EIFFAGE

Vélizy-Villacoublay, 24 February 2021
17:40

Revenue[1]: €16.3bn (-10%)
Operating profit on ordinary activities: €1.3bn (-37%)
Net profit Group share €375m (-48%)
Net debt[2]: €9.9bn (-€0.3bn)
Contracting order book: €16.2bn (+ 14%)
Dividend[3]: €3 per share

Press release

2020 annual results

The growth momentum of the previous three years was abruptly halted by occurrence of the Covid-19 pandemic in mid-March in Europe. After the shock recorded in the first half of the year in all business lines, in the second half Contracting returned to a level of activity close to that of 2019, thanks to tried and tested work protocols and dynamic order intake in major infrastructure projects. Concessions, on the other hand, continued to be affected by travel restrictions. This situation led to an inevitable decline in results, largely attributable to the first half-year.

In this context, by managing its cash and operating expenses optimally, the Group managed to generate a level of free cash flow very close to that of 2019. While continuing to invest in growth, it was thus able to once again reduce its net debt[2].

- **Major impact of the health crisis on activity and results for the year**
- **Significant recovery in the second half of the year, especially in Contracting (activity down slightly by -1.4%; stable operating margin)**
- **Solid financial position: further decrease in net debt[2] and increase in liquidity**
- **Dividend[3] of €3 per share proposed**
- **Outlook for 2021:**
    - **Contracting activity expected up significantly on the basis of a high order book (+14% at end 2020); Concessions still affected by travel restrictions**
    - **Group results expected to show improvement, although below their 2019 level**
- **Commitment to reduce greenhouse gas emissions by 2030, following the so-called 1.5°C pathway**

[1] Excl. effect of Ifric 12
[2] Excluding IFRS16 (lease) liabilities and fair value of debt to CNA and of swaps.
[3] Proposed at the general meeting of 21 April 2021

The Eiffage Board of Directors met today to approve the 2020 annual accounts[4] which will be submitted to the general meeting of shareholders on 21 April 2021.

Activity

Consolidated revenue amounted to more than €16.3 billion for the year, down 10.0% in actual terms and 10.6% on a like-for-like basis (at constant scope and exchange rate). Activity was down slightly by 1.9% in the 4th quarter.

In Contracting, revenue was of more than €13.7 billion, down 9.5% (-9.7% like-for-like) over the year. During the second half-year, the Contracting divisions returned to the same level of activity as in 2019 in France (+0.1%), recording only a slight drop of 1.4% overall. The Group notes that Covid-19 no longer had a significant impact on Contracting revenue during the second half; it therefore considers that, for the whole of 2020, the impact of the pandemic is limited to that already indicated in the first half-year, i.e. €1.4 billion.

In the Construction division, activity was down 13.4% to €3.69 billion, less markedly in France (-12.6%) than in Europe (-16.1%). In real estate, 4,273 housing reservations were recorded compared to 5,095 in 2019 (2,410 compared to 2,561 in the second half-year).

In the Infrastructure division, revenue declined by 7.0% to €5.99bn. In France, it contracted by 8.5%, of which -13.1% in Roads, -6.8% in Civil Engineering and +11.9% in Metal (Saint-Nazaire wind farm). The division also recorded a more limited drop internationally of 3.8%.

In the Energy Systems division, activity was down 9.5% to €4.05 billion, of which -10.3% in France and -7.7% internationally.

In Concessions, unlike Contracting, motorway and airport traffic continued to be strongly impacted by Covid-19 in the second half of the year due to the return of restrictive travel measures in France, as in neighbouring countries. The Pierre Mauroy Stadium has remained closed to the public, due to the government ban on large gatherings. The Group considers that the drop in traffic and turnover is entirely due to the pandemic, the overall impact[5] for 2020 being -€620 million, of which -€190 million in the second half.

Concessions revenue thus amounted to nearly €2.6 billion, down 12.7% (-15.5% like-for-like). Traffic was down 21.0% at APRR, 23.9% on the Millau Viaduct, 22.0% on the A65 and 67.3% at airports.

Results

The Group's current operating income amounted to €1,263 million, down 37.0%.

