the damaging effects. In addition, Bouygues Construction has stringent contract management procedures, and preventive measures (legal, financial, insurance) are in place where possible.

The depth of the order backlog gives good visibility in the short and medium term. Bouygues Construction analyses forecasts to anticipate adverse trends, so that it can react appropriately and reallocate production resources to less affected markets or activities.

HUMAN RESOURCES RISK, LOSS OF EXPERTISE AND TALENT

A major global trend is exposing construction companies to the risk that they will lose expertise and talent. This is largely due to rising demand, which can lead to bidding wars between companies for qualified personnel.

It is essential for Bouygues Construction to retain and increase its human resources so that it has sufficient people with the required level of competence to deliver its projects, especially as it takes a long time for people to acquire that competence.

The risks include an erosion of technical standards and expertise, increased staff turnover and difficulties planning resource availability during the design phase. Such factors may lead to extra costs being incurred on hiring and training replacement staff, a potential deterioration in quality and lead times to completion, and poorer preparation and management of projects. Actions are under way to address these issues. They focus on identifying expertise and talent, data analysis, and the appeal of the industry and Bouygues Construction itself. They include:

- developing a resource availability matrix by country, region and market;
- developing new interactive tools to identify expertise and replacement capacity;
- changes to the management model and the remuneration/reward model;
- data analysis, including data from one-on-one interviews and preventive surveys;
- adjustments to the target profile of candidates;
- identifying site-specific needs.

CYBER RISKS

The transformation of Bouygues Construction through the introduction of new technologies and digitalisation makes the company potentially vulnerable to cyber-attack. Recent attacks in other sectors have shown that they can be on a very large scale, propagate very quickly, and temporarily paralyse operations. For Bouygues Construction, that could translate into a slowdown in order-taking and delays in contract execution, with the potential activation of late delivery penalties (due to inability to contract, place orders, communicate, carry out pre-execution design work, etc).

Existing security measures are constantly being updated, including regular staff awareness campaigns (protection of servers, safeguarding of assets and data, etc) and continuing efforts to strengthen the IT infrastructure.

COMPLIANCE RISK

Bouygues Construction is addressing compliance risk by tightening its ethics policy. The aim is to ensure that the Bouygues group's Compliance programmes are strictly applied, and also to update those programmes in response to recent legislative changes (e.g. the Sapin 2 law in France).

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

In 2018, two years after the first ethical pledge was signed:

- a new ethical pledge has been rolled out to around 3,000 employees from department head level upwards;
- the policy on gifts and invitations has been redrafted and tightened, and is now supported by "Probity", a new digital tool;
- a practical guide on how to apply the Code of Ethics and Compliance programmes has been distributed to employees; and;
- compliance reviews, covering the full range of ethics and compliance issues across the various entities, were carried out on a full scope basis in 2018.

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 RISK

COMMERCIAL CREDIT AND COUNTERPARTY RISK

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

The quality and financial soundness of sensitive customers, consortium members, partners, suppliers and subcontractors 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 and warranty retentions on interim statements from subcontractors;
- require bank guarantees (payment guarantees from customers, performance bonds from subcontractors, etc);
- 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 3 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 2018 on any of the investment products used by the Group.

As of 31 December 2018, no single bank held more than 7% 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 2018, net cash amounted to €4,159 million, and the Group also had €272 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 Law no. 2018-938 of 30 October 2018, 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 economic performance;
- working conditions of employees;

is provided in the 2018 Bouygues Registration Document, available at www.bouygues.com.

VIGILANCE PLAN

In accordance with Article L. 225-102-4 of the French Commercial Code as amended by Order no. 2017-1162 of 12 July 2017, information about:

- human rights and fundamental freedoms;
- human health and safety, and the environment;

is provided in the 2018 Bouygues Registration Document, available at www.bouygues.com.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

OUTLOOK FOR 2019

In a French market driven mainly by the "Grand Paris" project, and an international market rich in opportunities, Bouygues Construction has good visibility backed up by:

- **orders booked as of 31 December 2018 to be executed in 2019** worth €9.9 billion;
- **robust international activity**, in countries with a favourable economic outlook (Singapore, Canada, Switzerland, Australia, etc.) with good ratings from the Transparency International NGO;
- **a medium-term order backlog** (2 to 4 years) worth €9.8 billion as of 31 December 2018;
- **a healthy financial position**, bolstered by high net surplus cash of €3.1 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 2019, 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 411 companies are included in the scope of consolidation, 59% of which are located outside France, compared with 372 at the end of 2017.

Changes in the scope of consolidation during 2018 include:

- Acquisition at the end of July 2018, for a provisional price of €439 million, of the entire share capital of Alpiq Intec AG (Zürich) and Kraftanlagen München GmbH (Munich), which specialise in hard and soft services in construction and in energy, industrial and transport infrastructures. The acquired businesses employ nearly 7,650 people and generated sales of approximately CHF 1.7 billion in 2017.
  At the start of August 2018, Bouygues Construction sold on the rail activities of the AIT sub-group to Colas Rail.
  A purchase price allocation was carried out in respect of the acquired assets and assumed liabilities as of 31 December 2018. The acquisition generated goodwill provisionally measured at €489 million.
  A total of 25 companies (in Switzerland, Germany, Italy, Romania and Austria) joined the consolidation as a result of this acquisition.
- Acquisition of the Australian company AW Edwards Pty Limited by Bouygues Bâtiment International in early July 2018. The provisional goodwill on this acquisition, calculated by comparing the purchase consideration with the acquired assets and assumed liabilities, amounts to €43 million.
  Three companies joined the consolidation as a result of this acquisition.
- Divestment of 49% of Axione, leading to the loss of exclusive control and the adoption of the equity method of accounting for that entity. The total gain on the divestment (excluding transaction costs and taxes) is €106 million.

ASSETS

In aggregate, property, plant and equipment (€721 million) and intangible assets (€21 million) are €100 million higher than at the end of 2017. The main factors in this year-on-year movement are:

- capital expenditure of €253 million during the year, of which €134 million was incurred outside France (including €12 million on the Melbourne metro project), and €119 million in France (including €15 million on the EOLE project and €20 million on the T2A and T3A projects);
- proceeds of €52 million from disposals of property, plant & equipment and intangible assets;
- depreciation and amortisation expense charged during the period (€189 million);
- a net increase of €96 million relating to acquisitions and disposals of consolidated companies.

Goodwill amounts to €1,044 million. The acquisition of the activities of Alpiq Engineering Services generated provisional goodwill of €489 million. The amount of this goodwill will be reviewed, in accordance with the requirements of IFRS 3, when the financial statements for the first nine months of 2019 are prepared. The acquisition of AW Edwards generated provisional goodwill of €43 million.

Investments in joint ventures and associates, accounted for by the equity method, amount to €103 million (versus €30 million at the end of 2017). The main reason for the year-on-year increase was the adoption of the equity method for the 51% retained equity interest in Axione, measured at its fair value of €76 million.

Other non-current financial assets (€247 million) comprise €37 million of investments in non-consolidated companies, plus €210 million of non-current loans and receivables, advances to non-consolidated companies, and deposits and caution money. That compares with €269 million at the end of 2017.

"Deferred tax assets and non-current tax receivable" amounts to €80 million, and consists solely of deferred tax assets.

At €4,711 million, current assets other than cash are €484 million higher than at the end of 2017 (€4,227 million), including increases of €225 million in customer contract assets and €126 million in trade receivables.

The net cash position (cash and cash equivalents, net of overdrafts and short-term bank borrowings) is €4,159 million, €234 million higher than at the end of 2017 (€3,925 million).

LIABILITIES AND SHAREHOLDERS' EQUITY

Total shareholders' equity, including non-controlling interests (i.e. minority interests), is €67 million lower than the end-2017 figure of €978 million. The main factors in this year-on-year movement are:

- net profit for the year: €296 million attributable to the Group for the period, and €12 million attributable to minority interests;
- less the €320 million dividend payout to the Group's shareholders, and €31 million paid out in interim dividends to minority shareholders in consolidated companies;

- plus a €10 million increase in the translation reserve;
- and minus €17 million for the effect of actuarial losses on employee benefit obligations.

Non-current debt is €1,028 million, €517 million higher than at the end of 2017, due mainly to the acquisitions made during the second half of 2018.

Provisions – which are a significant item in the construction industry – are split between non-current (€826 million) and current (€648 million), in accordance with international financial reporting standards.

Current taxes payable amount to €78 million, and comprise corporate income taxes payable by French and foreign subsidiaries in the short term.

Trade payables are €3,108 million at end 2018, compared with €3,144 million at end 2017.

Customer contract liabilities amount to €2,688 million at 31 December 2018, versus €2,058 million a year earlier. This line item is presented to comply with the requirements of IFRS 15, and represents the sum total of advances/down-payments received and deferred income.

Other current liabilities amount to €1,749 million. This item mainly comprises tax and employee-related liabilities.

INCOME STATEMENT

Sales for the year are €12,358 million, 6% higher than in 2017, with 45% generated in France (versus 48% in 2017). Building and civil engineering account for 74% of total sales.

Current operating profit is €368 million (versus €363 million in 2017). After deducting income tax expense of €109 million, net profit attributable to the Group is €296 million.

PARENT COMPANY FINANCIAL STATEMENTS

COMMENTS

The increase of €556 million in net non-current assets (€1,622 million at end 2018, versus €1,066 million at end 2017) is due mainly to the acquisition of the investments in BYES InTec and Kraftanlagen for a total of €439 million, and various transactions related to the funding of subsidiaries: equity injection of €43 million and subordinated loan of €7 million for Kraftanlagen; AUD-denominated loan to Bouygues Bâtiment International to fund the acquisition of AW Edwards (€43 million); and a USD-denominated loan to Bouygues Travaux Publics to fund mining activities (€23 million).

The increase of €139 million in current assets (€441 million at end 2018, versus €302 million at end 2017) mainly comprises a €105 million increase in current accounts.

Shareholders' equity at end 2018 is €708 million, a slight fall of €3 million, after taking account of the €319 million dividend payout and the net profit for the year of €316 million.

Debt at end December 2018 is €1,214 million (versus €542 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, available and undrawn long-term credit facilities.

Current liabilities amount to €162 million at 31 December 2018 (versus €146 million at end 2017), an increase of €16 million, mainly relating to current accounts.

Net debt at 31 December 2018 is €1,182 million, versus €501 million at end 2017, a year-on-year increase of €681 million.

Indebtedness

As of 31 December 2018, net cash amounted to €32 million, and the Group also had €149 million of undrawn confirmed short-term credit facilities on that date.

Loans of less than two years made by the company ancillary to its principal business (Article L. 511-6, 3bis para.2 and Articles R. 511-2-1-1 and R. 511-2-1-2 of the French Monetary and Financial Code)

Bouygues Construction did not make any loans of less than two years ancillary to its principal business in 2018.

HOLDINGS IN SUBSIDIARIES AND AFFILIATES

In accordance with Articles L. 233-6 and L. 247-1 of the French Commercial Code, the description of the Bouygues Construction group's activities and results contained in this Financial Report includes the activities of the company's subsidiaries and of companies under its control.

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

In accordance with Article L. 232-1 of the French Commercial Code, we inform you that the company has three 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 2018

Subsidiaries and affiliates (€ million)	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	Gua-rantees 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%)	**–**	**–**	**–**	**1,124**	**1,105**	**777**	**150**	**–**	**–**	**–**	**–**
DTP	10	2	100.00%	24	24	–	–	11	16	5	–
Bouygues Bâtiment International	25	110	100.00%	85	85	118	47	476	87	21	–
Bouygues Bâtiment Ile-de-France	13	30	99.70%	103	103	–	–	1,412	50	40	–
Bouygues Travaux Publics	41	20	92.02%	93	93	73	2	1,219	18	85	–
BYES (5)	51	73	100.00%	158	158	253	9	2,546	(23)	–	–
Bouygues Bâtiment Nord-Est	25	13	100.00%	35	35	0	–	340	7	10	–
Bouygues Bâtiment Centre Sud-Ouest	7	9	100.00%	11	11	0	–	143	1	1	–
Bouygues Bâtiment Sud-Est	3	22	100.00%	6	6	0	–	425	6	17	–
Fichallenge	2	-6	100.00%	2	–	–	–	–	(0)	–	–
Challenger	0	–	99.99%	15	15	–	–	18	3	–	–
Bouygues Bâtiment Grand Ouest	2	34	100.00%	4	4	0	–	429	16	16	–
Bouygues Construction Central Europe	0	22	100.00%	25	25	36	–	–	(1)	–	–
VSLI (Switzerland)	2	-4	100.00%	32	32	74	–	20	7	–	CHF 1 = 0.887390
Losinger Holding (Switzerland)	15	9	99.96%	22	22	–	–	–	69	57	CHF 1 = 0.887390
Dragages Hong Kong (Hong Kong)	50	150	100.00%	6	6	112	87	294	140	63	HKD 1 = 0.111514
Acieroid (Spain)	1	0	93.81%	18	1		5	26	0	–	–
Byes Intec Ag (Switzerland)	30	108	100.00%	394	394	105	–	0	(11)	–	CHF 1 = 0.887390
Kraftanlagen Munchen Gmbh (Germany)	25	75	100.00%	88	88	7	–	225	(94)	–	–
Detailed information: affiliates (interest held 10%-50%)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B. AGGREGATE INFORMATION FOR SUBSIDIARIES AND AFFILIATES NOT INCLUDED IN ITEM A											
Total	**–**	**–**	**–**	**33**	**12**	**9**	**–**	**–**	**–**	**–**	**–**
French subsidiaries (aggregate)	–	–	–	2	1	9	–	–	–	2	–
Foreign subsidiaries (aggregate) (3)	–	–	–	0	0	–	–	–	–	0	–
French affiliates	–	–	–	30	11	0	–	–	–	0	–
Foreign affiliates (3)	–	–	–	0	0	0	–	–	–	–	–
Grand total	**–**	**–**	**–**	**1,157**	**1,118**	**786**	**–**	**–**	**–**	**–**	**–**

(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 these lines.
(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	298					17	659					49
Total amount (incl. VAT)	18,895	103	0	0	0	103	23,427	1,147	152	-156	61	1,203
% of total purchases (incl. VAT)	12.36%	0.07 %	-	-	-	0.07%						
% of total sales (incl. VAT)							9.63%	0.47%	0.06%	-0.06%	0.02%	0.49%
B/ Invoices excluded from (A) because they are disputed or not recognised in the accounts												
Number of invoices			2						0			
Total amount (incl. VAT)			2						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	Terms generally shown on service invoices: 30 days from invoice date						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 (€34 million) also includes accrued expenses and unpresented bills of exchange.
- The "Trade receivables" line item (€33 million) also includes unbilled receivables.

HUMAN RESOURCES UPDATE

As of 31 December 2018, Bouygues Construction had a consolidated headcount of **56,981** people **(including BYES Intec and Kraftanlagen)**, split as follows:

• **France**	**21,614**
– *Site workers*	*5,922*
– *Clerical, technical and supervisory*	*5,951*
– *Managerial staff*	*9,741*
Includes managerial staff on secondment outside France	
• **International**	**35,367**
– *Expatriates*	*880*
– *Local staff*	*34,487*

The frequency rate of accidents requiring time off work across all Group employees **(excluding BYES Intec and Kraftanlagen)** in 2018 was 3.61.

The severity rate was 0.29.

APPROPRIATION OF 2018 PROFITS

We propose that you approve the following appropriation of profits:

Legal reserve (already at the maximum amount)	ZERO
Net profit for the 2018 financial year	€316,198,693.32
Retained earnings brought forward	€235,995,202.71
Giving distributable profits of	€552,193,896.03
Distribution of a dividend of (€128.45 per share)	€219,165,243.50
Balance carried forward as retained earnings	€333,028,652.53

The dividend will be paid on 24 April 2019.

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	2015	2016	2017
Number of shares	1,706,230	1,706,230	1,706,230
Dividend per share	€146.32	€158.26	€187.26
Total dividend	**€250,167,442.60**	**€270,027,959.80**	**€319,508,629.80**

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 OF EQUITY INTERESTS AND CONTROL

ACQUISITIONS OF SIGNIFICANT EQUITY INTERESTS IN COMPANIES WITH THEIR REGISTERED OFFICE IN FRANCE

In accordance with Articles L. 233-6 and L. 247-1 of the French Commercial Code, we inform you that during the last financial year Bouygues Construction did not acquire any direct equity interest (in share capital or voting rights) representing more than 5%, 10%, 20%, 33.33% or 50% of the capital of companies with their registered office in French territory.

ACQUISITIONS OF CONTROL OF COMPANIES WITH THEIR REGISTERED OFFICE IN FRANCE

In accordance with Articles L. 233-6 and L. 247-1 of the French Commercial Code, we inform you that during the last financial year Bouygues Construction did not acquire direct or indirect control over any company with its registered office in French territory.

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 2018.

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 in light of the information received pursuant to Article L. 233-12 of that Code, we inform you that as of 31 December 2018, 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

In accordance with Article L. 233-13 of the French Commercial Code, we inform you that as of 31 December 2018 Bouygues Construction did not hold 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 2018.

NON-DEDUCTIBLE EXPENSES

As required by Articles 223 *quater* and 223 *quinquies* of the French General Tax Code, we inform you that 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 2018), 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.

ECONOMIC AND SOCIAL COMMITTEE OBSERVATIONS

The Economic and Social Committee 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 19 February 2019, authorised the Chairman & Chief Executive Officer and the Deputy CEO in charge of Strategy, Finance, Information Systems, Concessions and Strategic Thinking on Property Development 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 relating to agenda items are submitted for your approval:
- Reading of the Management Report, the Board of Directors' report on corporate governance and the statutory auditors' reports;
- Approval of those reports, of the parent company financial statements and of the consolidated financial statements for the 2018 financial year – Discharge of the Directors;
- Approval of agreements covered by Article L. 225-38 of the French Commercial Code;
- Appropriation of profits for the 2018 financial year;
- Ratification of the co-opting of Arnauld Van Eeckhout as a director;
- Renewal of the term of office of Philippe Bonnave as a director;
- Renewal of the term of office of Olivier Bouygues as a director;
- Powers for filing and formalities.

We request that you cast your vote on the resolutions submitted to you.

OTHER INFORMATION

ADMINISTRATION AND AUDIT OF THE COMPANY

As of 31 December 2018, Bouygues Construction is directed by a Chairman & CEO and four Deputy CEOs.

We inform you that:
- the terms of office of Ernst & Young as statutory auditor and Auditex as alternate statutory auditor will expire at the end of the Ordinary Annual General Meeting held to approve the financial statements for the year ended 31 December 2020;
- the terms of office of Mazars as statutory auditor and Loïc Wallaert as alternate statutory auditor will expire at the end of the Ordinary Annual General Meeting held to approve the financial statements for the year ended 31 December 2021.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets (€ million)	Note	31/12/2018 net	31/12/2017 net restated [a]
Property, plant and equipment	3 and 16	**721**	598
Intangible assets	3 and 16	**21**	44
Goodwill	3 and 16	**1,044**	526
Investments in joint ventures and associates	3 and 16	**103**	30
Other non-current financial assets	3	**247**	269
Deferred tax assets and non-current tax receivable	7	**80**	89
Non-current assets		**2,216**	**1,556**
Inventories		**276**	237
Advances and down-payments made on orders		**188**	161
Trade receivables		**2,339**	2,213
Customer contract assets		**862**	637
Tax asset (receivable)		**125**	95
Other current receivables and prepaid expenses		**916**	875
Cash and cash equivalents		**4,652**	4,310
Financial instruments - Hedging of debt		**–**	–
Other current financial assets		**5**	9
Current assets	4	**9,363**	**8,537**
Held-for-sale assets and operations		**–**	**–**
Total assets		**11,579**	**10,093**

(a) The balance sheet as of 31 December 2017 has been restated for the effects of applying IFRS 9 and IFRS 15.

