



2017 FINANCIAL REPORT

BOUYGUES
CONSTRUCTION

Shared **innovation**

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Bouygues Construction: shared innovation

A global player in construction with operations in over 80 countries, Bouygues Construction designs, builds and operates building, infrastructure and industrial projects.



€320^m

Net profit attributable
to the Group
(stable)



• 47,354

Employees



• €21.2^{bn}

Backlog
(up 5%, up 7% at constant exchange rates)



• €11,660^m

Sales
(-1%)



3.1%

Current operating
margin
(+0.3 points)

Key figures

Highlights

Major contract gains

- Grand Paris Express rapid transport project, Line 15 South, Packages T2A and T3A
- First Smart City in France (Dijon)
- Construction of a tower in Singapore, on the site of the former Golden Shoe Car Park
- Melbourne metro system and five solar farms in Australia

Projects under construction

- Two tunnels in Hong Kong (Tuen Mun-Chek Lap Kok Link and Liantang)
- Hong Kong-Zhuhai-Macao bridge
- The New Coastal Road on Reunion Island
- NorthConnex motorway link in Australia
- UCLH hospital proton-beam therapy centre in London
- Monaco land reclamation scheme (Anse du Portier)
- Port of Calais extension project

Projects handed over

- Paris Law courts building
- *La Seine Musicale* in Boulogne-Billancourt
- Hotel Le Crillon
- Zagreb Airport
- Hotel Morpheus (City of Dreams complex) in Macao

Management report

Profile

Bouygues Construction operates in the building, infrastructure and industrial sectors with the aim of being **a global player that spans the entire construction industry value chain**.

Bouygues Construction is acknowledged as **a benchmark player in sustainable construction** through the building of numerous eco-neighbourhoods, low-carbon (timber-frame) buildings and structures certified against the best world eco-standards, as well as through the renovation of sites in order to reach positive-energy status.

The company is increasingly involved in ambitious, high value-added civil engineering works and in larger-scale projects ranging from neighbourhoods to connected urban environments.

As a pro-active and socially-responsible company, Bouygues Construction performs its **corporate social responsibility** duties to the full, adhering to strong ethical and managerial commitments and prioritising health and safety.

Growth strategy and opportunities

Bouygues Construction's strategy in the building, infrastructure and industrial sectors is based on two priorities:

- using innovative products and services to expand its core activities in the places where it has a long-term presence, such as France, Switzerland, Hong Kong, Australia, the UK and Canada, and;
- targeting value-added projects while taking a highly selective approach in order to control risks.

More specifically, Bouygues Construction is aiming to:

- expand its options and skills in **property development** via its LinkCity⁽¹⁾ network;
- stake out a position as a **leading player in the design and operation of smart cities**;
- be a **top-notch player in the major infrastructure market** (bridges, tunnels, repairs) and in power networks in France and worldwide;
- offer turnkey **energy production** solutions (power stations, solar farms, etc.) by focusing on strategic partnerships and positioning Bouygues Construction on the EPC (engineering, procurement and construction) market;
- 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** offerings in France and on international markets.

In its various activities, Bouygues Construction:

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

- **know-how** based on the talent of its employees in over 80 countries who share the same customer-focused values;
- **distinctive, high value-added products and services** driven by innovation in all its forms:
 - **digital**, in particular with BIM (Building Information Modelling), which industrialises processes and operating methods and enables information-sharing all the way down to worksite level;
 - **technological**, with R&D teams focused on those areas that offer the most promising prospects to its businesses, such as materials and structures, energy efficiency, building methods, ergonomics and productivity, eco-design, smart buildings, sustainable neighbourhoods and urban services, tunnel-boring machines and prestressing;
 - **operational**, by rolling out lean management⁽²⁾ techniques at all levels in order to improve efficiency and by industrialising construction processes;

(1) As of 1 January 2016, the new brand name for Bouygues Construction's property development subsidiaries.

(2) A long-term approach to work based on continuous improvement that systematically seeks to eliminate all wastage in order to improve a company's efficiency and quality.

- **commercial**, in order to offer products and services that take account of customer usage,
- **financial**, especially in project financing;
- **managerial**, by continually improving organisational structures and rolling out collaborative working methods in order to increase agility and performance;
- **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;
- **long experience of managing complex projects**: thanks to its motivated people with high-level technical skills, Bouygues Construction is able to fully meet the needs of public and private customers;
- **the capacity to adapt to changing markets**: the level of the backlog provides good medium-term visibility, enabling costs to be adjusted while focusing investment on the most buoyant markets;
- **a policy of controlling operating and financial risks**: strict application of procedures at all levels of the company guarantees that the right projects are selected and carried out smoothly;
- **robust financial performance**: over the last ten years, Bouygues Construction has demonstrated its capacity to preserve profitability and maintain a robust financial situation.

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 Europe**: based on the 2016 ranking published by trade magazine *Le Moniteur* in December 2017, the Bouygues group's construction businesses arm (Bouygues Construction, Bouygues Immobilier, Colas) is the **third largest in Europe** after the Spanish firm ACS (Hochtief, Germany's leading construction firm, has been a subsidiary of ACS since 2011) and Vinci's Contracting and Property Development division, and ahead of the Swedish contractor Skanska and the French contractor Eiffage;
- **In the world**: the Bouygues group's construction businesses arm, represented by its three subsidiaries, is placed **sixth** in the 2016 ENR ranking of international contractors published in August 2017, based on the share of sales generated on international markets;
- **In France**: in a French building and civil works market worth about €200 billion according to a Euroconstruct estimate in December 2017, Bouygues Construction (excluding Bouygues Energies & Services) is **one of the top three contractors** ahead of Eiffage Construction and behind Vinci Construction (2016 ranking published by *Le Moniteur* in December 2017). In energy and services, Bouygues Energies & Services is in sixth place after Vinci Energies, Spie, Eiffage Énergie, Engie-Cofely and Engie Ineo (2016 ranking published by *Le Moniteur* in December 2017).

Record commercial performance and improved financial results

Exceptional order intake

Order intake in 2017 reached a record €13,130 million. It included 15 contracts worth more than €100 million, ten of them on international markets.

In **France**, order intake amounted to €6,175 million, 7% more than in 2016. The main orders included projects for the Grand Paris Express rapid transport network (packages T2A and T3A of Line 15) and the Eole project with French railway operator SNCF for the extension of the RER E rapid transit line in Paris. Others included the extension of Les 3 Fontaines shopping centre in Cergy-Pontoise, north-west of Paris, construction of Orange's headquarters at Issy-les-Moulineaux, renovation of the Paris Commodities Exchange building (Bourse de Commerce) and the Dijon metropolitan area Smart City project.

Order intake on **international** markets came to €6,955 million, slightly more than in 2016. Orders included the Melbourne Metro project and five solar farms in Australia, additional works on the Tuen Mun-Chek Lap Kok Link tunnel in Hong Kong, the redevelopment of the former Golden Shoe Car Park site into a multi-use complex in Singapore (to include its second highest tower), extension of the Manila metro in the Philippines, the construction of four towers at Yangon in Myanmar (formerly Burma), a supplementary contract for the Hinkley Point EPR backup plant (generators) in the UK, the Oassis office and residential complex at Crissier, near Lausanne in Switzerland, and Mackenzie Vaughan Hospital in Ontario, Canada.

Buildings with environmental certification accounted for 69% of the order intake in 2017, compared with 76% in 2016.

A record backlog giving long-term visibility

The backlog at end-2017 stood at a high €21.2 billion, up 5% on end December 2016 (up 7% at constant exchange rates), with international markets accounting for 57%. Europe (excluding France) and Asia-Pacific are the two most important international regions. Orders booked at end-2017 to be executed in 2018 amounted to €9.0 billion and orders to be executed beyond 2018 amounted to €12.2 billion, giving good visibility on future activity.

Sales stable like-for-like and at constant exchange rates

Sales in 2017 amounted to €11,660 million, with building and civil works accounting for 78% and energies and services for 22%. They were down 1.3% year-on-year, but stable like-for-like and at constant exchange rates.

Sales in France rose 0.8% to €5,569 million, equating to 48% of total sales. Sales outside France fell back 3% to €6,091 million, due in particular to an unfavourable exchange-rate effect (stable like-for-like and at constant exchange rates).

Robust operating results

Current operating profit rose strongly to €363 million, versus €326 million in 2016, and the current operating margin stood at 3.1%, up 0.3 points versus 2016.

Financial income amounted to €61 million, compared with €17 million in 2016. It includes the sale of a concession company in South Africa.

Net profit attributable to the Group came to a high €320 million, which is stable versus 2016.

Very high net surplus cash

Bouygues Construction posted record net surplus cash of €3,409 million at end-2017, slightly more than at end-2016 (€3,387 million).

Developments in Bouygues Construction's markets and activities

The challenges of the environment and growing urbanisation are becoming increasingly important all over the world. Technological advances offer significant prospects for progress and increasing opportunities. In this dual context, its business activities are boosted by strong demand, especially for urban regeneration, renovation and residential energy efficiency, transport, urban infrastructure, energy infrastructure and amenity projects.

Drawing on its expertise throughout the value chain, Bouygues Construction can offer its customers increasingly competitive solutions for complex major projects.

Building and civil works

In 2017, sales in the building and civil works segment came to €9,108 million, lower than the 2016 figure of €9,518 million. Sales in France accounted for 47% of the total, and on international markets for 53%.

France

Contrasting conditions continued on the construction market in France. The renewal of measures to support housing construction such as the Pinel tax incentive and zero-interest loans, combined with low interest rates, directly favoured the building sector despite pressure on government budgets and hesitation on the part of private and industrial investors.

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, the largest since the 1960s, represents civil works contracts worth over €30 billion over the period to 2030.

A certain resurgence in the Paris region is reflected in a large number of calls for projects under programmes such as "Réinventer Paris", "Réinventer la Seine" and "Invent the Grand Paris metropolitan area"⁽³⁾, in a spirit of renewal and respect for the environment.

In the rest of France, despite some major civil works projects, the revival has been slow and has highlighted considerable disparities between different parts of the country.

2017 sales: €4,252 million (-3%)

Bouygues Construction handed over two large-scale projects in the Paris region in 2017, the Paris law courts building and La Seine Musicale concert venue in Boulogne-Billancourt, and continued work on other major amenity projects such as renovation of the Longchamp racecourse and renovation of the Louvre Post Office building in Paris. It also carried out substantial civil engineering projects which, through the Grand Paris projects (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 two major projects, the Quadrans Corne Ouest office building in Paris and the Tour Alto tower in the La Défense business district. The regeneration of several office buildings in Paris, such as the new headquarters of *Les Echos-Le Parisien*, was completed in 2017.

(3) Europe's largest international call for tenders in the field of urban planning and property development

Construction work continued on several work packages for the Batignolles property development in Paris.

Elsewhere in France, Bouygues Construction's four regional building subsidiaries continued to be active on the public-sector education and culture markets, notably with the renovation of the Luminy university campus in Marseille.

In the healthcare sector, Bouygues Construction continued work on four hospitals, in Strasbourg, French Guiana, Villeurbanne and in the north of the Deux-Sèvres department of western France.

In the private sector, Bouygues Construction continued work on the Sky 56 office building in Lyon and on property complexes in the Wacken Europe business district in Strasbourg.

Work continued on major projects such as Lyon-Saint Exupéry airport and the Hexcel production site in the foothills of the French Alps. The Bordeaux Métropole Arena entertainment complex was also handed over.

In civil works, Bouygues Construction continued work on complex major projects, including civil engineering for the viaduct on the New Coastal Road on Reunion Island, the L2 Marseille bypass and the Port of Calais. The Nîmes-Montpellier railway bypass was handed over and is now in operation. 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 2017, its strongest rise since 2006.

The main drivers of construction at present are the economic recovery, low interest rates, migration flows, especially towards urban areas, and the need to compensate for the low levels of investment since the financial crisis.

In Western Europe, Bouygues Construction subsidiaries are particularly active in the UK and Switzerland. The construction market in the UK has stabilised after a period of overheating. The construction market in Switzerland, long driven by the building segment, is a little less dynamic.

2017 sales: €2,109 million (-2%)

In the **UK**, Bouygues Construction's activity was underpinned by urban regeneration projects such as the Canning Town project in London and Addlestone town centre in Surrey. Work continued on the new Civic Centre in Hounslow, west London and on the Manhattan Loft Gardens tower in Stratford. The company took an order in 2017 for the construction of a residential complex in Newham, east London, and has been selected for an initial design phase of the HS2 project, a high-speed rail link between London and Birmingham.

In the education sector, Bouygues Construction continued work on The Triangle, the new headquarters of Cambridge University's examination board, and a student residence complex for the University of Essex.

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 the healthcare sector, work continued on a proton-beam therapy cancer treatment centre in London.

In **Switzerland**, Bouygues Construction drew on its expertise in managing complex property development projects such as the L'Atelier complex in Geneva. That expertise is increasingly on show at neighbourhood level, as exemplified by the Les Jardins du Couchant property development in Nyon and the Erlenmatt and Greencity eco-neighbourhoods in Basel and Zurich respectively.

Losinger Marazzi, Bouygues Construction's Swiss subsidiary, was selected to build the Vortex complex at Chavannes-près-Renens, which will accommodate athletes competing in the Youth Olympic Games in January 2020.

The company has also drawn on its expertise to win commercial property contracts, including orders to build the "Byte" office building and renovate the Post Office headquarters in Bern.

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. Work continued on the confinement shelter for the damaged nuclear reactor at Chernobyl in **Ukraine**. In **Croatia**, the construction of a new terminal at Zagreb Airport and renovation of the existing terminal were completed and the project handed over. Work continued on a complex offshore extension project in **Monaco**.

Asia - Pacific

Growth rates on Asian markets remained very high, with the Chinese economy well on the way to becoming the world's largest.

Hong Kong, Singapore and Myanmar continue to be high-potential countries.