The Contracting operating margin was 2.0% (3.6% in 2019), greatly impacted by the shock of the particularly severe March lockdown in France. In the second half of the year, it recovered significantly to 5.4%, identical to that of 2019 over the same period. The Group therefore considers that only the first half-year was significantly impacted by Covid-19, for the amount of €265 million in current operating income indicated in the press release for the first half of 2020.

[4] Auditing of the consolidated accounts has been carried out. The certification report will be issued following finalization of the universal registration document filing

[5] Impact estimated by comparison to the first 2020 forecast

In Construction, the division most affected by the drop in activity in the first half, the operating margin fell to 1.2% (3.7% in 2019).

In the Infrastructure division, the margin fell from 2.9% in 2019 to 1.5% in 2020. As for the Energy Systems division, it held up better overall and posted a margin of 3.7% in 2020 against 4.6% in 2019.

In Concessions, the operating margin fell to 38.4% (49.7% in 2019), impacted by the drop in motorway traffic and, to a lesser extent, by the drop in air traffic. Meanwhile, APRR posted a solid EBITDA margin at 71.4% (74.4% in 2019). The Group estimates impact[5] for the full year of the pandemic on current operating income in Concessions to be €520 million, of which €170 million in the second half.

Other operating income and expenses fell by €17 million to €50 million (a net expense). This item includes two significant amounts, taken into account in the first half of the year. On one hand, the value of the Pierre Mauroy stadium was adjusted for an impairment of €57m. As a direct result of Covid-19, the stadium's commercial activity is still at a standstill, due to France's ban on gatherings. With persistent uncertainty regarding the date restrictions will be lifted making any kind of planning difficult, Eiffage decided to depreciate the commercial part of this asset in order to reduce its residual value to only the PPP rent flows receivable. On the other hand, a one-off balancing payment of €61m charged to Atlas Arteria, in consideration of support for the change in governance of MAF2 in parallel with the 2% rise in the share capital of APRR and ADELAC, was posted to operating income.

At €253 million, the cost of net financial debt fell by €12 million, despite the cost of the additional liquidity instruments put in place as a precaution, when the pandemic struck.

Corporation tax was €330 million (€560 million in 2019) and the effective tax rate was 35.5%.

Consolidated net income, group share, stood at €375 million (€725 million in 2019), of which €383 million generated in the second half (€435 million in 2019). Net earnings per share is €3.83 (€7.48 in 2019).

Financial situation

Free cash flow stood at €1.1 billion, a limited decline (-€167 million). It benefited from a change in working capital requirement which generated strong cash flow of €321 million, thanks to cash flow holding up well in all the Contracting divisions. This is after development investments in Concessions for €646 million (€537 million in 2019). In addition to the major investments made within the framework of APRR and AREA motorway planning contracts and investment plans, start of the works on the future A79 motorway represented nearly €150 million.

It is recalled here that Eiffage acquired 2% of the capital of APRR and ADELAC in early March and did not pay a dividend in 2020. Eiffage also increased its treasury stock by 1% of its capital in 2020.

Net financial debt - excluding IFRS 16 debt, fair value of CNA debt and swaps - amounted to €9.9 billion at 31 December 2020, a decrease of €330 million over 12 months. The holding company and the Contracting divisions posted positive net cash of €977 million at the end of 2020 against €664 million at year-end 2019.

Financing

The Group has a solid financial structure, both in terms of Eiffage S.A. (and its Contracting subsidiaries), which has a short-term rating of F2, and its concession entities, the most important of which is APRR (rated A- stable).

At 31 December 2020 Eiffage S.A. and its Contracting subsidiaries had liquidity of €5.6 billion composed of €3.6 billion in cash and cash equivalents and an undrawn bank line of credit of €2 billion, without financial covenants. This facility expires in 2025 with a one-year extension possible. Liquidity was up by €1bn compared with the €4.6bn at 31 December 2019.

On 15 April 2020 Eiffage S.A. put in place a supplementary line of credit of €600m in the form of a securitisation bridging loan, which it cancelled on 30 June 2020. On 16 June Eiffage S.A. also obtained an F2 short-term credit rating from Fitch Ratings and on 26 June carried out an initial unrated bond issue for €500m maturing in January 2027 with a coupon of 1.625%.