CONSOLIDATED BALANCE SHEET

Liabilities and shareholders' equity (€ million)	Note	31/12/2018	31/12/2017 restated [(a)]
Share capital		**128**	128
Share premium and reserves		**472**	504
Translation reserve		**11**	1
Treasury shares		**–**	–
Consolidated net profit/(loss)		**296**	320
Shareholders' equity attributable to the Group	5	**907**	**953**
Non-controlling interests		**4**	25
Shareholders' equity		**911**	**978**
Non-current debt	8 and 16	**1,028**	511
Non-current provisions	6 and 16	**826**	729
Deferred tax liabilities and non-current tax liabilities	7	**21**	17
Non-current liabilities		**1,875**	**1,257**
Current debt	8	**11**	5
Current taxes payable		**78**	59
Trade payables		**3,108**	3,144
Customer contract liabilities		**2,688**	2,058
Current provisions	6	**648**	529
Other current liabilities		**1,749**	1,675
Overdrafts and short-term bank borrowings		**493**	385
Financial instruments - Hedging of debt		**1**	–
Other current financial liabilities		**17**	3
Current liabilities	10	**8,793**	**7,858**
Liabilities related to held-for-sale operations		**–**	–
Total liabilities and shareholders' equity		**11,579**	**10,093**
Net surplus cash/(net debt)	9	**3,119**	**3,409**

(a) The balance sheet as of 31 December 2017 has been restated for the effects of applying IFRS 9 and IFRS 15.

CONSOLIDATED INCOME STATEMENT

(€ million)	Note	Full year 2018	Full year 2017 restated[a]
Sales[b]	11 and 16	**12,358**	**11,660**
Other revenues from operations		**139**	107
Purchases used in production		**(7,088)**	(6,709)
Personnel costs		**(3,096)**	(2,766)
External charges		**(1,854)**	(1,724)
Taxes other than income tax		**(166)**	(149)
Net depreciation and amortisation expense		**(189)**	(214)
Charges to provisions and impairment losses, net of reversals due to utilisation		**(214)**	(146)
Changes in production and property development inventories		**(5)**	(58)
Other income from operations[c]		**699**	548
Other expenses on operations		**(216)**	(186)
Current operating profit/(loss)	12 and 16	**368**	**363**
Other operating income		**-**	-
Other operating expenses		**(4)**	-
Operating profit/(loss)	12 and 16	**364**	**363**
Financial income		**32**	26
Financial expenses		**(15)**	(14)
Income from net surplus cash/(cost of net debt)	13 and 16	**17**	**12**
Other financial income	13 and 16	**59**	73
Other financial expenses	13 and 16	**(21)**	(24)
Income tax	14 and 16	**(109)**	(103)
Share of net profits/losses of joint ventures and associates	3 and 16	**(2)**	2
Net profit/(loss) from continuing operations	16	**308**	**323**
Net profit/(loss) from discontinued and held-for-sale operations		**-**	-
Net profit/(loss)	16	**308**	**323**
Net profit/(loss) attributable to the Group	16	**296**	**320**
Net profit/(loss) attributable to non-controlling interests		**12**	3
Basic earnings per share from continuing operations attributable to the Group (€)	15	**173.48**	**187.55**
Diluted earnings per share from continuing operations attributable to the Group (€)	15	**173.48**	**187.55**

(a) The full-year 2017 income statement has been restated for the effects of applying IFRS 15.		
(b) Of which sales generated abroad.	**6,759**	6,091
(c) Of which reversals of unutilised provisions/impairment losses & other items.	**280**	251

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€ million)	Full year 2018	Full year 2017 restated [(a)]
Net profit/(loss)	**308**	**323**
Items not reclassifiable to profit or loss		
Actuarial gains/losses on post-employment benefits	**(17)**	(9)
Net change in fair value of equity instruments	**–**	–
Net tax effect of items not reclassifiable to profit or loss	**2**	1
Share of non-reclassifiable income and expense of joint ventures and associates	**–**	–
Items reclassifiable to profit or loss		
Change in cumulative translation adjustment	**10**	(97)
Net change in fair value of financial instruments used for hedging purposes	**(11)**	12
Net tax effect of items reclassifiable to profit or loss	**1**	1
Share of reclassifiable income and expense of joint ventures and associates	**–**	1
Income and expense recognised directly in equity	**(15)**	**(91)**
Total recognised income and expense	**293**	**232**
Recognised income and expense attributable to the Group	**281**	232
Recognised income and expense attributable to non-controlling interests	**12**	–

(a) The full-year 2017 statement of recognised income and expense has been restated for the effects of applying IFRS 15.

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 2016 restated[(a)]	**143**	**246**	**314**	**–**	**40**	**743**	**26**	**769**
Movements during 2017 restated								
Net profit/(loss)	–	–	320	–	–	**320**	3	**323**
Translation adjustment	–	–	–	–	(94)	**(94)**	(3)	**(97)**
Other recognised income and expense	–	–	–	–	6	**6**	–	**6**
Total recognised income and expense[(d)]	–	–	320	–	(88)	**232**	–	**232**
Capital and reserves transactions, net	–	126	(126)	–	–	**–**	–	**–**
Acquisitions/disposals of treasury shares	–	–	–	–	–	**–**	–	**–**
Acquisitions and disposals without loss of control	–	–	1	–	–	**1**	–	**1**
Dividend paid	–	–	(20)	–	–	**(20)**	(1)	**(21)**
Other transactions with shareholders	–	–	(1)	–	–	**(1)**	–	**(1)**
Other transactions (changes in scope of consolidation and other items)	–	–	(1)	–	1	**–**	1	**1**
Impact of applying IFRS 9	–	–	2	–	(4)	**(2)**	(1)	**(3)**
Position at 31 December 2017 restated[(b)]	**143**	**372**	**489**	**–**	**(51)**	**953**	**25**	**978**
Movements during 2018								
Net profit/(loss)	–	–	296	–	–	**296**	12	**308**
Translation adjustment	–	–	–	–	10[(c)]	**10**	[(c)]	**10**
Other recognised income and expense	–	–	–	–	(25)	**(25)**	–	**(25)**
Total recognised income and expense[(d)]	–	–	296	–	(15)	**281**	12	**293**
Capital and reserves transactions, net	–	(123)	123	–	–	**–**	–	**–**
Acquisitions/disposals of treasury shares	–	–	–	–	–	**–**	–	**–**
Acquisitions and disposals without loss of control	–	–	–	–	–	**–**	–	**–**
Dividend paid	–	–	(320)	–	–	**(320)**	(32)	**(352)**
Other transactions with shareholders	–	–	–	–	–	**–**	1	**1**
Other transactions (changes in scope of consolidation and other items)	–	–	(7)	–	–	**(7)**	(2)	**(9)**
Position at 31 December 2018	**143**	**249**	**581**	**–**	**(66)**	**907**	**4**	**911**

(a) Shareholders' equity as of 31 December 2016 has been restated for the effects of applying IFRS 15.
(b) Shareholders' equity as of 31 December 2017 has been restated for the effects of applying IFRS 9 and IFRS 15.
(c) Change in translation reserve:

Attributable to:	Group	Non-controlling interests	Total
Controlled entities	10	–	10
Joint ventures and associates	–	–	–
	10	–	10

(d) See statement of recognised income and expense.

CONSOLIDATED CASH FLOW STATEMENT

I - Cash flow from continuing operations (€ million)	Note	Full year 2018	Full year 2017 restated[(a)]
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations		**308**	323
Adjustments:			
• Share of profits/losses reverting to joint ventures and associates, net of dividends received		**9**	(2)
• Dividends from non-consolidated companies		**(31)**	(17)
• Net charges to/(reversals of) depreciation, amortisation, and non-current impairment and provisions		**168**	133
• Gains and losses on asset disposals		**(94)**	(43)
• Miscellaneous non-cash charges		**(53)**	(1)
Cash flow after income from net surplus cash/(cost of net debt) and income tax		**307**	**393**
Reclassification of (income from net surplus cash)/cost of net debt		**(17)**	(12)
Elimination of income tax, including provisions for tax risks		**109**	103
Cash flow	16	**399**	484
Income taxes paid		**(117)**	(99)
Changes in working capital related to operating activities (including current impairment and provisions)[(b)]		**290**	(107)
Net cash generated by/(used in) operating activities		**572**	**278**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	16	**(253)**	(159)
Proceeds from disposals of property, plant and equipment and intangible assets		**52**	40
Net liabilities related to property, plant and equipment and intangible assets		**11**	
Purchase price of non-consolidated companies and other investments	16	**(20)**	(4)
Proceeds from disposals of non-consolidated companies and other investments		**54**	23
Net liabilities related to non-consolidated companies and other investments		**15**	1
Purchase price of investments in consolidated activities	16	**(559)**	(1)
Proceeds from disposals of investments in consolidated activities		**229**	2
Net liabilities related to consolidated activities		**(1)**	(4)
Other effects of changes in scope of consolidation: cash of acquired and divested companies		**(155)**	(5)
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies		**32**	(1)
Net cash generated by/(used in) investing activities		**(595)**	**(108)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders		**1**	(17)
Dividends paid to shareholders of the parent company		**(320)**	(20)
Dividends paid by consolidated companies to non-controlling interests		**(32)**	(1)
Change in current and non-current debt		**538**	–
Income from net surplus cash/(cost of net debt)		**17**	12
Other cash flows related to financing activities		**–**	–
Net cash generated by/(used in) financing activities		**204**	**(26)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS		**53**	(171)
Change in net cash position (A+B+C+D)		**234**	**(27)**
Net cash position at start of period	4 and 10	**3,925**	**3,952**
Net cash flows		**234**	(27)
Non-monetary flows		**–**	–
Net cash position at end of period	4 and 10	**4,159**	**3,925**
II - Cash flows from discontinued and held-for-sale operations		**–**	–
Net cash position at start of period		**–**	–
Net cash flows		**–**	–
Net cash position at end of period		**–**	**–**

(a) The full-year 2017 cash flow statement has been restated for the effects of applying IFRS 15.
(b) 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 OF 2018

1.1. SIGNIFICANT EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION IN 2018

On 26 March 2018, Bouygues Construction and Colas Rail (the rail subsidiary of Colas) were retained by the Alpiq group (Switzerland) as the preferred bidders for the acquisition of Alpiq Engineering Services.
Operating through the companies Alpiq InTec AG and Kraftanlagen München GmbH, Alpiq Engineering Services specialises in hard and soft services in construction and in energy, industrial and transport infrastructures. It employs nearly 7,650 people and generated sales of approximately CHF 1.7 billion in 2017, mainly in Switzerland (57%), Germany (24%) and Italy (12%).
This acquisition positions Bouygues Construction as a major player in energy and services in Europe, and is wholly in line with its strategy of expanding into this promising market.

On 31 July 2018, following clearance from the European and Swiss competition authorities, Bouygues Construction and Colas Rail completed the acquisition of the entire share capital of Alpiq InTec AG (Zurich) and Kraftanlagen München GmbH (Munich), on the basis of an enterprise value of CHF 850 million (CHF 700 million for Bouygues Construction and CHF 150 million for Colas Rail).

At the end of December 2018, an acquisition balance sheet was provided by the vendors, and an initial in-depth review was conducted applying Bouygues group accounting policies. In accordance with IFRS 3, the excess of the purchase consideration over the fair value of the assets acquired and liabilities assumed was recognised as goodwill, with a provisional amount of €489 million. Those fair values may be adjusted within the purchase price allocation period allowed under IFRS 3.
The acquisition brings 25 more companies into the scope of consolidation.

The opening balance sheet is shown below.

On 28 May 2018, Bouygues Construction announced the acquisition of AW Edwards, a major Australian construction company.
The acquisition marks a further step in the Group's development strategy in Australia, and strengthens its position in the construction market. AW Edwards is a family business, founded in 1921 and based in Sydney. Specialising in the building sector, it is a major independent player in the Australian market. The company generated sales of AUD 277 million in 2017 and employs 250 people.

On 5 July 2018, the Bouygues Construction subsidiary Bouygues Bâtiment International finalised the acquisition of 100% of AW Edwards.
Provisional goodwill of €43 million was recognised on the acquisition, based on a comparison of the purchase consideration with the acquired assets and assumed liabilities.
The acquisition brings 3 more companies into the scope of consolidation.

Acquisition balance sheet and provisional purchase price allocation of Alpiq Engineering Services:

ACQUISITION BALANCE SHEET (€m)

Assets	ALPIQ ENGINEERING SERVICES
Property, plant and equipment	115
Intangible assets	8
Joint ventures and associates	–
Other non-current financial assets	13
Deferred tax assets and non-current tax receivable	0
Non-current assets	**135**
Inventories	11
Advances and down-payments made on orders	2
Trade receivables	242
Customer contract assets	81
Tax asset (receivable)	3
Other current receivables	57
Cash and cash equivalents	49
Financial instruments – Hedging of debt	–
Other current financial assets	–
Current assets	**445**
Held-for-sale assets and operations	133
Total assets acquired	**713**

Liabilities	ALPIQ ENGINEERING SERVICES
Non-current debt	0
Non-current provisions	97
Deferred tax liabilities and non-current tax liabilities	5
Non-current liabilities	**103**
Advances and down-payments received on orders	–
Current debt	–
Current taxes payable	5
Trade payables	120
Customer contract liabilities	111
Current provisions	81
Other current liabilities	344
Overdrafts and short-term bank borrowings	1
Financial instruments – Hedging of debt	–
Other current financial liabilities	–
Current liabilities	**661**
Liabilities related to held-for-sale operations	
Total liabilities assumed	**763**
Total identified net assets acquired/(liabilities assumed)	**(50)**
Provisional purchase consideration	**439**
Provisional goodwill	**489**

On 31 December 2018, the Group sold a 49% interest in Axione, resulting in the loss of exclusive control; Axione is now accounted for by the equity method. The overall gain on disposal, excluding taxes and transaction-related costs but including the fair value remeasurement of the retained equity interest, was €106 million.

1.2. SIGNIFICANT EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION SINCE 31 DECEMBER 2018

There were no significant events subsequent to 31 December 2018.

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 19 February 2019, and will be submitted for approval by the forthcoming Annual General Meeting on 16 April 2019.

The consolidated financial statements for the year ended 31 December 2018 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 of and for the year ended 31 December 2017, restated to take account of the first-time application of IFRS 9 and IFRS 15 as of 1 January 2018 (see Note 22 to the consolidated financial statements).

The Bouygues Construction group applied the same standards, interpretations and accounting policies for the year ended 31 December 2018 as were applied in its consolidated financial statements for the year ended 31 December 2017, except for new IFRS requirements applicable from 1 January 2018 as mentioned below.

- Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2018:

  - **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 became applicable on 1 January 2018. The Group did not early adopt IFRS 9.
    The Group has applied the classification, measurement and impairment principles of IFRS 9 retrospectively, with no restatement of prior period comparatives. The hedge accounting principles of IFRS 9 have also been 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 as of 1 January 2018 is not material, and is presented in Note 22 to the consolidated financial statements.

  - **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 became applicable on 1 January 2018. The Group did not early adopt IFRS 15. It has applied IFRS 15 retrospectively with effect from 1 January 2018, with the 2017 comparatives restated to reflect the impacts of the new standard.
    The impacts of applying IFRS 15 on the financial statements for the year ended 31 December 2017 are presented in Note 22 to the consolidated financial statements.

- 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 2017, the IASB issued IFRS 16, "Leases", which replaces IAS 17 and the associated IFRIC and SIC interpretations.
    The new standard was endorsed by the European Union on 31 October 2017 and is applicable from 1 January 2019. Bouygues has not early adopted IFRS 16, and for first-time application has elected the retrospective approach with presentation of a comparative period.
    The process of inventorising lease contracts and collecting the related data has been ongoing through 2017 and 2018. The estimated impacts of applying IFRS 16 on the balance sheet as of 31 December 2017 (as restated for IFRS 15 and IFRS 9), the interim periods of 2018 and the year ended 31 December 2018 are presented in Note 23 to the consolidated financial statements.

  - **IFRIC 23: Uncertainty Over Income Tax Treatments**
    On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23. IFRIC 23 clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. The Group has not elected early adoption of IFRIC 23, and is reviewing the potential consequences of applying it. IFRIC 23 was endorsed by the European Union on 23 October 2018 and is applicable from 1 January 2019.
    The impact of applying IFRIC 23 as of 1 January 2019 is unlikely to be material, and is presented in Note 23 to the consolidated financial statements.

- Exercise of judgement and use of estimates:
  In preparing consolidated financial statements to comply with IFRS standards and interpretations, the Group uses 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 period. These 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	31/12/2018	31/12/2017
Companies controlled by the Group	**261**	244
Joint operations	**116**	103
Investments in joint ventures and associates	**34**	25
Total	**411**	**372**

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

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the closing exchange rate. Translation differences are 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 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
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 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 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 to 40 years, depending on whether the building is of lightweight or durable construction;
- plant, equipment and tooling: 3 to 15 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 assets in the balance sheet under "Property, plant and equipment", with a matching liability recognised under "Debt" on the liabilities side of the balance sheet.
  They are depreciated over their estimated 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 fair value 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 goodwill 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: 5.10%/4.91%, depending on the assumptions used. Growth rate applied: 1%.
There were no events or circumstances requiring the recognition of an impairment loss in 2018.

- **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: 4.00%/3.89%, depending on the assumptions used. Growth rate applied: 1%.
There were no events or circumstances requiring the recognition of an impairment loss in 2018.

NON-CURRENT FINANCIAL ASSETS

The accounting treatment of financial assets depends on the management model and the characteristics of the contractual cash flows. Based on those criteria, they are accounted for in one of three ways:

- at amortised cost;
- at fair value through other comprehensive income; or
- at fair value through profit or loss.

- **Investments in non-consolidated companies and other long-term investment securities:**
  Equity instruments (other than investments in consolidated companies) are accounted for at fair value. Changes in fair value are recognised either (i) through profit or loss or (ii) through other comprehensive income not reclassifiable through profit or loss; the choice between those two methods is made on initial recognition for each instrument individually, and cannot be subsequently changed.

- **Loans and receivables:**
  Loans and receivables are accounted for at amortised cost. In accordance with IFRS 9 an impairment allowance is booked on initial recognition to reflect the expected risk of loss during the next 12 months, and charged to profit or loss.

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.

CUSTOMER CONTRACT ASSETS

Customer contract assets represent a contingent right for the Group to receive consideration in exchange for goods or services already transferred to a customer, when that right is conditional on something other than the passage of time. Consequently, the line item "Customer contract assets" (see Note 4.4 to the consolidated financial statements) comprises assets representing revenue recognised using the percentage of completion method with no immediate entitlement to issue an invoice, 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.

These provisions are calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment.

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 2012-2014 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

Current provisions, which relate to the normal operating cycle, 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 customer. They are measured on a contract by contract basis, with no netting between them.

CUSTOMER CONTRACT LIABILITIES

Customer contract liabilities represent the Group's obligation to transfer goods and services for which payment has already been received from a customer, or where the Group has an unconditional right to receive payment. They include advances and down-payments received on orders, and differences arising from the percentage of completion on a contract (see Note 10.2 to the consolidated financial statements).

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).

The Group recognises revenue when:
- a customer contract, and the performance obligations within that contract, have been identified;
- a transaction price has been determined, and allocated between the performance obligations;
- the distinct performance obligations under the contract have been satisfied;
- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

Most contracts entered into by the Group contain a single performance obligation.

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 customer.

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

c) Profits/losses from joint operations

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

d) Operating profit

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

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

e) Income from net surplus cash

Income from net surplus cash comprises all gains, losses, income and expenses generated by components of net surplus cash during the period (see Note 9, "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 financial 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 that purpose are:
- forward currency purchases and sales, currency swaps and currency options for currency risk hedging;
- interest rate swaps and purchases of caps and collars for interest rate risk hedging.

These instruments:
- are used solely for hedging purposes;
- are contracted solely with high-quality 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 projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. The Bouygues group also pays particular attention 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 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. Those effects relate to the impact of remeasuring previously-held interests or retained interests.

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 2018 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:

a) an income statement;

b) 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”.