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

2017 sales: €1,927 million (+3%)

Bouygues Construction capitalises on its strong local presence in the **Asia-Pacific** region, especially in Hong Kong, where it has been a player for over 60 years, and in Singapore. Civil works activity continued unabated in **Hong Kong**. Several major projects are under construction, including a section of the giant Hong Kong-Zhuhai-Macao bridge, the sub-sea Tuen Mun-Chek Lap Kok Link road tunnel (for which a supplementary order was booked in 2017), two twin-tube tunnels for the extension of the Shatin to Central Link metro line, and two tunnels for the dual two-lane highway linking the northeast of Hong Kong to the Liantang boundary control point with mainland China.

Bouygues Construction is a recognised player on the Asian building market, especially for high-rise structures. In **Singapore**, the company continued work on the Buangkok condominium tower block and won the project to redevelop the former Golden Shoe Car Park site into a multi-use complex. In **Bangkok**, it handed over the new Australian Embassy complex and continued work on a number of residential tower blocks, such as the Park 24 condominium. Construction work started on The Esse, a new condominium at the Singha Complex. In **Macao**, Bouygues Construction handed over the 6-star luxury Morpheus hotel in the heart of the City of Dreams entertainment complex.

In **Myanmar**, Bouygues Construction continued work on the second phase of the Star City residential complex in Yangon and took orders for two large-scale projects, the Peninsula Yangon and Yoma Central.

In **Australia**, work continued on the NorthConnex motorway link project in Sydney and the company was awarded the Melbourne Metro project as part of a consortium with Lendlease Engineering, John Holland and Capella Capital.

Africa - Middle East

Major projects are expected in Africa, linked in particular to rapid urbanisation, though the geopolitical context remains fragile and heavily dependent on prices for raw materials. In the Middle East, the economic situation is uncertain because it is highly reliant on the price of oil. However, transport infrastructure needs and the exploitation of natural resources make this a high-potential region for construction firms.

2017 sales: €589 million (-22%)

In **Africa**, Bouygues Construction's building and civil engineering firms work on major 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. Bouygues Construction is currently operating the Riviera Marcory bridge in Abidjan, **Ivory Coast**, and building the Ridge Hospital extension in Accra, **Ghana**, the first phase of which was handed over in 2017. In **Nigeria**, work continued on the corporate headquarters of Nigeria LNG, a company which produces liquefied natural gas.

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 stated intention of rebuilding infrastructure, though they are tempered by a risk of greater protectionism. In Cuba, the expanding hotel industry and the need for infrastructure such as airports and port facilities make it a strong-potential country for Bouygues Construction.

2017 sales: €230 million (-34%)

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 rise in tourism. The company continued construction work on around a dozen upmarket hotel complexes in Havana, on Cayo Santa Maria, Cayo Coco and Cayo Cruz and at Varadero. Hurricane Irma caused a temporary slowdown in this activity in 2017 as resources were redeployed to repair and refurbish 26 operational hotel complexes damaged by the hurricane.

In the **United States**, Bouygues Construction is building “Arte by Antonio Citterio”, a luxury residential complex in Florida.

In **Canada**, the company handed over Iqaluit International Airport in the country's Arctic north (Nunavut).

Energies and Services

Bouygues Energies & Services contributed €2,552 million to Bouygues Construction's consolidated sales compared with €2,297 million in 2016, a rise of 11%. Bouygues Energies & Services has three principal business lines: network infrastructure, facilities management and electrical and HVAC engineering. It also builds turnkey power generation facilities such as biomass power plants and solar farms. The company recently set up an Industry division in order to better meet its customers' needs.

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

France

2017 sales: €1,317 million (+16%)

In addition to its traditional networks activity, Bouygues Energies & Services, through its Axione subsidiary, stepped up its support for local authorities seeking to implement their digital development policies. In particular, it continued to roll out FTTH (Fibre To The Home) with a portfolio of 1.5 million premises in 16 French departments representing more than €1 billion, and extended its coverage of operational and marketed FTTH premises in 2017 with a target of 2.2 million premises by 2022.

In electrical and HVAC engineering, Bouygues Energies & Services provided mechanical and electrical equipment for the L2 Marseille bypass, electrical and HVAC engineering packages for the Saint-Laurent-du-Maroni hospital in French Guiana and power-voltage/communications-voltage work packages for La Seine Musicale in Boulogne-Billancourt.

In the framework of public-private partnerships, Bouygues Energies & Services started to provide maintenance services for the Paris law courts building, which was handed over in 2017 and will open its doors in 2018. It continued its existing contracts with the Paris zoo, the French Defence Ministry in Paris and the University of Bordeaux. It also continued a number of street-lighting contracts, the most important one being with the City of Paris, as part of a member of a consortium.

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

International

2017 sales: €1,235 million (+7%)

Bouygues Energies & Services is continuing to expand in its three main lines of business (facilities management (FM), energy and digital networks, and electrical, HVAC and mechanical engineering) in Europe (especially the UK and Switzerland) and North America (Canada).

On international markets, Bouygues Energies & Services is an expert in major turnkey power grid infrastructure projects. The company has taken orders for seven solar farms in **Australia** and **Japan**. It continued work on a thermal power station in **Gibraltar** and two biomass waste-to-energy gasification plants in the **UK**, at Hoddesdon (north London) and in Belfast (Northern Ireland).

It has a facilities management 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 also awarded the contract to design and build the backup plant for the Hinkley Point EPR nuclear power plant.

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

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

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

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 throughout the value chain:

- In the design phase, Bouygues Construction highlights its expertise in BIM, 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 work.
- In the construction phase, Bouygues Construction promotes the use of innovative methods and materials. These range from 3D printing and the ABC (Autonomous Building for Citizens) programme (designed to produce buildings that are self-sufficient in water and energy, and optimise waste management) to the construction of timber buildings.
- In the operational phase, Bouygues Construction is responsive to customer needs in terms of usage, energy efficiency and optimal infrastructure management. For example, the Hypervision® tool measures and predicts energy and fluid consumption as part of a process of continually improving building performance and residents' convenience.

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. Environmental concerns are reflected in the design, construction and operation/maintenance of structures and in the harnessing of new renewable energies and energy renovation, which represent major global challenges.

Bouygues Construction designs and constructs buildings that are self-sufficient in 100% renewable energies and smart electricity supply networks (Smart Grids). We support renewable energy producers, and offer our customers innovative infrastructures like connected eco-districts (for example the Erlenmatt and Green City eco-districts in Switzerland and the Noés eco-village in Val-de-Reuil, France), biomass plants and solar farms. Bouygues Construction was a pioneer in carrying out the very first HQE™ (High Environmental Quality) certified renovations of contemporary tertiary buildings, office towers (the "First" tower at La Défense in Paris) and Haussmannian buildings (BBCEffinergie® energy rating), and buildings with BEAM Plus⁽⁴⁾, BREEAM⁽⁵⁾ and LEED⁽⁶⁾ 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).

Through its Réavenir programme, Bouygues Construction also offers solutions that cut the energy consumption of buildings while improving the lives of their occupants. Réavenir is based on three commitments: respect the environment and residents, engage in dialogue for active and participative refurbishment, and guarantee performance.

Risk management policy

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

Internal control

Evaluation of internal control

During 2017, Bouygues Construction again deployed in-depth internal control self-assessment across the organisational structure, including a number of production departments and branch offices.

Overall, the campaign involved over 500 people in more than 100 entities or units, representing more than 82% of Bouygues Construction sales. On average, each entity or unit evaluated 80 principles from the risk management and internal control reference manual.

Five themes (human resources, purchasing, and three topics around legal compliance) were selected by the parent company (Bouygues SA). The revised reference manual, issued in April 2017, incorporates new principles related to the "Sapin 2" law.

(4) BEAM Plus: Building Environmental Assessment Method (Hong Kong certification)

(5) BREEAM®: Building Research Establishment Environmental Assessment Method (UK certification)

(6) LEED®: Leadership in Energy and Environmental Design (US certification)

Bouygues Construction selected the following additional themes, with reference to the strategic plan and risk mapping:

- sales and marketing, property development and internal partners;
- major projects and security, for which new principles have been issued;
- tax, information systems security, access controls over the “Edifice” integrated software solution, and payment systems fraud;
- accounting for property, plant and equipment and non-current financial assets.

The self-assessment campaign was conducted during the spring, with summary reports presented in the autumn. 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 system.

Each entity develops its own action plans.

At Bouygues Construction level, managers of the support functions are overseeing action plans for the common themes selected by the parent company:

- **Human resources:** the results of the 2017 campaign confirm the need for fresh recruitment initiatives at targeted engineering schools when starting new activities and projects, and for stronger induction programmes for newly hired staff. Internal mobility remains a strategic priority with the creation of the Global Mobility Forum, while the rollout of global HR is ongoing. Finally, talent reviews targeted at key positions within Bouygues Construction need to be upscaled;
- **Purchasing:** the main action points relate to the drafting of consultation rules for suppliers, with clearly explained selection criteria. Monitoring by HR of buyer rotation should help tighten controls;
- **Legal Affairs:** the Code of Ethics (and compliance programmes) will be updated in 2018 to incorporate principles specific to each business line and an introduction from the Chairman & CEO of Bouygues Construction. Anti-corruption compliance programme requirements will be extended to first-tier suppliers. Another finding recommended the systematic issuance of reminders that contracts must be validated by Legal Affairs prior to signature, in accordance with the anti-corruption compliance programme. Finally, a widespread internal communication campaign will be conducted in 2018 to inform staff that the “Fair Deal” serious game, designed to raise awareness of ethical issues, is now available in open access. The take-up rate on this programme will be monitored.

The 2017 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 now integrated into the Bouygues Construction management cycle as part of the strategic plan. It is also submitted to the Accounts Committee and the Board of Directors.

This management process provides a shared vision of major risks at both entity and Group level, with the aim of constantly improving control and reducing risk exposure. In addition, synergies between risk management, internal control and internal audit can 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.

The risk mapping campaign is conducted in the spring. The work done at entity level is supplemented by contributions from the support functions, forming the basis for risk mapping across the 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 Group-level risk mapping.

Role of the entities

Within the entities, the internal control system is the responsibility of the Corporate Secretary. Each entity compiles its own risk mapping, and usually presents it as part of the strategic plan. 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. The support functions also carry out their own risk mapping.

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

Risks associated with major projects in the design or execution phase

Background

Very large-scale projects account for a substantial proportion of Bouygues Construction's order book and sales.

Consequently, slippage in profits from any such project can have significant consequences for the company. Bouygues Construction continues to act on several fronts to tighten control over the risks inherent in major projects:

Internal control

Two new principles have been added to the Internal Control reference manual. The first defines what constitutes a "major project" for each operational entity. The second covers compliance with internal procedures, and requires that a score sheet and risk executive summary be included in all approval notes for major projects. Those principles were assessed during 2017.

Internal audit

Internal audits were conducted on major projects during 2017 to obtain assurance of adequate control over emerging risks, leading to specific recommendations where necessary. Follow-up audits will be carried out to ensure the recommendations are properly implemented.

Entity level

During 2017, a new batch of thirty projects was assessed in tandem with the internal control campaign in order to identify new action points, and additional points to incorporate into existing action plans. The focus was mainly on project organisation and selection, the accuracy of estimates, and the management of contracts (especially on subcontracted work packages).

Bouygues Construction

- Two action points identified by the Bouygues Construction Executive Committee at the start of 2017 have been implemented:
 - HR management and specific training programmes for major project managers;
 - increased selectivity in project decisions.

Action plan

An action plan was prepared, including the following points at operational entity level:

- definition of a process specific to major projects within the Bouygues Construction management system;
- traceability of technical and commercial adjustments, defined using standardised terminology;
- monitoring of risks and opportunities.

And at Bouygues Construction level:

- transparency of information flows between management levels within support functions;
- a new organisational structure for Legal Affairs, intended largely to enhance contract management performance.

Risks relating to employee security

Events may occur that threaten the security and/or health and safety of Bouygues Construction employees in any of our locations, but particularly in high-risk countries or regions.

Bouygues Construction generates 30% of its sales outside Europe. Out of the fifty or so countries where the company operates, around thirty have been identified as carrying a degree of country risk ranging from "Average" to "Very High", based on the Bouygues group Security Department's assessment of various risks: political, terrorist, criminal, employee-related, and international conflict.

Sales generated in countries regarded as "at risk" amounted to around €1 billion in 2017, or 8% of Bouygues Construction's total sales. This represents a reduction of €300 million in overall exposure relative to 2016, reflecting lower activity levels in some African countries (Nigeria, Ivory Coast, Morocco) but also increased activity in others (Mali, South Africa and Egypt). Activity levels also rose in Cameroon, Congo and Tanzania, all regarded as high risk, during 2017.

Meanwhile there was a marked drop in exposed activities in the America-Caribbean region due to a reduction in risk exposure in Cuba, which since 2017 has been regarded as low risk.

Another factor in 2017 was the emergence of many sensitive issues in French territory, both on the mainland and overseas.

Security Committee organisation and remit

The security of our employees is an absolute priority for Bouygues Construction, alongside their health and safety. The overall guidelines set by the Executive Committee and General Management Committee of Bouygues Construction are implemented by the Security Committee, which meets every month.

The Security Committee implements the security procedure and constantly monitors the situation in countries where we have ongoing or prospective operations, and implements appropriate preventive measures and solutions in response to risks as they arise. The Committee relies on the work of Bouygues Construction's Security Director, whose remit includes:

- monitoring and preventing security risks in countries where Bouygues Construction has operations;
- co-ordinating and directing resources in security risk situations;
- providing leadership for security specialists working at entity level;
- overseeing the Security Action Plan.

Key elements of the Security Action Plan

- A uniform risk assessment methodology has been developed in conjunction with Bouygues SA, applying at both country level and project level. Alongside this, a standardised security plan model has been developed and implemented;
- Specific audits are conducted by independent specialists (such as safety assessments of local airlines);
- In countries regarded as most at risk, a specific Country Security network has been set up;
- SSF Locator, a corporate travel tracking and crisis management tool, has been introduced and is due to be rolled out globally in the first half of 2018 to cover all travelling employees;
- Employees are prohibited from extending their stay for personal reasons in countries regarded as sensitive;
- Security principles have been incorporated into the Internal Control reference manual. All these principles were evaluated as part of the 2017 self-assessment campaign.