APRR had liquidity of €3.1bn at 31 December 2020, consisting of €1.1bn in cash and cash equivalents and an undrawn bank line of credit. Raised from 1.8 to 2 billion euros in February 2020, this facility matures in 2026 for almost all of this amount with a possible extension of one year. Liquidity is down by €300 million compared to the 31 December 2019 figure which, at €3.4 billion, was exceptionally high, in preparation for the February 2020 refinancing.

APRR and Eiffarie finalized the refinancing of their bank loans in February 2020 for €3.1 billion. The cost of this financing includes a variable portion that will depend on the Group's performance in terms of safety at work and greenhouse gas emissions. This innovative mechanism, consistent with the Group's commitment to these two aspects, makes Eiffage one of the very first groups in the sector to integrate these performance criteria into its financial documentation on such a scale.

Otherwise, in October 2020, APRR repaid almost all of its bond falling due in 2021 for €0.7 billion. In 2020, APRR carried out three bond issues of €500 million each maturing in three, seven and nine years for coupons of respectively 0%, 1.25% and 0.125%. On 17 April 2020, the Standard & Poor's rating agency reaffirmed APRR's credit rating of A- with stable outlook; on 28 October 2020, rating agency Fitch Ratings took a similar view and upgraded the short-term credit rating from F2 to F1.

Ecological transition

Making its commitments public, Eiffage released its biodiversity actions plan at the end of April 2020, part of the official framework of the "Act4Nature Entreprises Engagées pour la Nature" initiative of the French Ministry of Ecological and Solidarity Transition and its first climate report following the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

It should be remembered that Eiffage started calculating the carbon footprint of its activities in 2008 and has been publishing its greenhouse gas emissions report since then (scope 1 and 2). In order to follow the 1.5°C trajectory of the Paris Agreement, the Group is committed to reducing its greenhouse gas emissions by at least 40% by 2030 compared to 2019.

Actions plans for the marketing of low-carbon offers have been drawn up for all of the Group's businesses.

In December 2020, Eiffage obtained an A- (previously B) rating in the CDP Climate Change 2020 ranking (Carbon Disclosure Project).

Composition of the Board of Directors

Mr Philippe Vidal was appointed by the Board of Directors on 9 December 2020, deciding to co-opt him from 1 January 2021 as a non-independent director in place of Mr Bruno Flichy who resigned on 30 June 2020. Mr Vidal is Deputy Managing Director of Banque CIC, a graduate of the École Polytechnique and engineer from École des Ponts ParisTech.

Subject to ratification by the next General Meeting of Shareholders of this co-optation and its approval of the proposal to renew the terms of office of four directors, the proportion of independent Directors will be 55%[6] and of women 40%[7].

General Meeting of Shareholders - Dividend

The Eiffage SA net profit amounts to €631 million.

A proposal will be made to the General Meeting of Shareholders on 21 April 2021 to distribute a dividend of €3 per share (€1.5 for the 2020 financial year and €1.5 taking into account the Board of Director's decision of 31 March 2020 not to pay a dividend for the 2019 financial year). The dividend will be paid on 19 May 2021 (coupon detached 17 May 2021) in respect of the 98 million shares existing on 24 February 2021 and those that will be created following the capital increase reserved for employees, decided by the Board of Directors on 24 February 2021.

The combined General Meeting will be held on 21 April 2021 at 10 am. Depending on the applicable regulations and the health context, it may be held in the absence of public.

Executive compensation

In accordance with Afep-Medef recommendations, information on compensation of the Chairman and CEO of Eiffage (say on pay ex post and ex ante) is published on the website www.eiffage.com.

[6]Excluding director representing employees and employee shareholders
[7]Excluding director representing employees (the representative of shareholder employees is included in the calculation of parity until the expiry of his mandate in 2023)

Outlook for 2021

The Contracting order book reached €16bn, an increase of €2bn over one year (+ 14%) and represents more than fourteen months of activity. This increase is due to the postponement of activity from the first half of the year (for some €1.3bn) but also to the award of some major contracts (transport infrastructure and offshore wind power). The order intake for recurring activities which are impacted by the economic context, remains a point of attention.

