EIFFAGE

Vélizy-Villacoublay, 28 February 2018

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Sales[1]: €15bn (+6.9%)
Operating profit on ordinary activities: €1.7bn (+8.3%)
Net profit Group share[2]: €512M (+23%)
Net debt[3] down by €838M
Contracting order book: €12.9bn (+7%)
Dividend[4]: € 2 per share (+33%)

Press release

2017 annual results

- **Higher sales recorded by both Contracting (+6.9%) and Concessions (+7.2%)**
    - **A recovery of activity in France (+5.0%)**
    - **Robust growth outside France (+14.8%)**
    - **Strong motorway traffic, notably for heavy goods vehicles (+5.9% at APRR)**
- **Further improvement in operating profitability**
    - **Group operating margin of 11.5% (+10bps)**
    - **Contracting operating margin of 3,5% (+20bps)**
    - **Strong increase in net profit Group share [2] (+23%)**
- **Dividend[4] per share to €2 (+33%)**
- **Increase in Contracting order book (+7%) that permits to expect a new increase in sales and earnings[2] in 2018**

The Board of Directors of Eiffage met on 28 February 2018 to approve the financial statements for the year ended 31 December 2017[5].

2017 sales

Thanks to an upbeat fourth quarter (+6.4%) for both Contracting (+6.3%) and Concessions (+7.0%), consolidated sales reached €15.0bn in the year ended 31 December 2017, up by 6.9% on a reported basis and by 6.3% like-for-like (lfl).

In the Contracting activities, sales reached €12.2bn (up 6.0% lfl), bolstered once again by the Group's international operations (up 14.6% to €3.1bn), including recent acquisitions in Germany (MDM, Bohn and Brochier), Switzerland (Yerly) and the Benelux (Vuylesteke), which contributed €62m (i.e. 2.3%), but also by the recovery of activity in France (up 4.4% to €9.1bn).

At the Construction division, sales increased by 2.3% to €3.75bn (up 5.5% in France, but down 10.3% outside France, due mainly to Poland following the delivery at the end of 2016 of the Poznan shopping centre, an exceptional project in terms of its size). As regards the property development activity, the number of reservations topped 4,500 units (increasing to 4,530 from 4,134 in 2016), with sales rising by 10.0% to €845m.

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[1] Excluding construction revenue of concessions (IFRIC 12).
[2] Before the adjustment of deferred tax to reflect the decrease in corporation tax rate, resulting in additional profit of €59m in 2016 and €33m in 2017.
[3] Excluding mark to market value of the CNA debt and swaps.
[4] Dividend for 2017 to be proposed by the Board of Directors to the General Meeting convened on 25 April 2018.
[5] The audit procedures have been completed and the auditors' report on the financial statements is in the process of being issued.

At the Infrastructures division, sales increased by 8.8% to €4.70bn (up by 2.5% in France and by 23.9% outside France), with a sharp rise for Metal activities (up 35.3%), whereas sales contributed by Road activities in France stabilised at €1.78bn.

At the Énergie Systèmes division, sales increased sharply by 9.3% to €3.78bn (up by 5.4% in France and by 24.2% outside France).

In Concessions, the growth in motorway traffic (up 3.2% on the APRR network, up 2.0% on the A65 motorway, up 0.9% on the Millau viaduct and up 28.5% on the Avenir motorway in Senegal) and the contributions made by other concessions and public-private partnerships paved the way for a sharp 7.2% increase in sales to €2.74bn.

Results

Operating profit on ordinary activities increased by 8.3% to €1,729m, increasing the operating margin to 11.5% (up from 11.4% in 2016).

In Contracting, the operating profit increased to €430m (from €378m in 2016), lifting the operating margin to 3.5% (from 3.3% in 2016), with all divisions having contributed to this improvement.

At the Construction division, the higher level of sales (notably in property development) elevated the operating margin to 4.1% (up from 4.0% in 2016). At the Infrastructures division, the sharp upturn in sales recorded by Metal activities in both France and the rest of Europe, along with efforts to reorganise Road activities, led to a significant improvement in the operating margin to 2.5% (up from 2.2% in 2016). Finally, the Énergie Systèmes division recorded another good operating performance in France, the rest of Europe and the rest of the world, its operating margin improving to 4.2% in 2017 (up from 4.0% in 2016).

In Concessions, the margin on operating profit decreased edged lower to 48.1% (€1,317m) from 48.4% in 2016 (€1,236m), because of the slightly dilutive effect, as expected, of the operational phase of the Bretagne-Pays de la Loire (BPL) high-speed rail line. APRR, on the other hand, recorded another increase in its Ebitda margin to 73.2% (up from 72.4% in 2016).

For the third consecutive year, net finance costs declined, down by 9% in 2017, due to the effect of the bond refinancing by APRR in 2016 and 2017.

As a result of the improvement in the operating performances and the reduction in finance costs, net profit Group share (before the adjustment of non-current deferred tax) increased by 23% to €512m (up from €416m in 2016 and €312m in 2015).