3.1. ACQUISITIONS OF NON-CURRENT ASSETS DURING THE YEAR, NET OF DISPOSALS

	31/12/2018	31/12/2017 restated
Acquisitions of property, plant and equipment [1]	**240**	151
Acquisitions of intangible assets[1]	**13**	8
Capital expenditure	**253**	**159**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies and other long-term investments)	**579**	5
Acquisitions of non-current assets	**832**	**164**
Disposals of non-current assets	**(335)**	(65)
Acquisitions of non-current assets, net of disposals	**497**	**99**

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

3.2. NON-CURRENT ASSETS: MOVEMENTS DURING THE PERIOD

3.2.1. PROPERTY, PLANT AND EQUIPMENT €721m

Gross value	Land and buildings	Plant, equipment and tooling	Other property, plant and equipment	PP&E under construction and advance payments	Total
1 January 2017 restated	**412**	**1,033**	**304**	**22**	**1,771**
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 restated	**407**	**966**	**285**	**23**	**1,681**
Of which finance leases	5	1	2	–	**8**
Movements during 2018					
Translation adjustments	5	14	4	(1)	**22**
Transfers between accounts	1	23	1	(28)	**(3)**
Changes in scope of consolidation	85	21	129	–	**235**
Acquisitions during the period	16	96	47	81	**240**
Disposals and other reductions	(4)	(188)	(39)	–	**(231)**
31 December 2018	**510**	**932**	**427**	**75**	**1,944**
Of which finance leases	3	–	2	–	**5**

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 2017 restated	**(149)**	**(701)**	**(219)**		**(1,069)**
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 restated	**(155)**	**(716)**	**(212)**	**–**	**(1,083)**
Of which finance leases	(4)		(1)	–	**(5)**
Movements during 2018					
Translation adjustments	(3)	(12)	(3)	–	**(18)**
Transfers between accounts	–	(1)	1	–	
Changes in scope of consolidation	(31)	(17)	(76)	–	**(124)**
Disposals and other reductions	3	139	31	–	**173**
Depreciation expense	(17)	(120)	(34)	–	**(171)**
Impairment losses charged	–	–	–	–	**–**
Impairment losses reversed	–	–	–	–	**–**
31 December 2018	**(203)**	**(727)**	**(293)**	**–**	**(1,223)**
Of which finance leases	(2)	–	(2)	–	**(4)**

Carrying amount	Land and buildings	Plant, equipment and tooling	Other property, plant and equipment	PP&E under construction and advance payments	Total
31 December 2017 restated	**252**	**250**	**73**	**29**	**598**
Of which finance leases	1	1	1	–	**3**
31 December 2018	**307**	**205**	**134**	**75**	**721**
Of which finance leases	1	–	–	–	**1**

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

3.2.2. INTANGIBLE ASSETS

€21m

Gross value	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
1 January 2017 restated	**–**	**134**	**32**	**166**
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 restated	**–**	**139**	**33**	**172**
Movements during 2018				
Translation adjustments	–	–	–	**–**
Transfers between accounts	–	–	(1)	**(1)**
Changes in scope of consolidation	–	(9)	(16)	**(25)**
Acquisitions during the period	–	5	8	**13**
Disposals and other reductions	–	(16)	–	**(16)**
31 December 2018	**–**	**119**	**24**	**143**

Amortisation and impairment	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
1 January 2017 restated	**–**	**(106)**	**(12)**	**(118)**
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 restated	**–**	**(115)**	**(13)**	**(128)**
Movements during 2018				
Translation adjustments	–	–	–	**–**
Transfers between accounts	–	–	–	**–**
Changes in scope of consolidation	–	5	4	**9**
Disposals and other reductions	–	16		**16**
Amortisation expense	–	(11)	(8)	**(19)**
Impairment losses charged	–	–	–	**–**
Impairment losses reversed	–	–	–	**–**
31 December 2018	**–**	**(105)**	**(17)**	**(122)**

Carrying amount	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
31 December 2017 restated	**–**	**24**	**20**	**44**
31 December 2018	**–**	**14**	**7**	**21**

3.2.3. GOODWILL

€1,044m

	Gross value	Impairment losses	Carrying amount	Building & Civil Engineering	Energies & Services
1 January 2017 restated	**540**	**–**	**540**	**235**	**305**
Changes in scope of consolidation, translation adjustments & other movements	(14)	–	(14)	(5)	(9)
Impairment losses	–	–	–	–	–
31 December 2017 restated	**526**	**–**	**526**	**230**	**296**
Changes in scope of consolidation	508	–	508	43	465
Impairment losses	–	–	–	–	–
Translation adjustments	10	–	10	–	10
31 December 2018	**1,044**	**–**	**1,044**	**273**	**771**

See Note 1 for a calculation of the provisional goodwill on Alpiq Engineering Services, measured at the date on which control was obtained.

3.2.4. NON-CURRENT FINANCIAL ASSETS

€430m

	Investments in joint ventures and associates[a]	Other non-current financial assets		Total gross value	Amortisation & impairment	Carrying amount	Deferred tax assets[b]
		Investments in non-consolidated companies	Other non-current assets				
1 January 2017 restated	**64**	**166**	**200**	**430**	**(156)**	**274**	**103**
Translation adjustments	(1)	(9)	(11)	(21)	–	(21)	–
Transfers between accounts	(1)	1	3	3	–	3	(1)
Changes in scope of consolidation	2	(1)		1	–	1	–
Acquisitions and other increases	5	3	53	61	–	61	(13)
Net profit/(loss) for the period	2	–	–	2	–	2	–
Disposals and other reductions	–	(7)	(29)	(36)	–	(36)	–
Amortisation and impairment, net	–	–	–	–	16	16	–
Impact of applying IFRS 9 at 31/12/2017	–	(72)	–	(72)	71	(1)	–
31 December 2017 restated	**71**	**81**	**216**	**368**	**(69)**	**299**	**89**
Accumulated amortisation and impairment	(41)	–	(28)	(69)	–	–	–
31 December 2017 net, restated	**30**	**81**	**188**	**299**	**–**	**–**	**89**
1 January 2018	**71**	**81**	**216**	**368**	**(69)**	**299**	**89**
Translation adjustments	–	1	2	3	–	3	–
Transfers between accounts	7	–	4	11	(3)	8	–
Changes in scope of consolidation[a]	55	3	12	70	(3)	67	(4)
Acquisitions and other increases	–	15	45	60	–	60	3
Net profit/(loss) for the period	(2)	–	–	(2)	–	(2)	–
Disposals and other reductions	–	(63)	(38)	(101)		(101)	(8)
Amortisation and impairment, net	–	–	–	–	16	16	–
31 December 2018	**131**	**37**	**241**	**409**	**(59)**	**350**	**80**
Accumulated amortisation and impairment	(28)	–	(31)	(59)	–	–	–
31 December 2018 net	**103**	**37**	**210**	**350**	**–**	**–**	**80**

(a) Includes goodwill on associates: €68 million in 2018.
(b) See Note 7 to the consolidated financial statements.

3.2.5. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES €103m

	Share of net assets held	Goodwill on joint ventures and associates, net	Carrying amount
1 January 2017 restated	**21**	**–**	**21**
Translation adjustments	(1)	–	(1)
Transfers between accounts	(1)	–	(1)
Changes in scope of consolidation	4	–	4
Acquisitions and other increases	5	–	5
Net profit/(loss) for the period	2	–	2
Disposals and other reductions	–	–	–
Impairment losses	–	–	–
31 December 2017 restated	**30**	**–**	**30**
Translation adjustments	–	–	–
Transfers between accounts	7	–	7
Changes in scope of consolidation	–	68	68
Acquisitions and other increases	–	–	–
Net profit/(loss) for the period	(2)	–	(2)
Disposals and other reductions	–	–	–
Impairment losses	–	–	–
31 Decembre 2018	**35**	**68**	**103**

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

Figures are for 100% of the investee	31/12/2018 Stade de France	31/12/2017 restated Stade de France
Non-current assets[1]	**177**	203
Current assets	**71**	59
Total assets	**248**	**262**
Shareholders' equity	**43**	42
Non-current liabilities	**143**	163
Current liabilities	**62**	57
Total liabilities & equity	**248**	**262**
Sales	**61**	69
Operating profit/(loss)	**2**	1
Net profit/(loss)	**1**	**2**

(1) Net of investment grants obtained.

Principal entities	31/12/2017 restated	Net movements in 2018[1]	31/12/2018	Of which share of profit/(loss) and impairment losses
Associates				
Stade de France	11	–	**11**	–
Zaic	8	(1)	**7**	(1)
Bina (Fincom and Istra)	–	–	**–**	–
Transjamaican	–	–	**–**	–
VSL Japon	2	–	**2**	–
Joint ventures				
Axione	–	76	**76**	–
VSL Chili	2	–	**2**	–
Other	7	(2)	**5**	(1)
Total	**30**	**73**	**103**	**(2)**

(1) Includes acquisitions, changes in scope of consolidation, translation adjustments, dividends paid, capital increases, and goodwill.

Accumulated unrecognised losses on joint ventures and associates: €9 million.

3.2.6. INVESTMENTS IN NON-CONSOLIDATED COMPANIES AND OTHER NON-CURRENT FINANCIAL ASSETS

3.2.6.1. INVESTMENTS IN NON-CONSOLIDATED COMPANIES €37m

Investments in non-consolidated companies [1]	31/12/2018		Total assets [2]	Total current & non-current liabilities [2]	Total sales [2]	Net profit/ (loss) [2]
	Gross value	% interest				
French companies						
Opale Défense SAS	2	19%	1,102	1,092	153	2
Other investments in French companies	8	–	–	–	–	–
Sub-total	10	–	–	–	–	–
Foreign companies						
Cross Yarra Partnership (Australia)	14	10%	774	654	556	–
Lumesa (Switzerland)	3	47%	4	–	3	–
Corée Pusan	1	14%	596	35	81	(43)
Other investments in foreign companies	9	–	–	–	–	–
Sub-total	27	–	–	–	–	–
Total	37	–	–	–	–	–

Investments in non-consolidated companies [1]	31/12/2017 restated		Total assets [2]	Total current & non-current liabilities [2]	Total sales [2]	Net profit/ (loss) [2]
	Gross value	% interest				
French companies						
Foncière Point du Jour	2	100%	2	–	–	–
Axione Infrastructures	5	15%	235	177	3	5
Other investments in French companies	12	–	–	–	–	–
Sub-total	19	–	–	–	–	–
Foreign companies						
Hong Kong IEC Limited	58	15%	111	28	61	(6)
VSL Corporation (United States)	0	100%	–	–	–	–
Other investments in foreign companies	6	–	–	–	–	–
Sub-total	64	–	–	–	–	–
Total	83	–	–	–	–	–

(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.

3.2.6.2. OTHER NON-CURRENT FINANCIAL ASSETS €210m

The main items included in this heading are:

• Advances to non-consolidated companies	79
• Non-current loans and receivables	89
• Other long-term investments	42
comprising:	
- Deposits and caution money	27
- Other financial assets at fair value through profit or loss	15

3.2.6.3. ANALYSIS OF INVESTMENTS IN NON-CONSOLIDATED COMPANIES AND OTHER NON-CURRENT FINANCIAL ASSETS BY CATEGORY

€247m

Does not include investments in joint ventures and associates.

	Equity instruments		Other financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	At fair value through OCI	At fair value through profit or loss			
31 December 2017 restated	**69**	**13**	**6**	**181**	**269**
Movements during 2018	(65)	20	9	14	**(22)**
31 December 2018	**4**	**33**	**15**	**195**	**247**
Due within less than 1 year	–	–	–	9	**9**
Due within 1 to 5 years	–	–	–	43	**43**
Due after more than 5 years	4	33	15	143	**195**

3.2.6.4. FINANCIAL ASSETS BY FAIR VALUE HIERARCHY LEVEL

	Level 1 Quoted market prices	Level 2 Observable inputs	Level 3 Unobservable inputs	31/12/2018
Assets				
Financial assets at fair value through OCI	–	–	4	**4**
Financial assets at fair value through profit or loss	–	–	33	**33**
Financial instruments	–	5	–	**5**
Liabilities				
Financial instruments	–	17	–	**17**
Non-current debt	–	818	–	**818**

3.2.7. 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 2018 is provided in Note 25.

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

Bouygues Construction share	31/12/2018	31/12/2017 restated
Non-current assets	161	135
Current assets	1,336	1,170
Total assets	**1,497**	**1,305**
Shareholders' equity	34	13
Non-current liabilities	53	40
Current liabilities	1,410	1,252
Total liabilities and shareholders' equity	**1,497**	**1,305**
Sales	1,785	1,510
Operating profit/(loss)	(52)	6
Net profit/(loss)	**(46)**	**7**

3.3. NON-CURRENT TAX ASSETS

€80m

	31/12/2018	31/12/2017 restated
Deferred tax assets [1]	80	89
Other non-current tax assets	–	–
Total non-current tax assets [1]	**80**	**89**

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

NOTE 4. CURRENT ASSETS

4.1. INVENTORIES €276m

Inventories	31/12/2018			31/12/2017 restated		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Raw materials and supplies, finished goods and property development inventories	301	(25)	276	258	(21)	237
Total	**301**	**(25)**	**276**	**258**	**(21)**	**237**

Impairment of inventories	Charges during the year		Reversals during the year	
	2018	2017 restated	2018	2017 restated
Raw materials and supplies, finished goods and property development inventories	(7)	(4)	6	8
Total	**(7)**	**(4)**	**6**	**8**

4.2. ADVANCES AND DOWN-PAYMENTS MADE ON ORDERS €188m

	31/12/2018			31/12/2017 restated		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments made on orders	188	–	188	161	–	161
Total	**188**	**–**	**188**	**161**	**–**	**161**

4.3. TRADE AND OTHER RECEIVABLES €4,242m

	31/12/2018			31/12/2017 restated		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables	2,562	(223)	2,339	2,447	(234)	2,213
Customer contract assets	862	–	862	637	–	637
Current tax assets (tax receivable)	125	–	125	95	–	95
Other current receivables and prepaid expenses:						
• Other operating receivables (employees, social security, government and other)	467	(5)	462	386	(6)	380
• Sundry receivables (including current accounts)	452	(80)	372	461	(44)	417
• Prepaid expenses	82	–	82	78	–	78
Total trade and other receivables	**4,550**	**(308)**	**4,242**	**4,104**	**(284)**	**3,820**

4.4. SPLIT OF TRADE RECEIVABLES BETWEEN NON PAST DUE AND PAST DUE AS OF 31 DECEMBER 2018

	Non past due balances	Past due balances (payment arrears)			Total
		0-6 months	6-12 months	> 12 months	
Trade receivables	1,676	476	82	328	2,562
Impairment	(10)	(9)	(5)	(199)	(223)
Total trade receivables	**1,666**	**467**	**77**	**129**	**2,339**
Comparative at 31 December 2017 restated	**1,690**	**357**	**60**	**106**	**2,213**

4.5. OTHER CURRENT FINANCIAL ASSETS €5m

See Note 17, "Financial instruments".

4.6. CASH AND CASH EQUIVALENTS €4,652m

	31/12/2018			31/12/2017 restated		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Bouygues Relais	1,617	–	1,617	2,012	–	2,012
Uniservice	2,020	–	2,020	1,342	–	1,342
By Construction Relais	28	–	28	–	–	–
Other cash items	986	–	986	956	–	956
Cash equivalents	1	–	1	–	–	–
Total	**4,652**	**–**	**4,652**	**4,310**	**–**	**4,310**

Split by currency: 2018	Euro	Pound sterling	Swiss franc	Hong Kong dollar	Singa-pore dollar	Austra-lian dollar	Canadian dollar	US dollar	Moroccan dirham	CFA franc	Qatari riyal	Other	Total
Cash	2,182	298	542	711	48	309	23	321	23	5	54	135	4,651
Cash equivalents	–	–	1	–	–	–	–	–	–	–	–	–	1
Total	**2,182**	**298**	**543**	**711**	**48**	**309**	**23**	**321**	**23**	**5**	**54**	**135**	**4,652**

Split by currency: 2017 restated	Euro	Pound sterling	Swiss franc	Hong Kong dollar	Singa-pore dollar	Austra-lian 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	–	–	–	–	–	–	–	–	–	–	–	–	0
Total	**2,449**	**307**	**504**	**463**	**72**	**130**	**52**	**178**	**40**	**11**	**43**	**61**	**4,310**

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:

	31/12/2018	31/12/2017 restated
Cash	4,651	4,310
Cash equivalents	1	–
Total	**4,652**	**4,310**
Overdrafts and short-term bank borrowings	(493)	(385)
Net cash position	**4,159**	**3,925**

NOTE 5. SHAREHOLDERS' EQUITY

5.1. SHARE CAPITAL €127,967,250

As of 31 December 2018, 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:

	01/01/2018	Movements during 2018		31/12/2018
		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. ANALYSIS OF "INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY" €(66)m

	31/12/2017 restated	Movements during 2018	31/12/2018
Reserve for actuarial gains/(losses) (net of tax)	(53)	(15)	**(68)**
Fair value remeasurement reserve - equity instruments (net of tax)	(1)	–	**(1)**
Translation reserve of fully consolidated entities	1	10	**11**
Fair value remeasurement reserve - hedging instruments (net of tax)	2	(10)	**(8)**
Total attributable to the Group	**(51)**	**(15)**	**(66)**

5.2.2. TRANSLATION RESERVE €11m

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero under the option permitted 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 2018 arising on foreign companies reporting in:

Currency	31/12/2017 restated	Movements during 2018	31/12/2018
Pound sterling	11	1	**12**
Swiss franc	2	1	**3**
US dollar	(7)	–	**(7)**
Hong Kong dollar	(5)	5	**–**
Singapore dollar	–	1	**1**
Australian dollar	6	2	**8**
Other	(6)	–	**(6)**
Total	**1**	**10**	**11**

NOTE 6. NON-CURRENT AND CURRENT PROVISIONS

6.1. NON-CURRENT PROVISIONS

€826m

	Employee benefits	Litigation and claims	Customer warranties	Risks on subsidiaries and affiliates	Miscellaneous foreign risks	Other non-current provisions	Total
1 January 2017 restated	**204**	**170**	**301**	**13**	**32**	**112**	**832**
Translation adjustments	(1)	(1)	(3)	–	–	(1)	**(6)**
Transfers between accounts	–	(2)		–	5	(38)	**(35)**
Changes in accounting policy or scope of consolidation, and other movements	–	–	–	–	–	–	**–**
Actuarial gains and losses	8	–	–	–	–	–	**8**
Charges	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 restated	**210**	**134**	**295**	**10**	**24**	**56**	**729**
Movements during 2018							
Translation adjustments	–	–	1	–	–	1	**2**
Transfers between accounts	–	(1)	(3)	8	–	3	**7**
Changes in accounting policy or scope of consolidation, and other movements	74	2	13	–	–	–	**89**
Actuarial gains and losses	20	–	–	–	–	–	**20**
Charges	14	37	83	2	13	22	**171**
Reversals (provisions used)	(21)	(13)	(56)		(2)	(5)	**(97)**
Reversals (provisions not used)	(1)	(39)	(32)		(4)	(19)	**(95)**
31 December 2018	**296**	**120**	**301**	**20**	**31**	**58**	**826**

6.2. CURRENT PROVISIONS

€648m

	Risks on completed projects	Project completion expenses	Expected losses to completion	Other current provisions	Total
1 January 2017 restated	**64**	**222**	**196**	**106**	**588**
Translation adjustments	(3)	(8)	(9)	(4)	**(24)**
Transfers between accounts	1	(3)	–	–	**(2)**
Changes in accounting policy or scope of consolidation, and other movements	(2)	(1)	(1)	(1)	**(5)**
Charges	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 restated	**58**	**203**	**180**	**88**	**529**
Movements during 2018					
Translation adjustments	1	3	(4)	2	**2**
Transfers between accounts	2	11	(13)	3	**3**
Changes in accounting policy or scope of consolidation, and other movements	–	9	67	6	**82**
Charges	12	119	125	40	**296**
Reversals (provisions used)	(5)	(63)	(73)	(26)	**(167)**
Reversals (provisions not used)	(15)	(41)	(30)	(11)	**(97)**
31 December 2018	**53**	**241**	**252**	**102**	**648**