Risks related to economic and political instability

- Bouygues Construction's positioning in OECD countries (around 70%-80% of its total activity) limits its exposure to uncertainty, but carries exposure to economic stagnation in those countries and to tough market conditions;
- In the rest of the world, vigilance is still needed and Bouygues Construction has taken preventive measures in legal, financial and insurance matters, such as:
 - prioritising contracts with multilateral international funding when selecting projects;
 - prioritising contractual clauses that systematically stipulate site shutdowns in the event of non-payment, and implementing more stringent receivables management;
 - including termination clauses and guarantee activation clauses;
 - maintaining a positive net cash position, and rapidly transferring non-convertible currencies;
 - contracting specific insurance policies.

Commodities risk

Bouygues Construction is not exposed to commodities risk.

Industrial and environmental risks

Because of the nature of its business, Bouygues Construction is not exposed to significant industrial or environmental risk, and is not subject to regulations on classified sites or to European chemicals regulations ("REACH").

Legal risks

Compliance risk

With compliance obligations becoming ever more demanding, Bouygues Construction continues to tighten its ethics policy to ensure that the Group's programmes are strictly applied, and also to update those programmes in response to recent legislative changes.

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

In 2017, the internal regulations of the French entities were updated to align them with the "Sapin 2" law, and now allow for disciplinary proceedings against employees who do not adhere to the Group's Compliance programmes.

The key areas in which Bouygues Construction is exposed to compliance risk include:

- corruption, an area in which the company is subject to increasingly stringent requirements;
- anti-trust law, given the high level of financial risk;
- exports, due to the growing number of countries, products and companies that are subject to international sanctions, especially those imposed by the United States.

Compliance reviews, covering the full range of ethics and compliance issues across the various entities, were carried out on a full-scope basis in 2017.

Claims and litigation

France: Flamanville EPR

In a judgement dated 20 March 2017, the Caen Court of Appeal found Bouygues Travaux Publics guilty of undeclared work and illegal supply of workers and was ordered to pay a fine of €29,950.

Bouygues Bâtiment Grand Ouest (formerly Quille Construction) was discharged by the Court of Appeal of the offences relating to various breaches of employment legislation.

Bouygues Travaux Publics has lodged an appeal against the judgement of the Court of Appeal.

France: Île-de-France Regional Authority Contracts

Following a Competition Council (now the Competition Authority) ruling of 9 May 2007, the Île-de-France Regional Authority filed a compensation claim in 2008 for losses it claims to have incurred as a result of the anti-competitive practices by construction companies in connection with the awarding of public works contracts for the renovation of secondary school buildings in the region.

The Regional Authority's summary application to the Paris District Court was rejected in a ruling issued on 15 January 2009 on the grounds that, prima facie, there were serious reasons for objecting in principle to the compensation claim.

After being invited to appeal on the merits, the Regional Authority filed a further claim in the Paris District Court in February 2010, this time claiming damages for a loss estimated at €358 million based on the joint and several liability of the parties collectively liable for the loss, i.e. the companies and individuals found to have engaged in anti-competitive practices.

In a ruling of 17 December 2013, the Paris District Court ruled the Regional Authority's claim inadmissible. The Regional Authority appealed to the Paris Court of Appeal on 22 January 2014. Nevertheless, after an application by the Prefect of the Île-de-France region, the Conflicts Court decided on 16 November 2015 that this dispute came within the jurisdiction of the Administrative Courts.

On 2 May 2017, a number of companies of the Bouygues group were therefore informed that the Île-de-France region had on 28 March 2017 referred 85 different actions (one for each school) to the Paris Administrative Court in order to find all the parties jointly and severally liable for the losses incurred, for which it is claiming compensation equal to 16.4% of the price paid for each school.

The proceedings are still ongoing and no hearing date has been set at the present time.

France: Eole

Following a Competition Council (now Competition Authority) ruling of 21 March 2006, imposing fines on a number of companies for general collusion relating to work packages 34B and 37B of the East-West Express Rail Link (Eole) project, on 21 March 2011 SNCF brought an action in damages before the Paris Administrative Court seeking relief for losses that it claims to have suffered as a result of anti-competitive practices by construction companies in relation to the abovementioned work packages.

The Paris Administrative Court rejected all of the SNCF's claims on 31 May 2016. The SNCF has appealed this judgement. On 29 December 2017, the Paris Administrative Court of Appeal handed down a judgement dismissing the SNCF's application on the grounds that the claim to cancel the contract, and the SNCF's claim for damages were both statute barred.

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 risks

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;
- require the customer to provide bank guarantees against payments;
- 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 6 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 2017 on any of the investment products used by the Group.

As of 31 December 2017, no single bank held more than 5% 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 2017, net cash amounted to €3,925 million, and the Group also had €266 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 Order no. 2017-1162 of 12 July 2017, 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 business performance;
- working conditions of employees;

is provided in the Bouygues 2017 Registration Document, available on www.bouygues.com.

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Significant events after the reporting period

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

Outlook for 2018

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

- **orders booked as of 31 December 2017 to be executed in 2018** worth €9.0 billion;
- **robust international activity**, in countries with a favourable economic outlook (Hong Kong, Singapore, Canada, Switzerland, United Kingdom, Australia, etc.) with good ratings from the Transparency International NGO;
- **a medium-term order book** (2 to 4 years) worth €9.8 billion as of 31 December 2017;
- **a healthy financial position**, bolstered by record net surplus cash of €3.4 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 2018, 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 372 companies are included in the scope of consolidation, 58% of which are located outside France.

Assets

In aggregate, property, plant and equipment (€598 million) and intangible assets (€44 million) are €108 million lower than at the end of 2016. The main factors in this year-on-year movement are:

- capital expenditure of €151 million during the year, of which €68 million was incurred outside France (including €15 million on the NorthConnex project in Australia, €12 million on mining assets and €8 million at VSL) and €91 million in France (including €19 million on the Anse du Portier project in Monaco);
- depreciation and amortisation expense charged during the period (€214 million).

Goodwill amounts to €526 million. The year-on-year reduction of €16 million mainly reflects movements in the exchange rates of foreign currencies against the euro.

Investments in joint ventures and associates, accounted for by the equity method, amount to €30 million. The increase of €9 million relative to the end of 2016 (€21 million) is mainly due to the inclusion of new entities in the Greater Paris region, plus a €3 million equity injection into Zaic (the Zagreb Airport concession company).

Other non-current financial assets (€270 million) comprise €83 million of investments in non-consolidated companies, plus €187 million of loans, advances to non-consolidated companies, and deposits and caution money. This compares with €253 million at the end of 2016.

“Deferred tax assets and non-current tax receivable” amounts to €89 million, and consists solely of deferred tax assets.

At €4,227 million, current assets other than cash are €165 million lower than at the end of 2016 (€4,392 million), including a reduction of €105 million in trade receivables.

The net cash position (cash and cash equivalents, net of overdrafts and short-term bank borrowings) is €3,925 million, €27 million lower than at end 2016 (€3,952 million).

Liabilities and shareholders' equity

Total shareholders' equity, including non-controlling interests (i.e. minority interests) are €210 million higher than the end-2016 figure of €769 million. The main factors in this year-on-year movement are:

- **the €320 million of net profit attributable to the Group for the period;**
- less a €94 million reduction in the translation reserve;
- less the dividend payout of €20 million;
- plus a €14 million increase in the fair value of cash flow hedging instruments.

Non-current debt is €511 million, down €32 million year-on-year.

Provisions – which are a significant item in the construction industry – are split between non-current (€750 million) and current (€529 million), in accordance with international financial reporting standards.

Current taxes payable amount to €59 million, and comprise corporate income taxes payable by French and foreign subsidiaries in the short term.

Trade payables are €3,144 million, compared with €3,241 million at end 2016.

Other current liabilities amount to €3,243 million. This item mainly comprises deferred income, amounts due to governments and local authorities, and employee-related liabilities.

Income statement

Sales for the year are €11,660 million, 1.3% lower than in 2016, with 48% generated in France (versus 47% in 2016). Building and civil engineering account for 78% of total sales.

Current operating profit is €363 million (versus €326 million in 2016). After deducting income tax expense of €103 million, net profit attributable to the Group is €320 million.

Parent company financial statements

Comments

The reduction of €28 million in net non-current assets (€1,066 million at end 2017, versus €1,094 million at end 2016) is due mainly to the €22 million negative effect of changes in exchange rates on foreign-currency loans; other transactions involving the financing of subsidiaries largely cancel each other out.

The reduction of €50 million in current assets (€302 million at end 2017, versus €352 million at end 2016) mainly comprises a €44 million reduction in current accounts.

Shareholders' equity at end 2017 is €711 million, an increase of €199 million, after taking account of the €20 million dividend payout; the €23 million impact of a change in accounting policy following first-time application of a new French accounting regulation on financial instruments (taken to retained earnings); and the net profit for the year of €196 million.

The new accounting regulation introduces the concept of "hedging of holdings in subsidiaries and affiliates", which means a provision is no longer required for unrealised foreign exchange losses arising on foreign-currency borrowings that hedge the value in use of holdings in subsidiaries or affiliates.

Consequently, the provision for foreign exchange risks as of 1 January on the Swiss-franc borrowing contracted to finance the investments in VSLI and Losinger Holding was reversed out and taken to retained earnings.

Debt at end December 2017 is €542 million (versus €561 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, undrawn long-term credit facilities.

Current liabilities amount to €146 million at 31 December 2017 (versus €159 million at end 2016), a reduction of €13 million (reflecting a reduction of the same amount in currency translation differences).

Net debt at end December 2017 is €501 million, versus €731 million at end 2016, a year-on-year change of €230 million.

Holdings in subsidiaries and affiliates

The description of the Bouygues Construction group's activities contained in this Financial Report includes the activities of the company's subsidiaries and affiliates.

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

As required by Article L. 232-1 of the French Commercial Code, we inform you that the company has 3 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 2017

Subsidiaries and affiliates	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	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
				Gross	Net						
A. DETAILED INFORMATION (1) (2)											
Subsidiaries (interest held >50%)				639	622	605	112				
DTP	10	2	100.00%	24	24	–	–	6	6	14	
Bouygues Bâtiment International	25	103	100.00%	85	85	75	48	329	8	–	
Bouygues Bâtiment Ile-de-France	13	23	99.70%	103	103	–	–	1,532	47	27	
Bouygues Travaux Publics	41	60	92.02%	93	93	43	46	1,024	65	57	
BYES (5)	51	82	100.00%	158	158	256	9	2,543	(5)	15	
Bouygues Bâtiment Nord Est	25	9	100.00%	35	35	0	–	322	13	4	
Bouygues Bâtiment Centre Sud Ouest	7	8	100.00%	11	11	0	9	177	4	3	
Bouygues Bâtiment Sud Est	3	21	100.00%	6	6	0	–	448	14	9	
Fichallenge	2	(7)	100.00%	2	–	–	–	–	1	–	
Challenger	0	–	99.99%	15	15	–	–	18	2	–	
Bouygues Bâtiment Grand Ouest	2	30	100.00%	4	4	–	–	420	18	3	
Kohler	0	22	100.00%	25	25	36	–	–	(0)	–	
VSL (Switzerland)	2	(6)	100.00%	32	32	84	–	19	1	–	1 CHF = 0.854555
Losinger Holding (Switzerland)	15	9	99.96%	22	22	–	–	-	58	51	1 CHF = 0.854555
Dragages Hong Kong (Hong Kong)	50	74	100.00%	6	6	107	–	320	33	11	1 HKD = 0.106701
Acieroid (Spain)	1	1	93.81%	15	-	3	–	20	(3)	–	
Detailed information: affiliates (interest held: 10%-50%)				–	–	–	–				
B. AGGREGATE INFORMATION FOR OTHER SUBSIDIARIES AND AFFILIATES NOT INCLUDED IN ITEM A											
Total				33	12	9					
French subsidiaries (aggregate)				2	1	9				1	
Foreign subsidiaries (aggregate) (3)				0	0	–				0	
French affiliates				30	11	0				0	
Foreign affiliates				0	0	0					
Grand total				672	634	614					

(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 this line.

(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	302					14	531					44
Total amount (incl. VAT)	18,374	36	73	14	0	123	21,403	605	10	966	34	1,614
% of total purchases (incl. VAT)	13.33%	0.03%	0.05%	0.01%	0%	0.09%						
% of total sales (incl. VAT)							8.88%	0.25%	0%	0.40%	0.01%	0.67%
B. INVOICES EXCLUDED FROM (A) BECAUSE THEY ARE DISPUTED OR NOT RECOGNISED IN THE ACCOUNTS												
Number of invoices				0						0		
Total amount (incl. VAT)				0						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	Contractual terms: other than in special cases, the contractual term generally used is 45 days from the end of the invoice month						Contractual terms: other than in special cases, the contractual term generally used is 30 days after the 15 th of the following month					

Note:

- The "Trade payables" line item (€33 million) also includes accrued expenses and unrepresented bills of exchange;
- The "Trade receivables" line item (€25 million) also includes unbilled receivables.

Human resources update

As of 31 December 2017, Bouygues Construction had a consolidated headcount of 47,354 employees, split as follows:

France	20,788
- Site workers	5,840
- Clerical, technical & supervisory	5,577
- Managerial	9,371
Includes managerial staff on secondment outside France	
International	26,566
- Expatriates	917
- Local staff	25,649

The frequency rate of accidents requiring time off work across all Group employees was 3.28 in 2017, compared with 3.8 in 2016 (for information, the French national average for production employees in the construction industry was 38.5 in 2016, compared with 5.25 for Bouygues Construction in 2017).