With the visibility that this order book gives it and the work organization in place to deal with health constraints, the Group anticipates that turnover in Contracting will increase significantly in 2021, approaching its 2019 level.

In Concessions, the persistence of travel restrictions continues to weigh on motorway and airport traffic and makes it impossible to reliably estimate how the corresponding turnover figures will evolve.

Under these conditions and in the absence of a major deterioration in the health situation, the Group anticipates an increase in its results in 2021, though they will not be able to return to their 2019 level this year.

A more detailed presentation of the 2020 annual accounts, in French and English, is available on the company's website (www.eiffage.com).

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APPENDICES

Appendix 1: Revenue by division

in millions of euros	2019	2020	Changes Actual	Changes Like-for-like (lfl)
Construction	4,260	3,688	*-13.4%*	*-13.6%*
of which Property	*985*	*929*	-	-
Infrastructure	6,441	5,992	*-7.0%*	*-6.9%*
Energy Systems	4,480	4,054	*-9.5%*	*-10.0%*
Sub-total Contracting	15,181	13,734	*-9.5%*	*-9.7%*
Concessions (excl. Ifric 12)	2,962	2,587	*-12.7%*	*-15.5%*
Total Group (excl. Ifric 12)	**18,143**	**16,321**	***-10.0%***	***-10.6%***
Of which:				
France	13,456	11,997	*-10.8%*	*-11.6%*
International	4,687	4,324	*-7.7%*	*-8.0%*
of which hEurope excl. France	*3,893*	*3,518*	*-9.6%*	*-10.1%*
of which outside Europe	*794*	*806*	*+1.5%*	*+2.5%*
Construction revenue of Concessions (Ifric 12)	331	300		n.m. n.m.

Revenue by branch for the fourth quarter

in millions of euros	Q4 2019	Q4 2020	Change
Construction	1,240	1,249	*+0.7%*
of which Property	*317*	*386*	-
Infrastructure	1,709	1,720	*+0.6%*
Energy Systems	1,265	1,251	*-1.1%*
Sub-total Contracting	4,214	4,220	*+0.1%*
Concessions (excl. Ifric 12)	711	609	*-21.0%*
Total Group (excl. Ifric 12)	**4,925**	**4,829**	***-1.9%***
Construction revenue of Concessions (Ifric 12)	75	116	n.s.

Appendix 2: Current operating income and operating margin by division

	2019		2020		Δ 20/19
	millions of euros	% of revenue	millions of euros	% of revenue	
Construction	157	3.7%	44	1.2%	-72.0%
Infrastructure	187	2.9%	88	1.5%	-52.9%
Energy Systems	205	4.6%	149	3.7%	-27.3%
Sub-total Contracting	**549**	**3.6%**	**281**	**2.0%**	**-48.8%**
Concessions	**1,473**	**49.7%**	**993**	**38.4%**	**-32.6%**
Holding	-17		-11		
Total Group	**2,005**	**11.1%**	**1,263**	**7.7%**	**-37.0%**

Appendix 3: Consolidated financial statements

Consolidated income statement

in millions of euros	2019	2020
Operating revenue(1)	**18,690**	**16,659**
Other operating revenue	5	2
Raw materials and consumables used	(3,180)	(2,897)
Employee benefits expense	(3,800)	(3,778)
External charges	(8,103)	(7,047)
Taxes other than income tax	(495)	(461)
Depreciation and amortisation	(1,041)	(1,195)
Net additions to (releases of) provisions	(72)	(110)
Change in inventories of finished goods and work in progress	(77)	(13)
Other operating income and expense on ordinary activities	78	103
Operating profit	**2,005**	**1,263**
Other income (expenses) from operations	(68)	(50)
Operating profit/(loss)	**1,937**	**1,213**
Income from cash and cash equivalents	18	12
Gross cost of financial debt	(283)	(265)
Net cost of financial debt	**(265)**	**(253)**
Other financial income and expense	(12)	(29)
Share of profit/(loss) of equity-accounted associates	13	13
Tax on income	(560)	(330)
Net profit/(loss)	**1,113**	**614**
Attributable to owners of the parent	**725**	**375**
Attributable to non-controlling interests	388	239

