

Sales⁽¹⁾: €7bn (+7.6%)
Operating profit on ordinary activities: +7.4%
Operating margin stable in first half at 10.4%
Net profit attributable group share: +30.8%
€367m reduction in net debt ⁽²⁾
Order book of Contracting businesses: €13bn (+7% year-on-year)

Press release

1st semester 2017 results

- **Against the backdrop of the turnaround in Contracting and growth in motorway traffic, there were increases in the operating profit on ordinary activities contributed by all of the Group's businesses. Combined with a new decrease in net finance costs, this trend paved the way for a 30.8% increase in net profit group share.**
- **Over the year as a whole, the Group expects an increase in activity combined with further growth in its results⁽³⁾.**

The Board of Directors of Eiffage met on 30 August 2017 to approve the financial statements for the first half of 2017 ⁽⁴⁾.

Activity

Consolidated sales reached almost €7bn in the first half of 2017, up by 7.6% on a reported basis and by 6.3% like-for-like (lfl; see Appendix 1).

Sales contributed by Contracting increased by 7.8% on a reported basis (and by 6.2% lfl) to €5.7bn. Sales in France reached more than €4.2bn (up by 4.5% on a reported basis and by 3.8% lfl), while sales contributed by international operations increased by 18.9% to nearly €1.5bn (of which 4.8% or €58m was due to the acquisitions completed by the Group: MDM and Bohn in Germany, Yerly in Switzerland, and Vuylsteke in Belgium).

At the Construction division, sales increased by 1.9% to €1.76bn. While activity was brisk in France, which recorded a 5.2% increase in sales, the rest of Europe recorded an almost 12% decrease, due mainly to the delivery end-2016 of a shopping mall in Poznań (Poland), a project that was exceptional. As regards the property development activity, reservations reached 2,080 units compared with 1,913 in the first half of 2016.

At the Infrastructures division, sales increased by 11.8% to €2.15bn.

⁽¹⁾ Excluding construction revenue of Concessions (IFRIC 12)

⁽²⁾ Excluding the fair value of debt with Caisse Nationale des Autoroutes (CNA) and of swaps

⁽³⁾ Excluding non-recurring adjustment in deferred tax

⁽⁴⁾ The audit procedures have been completed by the statutory auditors, who are in the process of issuing their report on the interim financial statements

Sales contributed by France increased by 3.3%, for while Civil Engineering recorded a 3.7% decrease, Road and Metal recorded increases of 3.3% and 65%, respectively. International operations recorded a sharp 33% increase.

At the Energy division, sales increased by 9.6% to €1.78bn, with rises of 5.2% for France and of 27.0% for international operations. In Europe, notably, activity was extremely brisk in all the countries where the division is present.

In Concessions, the growth in motorway traffic (up 2.7% on the APRR network, up 1.3% on the A65 motorway, up 2.8% on the Millau viaduct and up 27.9% on the Avenir motorway in Senegal) and the contributions made by other concessions and public-private partnerships paved the way for a sharp 6.7% increase in sales to €1.3bn.

These semester figures follows a strong 2nd quarter that saw a 7.7% increase with +7.4% in Contracting and +9.0% in Concessions.

Results

Operating profit on ordinary activities reached €727m, up 7.4% (16.4% increase for Contracting for a 7.8% increase in sales).

At the Construction division, the operating margin improved to 3.8% (from 3.7% in the first half of 2016) spurred by the still stringent project selection policy combined with a tight control of overhead costs.

At the Infrastructures division, the margin stands at -1.8% (from -2.1% in the first half of 2016), buoyed by the increase in activity in a still fiercely competitive environment, in particular for public tenders in France (roads and civil engineering). There was confirmation of the turnaround by the Metal activity.

At the Energy division, the operating margin continued to progress to reach 3.2% (up from 3.0% in the first half of 2016), with broadly uniform rises for the division's different entities.

All in all, the operating margin of the Contracting activities improved to 1.5% (up from 1.4% in the first half of 2016).