NOTE 7. NON-CURRENT TAX ASSETS AND LIABILITIES

7.1. NON-CURRENT TAX ASSETS

ASSETS €80m

Movement in deferred tax assets in the consolidated balance sheet	31/12/2017 restated	Movements during 2018		31/12/2018
		Net expense	Other movements	
Deferred tax assets	89	(8)	(1)	**80**

7.2. DEFERRED TAX ASSETS BY BUSINESS SEGMENT

Type of deferred taxation by business segment	Deferred tax assets 31/12/2017 restated	Changes in scope of consolidation	Translation adjustments	Movements during 2018		Other	Deferred tax assets 31/12/18
				Gain	Expense		
(A) Tax losses							
BUILDING & CIVIL ENGINEERING	10	-	-	-	(8)	(1)	**1**
ENERGIES & SERVICES	12	(2)	-	5	(2)	(1)	**12**
Sub-total: tax losses	**22**	**(2)**	**-**	**5**	**(10)**	**(2)**	**13**
(B) Temporary differences [1]							
BUILDING & CIVIL ENGINEERING	56	1	-	5	(7)	4	**59**
ENERGIES & SERVICES	11	(3)	-	3	(4)	1	**8**
Sub-total: temporary differences	**67**	**(2)**	**-**	**8**	**(11)**	**5**	**67**
Total deferred tax assets	**89**	**(4)**	**-**	**13**	**(21)**	**3**	**80**

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

7.3. NON-CURRENT TAX LIABILITIES

LIABILITIES €21m

Movement in deferred tax liabilities in the consolidated balance sheet	31/12/2017 restated	Movements during 2018		31/12/2018
		Net expense	Other movements	
Deferred tax liabilities	17	1	3	**21**

7.4. DEFERRED TAX LIABILITIES BY BUSINESS SEGMENT

Type of deferred taxation by business segment	Deferred tax liabilities 31/12/2017 restated	Changes in scope of consolidation	Translation adjustments	Movements during 2018		Other	Deferred tax liabilities 31/12/18
				Gain	Expense		
Temporary differences [1]							
BUILDING & CIVIL ENGINEERING	16	-	-	(1)	-	(1)	**14**
ENERGIES & SERVICES	1	5	-	(1)	3	(1)	**7**
Sub-total: temporary differences	**17**	**5**	**-**	**(2)**	**3**	**(2)**	**21**
Total deferred tax liabilities	**17**	**5**	**-**	**(2)**	**3**	**(2)**	**21**

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

7.5. MAIN SOURCES OF DEFERRED TAXATION

	31/12/2018	31/12/2017 restated
Deferred tax assets	**80**	**89**
Employee benefits	38	35
Customer warranties	8	11
Expected losses to completion	20	21
Provisions for customer claims and bad debts	3	3
Tax losses	13	21
Other sources of deferred tax assets	(2)	(2)
Deferred tax liabilities	**21**	**17**
Total	**59**	**72**

7.6. PERIOD TO RECOVERY OF DEFERRED TAX ASSETS

31 December 2018	Less than 2 years	2 to 5 years	More than 5 years	Total
Deferred tax assets	**34**	**21**	**25**	**80**

7.7. UNRECOGNISED DEFERRED TAX ASSETS

	31/12/2018	31/12/2017 restated
Bouygues group tax election	96	120
Other assets	156	154
Total	**252**	**274**

NOTE 8. NON-CURRENT AND CURRENT DEBT

8.1. INTEREST-BEARING DEBT BY MATURITY

€1,039m

Debt	Current		Non-current						Total 31/12/2018	Total 31/12/2017 restated
	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	–	–	–	–	–	–	–	–	**0**	1
Finance lease obligations	–	–	–	–	–	–	–	–	**0**	0
Other borrowings	8	1	10	5	5	4	2	3	**38**	32
Participating debt	–	–	–	–	–	–	–	–	**–**	
Uniservice debt	1	1	1	–	23	975	–	–	**1,001**	483
Total interest-bearing debt	**9**	**2**	**11**	**5**	**28**	**979**	**2**	**3**	**1,039**	**516**
Comparative: 31/12/2017 restated	**1**	**4**	**317**	**53**	**5**	**134**	**2**	**0**	**516**	**–**

8.2. CONFIRMED CREDIT FACILITIES AND DRAWDOWNS

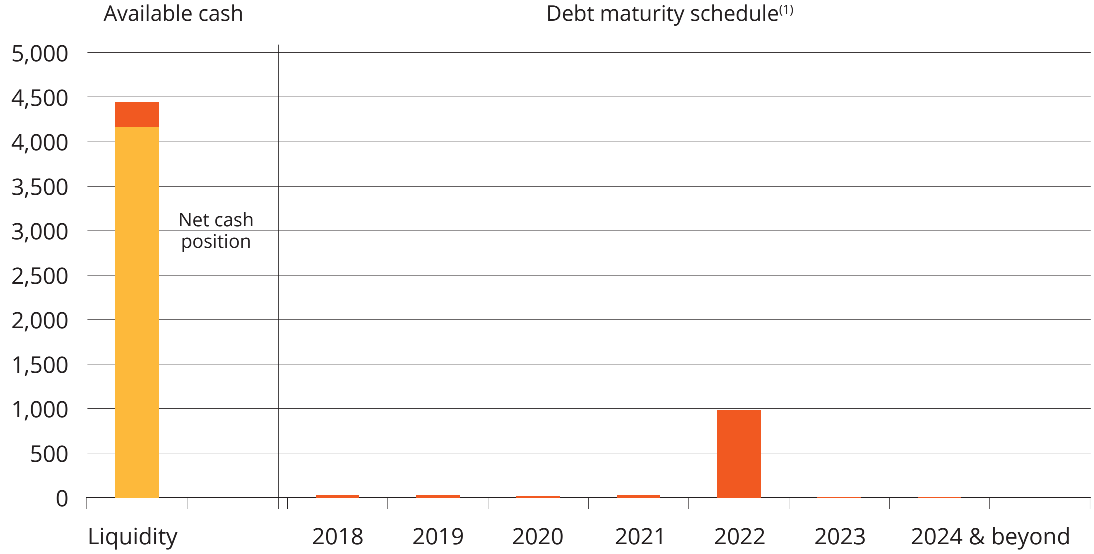
	Confirmed facilities – Maturity				Drawdowns – Maturity			
	< 1 year	1 to 5 years	> 5 years	Total	< 1 year	1 to 5 years	> 5 years	Total
Bond issues	–	–	–	**–**	–	–	–	**–**
Bank borrowings	0	0	–	**0**	0	0	–	**0**
Other borrowings[(a)]	11	1,295	5	**1,311**	11	1,023	5	**1,039**
Participating debt	–	–	–	**–**	–	–	–	**–**
Intra-group borrowings	–	–	–	**–**	–	–	–	**–**
Total	**11**	**1,295**	**5**	**1,311**	**11**	**1,023**	**5**	**1,039**

(a) Confirmed undrawn credit facilities: €272 million.

8.3. LIQUIDITY AT 31 DECEMBER 2018

As of 31 December 2018, the net cash position was €4,159 million; there were also €272 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 (€1,028 million) and current debt (€11 million).

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

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

8.4. SPLIT OF CURRENT AND NON-CURRENT DEBT BY INTEREST RATE TYPE

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

	31/12/2018	31/12/2017 restated
Fixed rate [1]	0%	2%
Floating rate	100%	98%

(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	Australian dollar	Other	Total
Non-current: 31/12/2018	**47**	**121**	**567**	**17**	**18**	**9**	**93**	**112**	**44**	**–**	**1,028**
Current: 31/12/2018	**3**	**–**	**–**	**–**	**–**	**2**	**–**	**–**	**–**	**6**	**11**
Non-current: 31/12/2017 restated	2	122	155	17	18	15	63	117	–	2	**511**
Current: 31/12/2017 restated	–	–	–	–	–	5	–	–	–	–	**5**

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

NOTE 9. MAIN COMPONENTS OF CHANGE IN NET SURPLUS CASH

€3,119m

9.1. CHANGE IN NET SURPLUS CASH

	31/12/2017 restated	Cash flows	Changes in scope of consolidation	Translation adjustments	Fair value adjustments	Other movements	31/12/2018
Cash and cash equivalents	4,310	188	78,	50	–	26	**4,652**
Overdrafts and short-term bank borrowings	(385)	(84)	1	3	–	(28)	**(493)**
Net cash position	**3,925**	**104**	**79**	**53**	**–**	**(2)**	**4,159**
Non-current debt	(511)	(535)	17	(4)	–	5	**(1,028)**
Current debt	(5)	(3)	-	–	–	(3)	**(11)**
Financial instruments - hedging of debt	–	–	-	–	–	(1)	**(1)**
Total debt	**(516)**	**(538)[b]**	**17**	**(4)**	**–**	**1**	**(1,040)**
Net surplus cash	**3,409**	**(434)**	**96**	**49**	**–**	**(1)**	**3,119**

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

9.2. PRINCIPAL MOVEMENTS IN NET SURPLUS CASH

Net surplus cash at 31 December 2017 - restated	**3,409**
Net cash generated by operating activities	**572**
Net cash generated by investing activities	**(595)**
Dividends paid	**(352)**
Income from net surplus cash	**17**
Effect of changes in scope of consolidation on total debt	**17**
Effect of exchange rates on net cash position and total debt	**49**
Other movements	**2**
Net surplus cash at 31 December 2018	**3,119**

NOTE 10. OTHER CURRENT LIABILITIES

10.1. TRADE AND OTHER PAYABLES €7,623m

	31/12/2018	31/12/2017 restated
Current taxes payable	**78**	**59**
Trade payables	**3,108**	**3,144**
Customer contract liabilities	**2,688**	**2,058**
Other current liabilities	**1,749**	**1,675**
Employee-related and social security liabilities	**490**	453
Amounts due to government and local authorities	**622**	626
Other current payables	**637**	596

10.2. OVERDRAFTS AND SHORT-TERM BANK BORROWINGS €493m

Split by currency: 31/12/2018	Euro	Pound sterling	Swiss franc	Czech koruna	Hong Kong dollar	US dollar	Canadian dollar	CFA franc	Australian dollar	Other	Total
Overdrafts and short-term bank borrowings	108	40	137	7	117	2	25	29	6	22	**493**

Split by currency: 31/12/2017 restated	Euro	Pound sterling	Swiss franc	Czech koruna	Hong Kong dollar	US dollar	Canadian dollar	CFA franc	Australian dollar	Other	Total
Overdrafts and short-term bank borrowings	92	6	80	21	111	1	27	27	0	20	**385**

10.3. OTHER CURRENT FINANCIAL LIABILITIES €17m

See Note 17, “Financial instruments”.

NOTE 11. SALES AND OTHER REVENUES FROM OPERATIONS

11.1. ANALYSIS OF SALES BY BUSINESS SEGMENT

Segment	FY 2018				4th quarter 2018			
	France	International	Total	% of total sales	France	International	Total	% of total sales
Building & Civil Engineering	**4,157**	**5,039**	**9,196**	**74%**	1,104	1,335	2,439	65%
Energies & Services	**1,442**	**1,720**	**3,162**	**26%**	406	924	1,330	35%
Sales	**5,599**	**6,759**	**12,358**	**100%**	**1,510**	**2,259**	**3,769**	**100%**

Segment	FY 2017 restated				4th quarter 2017 restated			
	France	International	Total	% of total sales	France	International	Total	% of total sales
Building & Civil Engineering	4,252	4,856	9,108	78%	1,218	1,246	2,464	78%
Energies & Services	1,317	1,235	2,552	22%	402	273	675	22%
Sales	**5,569**	**6,091**	**11,660**	**100%**	**1,620**	**1,519**	**3,139**	**100%**
% change 2018 vs. 2017	0.5%	11.0%	6.0%	–	–	–	–	–

11.2. ANALYSIS OF SALES BY GEOGRAPHICAL AREA

Analysis by geographical area	Sales 2018		Sales 2017 restated	
	Total	% of total sales	Total	% of total sales
France	**5,599**	**45.3%**	5,569	47.8%
European Union	**1,557**	**12.6%**	1,560	13.4%
Rest of Europe	**1,590**	**12.9%**	1,192	10.2%
Africa	**463**	**3.7%**	484	4.2%
Middle East	**111**	**0.9%**	159	1.4%
Americas	**769**	**6.2%**	620	5.3%
Asia-Pacific	**2,269**	**18.4%**	2,076	17.8%
Total	**12,358**	**100.0%**	**11,660**	**100.0%**

The United Kingdom accounted for 71% of sales generated in the European Union excluding France. These sales relate to operations carried out locally within the United Kingdom, which have no material exposure to uncertainties relating to imports and exports.

11.3. ANALYSIS OF SALES BY TYPE OF CONTRACT (%)

Type of contract	2018			2017		
	France	International	Total	France	International	Total
Public-sector contracts[a]	**37%**	**36%**	**36%**	39%	38%	38%
Private-sector contracts	**63%**	**64%**	**64%**	61%	62%	62%

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

11.4. ORDER BACKLOG

	31/12/2018
Total order backlog	**22,183**
Maturing within 1 year	**9,855**
Maturing within 1 to 5 years	**9,814**
Maturing after more than 5 years	**2,514**

The order backlog represents the amount of work still to be done on projects for which a firm order has been taken, i.e. the contract has been signed and has taken effect (after notice to proceed has been issued and suspensive conditions lifted).

NOTE 12. OPERATING PROFIT AND EBITDA

12.1. OPERATING PROFIT €364m

	2018	2017 restated
Current operating profit[1]		
Sales	**12,358**	11,660
Other revenues from operations	**139**	107
Purchases used in consumption and external charges	**(8,942)**	(8,433)
Personnel costs	**(3,096)**	(2,766)
Taxes other than income tax	**(166)**	(149)
Net depreciation & amortisation expense	**(189)**	(214)
Charges to provisions and impairment losses, net of reversals due to utilisation	**(214)**	(146)
Change in production and property development inventories	**(5)**	(58)
Other income and expenses on operations:		
• Reversals of impairment losses and of unused provisions & other items	**280**	251
• Net gains on disposals of non-current assets	**101**	22
• Net foreign exchange gains/(losses)	**(3)**	–
• Other income/(expenses)	**105**	89
Sub-total: current operating profit	**368**	**363**
Other operating income and expenses[2]	**(4)**	–
Operating profit/(loss)[3]	**364**	**363**

(1) See Note 16 for an analysis by business segment.
(2) Impact of one-off year-end employee bonuses.
(3) Includes rental expenses of €383 million (2018) and €406 million (2017), including short-term leases and leases for low-value assets. Expenses relating to the service component of leases are included in external charges in 2018.

12.2. EBITDA €491m

	2018	2017 restated
Current operating profit/(loss)	**368**	**363**
Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses:		
• Net depreciation & amortisation expense	189	214
• Charges to provisions and impairment losses, net of reversals due to utilisation	214	146
Elimination of items included in other income from operations:		
• Reversals of impairment losses and of unused provisions & other items	(280)	(251)
EBITDA	**491**	**472**

NOTE 13. INCOME FROM NET SURPLUS CASH AND OTHER FINANCIAL INCOME & EXPENSES

13.1. ANALYSIS OF INCOME FROM NET SURPLUS CASH €17m

	2018	2017 restated
Cost of debt	**(9)**	(6)
Income from cash and cash equivalents	**26**	18
Income from net surplus cash	**17**	**12**
Income from net surplus cash comprises:		
• net interest expense on debt	**(9)**	(6)
• interest expense on finance leases	**–**	–
• impact of financial instruments on debt	**–**	–
Sub-total	**(9)**	**(6)**
• net interest income from cash and cash equivalents	**25**	18
• impact of financial instruments on net cash position	**–**	–
• impact of financial instruments on cash and cash equivalents	**1**	–
Sub-total	**26**	**18**

13.2. ANALYSIS OF OTHER FINANCIAL INCOME AND EXPENSES €38m

	2018	2017 restated
Dividends from non-consolidated companies	**31**	17
Net (increase)/decrease in financial provisions	**2**	13
Net discounting expense	**–**	–
Change in fair value of other financial assets and liabilities	**2**	–
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	**3**	19
Other financial income/(expenses), net	**38**	**49**

NOTE 14. INCOME TAX EXPENSE

14.1. ANALYSIS OF INCOME TAX EXPENSE

€(109)m

	2018			2017 restated		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	**(39)**	**(58)**	**(97)**	(40)	(50)	(90)
Change in deferred tax liabilities [(1)(2)]	**(1)**	**–**	**(1)**	5	–	5
Change in deferred tax assets[(1)(2)]	**(9)**	**1**	**(8)**	(15)	–	(15)
Dividend taxes	**–**	**(3)**	**(3)**	–	(3)	(3)
Total	**(49)**	**(60)**	**(109)**	**(50)**	**(53)**	**(103)**

See Note 16 for an analysis by business segment.

	2018	2017 restated
(1). Includes deferred taxes arising from:		
• temporary differences	(3)	(19)
• tax loss carry-forwards	(4)	5
• changes in tax rates or new taxes	(2)	(3)
(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:

	2018	2017 restated
Standard tax rate in France	**34.43%**	34.43%
Differences in tax rates between France and other countries	**-11.11%**	-10.84%
Unrecognised deferred tax assets and creation/utilisation of tax loss carry-forwards	**12.41%**	4.01%
Effect of permanent differences	**-2.18%**	-1.34%
Flat-rate and reduced-rate taxes	**-7.79%**	-1.29%
Dividend taxes	**0.83%**	0.61%
Other	**-0.46%**	-1.43%
Effective tax rate	**26.13%**	**24.15%**

NOTE 15. BASIC AND DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS

Basic earnings per share from continuing operations is calculated by dividing net profit from continuing operations 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).

	2018	2017 restated
Net profit from continuing operations attributable to the Group	**€296m**	€320m
Weighted average number of shares outstanding	**1,706,230**	1,706,230
Basic earnings per share from continuing operations (€)	**€173.48**	**€187.55**

Diluted earnings per share from continuing operations 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.

	2018	2017 restated
Net profit from continuing operations attributable to the Group	**€296m**	€320m
Weighted average number of shares used to calculate diluted earnings per share from continuing operations	**1,706,230**	1,706,230
Diluted earnings per share from continuing operations (€)	**€173.48**	**€187.55**

NOTE 16. SEGMENT INFORMATION

The operating segments used are those reviewed by the chief operational decision-maker, 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 2018

31/12/2018	Building & Civil Engineering	Energies & Services	Total
INCOME STATEMENT			
Construction	9,299	–	**9,299**
Energies & Services	–	3,233	**3,233**
Total sales	**9,299**	**3,233**	**12,532**
Inter-segment sales	(103)	(71)	**(174)**
Third-party sales	**9,196**	**3,162**	**12,358**
Current operating profit/(loss)	**385**	**(17)**	**368**
Other operating income and expenses	(4)	–	**(4)**
Operating profit/(loss)	**381**	**(17)**	**364**
Income from net surplus cash/(cost of net debt)	24	(7)	**17**
Income tax expense	(104)	(5)	**(109)**
Share of net profits/(losses) of joint ventures and associates	(2)	–	**(2)**
Net profit/(loss) from continuing operations	**340**	**(32)**	**308**
Net profit/(loss) from discontinued and held-for-sale operations	-	-	**-**
Net profit/(loss)	**340**	**(32)**	**308**
Net profit/(loss) attributable to the Group	**328**	**(32)**	**296**
Current operating profit/(loss)	**385**	**(17)**	**368**
EBITDA			
Current operating profit/(loss)	**385**	**(17)**	**368**
Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses			
• Net depreciation and amortisation expense	163	26	**189**
• Charges to provisions & impairment losses, net of reversals due to utilisation	153	61	**214**
Elimination of items included in other income from operations:			
• Reversals of impairment losses and of unused provisions & other items [1]	(215)	(65)	**(280)**
EBITDA	**486**	**5**	**491**
BALANCE SHEET			
Goodwill	273	771	**1,044**
Investments in joint ventures and associates	27	76	**103**
Non-current provisions	651	175	**826**
Current provisions	494	154	**648**
Cash and cash equivalents	4,190	462	**4,652**
Non-current debt	767	261	**1,028**
Current debt	10	1	**11**
Overdrafts and short-term bank borrowings	404	89	**493**
Financial instruments – Hedging of debt (assets/liabilities)	1	–	**1**
Net surplus cash/(net debt)	**3,008**	**111**	**3,119**
OTHER FINANCIAL INDICATORS			
Cash flow after cost of net debt and income tax (I)	419	(112)	**307**
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)[2]	(176)	(25)	**(201)**
Free cash flow (I) + (II)	**243**	**(137)**	**106**
Cash flow	**499**	**(100)**	**399**

(1) Includes €54 million for the remeasurement of the retained equity interest in Axione following the sale of a 49% interest (Energies & Services).
(2) Net of investment grants obtained.