The severity rate was 0.23, versus 0.21 in 2016 (the French national average for production employees in the construction industry was 2.7 in 2016, compared with 0.37 for Bouygues Construction in 2017).

Appropriation of 2017 profits

We propose that you approve the following appropriation of profits:

Legal reserve (already at the maximum amount)	zero
Net profit for the 2017 financial year	€196,127,360.16
Retained earnings brought forward	€359,376,472.35
Giving distributable profits of	€555,503,832.51
Distribution of a dividend of (€187.26 per share)	€319,508,629.80
Balance carried forward as retained earnings	€235,995,202.71

The dividend will be paid on 25 April 2018.

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	2014	2015	2016
Number of shares	1,706,230	1,706,230	1,706,230
Dividend per share	€148.54	€146.32	€158.26
Total dividend	€253,443,404.20	€250,167,442.60	€270,027,959.80

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 and divestments of control and equity interests

Acquisitions of significant equity interests (over 5%) in companies with their registered office in France

During 2017, Bouygues Construction did not acquire any significant equity interests in companies with their registered office in France.

Acquisitions of control of companies with their registered office in France

In accordance with Article L. 233-3 Section II of the French Commercial Code, we inform you that Bouygues Construction indirectly acquired control of the following company in 2017:

- SMI Informatique Automatismes (acquired by Bouygues Energies & Services):
 - 2016 sales: €4 million
 - Projected 2017 sales: €3 million

Integrating SMI into its Industrial Specialised Business Unit will enable Bouygues Energies & Services to:

- develop a regional presence in south-west France and improve its connections with the industrial sector in that region;
- add to its firepower in industrial robotisation/automation technology, to improve penetration of lucrative sectors such as pharmaceuticals, agribusiness, aerospace and chemicals;
- expand its customer portfolio, especially in aerospace (Safran, Sabena, Dassault), pharmaceuticals (Sanofi, Merckx, Ceva), agribusiness (Sasso, Lesieur, etc.) and chemicals (Syngenta, Monsanto, etc.).

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 2017.

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 based on the information received pursuant to Article L. 233-12 of that Code, we inform you that as of 31 December 2017, 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

As required by Article L. 233-31 of the French Commercial Code, we inform you that as of 31 December 2017 Bouygues Construction did not own 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 2017.

Non-deductible expenses

As required by Articles 223 *quater* and 223 *quinquies* of the French General Tax Code, 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 2017), 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.

Works Council observations

The Works Council 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 16 February 2018, authorised the Chairman & Chief Executive Officer and the Deputy CEO in charge of Strategy, Finance and Concessions 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 are submitted for your approval:

- reading of the Management Report, the Board of Directors' report on corporate governance and the statutory auditors' report;
- approval of those reports, of the parent company financial statements and of the consolidated financial statements for the 2017 financial year – Discharge of the Directors;
- approval of agreements covered by Article 225-38 of the French Commercial Code;
- appropriation of profits for the 2017 financial year;
- powers for filing and formalities.

We request that you cast your vote on the above resolutions.

Other information

Administration and audit of the company

As of 31 December 2017, Bouygues Construction is directed by a Chairman & CEO and three Deputy CEOs.

We inform you that the terms of office of the statutory auditors and their alternates do not expire at the end of the Annual General Meeting held to approve the financial statements for the year ended 31 December 2017.

Consolidated financial statements

Consolidated balance sheet

Assets (€ million)	Note	31/12/2017 Net	31/12/2016 Net
Property, plant and equipment	3 and 16	598	702
Intangible assets	3 and 16	44	48
Goodwill	3 and 16	526	540
Investments in joint ventures and associates	3 and 16	30	21
Other non-current financial assets	3	270	253
Deferred tax assets and non-current tax receivable	7	89	103
Non-current assets		1,557	1,667
Inventories		237	262
Advances and down-payments made on orders		161	168
Trade receivables		2,850	2,955
Tax asset (receivable)		95	84
Other current receivables and prepaid expenses		875	910
Cash and cash equivalents		4,310	4 427
Financial instruments - Hedging of debt		–	–
Other current financial assets		9	13
Current assets	4	8,537	8,819
Held-for-sale assets and operations		–	2
Total assets		10,094	10,488

Liabilities and shareholders' equity (€ million)	Note	31/12/2017	31/12/2016
Share capital		128	128
Share premium and reserves		505	200
Translation reserve		1	95
Treasury shares		–	–
Consolidated net profit/(loss)		320	320
Shareholders' equity attributable to the Group	5	954	743
Non-controlling interests		25	26
Shareholders' equity		979	769
Non-current debt	8 and 16	511	543
Non-current provisions	6 and 16	750	853
Deferred tax liabilities and non-current tax liabilities	7	17	24
Non-current liabilities		1,278	1,420
Advances and down-payments received on orders		469	474
Current debt	8	5	22
Current taxes payable		59	62
Trade payables		3,144	3,241
Current provisions	6	529	588
Other current liabilities		3,243	3,416
Overdrafts and short-term bank borrowings		385	475
Financial instruments - Hedging of debt		–	–
Other current financial liabilities		3	21
Current liabilities	10	7,837	8,299
Liabilities related to held-for-sale operations		–	–
Total liabilities and shareholders' equity		10,094	10,488
Net surplus cash/(net debt)	9	3,409	3,387

Consolidated income statement

(€ million)	Note	Full year 2017	Full year 2016
Sales ⁽¹⁾	11 and 16	11,660	11,815
Other revenues from operations		107	116
Purchases used in production		(6,709)	(6,779)
Personnel costs		(2,766)	(2,738)
External charges		(1,724)	(1,713)
Taxes other than income tax		(149)	(147)
Net depreciation and amortisation expense		(214)	(227)
Charges to provisions and impairment losses, net of reversals due to utilisation		(146)	(193)
Changes in production and property development inventories		(58)	(68)
Other income from operations ⁽²⁾		548	497
Other expenses on operations		(186)	(237)
Current operating profit/(loss)	12 and 16	363	326
Other operating income		–	–
Other operating expenses		–	(23)
Operating profit/(loss)	12 and 16	363	303
Financial income		26	27
Financial expenses		(14)	(13)
Income from net surplus cash/(cost of net debt)	13 and 16	12	14
Other financial income	13 and 16	73	37
Other financial expenses	13 and 16	(24)	(34)
Income tax	14 and 16	(103)	(119)
Share of net profits/losses of joint ventures and associates	3 and 16	2	121
Net profit/(loss) from continuing operations	16	323	322
Net profit/(loss) from discontinued and held-for-sale operations		–	–
Net profit/(loss)	16	323	322
Net profit/(loss) attributable to the Group	16	320	320
Net profit/(loss) attributable to non-controlling interests		3	2
Basic earnings per share from continuing operations (€)	15	187.55	187.55
Diluted earnings per share from continuing operations (€)	15	187.55	187.55

(1) Of which sales generated abroad

6,091

6,288

(2) Of which reversals of unutilised provisions/impairment losses

251

209

Consolidated statement of recognised income and expense

(€ million)	Full year 2017	Full year 2016
Net profit/(loss)	323	322
ITEMS NOT RECLASSIFIABLE TO PROFIT OR LOSS		
Actuarial gains/losses on post-employment benefits	(9)	(9)
Change in remeasurement reserve	–	–
Net tax effect of items not reclassifiable to profit or loss	1	(1)
Share of non-reclassifiable income and expense of joint ventures and associates	–	–
ITEMS RECLASSIFIABLE TO PROFIT OR LOSS		
Change in cumulative translation adjustment	⁽¹⁾ (97)	(12)
Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)	12	24
Net tax effect of items reclassifiable to profit or loss	1	(3)
Share of reclassifiable income and expense of joint ventures and associates	1	13
Income and expense recognised directly in equity	(91)	12
Total recognised income and expense	232	334
Recognised income and expense attributable to the Group	232	331
Recognised income and expense attributable to non-controlling interests	–	3

(1) Of which (79) reclassified to profit or loss in 2017

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 2015	143	251	489	–	29	912	24	936
MOVEMENTS DURING 2016								
Net profit/(loss)	–	–	320	–	–	320	2	322
Translation adjustment	–	–	–	–	(12)	(12)	1	(11)
Other recognised income and expense	–	–	–	–	23	23	–	23
Total recognised income and expense ⁽²⁾	–	–	320	–	11	331	3	334
Capital and reserves transactions, net	–	(5)	5	–	–	–	–	–
Acquisitions/disposals of treasury shares	–	–	–	–	–	–	–	–
Acquisitions/disposals without loss of control	–	–	–	–	–	–	–	–
Dividend paid	–	–	(500)	–	–	(500)	(1)	(501)
Other transactions with shareholders	–	–	–	–	–	–	–	–
Other transactions (changes in scope of consolidation and other items)	–	–	–	–	–	–	–	–
Position at 31 December 2016	143	246	314	–	40	743	26	769
MOVEMENTS DURING 2017								
Net profit/(loss)	–	–	320	–	–	320	3	323
Translation adjustment	–	–	–	–	(94) ⁽¹⁾	(94)	(3)	(97)
Other recognised income and expense	–	–	–	–	6	6	–	6
Total recognised income and expense ⁽²⁾	–	–	320	–	(88)	232	–	232
Capital and reserves transactions, net	–	126	(126)	–	–	–	–	–
Acquisitions/disposals of treasury shares	–	–	–	–	–	–	–	–
Acquisitions/disposals without loss of control	–	–	–	–	–	–	–	–
Dividend paid	–	–	(20)	–	–	(20)	(1)	(21)
Other transactions with shareholders	–	–	–	–	–	–	–	–
Other transactions (changes in scope of consolidation and other items)	–	–	(1)	–	–	(1)	–	(1)
Position at 31 December 2017	143	372	487	–	(48)	954	25	979

(1) Change in translation reserve

Attributable to:

	Group	Non-controlling interests	Total
Controlled entities	(94)	(3)	(97)
Joint ventures and associates	–	–	–
	(94)	(3)	(97)

(2) See statement of recognised income and expense

Consolidated cash flow statement

I. Cash flow from continuing operations (€ million)	Note	Full year 2017	Full year 2016
A. NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations		323	322
Share of profits/losses reverting to joint ventures and associates, net of dividends received		(2)	(8)
Elimination of dividends (non-consolidated companies)		(17)	(15)
Net charges to/(reversals of) depreciation, amortisation, and non-current impairment & provisions		133	261
Gains and losses on asset disposals		(43)	(128)
Miscellaneous non-cash charges		(1)	(3)
Cash flow after cost of net debt and income tax		393	429
(Income from net surplus cash)/cost of net debt		(12)	(14)
Income tax		103	119
Cash flow	16	484	534
Income taxes paid		(77)	(121)
Changes in working capital related to operating activities (including current impairment and provisions) ⁽¹⁾		(129)	194
Net cash generated by/(used in) operating activities		278	607
B. NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	16	(159)	(217)
Proceeds from disposals of property, plant and equipment and intangible assets		40	44
Net liabilities related to property, plant and equipment and intangible assets		–	(8)
Purchase price of non-consolidated companies and other investments	16	(4)	(2)
Proceeds from disposals of non-consolidated companies and other investments		23	1
Net liabilities related to non-consolidated companies and other investments		1	–
Effects of changes in scope of consolidation	21		
Purchase price of investments in consolidated activities	16	(1)	(4)
Proceeds from disposals of investments in consolidated activities		2	144
Net liabilities related to consolidated activities		(4)	(1)
Other effects of changes in scope of consolidation (cash of acquired and divested companies)		(5)	17
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)		(1)	27
Net cash generated by/(used in) investing activities		(108)	1
C. NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders & non-controlling interests and other transactions between shareholders		(17)	–
Dividends paid			
Dividends paid to shareholders of the parent company		(20)	(500)
Dividends paid by consolidated companies to non-controlling interests		(1)	(1)
Change in current and non-current debt		–	(6)
Income from net surplus cash/(cost of net debt)		12	14
Other cash flows related to financing activities		–	–
Net cash generated by/(used in) financing activities		(26)	(493)
D. EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS			
		(171)	(17)
Change in net cash position (A + B + C + D)		(27)	98
Net cash position at start of period	4 and 10	3,952	3,854
Net cash flows		(27)	98
Other non-monetary flows		–	–
Net cash position at end of period	4 and 10	3,925	3,952
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		–	–

(1) 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

1.1. Significant events of the year

None.

1.2. Significant events and changes in scope of consolidation since 31 December 2017

None.

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 16 February 2018, and will be submitted for approval by the forthcoming Annual General Meeting on 12 April 2018.

The consolidated financial statements for the year ended 31 December 2017 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 at and for the year ended 31 December 2016.

The Bouygues Construction group applied the same standards, interpretations and accounting policies for the year ended 31 December 2017 as were applied in its consolidated financial statements for the year ended 31 December 2016, except for new IFRS requirements applicable from 1 January 2017 as mentioned below.

- Principal new IFRS standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2017:

- **Amendments to IAS 7: Statement of Cash Flows**

These amendments lay down the principle that an entity should provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

To meet this requirement, Bouygues Construction provides a reconciliation between the opening and closing financial positions as regards liabilities included in financing activities, in Note 9 to the consolidated financial statements.

Those amendments are applicable to annual reporting periods beginning on or after 1 January 2017, and were early adopted in the Bouygues Construction consolidated financial statements for the year ended 31 December 2016.

- **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 is applicable from 1 January 2018. The Bouygues Construction group has not elected to early adopt this standard.

The Group will apply 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 will also be 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 will not be material at Group level.

- 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 is applicable from 1 January 2018. The Bouygues Construction group has not elected to early adopt IFRS 15. IFRS 15 will be applied retrospectively with effect from 1 January 2018, and the 2017 comparatives presented in 2018 will be restated to reflect the impacts of the new standard.

The Bouygues Construction group has completed its analysis of contracts in light of IFRS 15. As anticipated, no material impact on opening equity as of 1 January 2017 (comparative period) was identified. This reflects the fact that the methods used by the Group to recognise revenue over time are consistent with the new standard. In addition, the vast majority of contracts in the construction sector consist of a single performance obligation as defined by IFRS 15, with no impact on their accounting treatment.