In Concessions, the operating margin inched lower to 50.1% (from 50.5% in the first half of 2016), because of the recognition at revenue level of the public-private partnership for the Bretagne-Pays de la Loire (BPL) high-speed rail line project, now in its operational phase, as this generates a lower than average margin compared with the rest of the division. As for APRR, its EBITDA margin improved to 75.4% (from 74.4% in the first half of 2016).

The Group's net finance costs declined by €22m in the first half of 2017 thanks to the effect of the debt refinancing completed in the past 18 months. As a result of the decrease in net finance costs and other non-recurring expenses from operations, net profit attributable to the holders of the parent increased by 30.8% to €174m (up from €133m in the first half of 2016).

Financial situation

Net debt (excluding the fair value of the swaps and the debt with Caisse Nationale des Autoroutes - CNA) came to €11.5bn, having decreased by a further €367m in the past 12 months. This debt is lodged mainly at the Concessions division and is without recourse against Eiffage. The holding and Contracting activities had net cash of €76m at 30th June 2017 compared with net debt of €88m at 30th June 2016. The free cash-flow is usually negative during the first semester, taking into account the seasonal increase in working capital requirements, which reached €440m (compared with €375m in the first half of 2016) majority driven by the Contracting activities. The Group's liquidity is progressing over 12 months at €2.7bn (€2.4bn at 30th June 2016). It consists of net available cash amounting to €1.7bn and an undrawn credit line amounting to €1bn (reduced to €0.92bn in the final year) and maturing in September 2021.

Financing

On 31st May 2017, APRR successfully completed a further €500m issue of 15-year bonds maturing in January 2032 and offering a coupon of 1.625%. This came after the private placement in March 2017 of €100m of 15-year bonds maturing in April 2032 and offering a fixed coupon of 0.34%, the nominal being indexed to French inflation.

2017 outlook

Thanks to the strong order intake, the order book of the Contracting businesses increased by 7% year-on-year (and by 2% over the past three months) to €13bn. This represents 13.1 months of activity for the Contracting businesses (compared with 12.8 months at 30th June 2016), underscoring the recovery in activity at these businesses. The Group thus expects activity to be up over the year as a whole and for there to be an improvement in the results (excluding non-recurring adjustment in deferred tax) across all of its divisions.

A more detailed presentation of the financial statements for the six months ended 30th June 2017, in French and English, is available on the company's website: www.eiffage.com.

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APPENDICES

Appendix 1: Sales for the first half of 2017 by division

	H1 2016	H1 2017	% change	
			Actual consolidation scope	Like-for-like (lfl **)
Construction	1,729	1,761	+1.9%	+0.4%
<i>Of which Property</i>	331	329	-	-
Infrastructures	1,925	2,152	+11.8%	+10.5%
Energy	1,623	1,778	+9.6%	+7.1%
Sub-total Contracting	5,277	5,691	+7.8%	+6.2%
Concessions (excluding IFRIC 12)	1,220	1,302	+6.7%	+7.0%
TOTAL GROUP (excluding IFRIC 12)	6,497	6,993	+7.6%	+6.3%
Of which:				
France	5,265	5,526	+5.0%	+4.4%
International	1,232	1,467	+19.1%	+14.3%
<i>Europe (excluding France)</i>	1,057	1,273	+20.4%	+14.9%
<i>Rest of world</i>	175	194	+10.9%	+10.9%
Construction revenue of Concessions (IFRIC 12)	141	175	nm	

(**) Constant consolidation scope: calculated by neutralising:

- the 2017 contribution made by companies consolidated for the first time in 2017;
- the 2017 contribution made by companies consolidated for the first time in 2016, for the period equivalent to that in 2016 before they were consolidated for the first time;
- the 2016 contribution made by companies deconsolidated in 2017, for the period equivalent to that in 2017 after they were deconsolidated;
- the 2016 contribution made by companies deconsolidated in 2016.

Constant exchange rates: 2016 exchange rates applied to 2017 local currency sales.