The deferred tax adjustment, stemming from the 2018 Finance Act, which provides for a gradual reduction in the corporation tax rate in France between 2020 and 2022, reduced income tax expense for the year by €74m (non-cash item) and increased net profit Group share by €33m. After this adjustment, net profit Group share increased to €545m (up from €475m in 2016).

It is reminded that Eiffage did proceed, on April 19th 2017, with the cancelation of 3,000,000 treasury shares representing 3.06% of its capital.

Financial situation

Free cash flow came to €735m. It reflects an increase in working capital requirements (€104m), as anticipated by the Group, as well as further significant development investments in concessions (€570m) in respect of APRR (as part of the motorway stimulus package and management contract) and the delivery of major PPPs in 2017 (BPL, Grande Arche of La Défense, universities…).

Furthermore, in the year ended, as part of its portfolio rotation policy for public-private partnerships, Eiffage sold majority stakes in the capital of four companies party to public-private partnerships in the French educational sector on the basis of an overall valuation of €240m.

Acquisitions represented a net investment of €84m.

After taking into account capital transactions and dividend payments, these cash flows paved the way for a further reduction in net debt, excluding the mark to market value of the CNA (Caisse Nationale des Autoroutes) debt and swaps of €838m (after a decrease of €378m in 2016). The holding company and Contracting activities had net cash of €904m at 31 December 2017 (compared with €492m at 31 December 2016).

The Group's liquidity amounted to €3.3bn at 31 December 2017 (€3.0bn at 31 December 2016). It consists of available net cash of €2.3bn (€2.0bn at 31 December 2016) and an unused credit line confirmed until 30 September 2021 amounting to €1bn (€0.92bn in the final year).

Financing

APRR has been rated A- by Standard & Poor's since November 2016. Its credit rating was upgraded to A- by Fitch Ratings in October 2017. The company staged three bond issues in 2017 (€100m of inflation linked maturing in 2032 with an annual coupon of 0.34% / €500m in January 2032 with a fixed rate of 1.625% / €700m maturing in January 2033 with a fixed rate of 1.5%.

Lastly, Eiffage refinanced on 14th December 2017, BPL 222 million euros of banking debt.

General meeting - Dividend

In its statutory accounts, Eiffage SA recorded a net profit of €253m for the year ended 31 December 2017. At the general meeting convened on 25 April 2018, the Board of Directors will propose distributing a dividend of €2 per share. The coupon would be detached on 22 May 2018, with payment of the dividend taking place on 24 May 2018 on the 98,003,766 shares making up the share capital on 31 December 2017 as well as on the shares to be issued in connection with the capital increase reserved for employees decided by the Board of Directors on 28 February 2018.

The ordinary and extraordinary general meeting will be held at 10.00 a.m. on 25 April 2018 in Salle Wagram, 39-41 Avenue de Wagram, 75017 Paris, France.

2018 prospects

Thanks to the significant orders taken, the closing of significant external acquisition in 2017 (maritime works activities of Saipem in French civil engineering) and early 2018 (Kropman in the Netherlands in energy) and notwithstanding an expected lower traffic growth, the Group expects a new growth in its revenues in 2018. Its results[(2)] should also progress.

Beyond this timeframe, the upcoming Grand Paris Express projects, of which the lot 1 of the line 16 attributed to the Group on February 20th 2018 will also strengthen the Group activites.

A more detailed presentation of the financial statements for the year ended 31 December 2017, in French and English, is available on the company's website: www.eiffage.com

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APPENDICES

Appendix 1: Sales by division

In millions of euro	At 31/12/2016	At 31/12/2017	% change Actual consolidation scope	% change Like-for-like (**)
Construction	3,666	3,750	*+2.3%*	*+1.6%*
of which Property	*768*	*845*	-	-
Infrastructures	4,325	4,704	*+8.8%*	*+8.2%*
Énergie Systèmes	3,461	3,783	*+9.3%*	*+8.0%*
Sub-total Contracting	11,452	12,237	*+6.9%*	*+6.0%*
Concessions (excluding IFRIC 12)	2,556	2,739	*+7.2%*	*+7.5%*
TOTAL GROUP (excluding IFRIC 12)	**14,008**	**14,976**	***+6.9%***	***+6.3%***
Of which:				
France	11,246	11,806	*+5.0%*	*+4.7%*
International	2,762	3,170	*+14.8%*	*+12.7%*
Europe (excluding France)	*2,384*	*2,700*	*+13.3%*	*+10.9%*
Rest of the world	*378*	*470*	*+24.3%*	*+24.3%*
Construction revenue of Concessions (IFRIC 12)	272	313	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 by division 4th quarter

In millions of euro	4Q 2016	4Q 2017	% change
Construction	1,114	1,156	*+3.8%*
of which Property	*311*	*334*	-
Infrastructures	1,222	1,317	*+7.8%*
Énergie Systèmes	1,006	1,081	*+7.5%*
Sub-total Contracting	3,342	3,554	*+6.3%*
Concessions (excluding IFRIC 12)	604	646	*+7.0%*
TOTAL GROUP (excluding IFRIC 12)	**3,946**	**4,200**	***+6.4%***
Construction revenue of Concessions (IFRIC 12)	69	76	nm

