Vélizy-Villacoublay, 31st August 2016

Press release

Good commercial trends and improved earnings outlook in 2016 confirmed

- Revenues: €6.5 billion (-1.6%)

- Operating margin: 10.4%

- Operating result before non-recurring items: +13.6%

- Profit attributable to the Group: +68%

- Net debt down by €366 million (over one year)

- Order book: €12.1 billion (+1.6% over one year)

The Board of Directors of Eiffage met on 31 August 2016 to approve the financial statements for the first half of 2016.*

Activity

Consolidated revenues for the first half of 2016 came to €6.5 billion, down by 1.6% on the same period of the previous year (or by 2.0% at constant scope and exchange rates).

In Contracting, overall activity was down by 3.1% (3.5% at constant scope and exchange rates) at €5.28 billion. The positive dynamic of the Group's international business (+4.6%) partly offset the 5.2% fall in revenues in France.

The Construction division benefited from the high level of orders taken in 2015 and posted revenues up by 4.8% (3.7% in France and 9.6% abroad) at €1.73 billion. In Property, housing reservations reached 1,913 units as against 1,674 for the first half of 2015.

In the Infrastructures division, revenues were down by 3.8% at €1.93 billion. Down by 7.8% in France, particularly in Metal and Civil Engineering, as a result of the lower level of activity on the Bretagne-Pays de la Loire (BPL) high-speed rail line, and to a lesser extent in Roads, which are stabilising, they grew by 7.6% internationally.

In Energy, turnover fell by 9.5% to €1.62 billion, basically in France (-10.7%). Restated for the exceptional works on the Cestas solar plant carried out in 2015, revenues were up by 1.1% in France.

In Concessions, thanks to the growth in motorway traffic (+4.1% at APRR, +6.3% on the A65 motorway, +0.7% on the Millau Viaduct and +26.3% on the “Autoroute de l’Avenir” in Senegal) and the activity generated by the other concessions and operations of the Public-Private Partnership, we posted sustained global growth of 5.3% in total revenues, which came to €1.22 billion.

Results

Operating profit before non-recurring items increased by 13.6% to €677 million in both Concessions (+13.2%) and Contracting (+12.3%).

In Construction, the operating margin came to 3.7% (3.5% in June 2015) thanks to the efforts made in 2014 and 2015 to adjust fixed costs. In the Infrastructures division, the margin was stable at -2.1% in a still difficult environment, particularly in Roads and Metal in France. Energy continues to recover. The operating margin came to 3.0% compared with 2.8% for the first half of 2015.

Thus for Contracting as a whole, the operating margin for the half year came to 1.4% (1.2% for H1 2015) in a competitive environment that remains stressed.

In Concessions, the operating margin came to 50.5% (46.9% for H1 2015) thanks to dynamic growth in motorway traffic and good control of operating costs.

The cost of borrowing fell by €66 million thanks to refinancing of the Group’s debt maturities in the past eighteen months. This reduction in financial expenses, together with the fall in non-recurring operating costs (mainly restructuring) and a solid operating performance brought the net profit attributable to the Group to €133 million as against €79 million for the first half of 2015 (+68%).

Financial situation

Net financial debt, excluding the fair value of swaps and of the *Caisse Nationale des Autoroutes* (CNA) debt, amounted to €11.9 billion at the end of the half year, down by €366 million compared with one year earlier. This debt is basically in Concessions, without recourse to Eiffage. The residual net debt of the holding company and of the Contracting divisions at 30 June was €88 million (compared with €300 million at the end of June 2015). It takes account of the seasonal variation in working capital requirement of €375 million (compared with €394 million in June 2015).

The Group’s cash position consequently increased to €2.4 billion in the twelve months (from €2.1 billion in June 2015), consisting of net available cash of €1.4 billion and an undrawn credit line of €1 billion maturing in September 2020.

On 6 June 2016 APRR carried out a new bond issue of €700 million, due January 2026 with a coupon of 1.125%.

Outlook

The Group's order book represents 12.8 months of activity and stands at €12.1 billion as at 1 July 2016, up by 1.6% on the same date last year (or by 4.7% excluding the Bretagne-Pays de la Loire high-speed rail line). This trend is lent further weight by the recent success with major turnkey projects such as the Window building in La Défense, the Ariane 6 launchpad in Kourou, French Guiana and the Eole express tunnel in Paris, the last one not yet included in the order book.

The Group still foresees a slight fall in activity for the whole year in view of the significant revenues posted in 2015 on the Cestas and BPL projects.

Based on the strong operational dynamic in Concessions, the efforts being made to rationalise structures in Contracting in a stabilising market in France and the reduction in financial expenses, the Group confirms its expectations of improved results for the year as a whole.

*The financial statements have been subjected to a limited review by the Statutory Auditors.

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