16.2. ANALYSIS BY BUSINESS SEGMENT – YEAR ENDED 31 DECEMBER 2017

31/12/2017 restated	Building & Civil Engineering	Energies & Services	Total
INCOME STATEMENT			
Construction	9,200	–	**9,200**
Energies & Services	–	2,656	**2,656**
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/(loss)	**357**	**6**	**363**
Other operating income and expenses	–	–	–
Operating profit/(loss)	**357**	**6**	**363**
Income from net surplus cash/(cost of net debt)	16	(4)	**12**
Income tax expense	(98)	(5)	**(103)**
Share of net profits/(losses) of joint ventures and associates	2	-	**2**
Net profit/(loss) from continuing operations	**324**	**(1)**	**323**
Net profit/(loss) from discontinued and held-for-sale operations	-	-	**-**
Net profit/(loss)	**324**	**(1)**	**323**
Net profit/(loss) attributable to the Group	**320**	**-**	**320**
Current operating profit/(loss)	**357**	**6**	**363**
EBITDA			
Current operating profit/(loss)	**357**	**6**	**363**
Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses			
• Net depreciation and amortisation expense	198	16	**214**
• Charges to provisions & impairment losses, net of reversals due to utilisation	123	23	**146**
Elimination of items included in other income from operations:			
• Reversals of impairment losses and of unused provisions & other items	(228)	(23)	**(251)**
EBITDA	**264**	**23**	**472**
BALANCE SHEET			
Goodwill	230	296	**526**
Investments in joint ventures and associates	30	–	**30**
Non-current provisions	651	78	**729**
Current provisions	496	33	**529**
Cash and cash equivalents	4,000	310	**4,310**
Non-current debt	253	258	**511**
Current debt	4	1	**5**
Overdrafts and short-term bank borrowings	366	19	**385**
Financial instruments – Hedging of debt (assets/liabilities)	–	–	–
Net surplus cash/(net debt)	**3,376**	**33**	**3,409**
OTHER FINANCIAL INDICATORS			
Cash flow after cost of net debt and income tax (I)	388	5	**393**
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)[1]	(99)	(20)	**(119)**
Free cash flow (I) + (II)	**289**	**(15)**	**274**
Cash flow	**470**	**14**	**484**

(1) Net of investment grants obtained.

16.3. ANALYSIS BY GEOGRAPHICAL AREA

31/12/2018	France (incl. overseas departments)	European Union	Rest of Europe	Africa	Asia Pacific Oceania	Americas	Middle East	Total
INCOME STATEMENT								
Third-party sales	5,599	1,557	1,590	463	2,269	769	111	**12,358**
BALANCE SHEET								
Property, plant and equipment (1)	423	39	116	46	67	26	4	**721**
Intangible assets	11	7	3	–	–	–	–	**21**
CASH FLOW STATEMENT								
Acquisitions of property, plant & equipment and intangible assets	119	6	31	33	45	18	1	**253**

(1) Includes assets held under finance leases.

31/12/2017 restated	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**

(1) Includes assets held under finance leases.

NOTE 17. FINANCIAL INSTRUMENTS

The tables below show aggregate notional amounts for each type of financial instrument used, split by residual maturity and by currency.

17.1. INTEREST RATE AND CURRENCY HEDGES

17.1.1 ANALYSIS BY BUSINESS SEGMENT

(€m)	Building & Civil Engineering	Energies & Services	Total 31/12/2018	Total 31/12/2017
Forward purchases	400	19	**419**	258
Forward sales	375	46	**421**	335
Currency swaps	37	9	**46**	31
Interest rate swaps (*)	11	–	**11**	12
Interest rate options (caps, floors)	–	–	**–**	–
Commodities derivatives	–	–	**–**	–
Total	**823**	**74**	**897**	**636**

(*) Bouygues Construction Relais €0.2m (initial amount €3m, amortisable at pay fixed rate 0.77%) and Bouygues Development €11m (pay fixed rate 0.81%).

17.1.2. ANALYSIS BY MATURITY AND ORIGINAL CURRENCY

(€m)	Maturity				Original currency						
	< 1 year	1 to 5 years	> 5 years	Total	EUR	CHF	GBP	USD	HKD	AUD	Other
Forward purchases	377	42	–	**419**	245	11	2	27	3	112	19
Forward sales	390	31	–	**421**	15	79	47	170	46	12	52
Currency swaps	46	–	–	**46**	16	–	–	23	–	–	7
Interest rate swaps	11	–	–	**11**	–	–	11	–	–	–	–
Interest rate options (caps, floors)	–	–	–	**–**	–	–	–	–	–	–	–
Commodities derivatives	–	–	–	**–**	–	–	–	–	–	–	–
Total	**824**	**73**	**–**	**897**	**276**	**90**	**60**	**220**	**49**	**124**	**78**

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	Total			
Forward purchases	1	1	–	–	–	**2**	–	2	–
Forward sales	–	1	1	–	–	**2**	–	2	–
Currency swaps	1	–	–	–	–	**1**	–	1	–
Interest rate swaps	–	–	–	–	–	**–**	–	–	–
Interest rate options (caps, floors)	–	–	–	–	–	**–**	–	–	–
Commodities derivatives	–	–	–	–	–	**–**	–	–	–
Total recognised as assets	**2**	**2**	**1**	**–**	**–**	**5**	**–**	**5**	**–**

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	Total			
Forward purchases	(5)	–	–	–	(3)	**(8)**	–	(8)	–
Forward sales	–	(4)	–	(2)	(2)	**(8)**	–	(8)	–
Currency swaps	–	–	–	–	–	**–**	–	–	–
Interest rate swaps	–	–	(1)	–	–	**(1)**	–	(1)	–
Interest rate options (caps, floors)	–	–	–	–	–	**–**	–	–	–
Commodities derivatives	–	–	–	–	–	**–**	–	–	–
Total recognised as liabilities	**(5)**	**(4)**	**(1)**	**(2)**	**(5)**	**(17)**	**–**	**(17)**	**–**
Total net asset/(liability)	**(3)**	**(2)**	**–**	**(2)**	**(5)**	**(12)**	**–**	**(12)**	**–**

In the event of a +1.00% movement in the yield curve, the market value of the hedging instruments portfolio would increase by €0.01 million; in the event of a -1.00% movement, it would decrease by €0.01 million.

In the event of a +1.00% movement in the exchange rate of the euro against the other currencies, the hedging instruments portfolio would have a negative market value of €18.2 million; in the event of a -1.00% movement, it would have a negative market value of €8.0 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 2018

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

18.1. GUARANTEE COMMITMENTS

	31/12/2018	Less than 1 year	1 to 5 years	More than 5 years
Pledges, mortgages and collateral	4	–	2	2
Guarantees and endorsements given [1]	21	3	13	5
Total guarantee commitments given	**25**	**3**	**15**	**7**
Pledges, mortgages and collateral	–	–	–	–
Guarantees and endorsements received	–	–	–	–
Total guarantee commitments received	**–**	**–**	**–**	**–**

(1) In connection with its ordinary activities, the 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 consolidated balance sheet.

18.2. SUNDRY CONTRACTUAL COMMITMENTS

	31/12/2018	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

Operating lease commitments represent the future lease payments due during the period in which the lease is reasonably certain to apply.
That period may include lease extension periods where the Group expects to exercise the extension option.
The leases involved are contracted in connection with the Group's ordinary activities and relate to assets such as land, buildings and equipment.

The commitments disclosed do not include leases where the as-new value of the leased asset is less than €5,000, or leases for which it is reasonably certain that the lease term is less than twelve months.
Future lease payments are discounted using either (i) the interest rate implicit in the lease or (ii) an incremental borrowing rate, and exclude variable lease payments that do not depend on an index or a rate.

	31/12/2018	Less than 1 year	1 to 5 years	More than 5 years
Operating lease commitments	299	77	160	62

18.4. FINANCE LEASES (already recognised in the balance sheet)

	31/12/2018	Less than 1 year	1 to 5 years	More than 5 years
Finance leases	0	–	–	–

18.5. 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 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 consolidated balance sheet.

18.6. 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.

18.7. OPERATING LEASES

Operating lease commitments represent the future lease payments due during the period in which the lease is reasonably certain to apply.
That period may include lease extension periods where the Group expects to exercise the extension option.
The leases involved are contracted in connection with the Group's ordinary activities and relate to assets such as land, buildings and equipment.

The commitments disclosed do not include leases where the as-new value of the leased asset is less than €5,000, or leases for which it is reasonably certain that the lease term is less than twelve months.
Future lease payments are discounted using either (i) the interest rate implicit in the lease or (ii) an incremental borrowing rate, and exclude variable lease payments that do not depend on an index or a rate.

	31/12/2017 restated	Less than 1 year	1 to 5 years	More than 5 years
Operating lease commitments	241	65	118	58

18.8. FINANCE LEASES (already recognised in the balance sheet)

	31/12/2017	Less than 1 year	1 to 5 years	More than 5 years
Finance leases	0	–	–	–

NOTE 19. AVERAGE HEADCOUNT AND EMPLOYEE BENEFIT OBLIGATIONS

19.1. AVERAGE HEADCOUNT

	2018	2017
Managerial staff	**9,696**	9,109
Technical, supervisory & clerical staff	**5,794**	5,435
Site workers	**5,882**	5,868
Sub-total - headcount France	**21,372**	**20,412**
Expatriate staff and local employment contracts	**30,537**	28,094
Total average headcount	**51,909**	**48,505**

19.2. EMPLOYEE BENEFIT OBLIGATIONS

19.2.1. EMPLOYEE BENEFIT OBLIGATIONS

	31/12/2017 restated	Movements during 2018	31/12/2018
Lump-sum retirement benefits	171	15	**186**
Long-service awards	31	2	**32**
Other post-employment benefits (pensions)	7	71	**79**
Total	**209**	**88**	**296**

These obligations are covered by non-current provisions.

19.2.2. EMPLOYEE BENEFIT OBLIGATIONS AND PENSION OBLIGATIONS (POST-EMPLOYMENT BENEFITS) EXCLUDING LONG-SERVICE AWARDS

19.2.2.1. Defined-contribution plans

	2018	2017 restated
Amount recognised as an expense	**221**	202

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	
	31/12/2018	31/12/2017 restated	31/12/2018	31/12/2017 restated
Present value of obligation	186	171	104	29
Fair value of plan assets	–	–	(25)	(22)
Net obligation recognised	**186**	**171**	**79**	**7**

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

	Lump-sum retirement benefits		Pensions	
	2018	2017 restated	2018	2017 restated
1 January	**171**	**165**	**7**	**7**
Current service cost	9	10	3	1
Expected return on plan assets	–	–	(1)	–
Net recognised actuarial gains and losses	–	–	(3)	(1)
Interest cost on the obligation	3	2	1	(1)
Income statement impact	**12**	**12**	**1**	**1**
Reversals (provisions used) (*)	(14)	(15)	(4)	–
Changes in scope of consolidation, effect of exchange rates	(2)	–	77	–
Actuarial gains and losses recognised in equity	19	9	(3)	–
Transfers and other movements	–	–	–	–
31 December	**186**	**171**	**79**	**7**

(*) 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

	31/12/2018	31/12/2017
Discount rate:		
Lump-sum retirement benefits	2.10% (iboxx € corporate A10+)	1.50% (iboxx € corporate A10+)
Pensions	1.84% to 4.97%	2.6%
Mortality table:	**INSEE/Heubeck**	**INSEE**
Salary inflation rate:		
Lump-sum retirement benefits	0.9% to 3.10%	1% to 2.8%
Pensions	1% to 3.45%	3.40%

NOTE 20. RELATED PARTY DISCLOSURES

20.1. RELATED PARTY DISCLOSURES

	Expenses		Income		Receivables		Payables	
	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated
Parties with an ownership interest	**(143)**	(171)	**250**	253	**3,688**[(1)]	3,443	**1,379**	788
Joint operations	**(90)**	(79)	**215**	223	**232**	214	**260**	235
Joint ventures and associates	**(1)**	–	**49**	36	**66**	22	**35**	4
Other related parties	**(2)**	(3)	**59**	30	**30**	45	**31**	24
Total	**(236)**	**(253)**	**573**	**542**	**4,016**	**3,724**	**1,705**	**1,051**
Due within less than 1 year	**–**	–	**–**	–	**3,962**	3,684	**703**	568
Due within 1 to 5 years	**–**	–	**–**	–	**27**	22	**1,002**	483
Due after more than 5 years	**–**	–	**–**	–	**27**	18	**–**	–
Of which bad debt write-offs	**–**	–	**–**	–	**72**	71	**–**	–

(1) Includes Bouygues Relais €1,617 million and Uniservice €2,020 million.

The off balance sheet commitments disclosed in Note 18 include €5 million of commitments to related parties.

20.2. DISCLOSURES ABOUT REMUNERATION AND BENEFITS PAID TO DIRECTORS

- Disclosures about senior executives cover members of the General Management Committee, which had 9 members in post on 31 December 2018 (compared with 17 members in 2017).
- Direct remuneration amounted to €8,889 thousand, comprising €4,931 thousand of basic remuneration and €3,958 thousand of variable remuneration paid in 2019 on the basis of 2018 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 €712 thousand in 2018.
- Long-term benefits: none.
- Termination benefits: these comprise lump-sum retirement benefits of €2,626 thousand as of 31 December 2018.
- Share-based payment: 215,000 stock options were awarded on 1 June 2018, at an exercise price of €41.57.
  The earliest exercise date is 2 June 2020.

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 2018
Property, plant and equipment	(2)	(112)	**(114)**
Intangible assets	–	13	**13**
Goodwill	(43)	(477)	**(520)**
Non-current financial assets	–	(3)	**(3)**
Deferred tax assets and non-current tax receivable	(1)	2	**1**
Cash and cash equivalents	(33)	(46)	**(79)**
Held-for-sale assets	–	–	**–**
Impact on equity	–	–	**–**
Non-current and current debt	–	(20)	**(20)**
Non-current provisions	(1)	93	**92**
Deferred tax liabilities and non-current tax liabilities	–	5	**5**
Overdrafts and short-term bank borrowings	–	14	**14**
Working capital needs	(41)	237	**196**
Net divestment/(acquisition) cost	**(121)**	**(294)**	**(415)**
Gains on divestments of consolidated companies	30	55	**85**
Receivables on disposals/liabilities on acquisitions	–	–	**–**
Cash divested or acquired	32	(187)	**(155)**
Net cash flow arising from acquisitions and divestments of consolidated companies	**(59)**	**(426)**	**(485)**

	Building & Civil Engineering	Energies & Services	Group total 2017 restated
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**
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)**

21.2 CALCULATION OF CHANGE IN WORKING CAPITAL RELATED TO OPERATING ACTIVITIES

	31/12/2018	31/12/2017 restated
ASSETS		
Inventories	**(44)**	29
Advances and down-payments made on orders	**(25)**	(2)
Trade receivables	**(89)**	(64)
Customer contract assets	**(72)**	**(21)**
Other current receivables and current financial assets	**28**	(176)
Sub-total ASSETS[(a)]	**(202)**	**(234)**
LIABILITIES		
Advances and down-payments received on orders	**178**	146
Trade payables	**578**	20
Current provisions	**35**	(22)
Other current liabilities and current financial liabilities	**(299)**	(17)
Sub-total LIABILITIES[(b)]	**492**	**127**
Change in working capital related to operating activities	**290**	**(107)**

(a) Assets: decrease / (increase).
(b) Liabilities: (decrease) / increase.

The net cash outflow for "Income taxes paid" in the cash flow statement has been restated for 2017 to exclude movements related to tax credits, which are now presented within "Change in working capital related to operating activities".

NOTE 22. IMPACTS OF FIRST-TIME APPLICATION OF IFRS 15, "REVENUE FROM CONTRACTS WITH CUSTOMERS" AND IFRS 9, "FINANCIAL INSTRUMENTS"

This note presents the effects of first-time application of IFRS 15 and IFRS 9 on the consolidated financial statements of the Bouygues Construction group as of 31 December 2017, and on key performance indicators.

The Bouygues Construction group has applied IFRS 15 with effect from 1 January 2018, with retrospective application and presentation of comparatives. The impacts on the balance sheet as of 31 December 2016, and on the financial statements for the year ended 31 December 2017, are presented below.

For Bouygues Construction, the method used to recognise revenue over time is consistent with IFRS 15.

Applying IFRS 15 does not have a material impact on the financial statements other than the creation of two new line items in order to present customer contract assets and liabilities separately.

"Customer contract assets", which consists of the following items:
- customer contract origination and execution costs, previously recognised as an expense in the period or capitalised;
- differences relating to the percentage of completion on a contract, previously recognised in "Trade receivables".

"Customer contract liabilities", which consists of the following items:
- advances and down-payments received on orders, previously reported as a separate line item on the liabilities side of the balance sheet;
- differences relating to the percentage of completion on a contract, previously recognised in "Other current liabilities".

The impact of reclassifications to these two new line items are as follows:

	31/12/2018	31/12/2017 restated
Differences due to percentage of completion	**862**	637
Customer contract assets	**862**	**637**
Advances and down-payments received on orders	**805**	469
Differences due to percentage of completion	**1,883**	1,589
Customer contract liabilities	**2,688**	**2,058**

The Bouygues Construction group has applied 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 have also been applied with effect from 1 January 2018, using a prospective approach in accordance with the standard.

Applying IFRS 9 has no material impact at Group level on opening shareholders' equity as of 1 January 2018.

The impacts of IFRS 9 on the balance sheet as of 31 December 2017 are presented below.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2016, RESTATED FOR IFRS 15

BALANCE SHEET (€m)

Assets	31/12/2016 published	Impact of IFRS 15	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	(652)	2,303
Customer contract assets	–	652	652
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	Impact of IFRS 15	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
Customer contract liabilities	–	2,382	2,382
Current provisions	588		588
Other current liabilities	3,416	(1,887)	1,529
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 surplus cash/(net debt)	**3,387**		**3,387**

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017, RESTATED FOR IFRS 15

CONSOLIDATED BALANCE SHEET (€m)

Assets	31/12/2017 published	Impact of IFRS 15	31/12/2017 restated
Property, plant and equipment	598		598
Intangible assets	44		44
Goodwill	526		526
Investments in joint ventures and associates	30		30
Other non-current financial assets	270		270
Deferred tax assets and non-current tax receivable	89		89
Non-current assets	**1,557**		**1,557**
Inventories	237		237
Advances and down-payments made on orders	161		161
Trade receivables	2,850	(637)	2,213
Customer contract assets	–	637	637
Tax asset (receivable)	95		95
Other current receivables and prepaid expenses	875		875
Cash and cash equivalents	4,310		4,310
Financial instruments – hedging of debt	–		–
Other current financial assets	9		9
Current assets	**8,537**		**8,537**
Held-for-sale assets and operations	–		–
Total assets	**10,094**		**10,094**

Liabilities and shareholders' equity	31/12/2017 published	Impact of IFRS 15	31/12/2017 restated
Share capital	128		128
Share premium and reserves	505		505
Translation reserve	1		1
Treasury shares	–		–
Consolidated net profit/(loss)	320		320
Shareholders' equity attributable to the Group	**954**		**954**
Non-controlling interests	25		25
Shareholders' equity	**979**		**979**
Non-current debt	511		511
Non-current provisions	750	(21)	729
Deferred tax liabilities and non-current tax liabilities	17		17
Non-current liabilities	**1,278**	**(21)**	**1,257**
Advances and down-payments received on orders	469	(469)	–
Current debt	5		5
Current taxes payable	59		59
Trade payables	3,144		3,144
Customer contract liabilities	–	2,058	2,058
Current provisions	529		529
Other current liabilities	3,243	(1,568)	1,675
Overdrafts and short-term bank borrowings	385		385
Financial instruments – hedging of debt	–		–
Other current financial liabilities	3		3
Current liabilities	**7,837**	**21**	**7,858**
Liabilities related to held-for-sale operations	–		–
Total liabilities and shareholders' equity	**10,094**		**10,094**

Net surplus cash/(net debt)	**3,409**		**3,409**

INCOME STATEMENT

IFRS 15 has no impact on the published income statement for the year ended 31 December 2017.