1) Including Ifric 12 for €331 million in 2019 and €300 million in 2020

Consolidated balance sheet - Assets

in millions of euros	**31/12/2019**	**31/12/2020**
Property, plant & equipment	1,817	1,814
Right-of-use assets	889	1,012
Investment property	62	59
Concession intangible assets	10,837	11,582
Goodwill	3,703	3,408
Other intangible assets	249	271
Investments in associates	162	169
Non-current financial assets in respect of service concession arrangements	1,585	1,576
Other financial assets	612	575
Deferred tax assets	254	262
Total non-current assets	**20,170**	**20,728**
Inventories	745	803
Trade and other receivables	5,467	5,105
Current taxation	140	84
Current financial assets in respect of service concession arrangements	60	64
Other assets	1,718	1,745
Other financial assets	157	-
Cash & cash equivalents	4,420	5,192
Total current assets	**12,707**	**12,993**
Total assets	**32,877**	**33,721**

Consolidated balance sheet – Liabilities

in millions of euros	**31/12/2019**	**31/12/2020**
Capital	392	392
Consolidated reserves	4,288	4,746
Gains and losses recognised directly in equity	-157	-212
Profit/(loss) for the year	725	375
Equity attributable to owners of the parent company	**5,248**	**5,301**
Attributable to non-controlling interests	983	1,172
Total equity	**6,231**	**6,473**
Borrowings	10,698	12,066
Lease liabilities	642	749
Deferred tax assets	811	949
Non-current provisions	787	831
Other non-current liabilities	151	145
Total non-current liabilities	**13,089**	**14,740**
Trade and other payables	4,174	4,086
Loans and other borrowings	3,047	3,071
Part of non-current borrowings due within one year	1,304	240
Part of lease liabilities due within one year	230	231
Current income tax liability	190	176
Current provisions	597	645
Other liabilities	4,015	4,059
Total current liabilities	13,557	12,508
Total liabilities and equity	**32,877**	**33,721**

Statement of cash flows

in millions of euros	2019	2020
Opening cash & cash equivalents	**3,573**	**4,293**
Effect of movements in exchange rates	2	(3)
Restated opening cash & cash equivalents	**3,575**	**4,290**
Net profit/(loss)	1,113	614
Profit/(loss) of equity-accounted associates	(13)	(13)
Dividends received from equity-accounted investees	6	5
Depreciation and amortisation	1,041	1,240
Net additions to provisions	51	107
Other non-cash items	43	33
Net gains/(losses) on disposals	(14)	(28)
Cash flow from operating activities before interest and taxes	2,227	1,958
Net interest expense	240	244
Interest paid	(263)	(284)
Income tax expense	559	330
Income tax paid	(542)	(365)
Change in working capital requirements linked to operations	**3**	**321**
Net cash from operating activities	2,224	2,204
Acquisition of intangible assets and property, plant & equipment	(392)	(450)
Acquisition of intangible concession assets	(420)	(483)
Acquisition of non-current financial assets	(26)	(61)
Disposals and reductions of non-current assets	114	192
Net operating investments	**(724)**	**(802)**
Acquisition of equity interests	(553)	(47)
Disposal of equity interests and of assets corresponding to disposals of businesses	10	1
Cash and cash equivalents of entities bought or sold	49	(20)
Net financial investments	(494)	(66)
Net cash from/(used in) investing activities	**(1,218)**	**(868)**
Dividends paid to shareholders	(550)	(319)
Capital increase	162	119
Acquisitions/disposals of non-controlling interests	-	(231)
Buy-backs and re-sales of own shares	(146)	(242)
Repayment of lease liabilities	(233)	(289)
Repayment of borrowings	(1,406)	(3,387)
New borrowings	2,042	3,633
Net cash from/(used in) financing activities	**(131)**	**(716)**
Change in other financial assets	(157)	157
Change in cash and cash equivalents	718	777
Closing cash & cash equivalents	**4,293**	**5,067**