Sales for the second quarter of 2017 by division

<i>In millions of euro</i>	Q2 2016	Q2 2017	% change
Construction	917	949	+3.5%
<i>Of which Property</i>	206	181	
Infrastructures	1,112	1,216	+9.4%
Energy	845	921	+9.0%
Sub-total Contracting	2,874	3,086	+7.4%
Concessions (excluding IFRIC 12)	630	687	+9.0%
TOTAL GROUP (excluding IFRIC 12)	3,504	3,773	+7.7%
Construction revenue of Concessions (IFRIC 12)	98	108	nm

Appendix 2: Operating profit by division

	H1 2016		H1 2017		% change
	€m	% of sales	€m	% of sales	
Construction	64	3.7%	67	3.8%	+4.7%
Infrastructures	(40)	-2.1%	(39)	-1.8%	+2.5%
Energy	49	3.0%	57	3.2%	+16.3%
Sub-total Contracting	73	1.4%	85	1.5%	+16.4%
Concessions	616	50.5%	652	50.1%	+5.8%
Holding	(12)		(10)		
TOTAL GROUP	677	10.4%	727	10.4%	+7.4%

Appendix 3: Condensed consolidated financial statements

Condensed income statement

<i>In millions of euro</i>	H1 2016	H1 2017	% change
Sales ⁽¹⁾	6,497	6,993	+7.6%
Operating profit on ordinary activities <i>(% of sales)</i>	677 <i>(10.4%)</i>	727 <i>(10.4%)</i>	+7.4%
Other income (expenses) from operations	(28)	(24)	
Operating profit	649	703	+8.3%
Net finance costs	(269)	(247)	-8.2%
Other financial income (expenses)	(17)	(7)	
Financial income (expenses)	(286)	(254)	
Share of profit (loss) of equity-method investments	(2)	2	
Income tax	(116)	(143)	
Profit for the period	245	308	+25.7%
Non-controlling interests	112	134	
Profit for the period attributable to the holders of the parent company	133	174	+30.8%

(1) Excluding IFRIC 12

Condensed statement of financial position

<i>In millions of euro</i>	31/12/2016	30/06/2017
Assets	18,366	18,415
Non-current assets - Concessions	13,888	13,964
Non-current assets - Holding and Contracting	4,478	4,451
Equity and liabilities	18,366	18,415
Equity	4,265	4,677
<i>Equity attributable to equity holders of the parent company</i>	3,642	3,891
<i>Non-controlling interests</i>	623	786
Net debt (excluding fair value of debt with CNA and of swaps)	11,213	11,501
Current liabilities	1,079	698
<i>Of which WCR</i>	550	138
<i>Of which provisions and other current liabilities</i>	529	560
Net non-current liabilities (including fair value of debt with CNA and of swaps)	1,809	1,540

Condensed statement of cash flows

<i>In millions of euro</i>	30/06/2016	30/06/2017
Cash flows from operations	603	698
Changes in working capital requirements	(375)	(440)
Other ⁽¹⁾	(163)	(284)
Net cash from (used in) operating activities	65	(26)
Net investments - Holding and Contracting	(67)	(74)
Net investments - Concessions	(297)	(306)
Net operating investments	(364)	(380)
Free cash flow	(299)	(406)
Net financial investments	(11)	(23)
Dividends	(143)	(145)
Change in capital	86	169
Change in net bank debt	(367)	(405)
Items not involving the movement of funds	95	117
Change in net financial debt ⁽²⁾	(277)	(288)
<i>Of which Concessions</i>	145	128
<i>Of which Holding and Contracting</i>	(422)	(416)
⁽¹⁾ Difference between interest paid and recognised and between tax paid and recognised		
⁽²⁾ Excluding fair value of CNA debt and of swaps	568	325

Appendix 4: Order book of Contracting activities by division

<i>In billions of euro</i>	30/06/2016	30/06/2017	Δ 17/16	Δ 3 months
Construction	4.8	4.8	-1%	=
Infrastructures	4.4	4.9	+11%	+6%
Energy	2.8	3.3	+16%	+1%
Total Contracting	12.1	13.0	+7%	+2%