- 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 2016, the IASB issued IFRS 16, "Leases".

IFRS 16 replaces IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees ends 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 analogous to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease.

The new standard was endorsed by the European Union on 31 October 2017 (and published in the Official Journal on 9 November 2017), and is applicable from 1 January 2019. The Bouygues Construction group has elected to use the retrospective approach for the first-time application of the standard.

The impact of IFRS 16 is currently under review. The detailed information on leases as provided in the notes to the consolidated financial statements for the year ended 31 December 2017 is not indicative of the actual impact that IFRS 16 might have on those financial statements.

- Essential interpretation issued by the IASB but not yet endorsed by the European Union:

- IFRIC 23: Uncertainty Over Income Tax Treatments

On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23, which is mandatorily applicable from 1 January 2019 and has not yet been endorsed by the European Union. IFRIC 23 clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. The Bouygues Construction group has not elected early adoption of IFRIC 23, and is reviewing the potential consequences of applying it.

- Exercise of judgement and use of estimates:

Preparing financial statements to comply with IFRS requires the use of 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 financial year. Those 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	31/12/2017	31/12/2016
Companies controlled by the Group	244	238
Joint operations	103	102
Joint ventures and associates	25	16
Total	372	356

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

Entities that have the euro as their functional currency translate foreign-currency transactions into euros at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated at the closing exchange rate, with the resulting translation differences 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 (and tax laws) 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
2018	34.43%
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 and depreciated 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 location and 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, 20 or 30 years, depending on whether the building is of lightweight or durable construction;
- plant, equipment and tooling: 3 to 8 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 an asset in the balance sheet under "Property, plant and equipment", with a matching liability recognised under "Debt" on the liabilities side of the balance sheet.

These assets are depreciated over their expected 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 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 fair value 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: 6.83%/6.49%, depending on the assumptions used. Growth rate applied: 1%.

There were no events or circumstances requiring the recognition of an impairment loss in 2017.

- **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: 5.54%/5.29%, depending on the assumptions used. Growth rate applied: 1%.

There were no events or circumstances requiring the recognition of an impairment loss in 2017.

Financial assets

Investments in non-consolidated companies and other long-term investment securities

Investments in non-consolidated companies and other long-term investment securities are classified as available-for-sale financial assets, and are recognised at fair value in the balance sheet.

Changes in fair value are recognised in equity except in the case of other-than temporary impairment, in which case the impairment loss is recognised in profit or loss for the period. When an asset is derecognised, the change in fair value previously recognised in equity is reclassified to profit or loss.

Non-current loans receivable

Loans, advances to non-consolidated companies, and deposits and caution money are measured at fair value on initial recognition, and subsequently at amortised cost.

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.

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.

This provision is calculated using the projected unit credit method based on final salary, projected to the retirement date.

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 2006-2008 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

These 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 client. They are measured on a contract by contract basis, with no netting between them.

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).

Sales are broken down into construction contracts, sales of goods, and sales of services.

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 client.

If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses on completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it 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 and joint ventures 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 hedging 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 hedging purposes are:

- forward currency purchases and sales, currency swaps and currency options for currency risk hedging purposes;
- interest rate swaps and purchases of caps and collars for interest rate risk hedging purposes.

These instruments:

- are used solely for hedging purposes;
- are contracted solely with high-grade 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 construction projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Particular attention is paid 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 net 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.

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 2017 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:

- an income statement;
- 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".

Acquisitions of non-current assets during the year, net of disposals	31/12/2017	31/12/2016
Acquisitions of property, plant and equipment ⁽¹⁾	151	207
Acquisitions of intangible assets ⁽¹⁾	8	10
Capital expenditure	159	217
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies, other long-term investments)	5	6
Acquisitions of non-current assets	164	223
Acquisitions of non-current assets	(65)	(189)
Acquisitions of non-current assets, net of disposals	99	34

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

3.1. Property, plant and equipment

€598m

Gross value	Land and buildings	Plant, equipment and tooling	Other property, plant and equipment	PP&E under construction and advance payments	Total
1 January 2016	423	881	319	84	1,707
Translation adjustments	(5)	5	–	(1)	(1)
Transfers between accounts	–	119	1	(101)	19
Changes in scope of consolidation	–	(2)	(4)	1	(5)
Acquisitions during the period	2	135	31	39	207
Disposals and other reductions	(8)	(105)	(43)	–	(156)
31 December 2016	412	1,033	304	22	1,771
Of which finance leases	5	1	2	–	8
MOVEMENTS DURING 2017					
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	407	966	285	23	1,681
Of which finance leases	5	1	2	–	8

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 2016	(137)	(603)	(224)	–	(964)
Translation adjustments	1	(4)	1	–	(2)
Transfers between accounts	–	(21)	–	–	(21)
Changes in scope of consolidation	–	2	3	–	5
Disposals and other reductions	2	88	38	–	128
Depreciation expense	(15)	(163)	(37)	–	(215)
Impairment losses charged	–	–	–	–	–
Impairment losses reversed	–	–	–	–	–
31 December 2016	(149)	(701)	(219)	–	(1,069)
Of which finance leases	(4)	–	(1)	–	(5)
MOVEMENTS DURING 2017					
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	(155)	(716)	(212)	–	(1,083)
Of which finance leases	(4)	–	(1)	–	(5)

Carrying amount	Land and buildings	Plant, equipment and tooling	Other property, plant and equipment	PP&E under construction and advance payments	Total
31 December 2016	263	332	85	22	702
Of which finance leases	1	1	1	–	3
31 December 2017	252	250	73	23	598
Of which finance leases	1	1	1	–	3

Analyses by business segment and geographical area 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. Intangible assets

€44m

Gross value	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
1 January 2016	–	129	28	157
Translation adjustments	–	(1)	(2)	(3)
Transfers between accounts	–	2	(2)	–
Changes in scope of consolidation	–	–	5	5
Acquisitions during the period	–	7	3	10
Disposals and other reductions	–	(3)	–	(3)
31 December 2016	–	134	32	166
MOVEMENTS DURING 2017				
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	–	139	33	172

Amortisation and impairment	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
1 January 2016	–	(100)	(11)	(111)
Translation adjustments	–	2	–	2
Transfers between accounts	–	–	–	–
Changes in scope of consolidation	–	–	–	–
Disposals and other reductions	–	3	–	3
Amortisation expense	–	(11)	(1)	(12)
Impairment losses charged	–	–	–	–
Impairment losses reversed	–	–	–	–
31 December 2016	–	(106)	(12)	(118)
MOVEMENTS DURING 2017				
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	–	(115)	(13)	(128)

Carrying amount	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
31 December 2016	–	28	20	48
31 December 2017	–	24	20	44

3.3. Goodwill

€526m

	Gross value	Impairment	Carrying amount	Building & Civil Engineering	Energies & Services
1 January 2016	557	–	557	251	306
Changes in scope of consolidation, translation adjustments & other movements	(17)	–	(17)	(16)	(1)
Impairment losses	–	–	–	–	–
31 December 2016	540	–	540	235	305
Changes in scope of consolidation, translation adjustments & other movements	(14)	–	(14)	(5)	(9)
Impairment losses	–	–	–	–	–
31 December 2017	526	–	526	230	296

3.4. Non-current financial assets

€300m

	Investments in joint ventures and associates	Other non-current financial assets		Total gross value	Amortisation and impairment	Carrying amount
		Investments in non-consolidated companies	Other non-current assets			
1 January 2016	69	159	206	434	(157)	277
Translation adjustments	1	2	–	3	–	3
Transfers between accounts	(1)	22	11	32	1	33
Changes in scope of consolidation	–	7	(1)	6	(4)	2
Acquisitions and other increases	7	2	19	28	0	28
Disposals and other reductions	(12)	(26)	(35)	(73)	0	(73)
Amortisation and impairment, net	–	–	–	–	4	4
31 December 2016	64	166	200	430	(156)	274
Translation adjustments	(1)	(9)	(11)	(21)	–	(21)
Transfers between accounts	(1)	1	3	3	–	3
Changes in scope of consolidation	4	(1)	–	3	–	3
Acquisitions and other increases	7	3	53	63	–	63
Disposals and other reductions	(2)	(7)	(29)	(38)	–	(38)
Amortisation and impairment, net	–	–	–	–	16	16
31 December 2017	71	153	216	440	(140)	300

3.4.1. Investments in joint ventures and associates

€30m

	Share of net assets held	Goodwill on joint ventures and associates	Carrying amount
1 January 2016	26	–	26
Translation adjustments	1	–	1
Transfers between accounts	(1)	–	(1)
Changes in scope of consolidation	–	–	–
Acquisitions and other increases	7	–	7
Disposals and other reductions	(12)	–	(12)
Impairment losses	–	–	–
31 December 2016	21	–	21
Translation adjustments	(1)	–	(1)
Transfers between accounts	(1)	–	(1)
Changes in scope of consolidation	4	–	4
Acquisitions and other increases	7	–	7
Disposals and other reductions	–	–	–
Impairment losses	–	–	–
31 December 2017	30	–	30

The Bouygues Construction group owns a number of investments in joint ventures and associates, a list of which is provided in Note 24, “List of principal consolidated entities”.

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

Figures are for 100% of the joint venture/associate	31/12/2017 Stade de France	31/12/2016 Stade de France
Non-current assets ⁽¹⁾	203	202
Current assets	59	70
Total assets	262	272
Shareholders' equity	42	40
Non-current liabilities	163	155
Current liabilities	57	77
Total liabilities & shareholders' equity	262	272
Sales	69	56
Operating profit/(loss)	1	(5)
Net profit/(loss)	2	(3)

(1) Net of investment grants obtained.

Movements during the period	01/01/2017	Net movements ⁽¹⁾ during 2017	31/12/2017
Stade de France	11	–	11
Zaic	4	4	8
Warnowquerung	–	–	–
Bina (Fincom and Istra)	–	–	–
Transjamaican	1	(1)	–
Socoprim	–	–	–
VSL Corée	–	–	–
VSL Japon	2	–	2
VSL Chili	2	–	2
Other	1	6	7
Total	21	9	30

(1) Includes the Group's share of net profit/loss for the period, acquisitions, changes in scope of consolidation, translation adjustments, dividends paid, capital increases, and changes in the fair value of financial instruments.
Accumulated unrecognised losses on joint ventures and associates: €(21) million.

3.4.2. Investments in non-consolidated companies

€83m

Investments in non-consolidated companies ⁽¹⁾	31/12/2017				Total assets ⁽²⁾	Total current & non-current liabilities ⁽²⁾	Total sales ⁽²⁾	Net profit/ (loss) ⁽²⁾
	Gross value	Impairment	Carrying amount	% interest				
FRENCH COMPANIES								
Foncière Point du Jour	10	(8)	2	100%	2	—	—	—
Axione Infrastructures	5	—	5	15%	235	177	3	5
Other investments in French companies	17	(5)	12	—	—	—	—	—
Sub-total	32	(13)	19	—	—	—	—	—
FOREIGN COMPANIES								
Hong Kong IEC Limited	58	—	58	15%	111	28	61	(6)
VSL Corporation (United States)	22	(22)	—	100%	—	—	—	—
Other investments in foreign companies	41	(35)	6	—	—	—	—	—
Sub-total	121	(57)	64	—	—	—	—	—
Total	153	(70)	83	—	—	—	—	—

Investments in non-consolidated companies ⁽¹⁾	31/12/2016				Total assets ⁽²⁾	Total current & non-current liabilities ⁽²⁾	Total sales ⁽²⁾	Net profit/ (loss) ⁽²⁾
	Gross value	Impairment	Carrying amount	% interest				
FRENCH COMPANIES								
Foncière Point du Jour	10	(8)	2	100%	2	—	—	—
Axione Infrastructures	5		5	15%	240	187	3	6
Other investments in French companies	16	(4)	12	—	—	—	—	—
Sub-total	31	(12)	19	—	—	—	—	—
FOREIGN COMPANIES								
Hong Kong IEC Limited	67	—	67	15%	134	31	53	(9)
VSL Corporation (United States)	22	(22)	—	100%	—	—	—	—
Other investments in foreign companies	46	(42)	4	—	—	—	—	—
Sub-total	135	(64)	71	—	—	—	—	—
Total	166	(76)	90	—	—	—	—	—

(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.

3.4.3. Other non-current assets

€187m

The main items included in this heading are:

- Advances to non-consolidated companies 91
 - Non-current loans and receivables 67
 - Other long-term investments: 29
- comprising:
- Deposits and caution money 23
 - Other long-term investment securities 6

3.4.4. Analysis of investments in non-consolidated companies and other non-current assets by type €270m

The figures below do not include joint ventures or associates.

	Available-for-sale financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Held-to-maturity financial assets	Total
31 December 2016	96	157	–	–	253
Movements during 2017	(7)	24	–	–	17
31 December 2017	89	181	–	–	270
Due within less than 1 year	–	12	–	–	12
Due within 1 to 5 years	–	79	–	–	79
Due after more than 5 years	89	90	–	–	179

3.4.5. 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 2017 is provided in Note 24.