Appendix 4: Change in order book by division

in billions of euros	31/12/2019	31/12/2020	Δ *20/19*	Δ *3 month*
Construction	4.5	4.4	*-3%*	*-6%*
Infrastructure	6.4	7.9	*+25%*	*+1%*
Energy Systems	3.3	3.9	*+16%*	*-2%*
Total for Contracting	**14.2**	**16.2**	***+14%***	*-1%*
Real estate	0.6	0.7	*+24%*	*+15%*
Concessions	1.0	1.0	*-7%*	*-2%*

Appendix 5: Glossary

Concessions revenue Ifric 12	Construction revenue of the concessions corresponds to the costs of carrying out the construction or upgrade of infrastructure incurred by the concession holder in application of the provisions of Ifric12 "Service Concession Arrangements", after elimination of intra-group transactions.
Contracting order book	Portion of signed contracts not yet executed.
Net financial debt excluding IFRS 16 (lease) liabilities and fair value of debt to CNA and of swaps	Net financial debt excluding that deriving from the application, since 1 January 2019, of IFRS 16 Leases, the fair value of the debt owed to Caisse Nationale des Autoroutes (CNA) and of derivative instruments.
Current operating margin	Operating profit/(loss) on ordinary activities as a percentage of revenue
Free cash flow	Free cash flow is calculated as follows: Net cash from operating activities - Net operating investments + Repayment of lease liabilities - debt repayments from PPP contracts
Like-for-like or at constant scope and exchange rate	Constant consolidation scope is calculated by neutralising: - the 2020 contribution of companies entering the scope in 2020; - the 2020 contribution of companies entering the scope in 2019, for the period equivalent to that of 2019 preceding their date of entry; - the 2019 contribution of companies leaving the scope in 2020, for the period equivalent to that of 2020 following their release date; - the 2019 contribution of companies leaving the scope in 2019. Constant exchange rate: 2019 exchange rate applied to 2020 revenue in currency.

Appendix 6: IFRS aggregate reconciliation tables

Reconciliation between the aggregates of the cash flow statement and the free cash flow

in millions of euros	2019	2020
Net cash from operating activities	-2,224	-2,204
Net operating investments	724	802
Repayment of lease liabilities	233	289
Repositioning of investments/acquisitions	-13	
Free cash flow	**-1,280**	**-1,113**

Reconciliation between items reported in the balance sheet and net financial debt

in millions of euros	2019	2020
Cash & cash equivalents	-4,577	-5,192
Non-current provisions	10,698	12,066
Loans and other borrowings	3,047	3,071
Part of non-current borrowings due within one year	1,304	240
Restatement of derivative financial instruments and CNA debt reassessment	-254	-297
Net financial debt	**10,218**	**9,888**

Appendix 7: Estimation of the main Covid-19 impacts on the 2020 financial year

- **Income statement**
  - Revenues: impact of €2.02bn
    - Construction: -€1.40bn
    - Concessions: -€0.62bn
  - Operating profit on ordinary activities: impact of €785 million
    - Construction: -€265 million
    - Concessions: -€520 million
  - Non-current operating expense
    - Impairment loss for the commercial part of the Pierre Mauroy stadium: €57 million

- **Balance sheet**
  - Cancellation of the 2019 dividend for €274 million

- **Liquidity**
  - Setting up of new means of financing and liquidity (inaugural 7-year bond issue, obtainment of an F2 short-term credit rating from Fitch Ratings)

Appendix 8: 2021 financial publications calendar

	Eiffage	APRR
Quarterly information and revenue for the fourth quarter 2020	24.02.2021	26.01.2021
2020 annual results and financial analysts’ meeting	24.02.2021	24.02.2021
Quarterly information and revenue for the first quarter 2021	11.05.2021	20.04.2021
General Meeting of Shareholders	21.04.2021	/
Quarterly information and revenue for the second quarter 2021	25.08.2021	20.07.2021
2021 first half-year results and financial analysts’ meeting	25.08.2021	25.08.2021
Quarterly information and revenue for the third quarter 2021	03.11.2021	19.10.2021
Quarterly information and revenue for the fourth quarter 2021	23.02.2022	N/A
2021 annual results and financial analysts’ meeting	23.02.2022	23.02.2022

Blackout periods start 15 days before publication of quarterly results and 30 days before publication of annual and semi-annual results.