CASH FLOW STATEMENT

IFRS 15 has no impact on the published cash flow statement for the year ended 31 December 2017.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017, RESTATED FOR IFRS 15 AND IFRS 9

CONSOLIDATED BALANCE SHEET (€m)

Assets	31/12/2017 published	Impact of IFRS 15	31/12/2017 restated	Impact of IFRS 9	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**		**1,557**	**(1)**	**1,556**
Inventories	237		237		237
Advances and down-payments made on orders	161		161		161
Trade receivables	2,850	(637)	2,213		2,213
Customer contract assets	–	637	637		637
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**		**8,537**		**8,537**
Held-for-sale assets and operations	–		–		–
Total assets	**10,094**		**10,094**	**(1)**	**10,093**

Liabilities and shareholders' equity	31/12/2017 published	Impact of IFRS 15	31/12/2017 restated	Impact of IFRS 9	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**		**954**	**(1)**	**953**
Non-controlling interests	25		25		25
Shareholders' equity	**979**		**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**		**1,257**
Advances and down-payments received on orders	469	(469)	–		–
Current debt	5		5		5
Current taxes payable	59		59		59
Trade payables	3,144		3,144		3,144
Customer contract liabilities	–	2,058	2,058		2,058
Current provisions	529		529		529
Other current liabilities	3,243	(1,568)	1,675		1,675
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**		**7,858**
Liabilities related to held-for-sale operations	–		–		–
Total liabilities and shareholders' equity	**10,094**		**10,094**	**(1)**	**10,093**
Net surplus cash/(net debt)	**3,409**		**3,409**		**3,409**

INCOME STATEMENT

IFRS 15 has no impact on the published income statement for the year ended 31 December 2017.

CASH FLOW STATEMENT

IFRS 15 has no impact on the published cash flow statement for the year ended 31 December 2017.

NOTE 23. IMPACTS OF FIRST-TIME APPLICATION OF IFRS 16, "LEASES" AND IFRIC 23, "UNCERTAINTY OVER INCOME TAX TREATMENTS"

This note presents the effects of first-time application of IFRS 16 and IFRIC 23 on the consolidated financial statements and key performance indicators of the Bouygues Construction group.

The Group will apply IFRS 16 with effect from 1 January 2019, with retrospective application and presentation of a comparative year. For lessees, IFRS 16 will end the distinction previously made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17 (Note 2.2.1.a to the financial statements), involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease.

The Group has elected to use the exemptions permitted by the standard, and to exclude from that treatment (i) leases where the as-new value of the underlying asset is less than €5,000 and (ii) leases with a reasonably certain lease term of less than one year. Such leases are recognised in profit and loss as and when payments are made. The Group has also elected to account for each lease component within a contract as a distinct lease, separately from the non-lease (service) components of the contract, where it is possible to do so.

The Group has elected not to apply the option permitted by IFRS 16 of applying the standard to leases of intangible assets.

The impacts on the balance sheets as of 31 December 2017 (restated for IFRS 15 and IFRS 9) and 2018, and for the interim periods of 2018, are presented below; they relate mainly to the recognition of a right-of-use asset and a lease obligation, primarily in respect of property leases. The lease term used is the non-cancellable period of the lease, plus any extension options that the Group is reasonably certain to exercise. In the case of leases of property located in France, the lease term is generally nine years. If there are no significant initial direct costs, the right-of-use asset corresponds to the present value of the future lease payments on the date the asset is made available by the lessor. Right-of-use assets are amortised, and may be written down in the event of impairment.

Adjustments made to comply with IFRS 16 are temporary differences, and as such generate a deferred tax base.

IFRS 16 has the effect of reducing consolidated shareholders' equity as of 31 December 2017 by €13 million, net of deferred taxes.

The first-time application of IFRS 16 does not alter the conclusions of the goodwill impairment tests conducted as of 31 December 2017 (restated) and 31 December 2018 (see Note 3.2.3. to the financial statements).

The Group will apply IFRIC 23 retrospectively with effect from 1 January 2019, with no restatement of prior period comparatives on first-time application. First-time application has no impact on consolidated shareholders' equity, and will result in provisions for risks that relate to corporate income taxes being reclassified as tax liabilities. An initial estimate of the impact of IFRIC 23 is presented below, in the restated balance sheet as of 31 December 2018.

All of the restated financial statements presented below are provisional, and have not been subject to any audit or review by the statutory auditors.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2017, RESTATED FOR IFRS 16

CONSOLIDATED BALANCE SHEET (€m)

Assets	31/12/2017 restated[(a)]	Impact of IFRS 16	31/12/2017 restated[(a)]
Property, plant and equipment	**598**		598
Right of use of leased assets	**–**	194	194
Intangible assets	**44**		44
Goodwill	**526**		526
Investments in joint ventures and associates	**30**		30
Other non-current financial assets	**269**		269
Deferred tax assets and non-current tax receivable	**89**	4	93
Non-current assets	**1,556**	**198**	**1,754**
Inventories	**237**		237
Advances and down-payments made on orders	**161**		161
Trade receivables	**2,213**		2,213
Customer contract assets	**637**		637
Tax asset (receivable)	**95**		95
Other current receivables and prepaid expenses	**875**	20	895
Cash and cash equivalents	**4,310**		4,310
Financial instruments – hedging of debt	**–**		–
Other current financial assets	**9**		9
Current assets	**8,537**	**20**	**8,557**
Held-for-sale assets and operations	**–**		–
Total assets	**10,093**	**218**	**10,311**

Liabilities and shareholders' equity	31/12/2017 restated[(a)]	Impact of IFRS 16	31/12/2017 restated[(a)]
Share capital	**128**		128
Share premium and reserves	**504**	(13)	491
Translation reserve	**1**		1
Treasury shares	**–**		–
Consolidated net profit/(loss)	**320**		320
Shareholders' equity attributable to the Group	**953**	**(13)**	**940**
Non-controlling interests	**25**		25
Shareholders' equity	**978**	**(13)**	**965**
Non-current debt	**511**		511
Non-current lease obligations	**–**	176	176
Non-current provisions	**729**		729
Deferred tax liabilities and non-current tax liabilities	**17**		17
Non-current liabilities	**1,257**	**176**	**1,433**
Current debt	**5**		5
Current lease obligations	**–**	65	65
Current taxes payable	**59**		59
Trade payables	**3,144**	1	3,145
Customer contract liabilities	**2,058**		2,058
Current provisions	**529**		529
Other current liabilities	**1,675**	(11)	1,664
Overdrafts and short-term bank borrowings	**385**		385
Financial instruments – hedging of debt	**–**		–
Other current financial liabilities	**3**		3
Current liabilities	**7,858**	**55**	**7,913**
Liabilities related to held-for-sale operations	**–**		–
Total liabilities and shareholders' equity	**10,093**	**218**	**10,311**

Net surplus cash / (net debt)	**3,409**	**(241)**	**3,168**
IFRS 16 lease obligations		241	241
Adjusted net surplus cash/(net debt)	**3,409**		**3,409**

(a) The balance sheet as of 31 December 2017 has been restated for the effects of applying IFRS 9 and IFRS 15.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018, RESTATED FOR IFRS 16

CONSOLIDATED BALANCE SHEET (€m)

Assets	31/03/2018	Impact of IFRS 16	31/03/2018 restated
Property, plant and equipment	**574**		574
Right of use of leased assets	**–**	184	184
Intangible assets	**42**		42
Goodwill	**523**		523
Investments in joint ventures and associates	**27**		27
Other non-current financial assets	**267**		267
Deferred tax assets and non-current tax receivable	**87**	4	91
Non-current assets	**1,520**	**188**	**1,708**
Inventories	**232**		232
Advances and down-payments made on orders	**186**		186
Trade receivables	**2,455**		2,455
Customer contract assets	**714**		714
Tax asset (receivable)	**102**		102
Other current receivables and prepaid expenses	**831**	24	855
Cash and cash equivalents	**3,820**		3,820
Financial instruments – hedging of debt	**–**		–
Other current financial assets	**10**		10
Current assets	**8,350**	**24**	**8,374**
Held-for-sale assets and operations	**–**		–
Total assets	**9,870**	**212**	**10,082**

Liabilities and shareholders' equity	31/03/2018	Impact of IFRS 16	31/03/2018 restated
Share capital	**128**		128
Share premium and reserves	**823**	(13)	810
Translation reserve	**1**		1
Treasury shares	**–**		–
Consolidated net profit/(loss)	**63**		63
Shareholders' equity attributable to the Group	**1,015**	**(13)**	**1,002**
Non-controlling interests	**26**		26
Shareholders' equity	**1,041**	**(13)**	**1,028**
Non-current debt	**510**		510
Non-current lease obligations		170	170
Non-current provisions	**717**		717
Deferred tax liabilities and non-current tax liabilities	**16**		16
Non-current liabilities	**1,243**	**170**	**1,413**
Current debt	**5**		5
Current lease obligations	**–**	66	66
Current taxes payable	**69**		69
Trade payables	**2,996**	1	2,997
Customer contract liabilities	**2,230**		2,230
Current provisions	**468**		468
Other current liabilities	**1,501**	(11)	1,490
Overdrafts and short-term bank borrowings	**312**		312
Financial instruments – hedging of debt	**1**		1
Other current financial liabilities	**4**		4
Current liabilities	**7,586**	**55**	**7,641**
Liabilities related to held-for-sale operations	**–**		–
Total liabilities and shareholders' equity	**9,870**	**212**	**10,082**

Net surplus cash / (net debt)	**2,992**	**(236)**	**2,756**
IFRS 16 lease obligations	**–**	236	236
Adjusted net surplus cash/(net debt)	**2,992**		**2,992**

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018, RESTATED FOR IFRS 16

CONSOLIDATED INCOME STATEMENT (€m)

	31/03/2018	Impact of IFRS 16	31/03/2018 restated
Sales[a]	**2,739**		**2,739**
Other revenues from operations	44		44
Purchases used in production	(1,539)		(1,539)
Personnel costs	(681)		(681)
External charges	(455)	21	(434)
Taxes other than income tax	(49)		(49)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(42)		(42)
Net amortisation expense on right of use of leased assets	–	(18)	(18)
Charges to provisions and impairment losses, net of reversals due to utilisation	21		21
Change in production and property development inventories	(8)		(8)
Other income from operations[b]	105		105
Other expenses on operations	(54)		(54)
Current operating profit/(loss)	**81**	**3**	**84**
Other operating income	–		–
Other operating expenses	–		–
Operating profit/(loss)	**81**	**3**	**84**
Financial income	6		6
Financial expenses	(3)		(3)
Interest expense on lease obligations	–	(3)	(3)
Income from net surplus cash/(cost of net debt)	**3**	**(3)**	**–**
Other financial income	4		4
Other financial expenses	(2)		(2)
Income tax	(24)		(24)
Share of net profits/losses of joint ventures and associates	1		1
Net profit/(loss) from continuing operations	**63**	**0**	**63**
Net profit/(loss) from discontinued and held-for-sale operations			
Net profit/(loss)	**63**	**0**	**63**
Net profit/(loss) attributable to the Group	**63**	**0**	**63**
Net profit/(loss) attributable to non-controlling interests			
Basic earnings per share from continuing operations (€)	**36.92**		**36.92**
Diluted earnings per share from continuing operations (€)	**36.92**		**36.92**
EBITDA	**51**	**21**	**71**

(a) Of which sales generated abroad.	1,396		1,396
(b) Of which reversals of unutilized provisions and impairment and other items.	51		51

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 MARCH 2018, RESTATED FOR IFRS 16

CONSOLIDATED CASH FLOW STATEMENT (€m)

	31/03/2018	Impact of IFRS 16	31/03/2018 restated
I - Cash flow from continuing operations			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations	**63**		63
Adjustments:			
• Share of profits/losses reverting to joint ventures and associates, net of dividends received	**(1)**		(1)
• Dividends from non-consolidated companies	**–**		–
• Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	**29**		29
• Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets	**–**	22	22
• Gains and losses on asset disposals	**(2)**		(2)
• Miscellaneous non-cash charges	**–**		–
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**89**	**22**	**111**
Reclassification of (income from net surplus cash)/cost of net debt	**(3)**	3	
Elimination of income tax, including provisions for tax risks	**24**		24
Cash flow	**110**	**25**	**135**
Income taxes paid	**(15)**		(15)
Changes in working capital related to operating activities (including current impairment and provisions)[a]	**(468)**	(4)	(472)
Net cash generated by/(used in) operating activities	**(373)**	**21**	**(352)**
B - NET CASH GENERATED BY (USED IN) OPERATING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	**(23)**		(23)
Proceeds from disposals of property, plant and equipment and intangible assets	**3**		3
Net liabilities related to property, plant and equipment and intangible assets	**(11)**		(11)
Purchase price of non-consolidated companies and other investments	**–**		–
Proceeds from disposals of non-consolidated companies and other investments	**–**		–
Net liabilities related to non-consolidated companies and other investments	**–**		–
Purchase price of investments in consolidated activities	**–**		–
Proceeds from disposals of investments in consolidated activities	**–**		–
Net liabilities related to consolidated activities	**–**		–
Other effects of changes in scope of consolidation: cash of acquired or divested companies	**–**		–
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	**3**		3
Net cash generated by/(used in) investing activities	**(28)**		**(28)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	**1**		1
Dividends paid to shareholders of the parent company	**–**		–
Dividends paid by consolidated companies to non-controlling interests	**–**		–
Change in current and non-current debt	**8**		8
Change in current and non-current lease obligations	**–**	(18)	(18)
Income from net surplus cash/(cost of net debt)	**3**	(3)	–
Other cash flows related to financing activities	**–**		–
Net cash generated by/(used in) financing activities	**12**	**(21)**	**(9)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**(28)**		**(28)**
Change in net cash position (A + B + C + D)	**(417)**		**(417)**
Net cash position at start of period	**3,925**		**3,925**
Net cash flows	**(417)**		(417)
Non-monetary flows	–		–
Net cash position at end of period	**3,508**		**3,508**
Free cash flow	**69**	**22**	**91**

(a) 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.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018, RESTATED FOR IFRS 16

CONSOLIDATED BALANCE SHEET (€m)

Assets	30/06/2018	Impact of IFRS 16	30/06/2018 restated
Property, plant and equipment	572		572
Right of use of leased assets	–	188	188
Intangible assets	40		40
Goodwill	527		527
Investments in joint ventures and associates	25		25
Other non-current financial assets	279		279
Deferred tax assets and non-current tax receivable	88	4	92
Non-current assets	**1,531**	**192**	**1,723**
Inventories	231		231
Advances and down-payments made on orders	192		192
Trade receivables	2,622		2,622
Customer contract assets	744		744
Tax asset (receivable)	88		88
Other current receivables and prepaid expenses	874	23	897
Cash and cash equivalents	3,813		3,813
Financial instruments – hedging of debt	–		–
Other current financial assets	6		6
Current assets	**8,570**	**23**	**8,593**
Held-for-sale assets and operations			
Total assets	**10,101**	**215**	**10,316**

Liabilities and shareholders' equity	30/06/2018	Impact of IFRS 16	30/06/2018 restated
Share capital	128		128
Share premium and reserves	496	(13)	483
Translation reserve	8		8
Treasury shares	–		–
Consolidated net profit/(loss)	139	1	140
Shareholders' equity attributable to the Group	**771**	**(12)**	**759**
Non-controlling interests	32		32
Shareholders' equity	**803**	**(12)**	**791**
Non-current debt	522		522
Non-current lease obligations	–	170	170
Non-current provisions	700		700
Deferred tax liabilities and non-current tax liabilities	15		15
Non-current liabilities	**1,237**	**170**	**1,407**
Current debt	4		4
Current lease obligations	–	68	68
Current taxes payable	65		65
Trade payables	3,125	1	3,126
Customer contract liabilities	2,532		2,532
Current provisions	470		470
Other current liabilities	1,563	(12)	1,551
Overdrafts and short-term bank borrowings	293		293
Financial instruments – hedging of debt	1		1
Other current financial liabilities	8		8
Current liabilities	**8,061**	**57**	**8,118**
Liabilities related to held-for-sale operations			
Total liabilities and shareholders' equity	**10,101**	**215**	**10,316**

Net surplus cash / (net debt)	**2,993**	**(238)**	**2,755**
IFRS 16 lease obligations	–	238	238
Adjusted net surplus cash/(net debt)	**2,993**		**2,993**

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018, RESTATED FOR IFRS 16

CONSOLIDATED INCOME STATEMENT (€m)

	30/06/2018	Impact of IFRS 16	30/06/2018 restated
Sales[a]	**5,726**		**5,726**
Other revenues from operations	66		66
Purchases used in production	(3,177)		(3,177)
Personnel costs	(1,431)		(1,431)
External charges	(948)	42	(906)
Taxes other than income tax	(83)		(83)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(96)		(96)
Net amortisation expense on right of use of leased assets	–	(37)	(37)
Charges to provisions and impairment losses, net of reversals due to utilisation	(5)		(5)
Change in production and property development inventories	(10)		(10)
Other income from operations[b]	186	1	187
Other expenses on operations	(61)		(61)
Current operating profit/(loss)	**167**	**6**	**173**
Other operating income			
Other operating expenses			
Operating profit/(loss)	**167**	**6**	**173**
Financial income	13		13
Financial expenses	(6)		(6)
Interest expense on lease obligations	–	(5)	(5)
Income from net surplus cash/(cost of net debt)	**7**	**(5)**	**2**
Other financial income	18		18
Other financial expenses	(9)		(9)
Income tax	(42)		(42)
Share of net profits/losses of joint ventures and associates	1		1
Net profit/(loss) from continuing operations	**142**	**1**	**143**
Net profit/(loss) from discontinued and held-for-sale operations			
Net profit/(loss)	**142**	**1**	**143**
Net profit/(loss) attributable to the Group	**139**	**1**	**140**
Net profit/(loss) attributable to non-controlling interests	3		3
Basic earnings per share from continuing operations (€)	**81.47**		**81.72**
Diluted earnings per share from continuing operations (€)	**81.47**		**81.72**
EBITDA	**173**	**43**	**215**

(a) Of which sales generated abroad.	2,987		2,987
(b) Of which reversals of unutilized provisions and impairment and other items.	95		95

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 JUNE 2018, RESTATED FOR IFRS 16

CONSOLIDATED CASH FLOW STATEMENT (€m)

	30/06/2018	Impact of IFRS 16	30/06/2018 restated
I - Cash flow from continuing operations			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations	142	1	143
Adjustments:	–		
• Share of profits/losses reverting to joint ventures and associates, net of dividends received	3		3
• Dividends from non-consolidated companies	(8)		(8)
• Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	71		71
• Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets	–	36	36
• Gains and losses on asset disposals	(6)		(6)
• Miscellaneous non-cash charges	2		2
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**204**	**37**	**241**
Reclassification of (income from net surplus cash)/cost of net debt	(7)	5	(2)
Elimination of income tax, including provisions for tax risks	42		42
Cash flow	**239**	**42**	**281**
Income taxes paid	(29)		(29)
Changes in working capital related to operating activities (including current impairment and provisions)[(a)]	(273)	1	(272)
Net cash generated by/(used in) operating activities	**(63)**	**43**	**(20)**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	(75)		(75)
Proceeds from disposals of property, plant and equipment and intangible assets	11		11
Net liabilities related to property, plant and equipment and intangible assets	(12)		(12)
Purchase price of non-consolidated companies and other investments	(1)		(1)
Proceeds from disposals of non-consolidated companies and other investments	–		–
Net liabilities related to non-consolidated companies and other investments	–		–
Purchase price of investments in consolidated activities	–		–
Proceeds from disposals of investments in consolidated activities	–		–
Net liabilities related to consolidated activities	–		–
Other effects of changes in scope of consolidation: cash of acquired or divested companies	(1)		(1)
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	10		10
Net cash generated by/(used in) investing activities	**(68)**		**(68)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	1		1
Dividends paid to shareholders of the parent company	(320)		(320)
Dividends paid by consolidated companies to non-controlling interests	–		–
Change in current and non-current debt	6		6
Change in current and non-current lease obligations	–	(38)	(38)
Income from net surplus cash/(cost of net debt)	7	(5)	2
Other cash flows related to financing activities	–		–
Net cash generated by/(used in) financing activities	**(306)**	**(43)**	**(349)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**32**		**32**
Change in net cash position (A + B + C + D)	**(405)**		**(405)**