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

Bouygues Construction share	31/12/2017	31/12/2016
Non-current assets	135	153
Current assets	1,170	988
Total assets	1,305	1,141
Shareholders' equity	13	(160)
Non-current liabilities	40	38
Current liabilities	1,252	1,263
Total liabilities & shareholders' equity	1,305	1,141
Sales	1,510	1,500
Operating profit/(loss)	6	119
Net profit/(loss)	7	114

3.5. Non-current tax assets €89m

	31/12/2017	31/12/2016
Deferred tax assets ⁽¹⁾	89	103
Other non-current tax assets	–	–
Total non-current tax assets ⁽¹⁾	89	103

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

Note 4. Current assets

4.1. Inventories

€237m

Inventories	31/12/2017			31/12/2016		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Raw materials and supplies, finished goods and property development inventories	258	(21)	237	287	(25)	262
Total	258	(21)	237	287	(25)	262

Impairment of inventories	Charged during the year		Reversed during the year	
	2017	2016	2017	2016
Raw materials and supplies, finished goods and property development inventories	(4)	(14)	8	4
Total	(4)	(14)	8	4

4.2. Advances and down-payments made on orders

€161m

	31/12/2017			31/12/2016		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments made on orders	161	–	161	168	–	168
Total	161	–	161	168	–	168

4.3. Trade and other receivables

€3,820m

	31/12/2017			31/12/2016		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	3,084	(234)	2,850	3,173	(218)	2,955
Current tax assets (tax receivable)	95	–	95	84	–	84
Other current receivables & prepaid expenses:						
• Other operating receivables (employees, social security, government and other)	386	(6)	380	360	(7)	353
• Sundry receivables (including current accounts)	461	(44)	417	512	(44)	468
• Prepaid expenses	78	–	78	89	–	89
Total trade and other receivables	4,104	(284)	3,820	4,218	(269)	3,949

4.4. Split of trade receivables between non past due and past due as of 31 December 2017

	Non past due balances	Balances past due by			Total
		0-6 months	6-12 months	> 12 months	
Trade receivables	2,336	359	63	326	3,084
Impairment	(9)	(2)	(3)	(220)	(234)
Total trade receivables	2,327	357	60	106	2,850
Comparative at 31 December 2016	2,394	370	85	106	2,955

4.5. Other current financial assets

€9m

See Note 17, "Financial instruments".

4.6. Cash and cash equivalents

€4,310m

	31/12/2017			31/12/2016		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Bouygues Relais	2,012	–	2,012	2,127	–	2,127
Uniservice	1,342	–	1,342	1,410	–	1,410
Other cash	956	–	956	889	–	889
Cash equivalents	–	–	–	1	–	1
Total	4,310	–	4,310	4,427	–	4,427

Split by currency: 2017	Euro	Pound sterling	Swiss franc	Hong Kong dollar	Singapore dollar	Australian 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	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	2,449	307	504	463	72	130	52	178	40	11	43	61	4,310

Split by currency: 2016	Euro	Pound sterling	Swiss franc	Hong Kong dollar	Singapore dollar	Australian dollar	Canadian dollar	US dollar	Moroccan dirham	CFA franc	Qatari riyal	Other	Total
Cash	2,517	342	547	432	82	26	81	213	31	14	31	110	4,426
Cash equivalents	–	–	–	1	–	–	–	–	–	–	–	–	1
Total	2,517	342	547	433	82	26	81	213	31	14	31	110	4,427

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:

	31/12/2017	31/12/2016
Cash	4,310	4,426
Cash equivalents	–	1
Total	4,310	4,427
Overdrafts and short-term bank borrowings	(385)	(475)
Net cash position	3,925	3,952

Note 5. Shareholders' equity

5.1. Share capital

€127,967,250

As of 31 December 2017, 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:

	01/01/2017	Movements during 2017		31/12/2017
		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. Translation reserve

€1m

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero under the option allowed 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 2017 arising on foreign companies reporting in:

Currency	31/12/2016	Movements during 2017	31/12/2017
Pound sterling	10	1	11
Swiss franc	8	(6)	2
US dollar	(7)	–	(7)
Hong Kong dollar	8	(13)	(5)
Singapore dollar	1	(1)	–
Australian dollar	2	4	6
South African rand	74	(74)	–
Other currencies	(1)	(5)	(6)
Total	95	(94)	1

5.2.2. Fair value remeasurement reserve

€2m

The fair value remeasurement reserve is used to record changes in fair value that will be reclassified to profit or loss at a future date. It includes fair value remeasurements of (i) financial instruments used as cash flow hedges and (ii) available-for-sale financial assets.

	31/12/2016	Movements during 2017	31/12/2017
Fair value remeasurement reserve	(12)	14	2
Total	(12)	14	2

5.2.3. Other reserves

€(51)m

	31/12/2016	Movements during 2017	31/12/2017
Revaluation reserve	4	–	4
Actuarial gains/(losses)	(47)	(8)	(55)
Total	(43)	(8)	(51)

Note 6. Non-current and current provisions

6.1. Non-current provisions

€750m

	Employee benefits	Litigation and claims	Customer warranties	Risks on subsidiaries and affiliates	Miscellaneous foreign risks	Other non-current provisions	Total
1 January 2016	198	173	298	32	6	121	828
Translation adjustments	–	–	(3)	–	–	–	(3)
Transfers between accounts	–	(1)	–	–	–	(1)	(2)
Changes in method and in scope of consolidation, other movements	–	–	–	(18)	–	(2)	(20)
Recognised directly in equity	9	–	–	–	–	–	9
Charges to provisions	14	49	78	2	29	33	205
Reversals (provisions used)	(16)	(14)	(49)	(2)	(2)	(8)	(91)
Reversals (provisions not used)	(1)	(37)	(23)	(1)	(1)	(10)	(73)
31 December 2016	204	170	301	13	32	133	853
MOVEMENTS DURING 2017							
Translation adjustments	(1)	(1)	(3)	–	–	(1)	(6)
Transfers between accounts	–	(2)	–	–	5	(38)	(35)
Changes in method and in scope of consolidation, other movements	–	–	–	–	–	–	–
Recognised directly in equity	8	–	–	–	–	–	8
Charges to provisions	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	210	134	295	10	24	77	750

48
•
49

6.2. Current provisions

€529m

	Risks on completed projects	Project completion expenses	Expected losses to completion	Other current provisions	Total
1 January 2016	73	238	245	99	655
Translation adjustments	–	2	–	2	4
Transfers between accounts	1	–	–	3	4
Changes in method and in scope of consolidation, other movements	–	–	–	–	–
Charges to provisions	16	90	114	36	256
Reversals (provisions used)	(5)	(76)	(97)	(29)	(207)
Reversals (provisions not used)	(21)	(32)	(66)	(5)	(124)
31 December 2016	64	222	196	106	588
MOVEMENTS DURING 2017					
Translation adjustments	(3)	(8)	(9)	(4)	(24)
Transfers between accounts	1	(3)	–	–	(2)
Changes in method and in scope of consolidation, other movements	(2)	(1)	(1)	(1)	(5)
Charges to provisions	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	58	203	180	88	529

Note 7. Non-current tax assets and liabilities

7.1. Non-current tax assets

Assets €89m

Movement in deferred tax assets in the consolidated balance sheet	31/12/2016	Movements during 2017		31/12/2017
		Net gain/(expense)	Other movements	
Deferred tax assets	103	(15)	1	89

7.2. Deferred tax assets by business segment

Type of deferred taxation by business segment	Deferred tax assets 31/12/2016	Changes in scope of consolidation	Translation adjustments	Movements during 2017		Other	Deferred tax assets 31/12/2017
				Gain	Expense		
A. TAX LOSSES AVAILABLE FOR CARRY-FORWARD							
Building & Civil Engineering	6	–	–	5	(1)	–	10
Energies & Services	5	–	–	7	–	–	12
Sub-total: tax losses	11	–	–	12	(1)	–	22
B. TEMPORARY DIFFERENCES ⁽¹⁾							
Building & Civil Engineering	81	–	–	1	(26)	–	56
Energies & Services	11	–	–	1	(2)	1	11
Sub-total: temporary differences	92	–	–	2	(28)	1	67
Total deferred tax assets	103	–	–	14	(29)	1	89

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

7.3. Non-current tax liabilities

Liabilities €17m

Movement in deferred tax liabilities in the consolidated balance sheet	31/12/2016	Movements during 2017		31/12/2017
		Net (gain)/expense	Other movements	
Deferred tax liabilities	24	(5)	(2)	17

7.4. Deferred tax liabilities by business segment

Type of deferred taxation by business segment	Deferred tax liabilities 31/12/2016	Changes in scope of consolidation	Translation adjustments	Movements 2017		Other	Deferred tax liabilities 31/12/2017
				Gain	Expense		
TEMPORARY DIFFERENCES ⁽¹⁾							
Building & Civil Engineering	23	—	—	(5)	—	(2)	16
Energies & Services	1	—	—	—	—	—	1
Sub-total: temporary differences	24	—	—	(5)	—	(2)	17
Total deferred tax liabilities	24	—	—	(5)	—	(2)	17

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

7.5. Main sources of deferred taxation

	31/12/2017	31/12/2016
Deferred tax assets	89	103
Employee benefits	35	38
Customer warranties	11	14
Expected losses to completion	21	35
Provisions for customer disputes and bad debts	3	4
Tax losses available for carry-forward	21	11
Other sources of deferred tax assets	(2)	1
Deferred tax liabilities	17	24
Total	72	79

7.6. Period to recovery of deferred tax assets

31 December 2017	Less than 2 years	2 to 5 years	More than 5 years	Total
Deferred tax assets	57	7	25	89

7.7. Unrecognised deferred tax assets

	31/12/2017	31/12/2016
Bouygues group tax election	120	94
Other assets	154	144
Total	274	238

Note 8. Non-current and current debt

8.1. Interest-bearing debt by maturity

€516m

Debt	Current		Non-current						Total 31/12/2017	Total 31/12/2016
	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	–	1	–	–	–	–	–	–	1	4
Finance lease obligations	–	–	–	–	–	–	–	–	–	1
Other borrowings	–	1	12	8	5	4	2	–	32	48
Participating debt	–	–	–	–	–	–	–	–	–	–
Uniservice debt	1	2	305	45	–	130	–	–	483	512
Total interest-bearing debt	1	4	317	53	5	134	2	0	516	565
Comparative: 31/12/2016	2	20	245	230	54	4	3	7	565	–

Finance lease obligations by business segment	Building & Civil Engineering	Energies & Services	Total
Non-current: 31/12/2017	–	–	–
Current: 31/12/2017	–	–	–
Non-current: 31/12/2016	1	–	1
Current: 31/12/2016	–	–	–

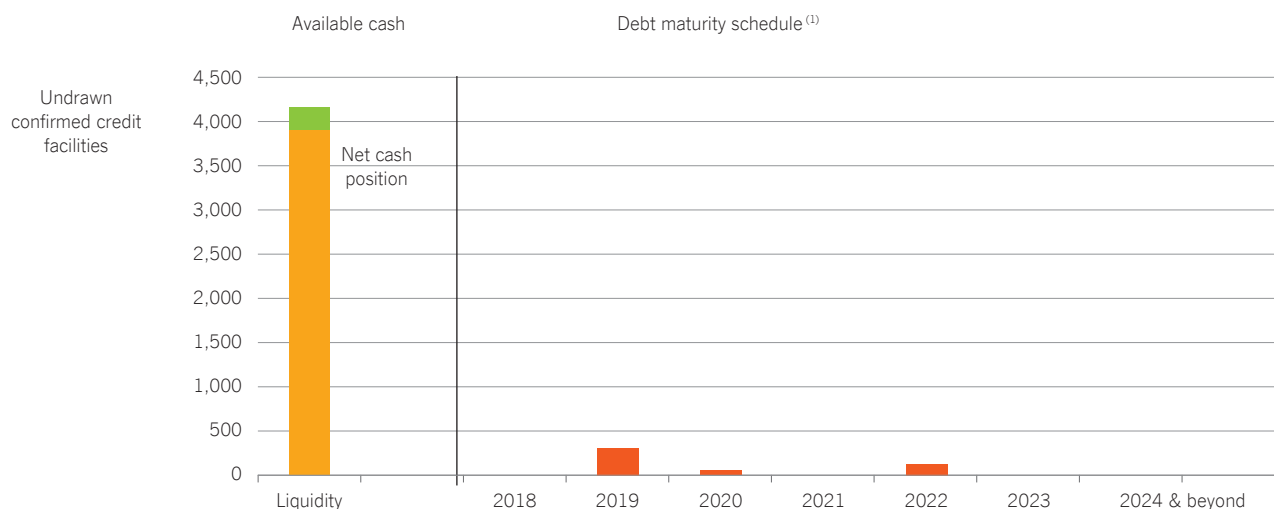
8.2. Confirmed credit facilities and drawdowns

	Confirmed facilities - Maturity				Drawdowns - Maturity			
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total
Bond issues	–	–	–	–	–	–	–	–
Bank borrowings	1	–	–	1	1	–	–	1
Other borrowings	4	775	2	781	4	509	2	515
Participating debt	–	–	–	–	–	–	–	–
Intra-group borrowings	–	–	–	–	–	–	–	–
Total	5	775	2	782	5	509	2	516

8.3. Liquidity at 31 December 2017

As of 31 December 2017, the net cash position was €3,925 million, plus €266 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 (€511m) and current debt (€5m).