Appendix 2: Operating profit on ordinary activities by division

	2016		2017		*∆ 17/16*
	€m	**% of sales**	**€m**	**% of sales**	
Construction	147	4.0%	153	4.1%	*+4.1%*
Infrastructures	93	2.2%	119	2.5%	*+28.0%*
Énergie Systèmes	138	4.0%	158	4.2%	*+14.5%*
Sub-total Contracting	***378***	***3.3%***	***430***	***3.5%***	***+13.8%***
Concessions	1,236	48.4%	1,317	48.1%	*+6.6%*
Holding	(17)		(18)		
TOTAL GROUP	**1,597**	**11.4%**	**1,729**	**11.5%**	***+8.3%***

Appendix 3: Consolidated financial statements

Simplified consolidated income statement

In millions of euro	2016	2017	*% change*
Sales[(1)]	**14,008**	**14,976**	***+6.9%***
Operating profit on ordinary activities	**1,597**	**1,729**	***+8.3%***
(% of sales)	*(11.4%)*	*(11.5%)*	
Other income (expenses) from operations	(71)	(56)	
Operating profit	**1,526**	**1,673**	***+9.6%***
Net finance costs	(539)	(490)	***-9.1%***
Other financial income (expenses)	(41)	(20)	
Net financial expenses	**(580)**	**(510)**	***-12.1%***
Share of profit (loss) of equity-method investments	(2)	4	
Income tax	(167)	(335)	x2
Profit for the year	777	832	*+7.1%*
Non-controlling interests	(302)	(287)	
Profit attributable to the holders of the parent	475	545	*+14.7%*
Earnings per share	5.13	5.73	
Profit attributable to the holders of the parent before deferred tax adjustment*	**416***	**512***	***+23.1%***
Earnings per share before deferred tax adjustment*	**4.49**	**5.38**	

(1) Excluding construction revenue of concessions (IFRIC 12).

* Refers to the adjustment of non-current deferred tax to reflect the decrease in the corporation tax rate, resulting in additional profit of €59m in 2016 and €33m in 2017.

Simplified consolidated statement of financial position

In millions of euro	2016	2017
Assets	**18,366**	**18,047**
Non-current assets - Concessions	13,888	13,497
Non-current assets - Holding and Contracting	4,478	4,450
Liabilities	**18,366**	**18,047**
Equity	4,265	5,132
o/w capital attributable to the Group	*3,642*	*4,285*
o/w non-controlling interests	*623*	*847*
Net debt excluding MtM of the CNA debt and swaps	11,213	10,375
Net current liabilities	1,079	1,043
o/w working capital	*550*	*465*
o/w current provisions	*529*	*578*
Net non-current liabilities including MtM of the CNA debt and swaps	1,809	1,497

Simplified consolidated statement of cash flows

In millions of euro	2016	2017
Cash flows from operations before interest and taxes	1,571	1 685
Changes in working capital requirements	(95)	(104)
Other[1]	(309)	(247)
Net cash from operating activities	**1,167**	**1 334**
Net cash used in investing activities	**(750)**	**(599)**
Free cash flow	**417**	**735**
Acquisitions and disposals	(108)	(84)
Dividends	(145)	(265)
Capital transactions	56	146
Flows on capital and else	**(89)**	**(119)**
Change in net bank debt	220	532
Change without flow of funds	158	306
Change in net financial debt[2]	**378**	**838**
o/w Concessions	*220*	426
o/w Holding and Contracting	*158*	412
(1) Difference in interest and tax between amounts paid and amounts recognised		
(2) Excluding MtM of the CNA debt and swaps:	*428*	226

Appendix 4: Order book of Contracting activities by division

In billions of euro	2016	2017	Δ 17/16
Construction	4.7	4.9	*+6%*
Infrastructures	4.4	5.0	*+13%*
Énergie Systèmes	2.9	2.9	*+1%*
Total	**12.0**	**12.9**	***+7%***

Glossary

Term	Definition
Contracting activities order book	Portion of signed contracts not executed
MtM of the CNA debt and swaps	Mark to market of the loans provided by Caisse Nationale des Autoroutes (CNA) and of the swaps
Current operating margin	Operating profit on ordinary activities expressed as a percentage of sales
Like-for-like Constant consolidation scope and exchange rates	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.

Financial calendar 2018

	For Eiffage	For APRR
Trading statement for the 4th quarter of 2017	28.02.2018	22.01.2018
2017 annual results – Analysts' meeting	28.02.2018	27.02.2018
Trading statement for the 1st quarter of 2018		23.04.2018
General meeting	25.04.2018	
Trading statement for the 1st quarter of 2018	14.05.2018	
Trading statement for the 2nd quarter of 2018	29.08.2018	23.07.2018
Results for the 1st half of 2018 – Analysts' meeting	29.08.2018	29.08.2018
Trading statement for the 3rd quarter of 2018	06.11.2018	22.10.2018

During the 15-day quiet period preceding the publication of the quarterly trading statements and the 30-day quiet period preceding the publication of the half-year and annual results, Eiffage will not comment on its financial performances.