Net cash position at start of period	**3,925**		**3,925**
Net cash flows	(405)		(405)
Non-monetary flows	–		–
Net cash position at end of period	**3,520**		**3,520**

Free cash flow	**140**	**37**	**177**

(a) 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.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018, RESTATED FOR IFRS 16

CONSOLIDATED BALANCE SHEET (€m)

Assets	30/09/2018	Impact of IFRS 16	30/09/2018 restated
Property, plant and equipment	565		565
Right of use of leased assets	–	189	189
Intangible assets	39		39
Goodwill	1,080		1,080
Investments in joint ventures and associates	26		26
Other non-current financial assets	241		241
Deferred tax assets and non-current tax receivable	90	4	94
Non-current assets	**2,041**	**193**	**2,234**
Inventories	243		243
Advances and down-payments made on orders	208		208
Trade receivables	2,716		2,716
Customer contract assets	831		831
Tax asset (receivable)	103		103
Other current receivables and prepaid expenses	861	23	884
Cash and cash equivalents	3,952		3,952
Financial instruments – hedging of debt	–		–
Other current financial assets	3		3
Current assets	**8,917**	**23**	**8,940**
Held-for-sale assets and operations			
Total assets	**10,958**	**215**	**11,173**

Liabilities and shareholders' equity	30/09/2018	Impact of IFRS 16	30/09/2018 restated
Share capital	128		128
Share premium and reserves	489	(13)	476
Translation reserve	11		11
Treasury shares	–		–
Consolidated net profit/(loss)	109	1	110
Shareholders' equity attributable to the Group	**737**	**(12)**	**725**
Non-controlling interests	36		36
Shareholders' equity	**773**	**(12)**	**761**
Non-current debt	1,016		1,016
Non-current lease obligations	–	174	174
Non-current provisions	693		693
Deferred tax liabilities and non-current tax liabilities	16		16
Non-current liabilities	**1,725**	**174**	**1,899**
Current debt	7		7
Current lease obligations	–	64	64
Current taxes payable	72		72
Trade payables	3,213	1	3,214
Customer contract liabilities	2,557		2,557
Current provisions	504		504
Other current liabilities	1,523	(11)	1,512
Overdrafts and short-term bank borrowings	573		573
Financial instruments – hedging of debt	–		–
Other current financial liabilities	11		11
Current liabilities	**8,460**	**54**	**8,514**
Liabilities related to held-for-sale operations			
Total liabilities and shareholders' equity	**10,958**	**215**	**11,173**

Net surplus cash / (net debt)	**2,356**	**(238)**	**2,118**
IFRS 16 lease obligations	–	238	238
Adjusted net surplus cash/(net debt)	**2,356**		**2,356**

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018, RESTATED FOR IFRS 16

CONSOLIDATED INCOME STATEMENT (€m)

	30/09/2018	Impact of IFRS 16	30/09/2018 restated
Sales[a]	**8,589**		**8,589**
Other revenues from operations	**98**		98
Purchases used in production	**(4,929)**		(4,929)
Personnel costs	**(2,120)**		(2,120)
External charges	**(1,403)**	63	(1,340)
Taxes other than income tax	**(122)**		(122)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	**(136)**		(136)
Net amortisation expense on right of use of leased assets	**–**	(57)	(57)
Charges to provisions and impairment losses, net of reversals due to utilisation	**(61)**		(61)
Change in production and property development inventories	**(13)**		(13)
Other income from operations[b]	**345**	1	346
Other expenses on operations	**(109)**		(109)
Current operating profit/(loss)	**139**	**7**	**146**
Other operating income	**–**		–
Other operating expenses	**–**		–
Operating profit/(loss)	**139**	**7**	**146**
Financial income	**22**		22
Financial expenses	**(11)**		(11)
Interest expense on lease obligations	**–**	(8)	(8)
Income from net surplus cash/(cost of net debt)	**11**	**(8)**	**3**
Other financial income	**45**	1	46
Other financial expenses	**(10)**		(10)
Income tax	**(69)**		(69)
Share of net profits/losses of joint ventures and associates	**4**		4
Net profit/(loss) from continuing operations	**120**	**1**	**121**
Net profit/(loss) from discontinued and held-for-sale operations	**–**		–
Net profit/(loss)	**120**	**1**	**121**
Net profit/(loss) attributable to the Group	**109**	**1**	**110**
Net profit/(loss) attributable to non-controlling interests	**11**		11
Basic earnings per share from continuing operations (€)	**63.9**		**64.5**
Diluted earnings per share from continuing operations (€)	**63.9**		**64.5**
EBITDA	**222**	**64**	**285**

(a) Of which sales generated abroad.	4,500	4,500
(b) Of which reversals of unutilized provisions and impairment and other items.	114	114

CONSOLIDATED FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2018, RESTATED FOR IFRS 16

CONSOLIDATED CASH FLOW STATEMENT (€m)

	30/09/2018	Impact of IFRS 16	30/09/2018 restated
I - Cash flow from continuing operations			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations	**120**	1	121
Adjustments:	**–**		–
• Share of profits/losses reverting to joint ventures and associates, net of dividends received	**3**		3
• Dividends from non-consolidated companies	**(28)**		(28)
• Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	**103**		103
• Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets	**–**	60	60
• Gains and losses on asset disposals	**(40)**		(40)
• Miscellaneous non-cash charges	**2**		2
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**160**	**61**	**221**
Reclassification of (income from net surplus cash)/cost of net debt	**(11)**	8	(3)
Elimination of income tax, including provisions for tax risks	**69**		69
Cash flow	**218**	**69**	**287**
Income taxes paid	**(79)**		(79)
Changes in working capital related to operating activities (including current impairment and provisions)[a]	**(321)**	(2)	(323)
Net cash generated by/(used in) operating activities	**(182)**	**67**	**(115)**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	**(123)**		(123)
Proceeds from disposals of property, plant and equipment and intangible assets	**26**		26
Net liabilities related to property, plant and equipment and intangible assets	**(10)**		(10)
Purchase price of non-consolidated companies and other investments	**(17)**		(17)
Proceeds from disposals of non-consolidated companies and other investments	**53**		53
Net liabilities related to non-consolidated companies and other investments	**15**		15
Purchase price of investments in consolidated activities	**(558)**		(558)
Proceeds from disposals of investments in consolidated activities	**152**		152
Net liabilities related to consolidated activities	**1**		1
Other effects of changes in scope of consolidation: cash of acquired or divested companies	**(149)**		(149)
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	**27**		27
Net cash generated by/(used in) investing activities	**(583)**		**(583)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	**1**		1
Dividends paid to shareholders of the parent company	**(320)**		(320)
Dividends paid by consolidated companies to non-controlling interests	**(1)**		(1)
Change in current and non-current debt	**501**		501
Change in current and non-current lease obligations	**–**	(59)	(59)
Income from net surplus cash/(cost of net debt)	**11**	(8)	3
Other cash flows related to financing activities	**–**		–
Net cash generated by/(used in) financing activities	**192**	**(67)**	**125**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**27**		**27**
Change in net cash position (A + B + C + D)	**(546)**	**(0)**	**(546)**

Net cash position at start of period	**3,925**		**3,925**
Net cash flows	**(546)**		(546)
Non-monetary flows	**–**		–
Net cash position at end of period	**3,379**		**3,379**

Free cash flow	**63**	**61**	**124**

(a) 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.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018, RESTATED FOR IFRS 16

CONSOLIDATED BALANCE SHEET (€m)

Assets	31/12/2018	Impact of IFRS 16	31/12/2018 restated
Property, plant and equipment	721		721
Right of use of leased assets	–	249	249
Intangible assets	21		21
Goodwill	1,044		1,044
Investments in joint ventures and associates	103		103
Other non-current financial assets	247		247
Deferred tax assets and non-current tax receivable	80	3	83
Non-current assets	**2,216**	**252**	**2,468**
Inventories	276		276
Advances and down-payments made on orders	188		188
Trade receivables	2,339		2,339
Customer contract assets	862		862
Tax asset (receivable)	125		125
Other current receivables and prepaid expenses	916	23	939
Cash and cash equivalents	4,652		4,652
Financial instruments – hedging of debt	–		–
Other current financial assets	5		5
Current assets	**9,363**	**23**	**9,386**
Held-for-sale assets and operations			
Total assets	**11,579**	**275**	**11,854**

Liabilities and shareholders' equity	31/12/2018	Impact of IFRS 16	31/12/2018 restated
Share capital	128		128
Share premium and reserves	472	(13)	459
Translation reserve	11		11
Treasury shares	–		–
Consolidated net profit/(loss)	296	0	296
Shareholders' equity attributable to the Group	**907**	**(13)**	**894**
Non-controlling interests	4		4
Shareholders' equity	**911**	**(13)**	**898**
Non-current debt	1,028		1,028
Non-current lease obligations	–	222	222
Non-current provisions	826		826
Deferred tax liabilities and non-current tax liabilities	21	0	21
Non-current liabilities	**1,875**	**222**	**2,097**
Current debt	11		11
Current lease obligations	–	77	77
Current taxes payable	78		78
Trade payables	3,108		3,108
Customer contract liabilities	2,688		2,688
Current provisions	648		648
Other current liabilities	1,749	(11)	1,738
Overdrafts and short-term bank borrowings	493		493
Financial instruments – hedging of debt	1		1
Other current financial liabilities	17		17
Current liabilities	**8,793**	**66**	**8,859**
Liabilities related to held-for-sale operations			
Total liabilities and shareholders' equity	**11,579**	**275**	**11,854**

Net surplus cash / (net debt)	**3,119**	**(299)**	**2,820**
IFRS 16 lease obligations	–	299	299
Adjusted net surplus cash/(net debt)	**3,119**		**3,119**

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018, RESTATED FOR IFRS 16

CONSOLIDATED INCOME STATEMENT (€m)

	31/12/2018	Impact of IFRS 16	31/12/2018 restated
Sales[a]	**12,358**		**12,358**
Other revenues from operations	139		139
Purchases used in production	(7,088)		(7,088)
Personnel costs	(3,096)		(3,096)
External charges	(1,854)	90	(1,764)
Taxes other than income tax	(166)		(166)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(189)		(189)
Net amortisation expense on right of use of leased assets	–	(87)	(87)
Charges to provisions and impairment losses, net of reversals due to utilisation	(214)		(214)
Change in production and property development inventories	(5)		(5)
Other income from operations[b]	699	8	707
Other expenses on operations	(216)	(1)	(217)
Current operating profit/(loss)	**368**	**10**	**379**
Other operating income	–		–
Other operating expenses	(4)		(4)
Operating profit/(loss)	**364**	**10**	**375**
Financial income	32		32
Financial expenses	(15)		(15)
Interest expense on lease obligations	–	(11)	(11)
Income from net surplus cash/(cost of net debt)	**17**	**(11)**	**6**
Other financial income	59	1	60
Other financial expenses	(21)		(21)
Income tax	(109)	(0)	(109)
Share of net profits/losses of joint ventures and associates	(2)		(2)
Net profit/(loss) from continuing operations	**308**	**(0)**	**308**
Net profit/(loss) from discontinued and held-for-sale operations	–		–
Net profit/(loss)	**308**	**(0)**	**308**
Net profit/(loss) attributable to the Group	**296**	**(0)**	**296**
Net profit/(loss) attributable to non-controlling interests	12		12
Basic earnings per share from continuing operations (€)	**173.48**		**172.90**
Diluted earnings per share from continuing operations (€)	**173.48**		**172.90**
EBITDA	**491**	**97**	**588**
(a) Of which sales generated abroad.	6,759		6,759
(b) Of which reversals of unutilized provisions and impairment and other items.	280	1	281

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018, RESTATED FOR IFRS 16

CONSOLIDATED CASH FLOW STATEMENT (€m)

	31/12/2018	Impact of IFRS 16	31/12/2018 restated
I - Cash flow from continuing operations			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations	308	(0)	308
Adjustments:	–		–
• Share of profits/losses reverting to joint ventures and associates, net of dividends received	9		9
• Dividends from non-consolidated companies	(31)		(31)
• Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	168		168
• Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets	–	92	92
• Gains and losses on asset disposals	(94)	(2)	(96)
• Miscellaneous non-cash charges	(53)		(53)
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**307**	**90**	**397**
Reclassification of (income from net surplus cash)/cost of net debt	(17)	11	(6)
Elimination of income tax, including provisions for tax risks	109		109
Cash flow	**399**	**101**	**500**
Income taxes paid	(117)		(117)
Changes in working capital related to operating activities (including current impairment and provisions)[a]	290	(4)	286
Net cash generated by/(used in) operating activities	**572**	**97**	**669**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	(253)		(253)
Proceeds from disposals of property, plant and equipment and intangible assets	52		52
Net liabilities related to property, plant and equipment and intangible assets	11		11
Purchase price of non-consolidated companies and other investments	(20)		(20)
Proceeds from disposals of non-consolidated companies and other investments	54		54
Net liabilities related to non-consolidated companies and other investments	15		15
Purchase price of investments in consolidated activities	(559)		(559)
Proceeds from disposals of investments in consolidated activities	229		229
Net liabilities related to consolidated activities	(1)		(1)
Other effects of changes in scope of consolidation: cash of acquired or divested companies	(155)		(155)
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	32		32
Net cash generated by/(used in) investing activities	**(595)**		**(595)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	1		1
Dividends paid to shareholders of the parent company	(320)		(320)
Dividends paid by consolidated companies to non-controlling interests	(32)		(32)
Change in current and non-current debt	538		538
Change in current and non-current lease obligations	–	(86)	(86)
Income from net surplus cash/(cost of net debt)	17	(11)	6
Other cash flows related to financing activities	–		–
Net cash generated by/(used in) financing activities	**204**	**(97)**	**107**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**53**		**53**
Change in net cash position (A + B + C + D)	**234**	**(0)**	**234**
Net cash position at start of period	**3,925**		**3,925**
Net cash flows	234		234
Non-monetary flows	–		–
Net cash position at end of period	**4,159**		**4,159**
Free cash flow	**106**	**90**	**196**

(a) 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.

CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018, RESTATED FOR IFRS 16 AND IFRIC 23

Assets	31/12/2018 published	Impact of IFRS 16	31/12/2018 restated	Impact of IFRIC 23	31/12/2018 restated
Property, plant and equipment	**721**		721		721
Right of use of leased assets	**–**	249	249		249
Intangible assets	**21**		21		21
Goodwill	**1,044**		1,044		1,044
Investments in joint ventures and associates	**103**		103		103
Other non-current financial assets	**247**		247		247
Deferred tax assets and non-current tax receivable	**80**	3	83		83
Non-current assets	**2,216**	**252**	**2,468**		**2,468**
Inventories	**276**		276		276
Advances and down-payments made on orders	**188**		188		188
Trade receivables	**2,339**		2,339		2,339
Customer contract assets	**862**		862		862
Tax asset (receivable)	**125**		125		125
Other current receivables and prepaid expenses	**916**	23	939		939
Cash and cash equivalents	**4,652**		4,652		4,652
Financial instruments – hedging of debt	**–**		–		–
Other current financial assets	**5**		5		5
Current assets	**9,363**	**23**	**9,386**		**9,386**
Held-for-sale assets and operations	**–**		–		–
Total assets	**11,579**	**275**	**11,854**		**11,854**

Liabilities and shareholders' equity	31/12/2018 published	Impact of IFRS 16	31/12/2018 restated	Impact of IFRIC 23	31/12/2018 restated
Share capital	**128**		128		128
Share premium and reserves	**472**	(13)	459		459
Translation reserve	**11**		11		11
Treasury shares	**–**		–		–
Consolidated net profit/(loss)	**296**	0	296		296
Shareholders' equity attributable to the Group	**907**	**(13)**	**894**		**894**
Non-controlling interests	**4**		4		4
Shareholders' equity	**911**	**(13)**	**898**		**898**
Non-current debt	**1,028**		1,028		1,028
Non-current lease obligations	**–**	222	222		222
Non-current provisions	**826**		826	(15)	811
Deferred tax liabilities and non-current tax liabilities	**21**	0	21		21
Non-current liabilities	**1,875**	**222**	**2,097**	**(15)**	**2,082**
Current debt	**11**		11		11
Current lease obligations	**–**	77	77		77
Current taxes payable	**78**		78	15	93
Trade payables	**3,108**		3,108		3,108
Customer contract liabilities	**2,688**		2,688		2,688
Current provisions	**648**		648		633
Other current liabilities	**1,749**	(11)	1,738		1,738
Overdrafts and short-term bank borrowings	**493**		493		493
Financial instruments – hedging of debt	**1**		1		1
Other current financial liabilities	**17**		17		17
Current liabilities	**8,793**	**66**	**8,859**	**15**	**8,874**
Liabilities related to held-for-sale operations					
Total liabilities and shareholders' equity	**11,579**	**275**	**11,854**		**11,854**

Net surplus cash / (net debt)	**3,119**	**(299)**	**2,820**		**2,820**
IFRS 16 lease obligations	**–**	299	299		299
Adjusted net surplus cash/(net debt)	**3,119**		**3,119**		**3,119**

IFRIC 23 has no impact on the income statement or cash flow statement for the year ended 31 December 2018.

NOTE 24. 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, as expensed through the income statement in 2018.