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:

	31/12/2017	31/12/2016
Fixed rate ⁽¹⁾	2%	1%
Floating rate	98%	99%

(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	Other currencies	Total
Non-current: 31/12/2017	2	122	155	17	18	15	63	117	2	511
Current: 31/12/2017	—	—	—	—	—	5	—	—	—	5
Non-current: 31/12/2016	—	126	169	31	26	18	75	98	—	543
Current: 31/12/2016	—	—	—	—	—	6	—	16	—	22

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

Note 9. Main components of change in net surplus cash**€3,409m****9.1. Change in net surplus cash**

	31/12/2016	Cash flows	Changes in scope of consolidation	Translation adjustments	Other items	31/12/2017
Cash and cash equivalents	4,427	57	(5)	(169)	–	4,310
Overdrafts and short-term bank borrowings	(475)	92		(2)	–	(385)
Net cash position	3,952	149	(5)	(171)	–	3,925 ⁽¹⁾
Non-current debt	(543)	(4)	1	31	4	(511)
Current debt	(22)	4	–	1	12	(5)
Financial instruments - hedging of debt	–	–	–	–	–	–
Debt	(565)	0 ⁽²⁾	1	32	16	(516)
Net surplus cash	3,387	149	(4)	(139)	16	3,409

(1) Net cash position as analysed in the cash flow statement (net cash flows + non-monetary movements)

(2) Net cash generated by/(used in) financing activities

9.2. Principal movements in net surplus cash

Net surplus cash at 31 December 2016	3,387
Net cash generated by operating activities	278
Net cash used in investing activities	(108)
Dividends paid	(21)
Income from net surplus cash	12
Effect of changes in scope of consolidation on debt	1
Effect of exchange rates on net cash position and debt	(139)
Other movements	(1)
Net surplus cash at 31 December 2017	3,409

Note 10. Other current liabilities

10.1. Trade payables and other current liabilities

€6,915m

	31/12/2017	31/12/2016
Advances and down-payments received on orders	469	474
Current taxes payable	59	62
Trade payables	3,144	3,241
Other current liabilities	3,243	3,416
Employee-related and social security liabilities	453	438
Amounts due to government and local authorities	626	556
Other current liabilities	602	577
Deferred income	1,562	1,845

10.2. Overdrafts and short-term bank borrowings

€385m

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

Split by currency: 31/12/2016	Euro	Pound sterling	Swiss franc	Czech koruna	Hong Kong dollar	US dollar	Canadian dollar	CFA franc	Other currencies	Total
Overdrafts and short-term bank borrowings	109	12	136	13	140	2	23	16	24	475

10.3. Other current financial liabilities

€3m

See Note 17, "Financial instruments".

Note 11. Sales and other revenue from operations

11.1. Analysis by accounting classification

	2017 ⁽¹⁾	2016 ⁽¹⁾
Sales of goods	118	135
Sales of services	3,015	2,837
Construction contracts	8,527	8,843
Sales	11,660	11,815
Other revenues from operations	107	116
Total	11,767	11,931

(1) There were no exchanges of goods or services during the period.

Information about construction contracts as at 31 December 2017	
ASSETS	
Unbilled works	623
Warranty retentions	198
LIABILITIES	
Works billed in advance	1,276
Advance payments received	382
Costs incurred since inception on contracts in progress (plus recognised profits, minus recognised losses)	17,187

11.2. Analysis of sales by business segment

Business segment	2017 sales				2016 sales proforma *			
	France	International	Total	% of total sales	France	International	Total	% of total sales
Building & Civil Engineering	4,252	4,856	9,108	78%	4,387	5,131	9,518	81%
Energies & Services	1,317	1,235	2,552	22%	1,140	1,157	2,297	19%
Total sales	5,569	6,091	11,660	100%	5,527	6,288	11,815	100%
% change 2017 vs 2016	1%	-3%	-1%					

* With effect from 1 January 2017, contracts legally housed within the Building & Civil Engineering segment but under the operational management of the Energies & Services segment are reallocated to Energies & Services.
The figures for 2016 have been restated accordingly.

11.3. Analysis of sales by geographical area

Analysis by geographical area	2017 sales		2016 sales	
	Total	% of total sales	Total	% of total sales
France	5,569	47.8%	5,527	46.8%
European Union	1,560	13.4%	1,695	14.4%
Rest of Europe	1,192	10.2%	1,055	8.9%
Africa	484	4.2%	651	5.5%
Middle East	159	1.4%	182	1.5%
Americas	620	5.3%	792	6.7%
Asia-Pacific	2,076	17.8%	1,913	16.2%
Total	11,660	100.0%	11,815	100.0%

The Bouygues Construction group has operations in the United Kingdom, in Construction and Energies & Services. Those activities are carried out locally within the United Kingdom, and have no material exposure to uncertainties relating to imports and exports. Sales generated in 2017 amounted to £1,069 million (€1,219 million), compared with £1,108 million (€1,352 million) in 2016. Of the total year-on-year decrease of €133 million, €86 million is explained by the 7% fall in the average euro/sterling exchange rate (from €1.22 in 2016, to €1.14 in 2017) following the vote by the United Kingdom to leave the European Union.

11.4. Analysis of sales by type of contract (%)

Type of contract	2017			2016		
	France	International	Total	France	International	Total
Public-sector contracts ⁽¹⁾	39%	38%	38%	44%	40%	42%
Private-sector contracts	61%	62%	62%	56%	60%	58%

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

Note 12. Operating profit and EBITDA

12.1. Operating profit

€363m

	2017	2016
Current operating profit ⁽¹⁾		
Sales	11,660	11,815
Other revenues from operations	107	116
Purchases used in production and external charges	(8,433)	(8,492)
Personnel costs	(2,766)	(2,738)
Taxes other than income tax	(149)	(147)
Net depreciation & amortisation expense	(214)	(227)
Net charges to provisions & impairment losses	(146)	(193)
Change in production and property development inventories	(58)	(68)
Other income and expenses on operations:		
• Reversals of impairment losses and unused provisions	251	209
• Net gains on disposals of non-current assets	22	18
• Net foreign exchange gains/(losses)	–	(17)
• Other income/(expenses)	89	50
Sub-total: current operating profit	363	326
Other operating income and expenses ⁽²⁾	–	(23)
Operating profit ⁽³⁾	363	303

(1) An analysis by business segment is provided in Note 16.

(2) In 2016, includes costs incurred on implementation of the new organisational structure.

(3) Includes rental expense of €406 million in 2017 and €426 million in 2016.

12.2. EBITDA

€472m

	2017	2016
Current operating profit	363	326
Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses:		
• Net depreciation & amortisation expense	214	227
• Net charges to provisions & impairment losses	146	193
Elimination of items included in other income from operations:		
• Reversals of unutilised provisions and impairment	(251)	(209)
EBITDA	472	537

Note 13. Income from net surplus cash and other financial income and expenses

13.1. Analysis of income from net surplus cash

€12m

	2017	2016
Cost of debt	(6)	(6)
Income from cash and cash equivalents	18	20
Income from net surplus cash	12	14
Income from net surplus cash comprises:		
• net interest expense on debt	(6)	(6)
• interest expense on finance leases	–	–
• impact of financial instruments on debt	–	–
Sub-total	(6)	(6)
• net interest income from cash and cash equivalents	18	20
• impact of financial instruments on net cash position	–	–
• income from available-for-sale financial assets and cash equivalents	–	–
Sub-total	18	20

13.2. Analysis of other financial income and expenses

€49m

	2017	2016
Dividends from non-consolidated companies	17	15
Net (increase)/decrease in financial provisions	13	5
Net discounting expense	–	–
Change in fair value of other financial assets and liabilities	–	–
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	19	(17)
Other financial income/(expenses), net	49	3

An analysis by business segment is provided in Note 16.

Note 14. Income tax expense

14.1. Analysis of income tax expense

€(103)m

	2017			2016		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(40)	(50)	(90)	(49)	(61)	(110)
Change in deferred tax liabilities ^{(1) (2)}	5	–	5	5	–	5
Change in deferred tax assets ^{(1) (2)}	(15)	–	(15)	(11)	2	(9)
Dividend taxes	–	(3)	(3)	–	(5)	(5)
Total	(50)	(53)	(103)	(55)	(64)	(119)

An analysis by business segment is provided in Note 16.

	2017	2016
(1) Includes deferred taxes arising from:		
• temporary differences	(19)	(4)
• tax loss carry-forwards	5	1
• changes in tax rates or new taxes	(3)	(1)
(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:

	2017	2016
Standard tax rate in France	34.43%	34.43%
Differences in tax rates between France and other countries	-10.84%	-2.70%
Unrecognised deferred tax assets and creation/utilisation of tax loss carry-forwards	4.01%	-0.97%
Effect of permanent differences	-1.34%	-1.59%
Flat-rate and reduced-rate taxes	-1.29%	-1.60%
Dividend taxes	0.61%	1.03%
Other	-1.43%	-1.57%
Effective tax rate	24.15%	27.03%

Note 15. Basic and diluted earnings per share

Basic earnings per share is calculated by dividing net profit 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.

	2017	2016
Net profit attributable to the Group	€320m	€320m
Weighted average number of shares outstanding	1,706,230	1,706,230
Basic earnings per share	€187.55	€187.55

Diluted earnings per share 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.

	2017	2016
Net profit used to calculate diluted earnings per share	€320m	€320m
Weighted average number of shares outstanding used to calculate diluted earnings per share	1,706,230	1,706,230
Diluted earnings per share	€187.55	€187.55

Note 16. Segment information

The operating segments used are those reviewed by the chief operational decision-maker of the Group, 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 2017

31/12/2017*	Building & Civil Engineering	Energies & Services	Total
INCOME STATEMENT			
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	357	6	363
Other operating income and expenses	–	–	–
Operating profit	357	6	363
Income from net surplus cash/(cost of net debt)	16	(4)	12
Other financial income/(expenses), net	47	2	49
Income tax expense	(98)	(5)	(103)
Share of profits/(losses) of joint ventures and associates	2	–	2
Net profit from continuing operations	324	(1)	323
Net profit from discontinued and held-for-sale operations	–	–	–
Net profit	324	(1)	323
Net profit attributable to the Group	320	–	320
BALANCE SHEET			
Property, plant and equipment ⁽¹⁾	559	39	598
Intangible assets	20	24	44
Goodwill	230	296	526
Investments in joint ventures and associates	30	–	30
Deferred tax assets and non-current tax receivable	67	22	89
Current tax assets (tax receivable)	60	35	95
Cash and cash equivalents	4,145	165	4,310
Other segmental assets	3,447	955	4,402
Unallocated assets	–	–	–
Total assets	–	–	10,094
Non-current debt	503	8	511
Non-current provisions	672	78	750
Deferred tax liabilities and non-current tax liabilities	16	1	17
Current taxes payable	56	3	59
Overdrafts and short-term bank borrowings	366	19	385
Other segmental liabilities ⁽²⁾	6,212	1,181	7,393
Unallocated liabilities	–	–	979
Total liabilities and shareholders' equity	–	–	10,094
CASH FLOW STATEMENT			
Cash flow	470	14	484
Purchase price of property, plant & equipment and intangible assets ⁽³⁾	(138)	(21)	(159)
Purchase price of non-consolidated companies and other investments	(3)	(1)	(4)
Purchase price of investments in consolidated companies ⁽⁴⁾	–	(1)	(1)
Depreciation of property, plant & equipment and amortisation of intangible assets	(198)	(16)	(214)
Other non-cash expenses/(income) ⁽⁵⁾	73	8	81
OTHER INDICATORS			
EBITDA	449	23	472
Net surplus cash/(net debt)⁽⁶⁾	3,376	33	3,409
Free cash flow	289	(15)	274

(1) Including assets held under finance leases.

(2) Trade payables, advance payments received, current provisions, etc.

(3) Net of investment grants obtained.

(4) Net of cash acquired and debt assumed on acquisitions.

(5) Net charges to non-current provisions and impairment losses.

(6) Segment-level contribution.

* With effect from 1 January 2017, contracts legally housed within the Building & Civil Engineering segment but under the operational management of the Energies & Services segment are reallocated to Energies & Services.

Note 16. Segment information

16.2. Analysis by business segment: year ended 31 December 2016

31/12/2016 proforma*	Building & Civil Engineering	Energies & Services	Total
INCOME STATEMENT			
Total sales	9,590	2,393	11,983
Inter-segment sales	(72)	(96)	(168)
Third-party sales	9,518	2,297	11,815
Current operating profit	258	68	326
Other operating income and expenses	(16)	(7)	(23)
Operating profit	241	62	303
Income from net surplus cash/(cost of net debt)	19	(5)	14
Other financial income/(expenses), net	15	(12)	3
Income tax expense	(107)	(12)	(119)
Share of profits/(losses) of joint ventures and associates	121	—	121
Net profit from continuing operations	289	33	322
Net profit from discontinued and held-for-sale operations	—	—	—
Net profit	289	33	322
Net profit attributable to the Group	286	34	320
BALANCE SHEET			
Property, plant and equipment ⁽¹⁾	665	37	702
Intangible assets	26	22	48
Goodwill	235	305	540
Investments in joint ventures and associates	21	—	21
Deferred tax assets and non-current tax receivable	87	16	103
Current tax assets (tax receivable)	57	27	84
Cash and cash equivalents	4,273	154	4,427
Other segmental assets	3,638	925	4,563
Unallocated assets	—	—	—
Total assets	—	—	10,488
Non-current debt	532	11	543
Non-current provisions	768	85	853
Deferred tax liabilities and non-current tax liabilities	23	1	24
Current taxes payable	56	6	62
Overdrafts and short-term bank borrowings	460	15	475
Other segmental liabilities ⁽²⁾	6,583	1,179	7,762
Unallocated liabilities	—	—	769
Total liabilities and shareholders' equity	—	—	10,488
CASH FLOW STATEMENT			
Cash flow	470	64	534
Purchase price of property, plant & equipment and intangible assets ⁽³⁾	(200)	(17)	(217)
Purchase price of non-consolidated companies and other investments	(1)	(1)	(2)
Purchase price of investments in consolidated companies ⁽⁴⁾	(4)	—	(4)
Depreciation of property, plant & equipment and amortisation of intangible assets	(211)	(16)	(227)
Other non-cash expenses/(income) ⁽⁵⁾	(36)	2	(34)
OTHER INDICATORS			
EBITDA	476	74	550
Net surplus cash/(net debt) ⁽⁶⁾	3,298	89	3,387
Free cash flow	223	33	256

(1) Including assets held under finance leases.

(2) Trade payables, advance payments received, current provisions, etc.

(3) Net of investment grants obtained.

(4) Net of cash acquired and debt assumed on acquisitions.

(5) Net charges to non-current provisions and impairment losses.

(6) Segment-level contribution.

* With effect from 1 January 2017, contracts legally housed within the Building & Civil Engineering segment but under the operational management of the Energies & Services segment are reallocated to Energies & Services.
The figures for 2016 have been restated accordingly.

16.3. Analysis by geographical area

31/12/2017	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
Acquisitions of investments in non-consolidated companies and other investments	3	–	1	–	–	–	–	4
Acquisitions of investments in consolidated companies, net of acquired cash	1	–	–	–	–	–	–	1

(1) Including assets held under finance leases.