(€ '000)	Mazars network			Ernst & Young network			Other firms			Total fee expense	
Type of engagement	2018	%	2017 restated	2018	%	2017 restated	2018	%	2017 restated	2018	2017 restated
A - AUDIT											
Audit of consolidated and individual company financial statements	**2,312**	94%	2,227	3,860	94%	3,416	**221**	5%	163	**6,393**	5,806
Related engagements	**102**	4%	95	50	1%	203	**3,122**	73%	2	**3,274**	300
Sub-total 1	**2,414**	**98%**	**2,322**	**3,910**	**96%**	**3,619**	**3,343**	**78%**	**165**	**9,667**	**6,106**
B – OTHER SERVICES											
Legal, tax, employment law	**15**	1%	–	**179**	4%	77	**809**	19%	929	**1,003**	1,006
Other	**29**	1%	1		-	–	**147**	3%	70	**176**	71
Sub-total 2	**44**	**2%**	**1**	**179**	**4%**	**77**	**956**	**22%**	**999**	**1,179**	**1,077**
Total fee expense	**2,458**	**100%**	**2,323**	**4,089**	**100%**	**3,696**	**4,299**	**100%**	**1,164**	**10,846**	**7,183**

NOTE 25. LIST OF PRINCIPAL CONSOLIDATED ENTITIES AT 31 DECEMBER 2018

			% interest		% control	
Company	**City**	**Country**	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
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	Cleon	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%
Bouygues Construction Information Technologies	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%
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	**0.00%**	99.35%	**0.00%**	99.35%
Bouygues Bâtiment Ile-de-France PPP SA	Guyancourt	France	**100.00%**	100.00%	**100.00%**	100.00%
Brezillon SA	Margny-Les-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%
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%
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%
Karmar SA	Warsaw	Poland	**100.00%**	100.00%	**100.00%**	100.00%
Linkcity Poland (formerly Bypolska Property Developement)	Warsaw	Poland	**100.00%**	100.00%	**100.00%**	100.00%
Losinger Marazzi AG	Koniz	Switzerland	**100.00%**	100.00%	**100.00%**	100.00%
Vces Holding SRO and its subsidiaries	Prague	Czech Republic	**100.00%**	100.00%	**100.00%**	100.00%
Richelmi SA	Monaco	Monaco	**100.00%**	100.00%	**100.00%**	100.00%
4 - Bouygues Bâtiment International						
Bouygues Bâtiment International SA	Guyancourt	France	**100.00%**	100.00%	**100.00%**	100.00%
France						
Kohler Investment	Guyancourt	France	**100.00%**	100.00%	**100.00%**	100.00%
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%

			% interest		% control	
Company	**City**	**Country**	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Bouygues Construction India Building Projects LLP	Mumbai	India	**100.00%**	100.00%	**100.00%**	100.00%
Bouygues Construccion Cuba SA	Mariel	Cuba	**100.00%**	100.00%	**100.00%**	100.00%
Bouygues Bâtiment Guinée Équatoriale SA	Malabo	Equatorial Guinea	**99.96%**	99.96%	**99.96%**	99.96%
Bouygues Bâtiment Trinidad & Tobago	Port of Spain	Trinidad & Tobago	**100.00%**	100.00%	**100.00%**	100.00%
Bouygues 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	**49.00%**	49.00%	**49.00%**	49.00%
Bouygues Uk Ltd	London	United Kingdom	**100.00%**	100.00%	**100.00%**	100.00%
Bouygues Building Canada	Vancouver	Canada	**100.00%**	100.00%	**100.00%**	100.00%
By Development Ltd	London	United Kingdom	**100.00%**	100.00%	**100.00%**	100.00%
By Thai/VSL Australia Ltd	Bankgok	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%
A.W. Edwards PTY and its subsidiaries	Northbridge NSW	Australia	**100.00%**		**100.00%**	
Setao	Abidjan	Ivory Coast	**78.61%**	78.61%	**78.61%**	78.61%
5 - Other BI subsidiaries						
Other countries						
Asiaworld Expo Management Ltd	Hong Kong	China	**0.00%**	100.00%	**0.00%**	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%
IEC Investments Ltd	Hong Kong	China	**60.00%**	60.00%	**60.00%**	60.00%
Dragages Construction Macau Ltd	Macau	China	**100.00%**	100.00%	**100.00%**	100.00%
6- Bouygues Travaux Publics						
Bouygues TP SA	Guyancourt	France	**100.00%**	100.00%	**100.00%**	100.00%
France						
DTP SAS	Guyancourt	France	**100.00%**	100.00%	**100.00%**	100.00%
Bouygues Construction Services Nucléaires	Guyancourt	France	**100.00%**	100.00%	**100.00%**	100.00%
BYTP Regions France SA	Labege	France	**100.00%**	100.00%	**100.00%**	100.00%
Europe Fondations	Guyancourt	France	**100.00%**	100.00%	**100.00%**	100.00%
Other countries						
Bouygues Construction Australia PTY Ltd	Sydney	Australia	**100.00%**	100.00%	**100.00%**	100.00%
Bouygues Travaux Publics MC (Monaco)	Monaco	Monaco	**100.00%**	100.00%	**100.00%**	100.00%
Bouyges Travaux Publics Philippines	Makati	Philippines	**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%
DCW Virginia	Norfolk	United States	**100.00%**	100.00%	**100.00%**	100.00%
DTP Côte d'Ivoire Sasu	Bouake	Ivory Coast	**100.00%**		**100.00%**	
DTP Mining Guinée	Kaloum-Conakry	Guinea	**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	DR Congo	**100.00%**	100.00%	**100.00%**	100.00%
Mecap	Sliema	Malta	**98.99%**	98.99%	**99.99%**	99.99%
Mining and Rehandling Services (MARS)	Bamako	Mali	**100.00%**	100.00%	**100.00%**	100.00%

Company	City	Country	% interest 31/12/2018	% interest 31/12/2017	% control 31/12/2018	% control 31/12/2017
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	Koniz	Switzerland	**100.00%**	100.00%	**100.00%**	100.00%
Other countries						
FT Laboratories Limited	Chaiwan	Hong Kong	**100.00%**	100.00%	**100.00%**	100.00%
Intrafor Hong Kong Limited	Hong Kong	China	**100.00%**	100.00%	**100.00%**	100.00%
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%
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 Egypt LLC	Cairo	Egypt	**99.00%**		**99.00%**	
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	**60.00%**	67.00%	**60.00%**	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	**98.00%**	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 Saudi Arabia LLC	Riyadh	Saudi Arabia	**100.00%**	100.00%	**100.00%**	100.00%
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 UK Limited	London	United Kingdom	**100.00%**	100.00%	**100.00%**	100.00%
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 Énergies & Services						
Bouygues Énergies & Services SAS	Montigny-le-Bretonneux	France	**100.00%**	100.00%	**100.00%**	100.00%
France						
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 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%
S.M.I Information Automatismes SA	Carcares Sainte Croix	France	**100.00%**	100.00%	**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	**0.00%**	100.00%	**0.00%**	100.00%
By Home 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%

			% interest		% control	
Company	**City**	**Country**	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Bouygues E&S FM Canada	Vancouver BC	Canada	**100.00%**	100.00%	**100.00%**	100.00%
Bouygues E&S UK	London	United Kingdom	**100.00%**	100.00%	**100.00%**	100.00%
Bouygues E&S Ireland	Dublin	Ireland	**100.00%**	100.00%	**100.00%**	100.00%
Europland Ltd	London	United Kingdom	**100.00%**	100.00%	**100.00%**	100.00%
Bouygues E&S FM Italia	Milan	Italy	**100.00%**	100.00%	**100.00%**	100.00%
Gastier and its subsidiaries	Montreal	Canada	**100.00%**	85.00%	**100.00%**	85.00%
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	**100.00%**	43.35%	**100.00%**	51.00%
Plan Group Inc. and its subsidiaries	Toronto	Canada	**100.00%**	85.00%	**100.00%**	85.00%
Bouygues E&S Gabon	Libreville	Gabon	**0.00%**	84.42%	**0.00%**	84.42%
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%
9 - Kraftanlagen München						
Kraftanlagen München and its subsidiaries	Munich	Germany	**100.00%**		**100.00%**	
10 - Byes Intec						
Bouygues E&S Intec AG	Zürich	Switzerland	**100.00%**		**100.00%**	
JOINT OPERATIONS						
1 - Bouygues Bâtiment Ile-de-France						
Chrysalis Developpement SAS	Paris	France	**0.00%**	65.00%	**0.00%**	65.00%
2 - Entreprises France Europe Entities						
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						
Société pour la réalisation du Port de Tanger Méditerranée	Tangiers	Marocco	**66.67%**	66.67%	**66.67%**	66.67%
TMBYS SAS	Guyancourt	France	**66.67%**	66.67%	**66.67%**	66.67%
Oc'via Maintenance SAS	Guyancourt	France	**49.00%**	49.00%	**49.00%**	49.00%
GIE Oc'via Construction	Nimes	France	**49.00%**	49.00%	**49.00%**	49.00%
GIE L2 Construction	Marseille	France	**56.50%**	56.50%	**56.50%**	56.50%
GIE Compagnie Maritime du Littoral	Reuil Malmaison	France	**33.00%**	33.00%	**33.00%**	33.00%
GIE Prefa Réunion	Le Port	La Réunion	**33.00%**	33.00%	**33.00%**	33.00%
GIE Viaduc du Littoral	Le Port	La Réunion	**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%
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 Entities						
Residence Radotin Jedna S.R.O.	Prague	Czech Republic	**51.00%**		**51.00%**	
3 - Bouygues Bâtiment International						
AnfaB21 SAS	Casablanca	Marocco	**15.00%**	15.00%	**15.00%**	15.00%

			% interest		% control	
Company	**City**	**Country**	**31/12/2018**	**31/12/2017**	**31/12/2018**	**31/12/2017**
Bouygues Construction Qatar LLC	Doha	Qatar	**49.00%**	49.00%	**49.00%**	49.00%
Hermes Airports Ltd	Nicosia	Cyprus	**22.00%**	22.00%	**22.00%**	22.00%
Zaic A Limited	Leeds	United Kingdom	**20.77%**	20.77%	**20.77%**	20.77%
Bedford Riverside Regeneration	Bedford	United Kingdom	**50.00%**	50.00%	**50.00%**	50.00%
4 - Bouygues Travaux Publics						
Bina Fincom	Zagreb	Croatia	**50.70%**	45.00%	**50.70%**	45.00%
Transjamaican Highway Limited	Kingston	Jamaica	**48.89%**	48.89%	**48.89%**	48.89%
Warnowquerung	Rostock	Germany	**0.00%**	30.00%	**0.00%**	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						
Axione	Malakoff	France	**51.00%**	100.00%	**51.00%**	100.00%
Betron	Ottawa	Canada	**50.00%**	42.50%	**50.00%**	50.00%

A full list of consolidated entities is avaialable from the Bouygues SA Investor Relations Department.

STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2018

To the Annual General Meeting of the shareholders of Bouygues Construction

OPINION

In accordance with the assignment entrusted to us by your Annual General Meetings, we have conducted our audit of the accompanying consolidated financial statements of Bouygues Construction for the year ended 31 December 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of entities or business activities within the Group as at 31 December 2018, and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

BASIS FOR OUR OPINION

Auditing standards

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 audit opinion.

Our responsibilities under those standards are described in the section "Auditors' responsibilities for the audit of the consolidated financial statements" below.

Independence

We conducted our audit engagement in compliance with the rules on independence that applied to us during the period from 1 January 2018 to the date of issuance of this report. Specifically, we provided no services prohibited by the code of ethics of the auditing profession.

EMPHASIS OF MATTER

Without modifying the opinion expressed above, we draw to your attention the matter described in Note 2 to the consolidated financial statements regarding the first-time application of IFRS 9 and IFRS 15, which are mandatorily applicable from 1 January 2018.

JUSTIFICATION OF OUR ASSESSMENTS

Pursuant to Articles L. 823-9 and R. 823-7 of the Commercial Code regarding the justification of our assessments, we draw your attention to the following assessments that in our professional judgment were of the most significance in the audit of the consolidated financial statements for the year.

Our assessments should be seen in the context of the audit of the consolidated financial statements taken as a whole, and of the formation of our opinion as expressed above. We do not express an opinion on elements of the consolidated financial statements taken in isolation.

- The Bouygues Construction group accounts for profits and losses on long-term contracts using the policies described in Note 2.2.3(b) to the consolidated financial statements, "Accounting for construction contracts". Such profits and losses are dependent on estimates made by the Bouygues Construction group of the profits or losses to completion of contracts. Based on the information supplied to us, our procedures included assessing the data and assumptions underlying the estimates of profits or losses to completion on contracts, and evaluating the key controls used by the Group to measure profits or losses to completion. Our assessment also included reasonableness tests on those estimates.

- The Bouygues Construction group records provisions for litigation and claims, as presented in Notes 2.2.2., 6.1. and 6.2. to the consolidated financial statements; those provisions are intended to cover litigation, claims and foreseeable uncertainties relating to the Group's operations. Based on the information currently available, our assessment of those provisions included an examination of the situation and of the assumptions underlying the measurement of the provisions.
- During 2018, the Bouygues Construction group obtained control over two material entities, on the terms described in Note 1.1. to the consolidated financial statements. The "Business Combinations" section of Note 2.2. to the consolidated financial statements describes the accounting policy used when control over an entity is obtained, and Note 3.2.3. to the consolidated financial statements indicates the amounts recognised as assets and any associated impairment losses. Based on the information provided to us, our procedures included assessing whether the acquired assets and assumed liabilities were correctly measured, and assessing the methods of first-time consolidation.

SPECIFIC VERIFICATIONS

We also carried out, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations concerning the information about 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 OF THOSE CHARGED WITH GOVERNANCE, FOR THE CONSOLIDATED FINANCIAL STATEMENTS

It is the responsibility of management to prepare consolidated financial statements that give a true and fair view in accordance with IFRS as endorsed by the European Union, and to implement such internal control as it 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, it is the responsibility of management to assess the company's ability to continue as a going concern; to disclose in those financial statements any matters relating to going concern; and to apply the going concern basis of accounting unless it is intended to liquidate the company or cease trading.

The consolidated financial statements have been closed off by the Board of Directors.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

It is our responsibility to prepare 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 be reasonably expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L. 823-10-1 of the Commercial Code, our audit does not involve guaranteeing the viability of the company or the quality of how it is managed.

As part of an audit in accordance with professional standards applicable in France, the auditor exercises professional judgment throughout the audit. In addition, the auditor:
- 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, to obtain audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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 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;

- concludes on 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. Those conclusions are based on the audit evidence obtained up to the date of the auditor's report, with the caveat that future events or conditions may cause a company to cease to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or disclaimer;
- evaluates the overall presentation of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view of them;
- obtains what the auditor considers 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;
- is responsible for the direction, supervision and performance of the audit of the consolidated financial statements, and for the opinion expressed on those financial statements.

Courbevoie and Paris-La Défense, 19 March 2019

The Statutory Auditors

MAZARS	**ERNST & YOUNG Audit**
Gilles Rainaut	Laurent Vitse

PARENT COMPANY FINANCIAL STATEMENTS

BOUYGUES CONSTRUCTION SA: BALANCE SHEET AT 31 DECEMBER 2018

Assets (€ million)	31/12/2018			31/12/2017
	Gross	Amortisation, depreciation & impairment	Net	Net
Intangible assets	74	65	9	13
Property, plant and equipment	34	20	13	11
Long-term investments				
• Holdings in subsidiaries and affiliates	1,157	39	1,118	634
• Other	482	0	482	407
Sub-total	**1,639**	**39**	**1,599**	**1,042**
Non-current assets	**1,746**	**125**	**1,622**	**1,066**
Inventories and work in progress	–	–	–	–
Advances and down-payments made on orders	0	–	0	0
Trade receivables	33	–	33	25
Other receivables	322	8	315	210
Short-term investments	–	–	–	–
Cash	1,648	–	1,648	2,047
Current assets	**2,002**	**8**	**1,995**	**2,282**
Other assets	93	–	93	67
Total assets	**3,842**	**132**	**3,709**	**3,416**

Liabilities and shareholders' equity (€ million)	31/12/2018	31/12/2017
Share capital	128	128
Share premium	15	15
Revaluation reserves	0	0
Other reserves	13	13
Retained earnings	236	359
Net profit/(loss) for the period	316	196
Investment grants	–	–
Restricted provisions	–	–
Shareholders' equity	**708**	**711**
Other forms of equity	**–**	**–**
Provisions	**11**	**13**
Debt	**1,214**	**542**
Advances and down-payments received on orders	**–**	**–**
Trade payables	34	33
Other payables	64	60
Non-financial liabilities	**97**	**92**
Overdrafts and short-term bank borrowings	1,616	2,006
Accruals and deferred income	64	53
Total liabilities and shareholders' equity	**3,709**	**3,416**

BOUYGUES CONSTRUCTION SA: INCOME STATEMENT YEAR ENDED 31 DECEMBER 2018

(€ million)	2018	2017
Sales	**206**	**204**
Other operating revenue	1	2
Purchases and changes in inventory	–	–
Taxes other than income tax	(6)	(4)
Personnel costs	(74)	(81)
Other operating expenses	(129)	(117)
Depreciation, amortisation, impairment & provisions, net	(8)	(8)
Profits/(losses) from shared operations	3	2
Operating profit/(loss)	**(7)**	**(3)**
Financial income and expenses	321	204
Pre-tax profit/(loss) on ordinary activities	**314**	**201**
Exceptional items	2	2
Employee profit-sharing	–	–
Income tax expense	1	(7)
Net profit/(loss) for the year	**316**	**196**

BOUYGUES CONSTRUCTION SA: CASH FLOW STATEMENT YEAR ENDED 31 DECEMBER 2018

(€ million)	2018	2017
A - OPERATING ACTIVITIES		
Operating cash flow		
• Net profit/(loss) for the period	**316**	196
• Depreciation and amortisation	**8**	8
• Net change in impairment and provisions [1]	**(1)**	1
• Net gains on asset disposals and other items [2]	**0**	(3)
Sub-total	**323**	203
Change in working capital		
• Current assets, other assets, accruals and deferred income	**(138)**	51
• Net advances and down-payments received, non-financial liabilities & other items	**17**	(15)
Net cash generated by/(used in) operating activities	**203**	**239**
B - INVESTING ACTIVITIES		
Increases in non-current assets:		
• Acquisitions of intangible assets and property, plant & equipment	**(6)**	(4)
• Acquisitions of holdings in subsidiaries and affiliates	**(485)**	(34)
Sub-total	**(491)**	(38)
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	**(72)**	(8)
Amounts receivable in respect of non-current assets, net	**(1)**	(1)
Net cash generated by/(used in) investing activities	**(563)**	**(46)**
C - FINANCING ACTIVITIES		
Increase in shareholders' equity	**-**	-
Dividends paid during the year	**(320)**	(20)
Change in net debt	**669**	8
Net cash generated by/(used in) financing activities	**350**	**(12)**
Change in net cash position (A + B + C)	**(11)**	**180**
Net cash position at 1 January [3]	**42**	(169)
Net cash flows excluding impact of inter-account transfers	**(11)**	180
Impact of inter-account transfers	**-**	31
Net cash position at end of period [3]	**31**	42

(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 2018

Subsidiaries and affiliates (€ million)	Share capital [4]	Reserves & retained earnings before appropriation of profits [4]	% interest in capital	Carrying amount of shares held	
				Gross	Net
A. DETAILED INFORMATION [1][2]					
Subsidiaries (interest held > 50%)	–	–	–	**1,124**	**1,105**
DTP	10	2	100.00%	24	24
Bouygues Bâtiment International	25	110	100.00%	85	85
Bouygues Bâtiment Ile-de-France	13	30	99.70%	103	103
Bouygues Travaux Publics	41	20	92.02%	93	93
BYES [5]	51	73	100.00%	158	158
Bouygues Bâtiment Nord-Est	25	13	100.00%	35	35
Bouygues Bâtiment Centre Sud-Ouest	7	9	100.00%	11	11
Bouygues Bâtiment Sud-Est	3	22	100.00%	6	6
Fichallenge	2	-6	100.00%	2	-
Challenger	0	-	99.99%	15	15
Bouygues Bâtiment Grand Ouest	2	34	100.00%	4	4
Bouygues Construction Central Europe	0	22	100.00%	25	25
VSLI (Switzerland)	2	-4	100.00%	32	32
Losinger Holding (Switzerland)	15	9	99.96%	22	22
Dragages Hong Kong (Hong Kong)	50	150	100.00%	6	6
Acieroid (Spain)	1	0	93.81%	18	1
Byes Intec Ag (Switzerland)	30	108	100.00%	394	394
Kraftanlagen Munchen Gmbh (Germany)	25	75	100.00%	88	88
Detailed information: affiliates (interest held 10%-50%)	–	–	–	–	–
B. AGGREGATE INFORMATION FOR 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 [3]	–	–	–	0	0
Grand total	–	–	–	**1,157**	**1,118**

(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 these lines.
(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
777	**150**	**–**	**–**	**–**	**–**
–	–	11	16	5	–
118	47	476	87	21	–
	–	1,412	50	40	–
73	2	1,219	18	85	–
253	9	2,546	(23)		–
0	–	340	7	10	–
0	–	143	1	1	–
0	–	425	6	17	–
–	–	–	(0)	–	–
–	–	18	3	–	–
0	–	429	16	16	–
36	–	–	(1)	–	–
74	–	20	7	–	CHF 1 = €0.887390
–	–	–	69	57	CHF 1 = €0.887390
112	87	294	140	63	HKD 1 = €0.111514
	5	26	0	–	–
105	–	0	(11)	–	CHF 1 = €0.887390
7	–	225	(94)	–	
–	**–**	**–**	**–**	**–**	**–**
9	**–**	**–**	**–**	**–**	**–**
9	–	–	–	2	–
–	–	–	–	0	–
0	–	–	–	0	–
0	–	–	–	0	–
786	**–**	**–**	**–**	**–**	**–**

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