31/12/2016	France (incl. overseas departments)	European Union	Rest of Europe	Africa	Asia Pacific Oceania	Americas	Middle East	Total
INCOME STATEMENT								
Third-party sales	5,527	1,695	1,055	651	1,913	792	182	11,815
BALANCE SHEET								
Property, plant and equipment ⁽¹⁾	393	19	27	59	172	16	16	702
Intangible assets	37	10	–	1	–	–	–	48
CASH FLOW STATEMENT								
Acquisitions of property, plant & equipment and intangible assets	77	7	9	15	91	3	15	217
Acquisitions of investments in non-consolidated companies and other investments	1	–	–	1	–	–	–	2
Acquisitions of investments in consolidated companies, net of acquired cash	–	4	–	–	–	–	–	4

(1) Including assets held under finance leases.

Note 17. Financial instruments

The disclosures presented below show aggregate notional amounts at 31 December 2017 for each type of financial instrument used, split by residual maturity for interest rate hedges and by currency for currency hedges.

17.1. Interest rate and currency hedges

17.1.1. Analysis by business segment

(€ million)	Building & Civil Engineering	Energies & Services	Total 31/12/2017	Total 31/12/2016
Forward purchases	249	9	258	364
Forward sales	288	47	335	367
Currency swaps	31	–	31	7
Interest rate swaps*	12	–	12	15
Interest rate options (caps, floors)	–	–	–	–
Commodities derivatives	–	–	–	–
Total	580	56	636	753

* Bouygues Construction Relais €1 million at a fixed rate paid of 0.77%, and Bouygues Development €11 million at a fixed rate paid of 0.81%.

17.1.2. Analysis by maturity and original currency

(€ million)	Maturity				Original currency						
	< 1 year	1 to 5 years	> 5 years	Total	EUR	CHF	GBP	USD	HKD	CAD	Other currencies
Forward purchases	240	18	–	258	92	6	3	109	6	2	40
Forward sales	234	101	–	335	29	70	35	96	55	12	38
Currency swaps	31	–	–	31	–	–	1	1	–	20	9
Interest rate swaps	–	12	–	12	1	–	11	–	–	–	–
Interest rate options (caps, floors)	–	–	–	–	–	–	–	–	–	–	–
Commodities derivatives	–	–	–	–	–	–	–	–	–	–	–
Total	505	131	–	636	122	76	50	206	61	34	87

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 currencies	Total			
Forward purchases	2	–	–	–	–	2	–	2	–
Forward sales	–	4	1	–	2	7	–	7	–
Currency swaps	–	–	–	–	–	–	–	–	–
Interest rate swaps	–	–	–	–	–	–	–	–	–
Interest rate options (caps, floors)	–	–	–	–	–	–	–	–	–
Commodities derivatives	–	–	–	–	–	–	–	–	–
Total recognised as assets	2	4	1	–	2	9	–	9	–

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 currencies	Total			
Forward purchases	–	(2)	–	–	–	(2)	–	(2)	–
Forward sales	–	–	–	–	(1)	(1)	–	(1)	–
Currency swaps	–	–	–	–	–	–	–	–	–
Interest rate swaps	–	–	–	–	–	–	–	–	–
Interest rate options (caps, floors)	–	–	–	–	–	–	–	–	–
Commodities derivatives	–	–	–	–	–	–	–	–	–
Total recognised as liabilities	–	(2)	–	–	(1)	(3)	–	(3)	–

Total net asset/(liability)	2	2	1	–	1	6	–	6	–
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In the event of a +1.00% movement in the yield curve, the market value of the hedging instruments portfolio would decrease by €0.1 million.

In the event of a 1% adverse movement in the euro against each of the other currencies, the hedging instruments portfolio would have a positive market value of €2.9 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 2017

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

18.1. 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 Bouygues Construction 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 Group's consolidated balance sheet.

18.2. 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.

18.3. Operating leases

	31/12/2017	Less than 1 year	1 to 5 years	More than 5 years
Operating lease commitments (given/received)	49	11	27	11

These figures show the minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc.).

18.4. Finance leases (already recognised as liabilities in the balance sheet)

	31/12/2017	Less than 1 year	1 to 5 years	More than 5 years
Finance lease commitments	–	–	–	–

Note 18. Off balance sheet commitments at 31 December 2016

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

18.5. Guarantee commitments

	31/12/2016	Less than 1 year	1 to 5 years	More than 5 years
Pledges, mortgages and collateral	5		4	1
Guarantees and endorsements given ⁽¹⁾	69	4	44	21
Total guarantee commitments given	74	4	48	22
Pledges, mortgages and collateral	—	—	—	—
Guarantees and endorsements received	—	—	—	—
Total guarantee commitments received	—	—	—	—

(1) In connection with its ordinary activities, the Bouygues Construction 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 Group's consolidated balance sheet.

18.6. Sundry contractual commitments

	31/12/2016	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

	31/12/2016	Less than 1 year	1 to 5 years	More than 5 years
Operating lease commitments (given/received)	44	10	31	3

These figures show the minimum future lease payments due until the normal renewal date of the lease (or earliest potential termination date) under operating leases relating to current operations (land, buildings, plant & equipment, etc.).

18.8. Finance leases (already recognised as liabilities in the balance sheet)

	31/12/2016	Less than 1 year	1 to 5 years	More than 5 years
Finance lease commitments	4	1	2	1

Note 19. Average headcount and employee benefit obligations

19.1. Average headcount

	2017	2016
Managerial staff	9,109	8,628
Technical, supervisory & clerical staff	5,435	5,353
Site workers	5,868	6,173
Sub-total - headcount France	20,412	20,154
Expatriate staff and local employment contracts	28,094	30,957
Total average headcount	48,505	51,111

19.2. Employee benefit obligations

19.2.1. Employee benefit obligations

	01/01/2017	Movements during 2017	31/12/2017
Lump-sum retirement benefits	165	6	171
Long-service awards	31	–	31
Other post-employment benefits (pensions)	7	–	7
Total	203	6	209

These obligations are covered by provisions, recorded as non-current liabilities.

19.2.2. Employee benefit obligations: pensions and other post-employment benefits excluding long-service awards

19.2.2.1. Defined-contribution plans

	2017	2016
Amount recognised as an expense	202	190

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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Present value of obligation	171	165	29	29
Fair value of plan assets	—	—	(22)	(22)
Net obligation recognised	171	165	7	7

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

	Lump-sum retirement benefits		Pensions	
	2017	2016	2017	2016
1 January	165	163	7	2
Current service cost	10	9	1	1
Expected return on plan assets	—	—	—	(1)
Net recognised actuarial gains and losses	—	—	(1)	(1)
Interest expense on obligation	2	3	(1)	1
Income statement impact	12	12	1	—
Reversals (provisions used) ⁽¹⁾	(15)	(13)	—	—
Changes in scope of consolidation and effect of exchange rates	—	—	—	(1)
Actuarial gains and losses recognised in equity	9	3	—	6
Transfers and other movements	—	—	—	—
31 December	171	165	7	7

(1) 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

	31/12/2017	31/12/2016
Discount rate		
Lump-sum retirement benefits	1.50% (iboxx € corporate A10+)	1.71% (iboxx € corporate A10+)
Pensions	2.6%	2.8%
Mortality table	INSEE	INSEE
Salary inflation rate		
Lump-sum retirement benefits	1 to 2.8%	1 to 2.5%
Pensions	3.40%	3.45%

Note 20. Related-party disclosures

20.1. Related-party disclosures

	Expenses		Income		Receivables		Payables	
	2017	2016	2017	2016	2017	2016	2017	2016
Parties with an ownership interest	(171)	(192)	253	252	3,443 ⁽¹⁾	3,614	788	897
Joint operations	(79)	(23)	223	193	214	321	235	219
Joint ventures and associates		(1)	36	3	22	6	4	4
Other related parties	(3)	(5)	30	38	45	57	24	47
Total	(253)	(221)	542	486	3,724	3,998	1,051	1,167
Due within less than 1 year					3,684	3,963	568	658
Due within 1 to 5 years					22	19	483	509
Due after more than 5 years					18	16		
Of which bad debt write-offs								
Of which impairment of receivables					71	72		

(1) Includes Bouygues Relais: €2,012m and Uniservice: €1,342m

The off balance sheet commitments disclosed in Note 18 to these consolidated financial statements include €10 million of commitments to related parties.

20.2. Disclosures about remuneration and benefits paid to directors and senior executives

- Disclosures about senior executives cover members of the General Management Committee in post on 31 December 2017;
- Direct remuneration amounted to €13,623 thousand, comprising €8,199 thousand of basic remuneration and €5,424 thousand of variable remuneration paid in 2018 on the basis of 2017 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 €713 thousand in 2017;
- Long-term benefits: none;
- Termination benefits: these comprise lump-sum retirement benefits of €4,112 thousand as of 31 December 2017;
- Share-based payment: 301,000 stock options were awarded on 1 June 2017, at an exercise price of €37.99. The earliest exercise date is 2 June 2019.

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 2017
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
Held-for-sale assets	—	—	—
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)

	Building & Civil Engineering	Energies & Services	Group total 2016
Property, plant and equipment	—	—	—
Intangible assets	(4)	—	(4)
Goodwill	—	—	—
Non-current financial assets	6	1	7
Deferred tax assets and non-current tax receivable	—	—	—
Cash and cash equivalents	—	1	1
Held-for-sale assets	23	—	23
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	—	(16)	(16)
Working capital needs	1	19	20
Net divestment/(acquisition) cost	26	4	30
Gains on divestments of consolidated companies	113	(1)	112
Receivables on disposals/liabilities on acquisitions	—	(1)	(1)
Cash divested or acquired	—	15	15
Net cash flow arising from acquisitions and divestments of consolidated companies	139	17	156

21.2. Calculation of free cash flow

	2017	2016
Cash flow	484	534
Income from net surplus cash	12	14
Income taxes	(103)	(119)
Cash flow after income from net surplus cash and income taxes	393	429
Purchase price of property, plant & equipment and intangible assets	(159)	(217)
Proceeds from disposals of property, plant & equipment and intangible assets	40	44
Net capital expenditure	(119)	(173)
Free cash flow	274	256

21.3. Changes in working capital related to operating activities

	2017	2016
ASSETS		
Inventories	29	79
Advances and down-payments made on orders	(2)	11
Trade receivables	(85)	(198)
Other current receivables and current financial assets	(198)	19
Sub-total: Assets⁽¹⁾	(256)	(89)
LIABILITIES		
Advances and down-payments received on orders	20	(146)
Trade payables	277	260
Current provisions	(22)	(76)
Other current liabilities and current financial liabilities	(148)	245
Sub-total: Liabilities⁽²⁾	127	283
Changes in working capital related to operating activities	(129)	194

(1) Assets: decrease/(increase)

(2) Liabilities: (decrease)/increase

Note 22. Impacts of first-time application of IFRS 15, “Revenue from contracts with customers” and IFRS 9, “Financial instruments”

The Bouygues Construction group will apply IFRS 15 with effect from 1 January 2018, with retrospective application and presentation of a comparative period.

The method already used by the Group to recognise revenue over time is consistent with IFRS 15. First-time application of IFRS 15 does not have a material impact on the comparative financial statements.

The Bouygues Construction group will apply the classification, measurement and impairment principles of IFRS 9 to financial instruments 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 will also be 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 will not have a material impact on opening equity as of 1 January 2018 at Group level.

The following tables show the impacts of IFRS 15 (mandatorily applicable from 1 January 2018) on the opening position at the start of the 2017 financial year (based on balances as of 31 December 2016) and on interim periods of 2017, plus the impacts of both IFRS 15 and IFRS 9 as of 1 January 2018 (based on balances as of 31 December 2017).

Balance sheet line items as of 31 December 2016 impacted by IFRS 15

BOUYGUES CONSTRUCTION GROUP CONSOLIDATED FINANCIAL STATEMENTS			
Consolidated balance sheet (€ million)			
Assets	31/12/2016 Published	IFRS 15 impact	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		2,955
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	IFRS 15 impact	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
Current provisions	588		588
Other current liabilities	3,416	21	3,437
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 debt (-)/Net surplus cash (+)	3,387		3,387

Balance sheet line items as of 31 March 2017 impacted by IFRS 15⁽¹⁾

BOUYGUES CONSTRUCTION GROUP CONSOLIDATED FINANCIAL STATEMENTS			
Consolidated balance sheet (€ million)			
Assets	31/03/2017 Published	IFRS 15 impact	31/03/2017 Restated
Property, plant and equipment	657		657
Intangible assets	46		46
Goodwill	540		540
Investments in joint ventures and associates	23		23
Other non-current financial assets	256		256
Deferred tax assets and non-current tax receivable	100		100
Non-current assets	1,622		1,622
Inventories	284		284
Advances and down-payments made on orders	185		185
Trade receivables	3,082		3,082
Tax asset (receivable)	94		94
Other current receivables and prepaid expenses	923		923
Cash and cash equivalents	3,862		3,862
Financial instruments - Hedging of debt	—		—
Other current financial assets	10		10
Current assets	8,440		8,440
Held-for-sale assets and operations	—		—
Total assets	10,062		10,062
Liabilities and shareholders' equity	31/03/2017 Published	IFRS 15 impact	31/03/2017 Restated
Share capital	128		128
Share premium and reserves	519		519
Translation reserve	84		84
Treasury shares	—		—
Consolidated net profit/(loss)	79		79
Shareholders' equity attributable to the Group	810		810
Non-controlling interests	25		25
Shareholders' equity	835		835
Non-current debt	546		546
Non-current provisions	841	(21)	820
Deferred tax liabilities and non-current tax liabilities	23		23
Non-current liabilities	1,410	(21)	1,389
Advances and down-payments received on orders	457		457
Current debt	21		21
Current taxes payable	65		65
Trade payables	2,931		2,931
Current provisions	526		526
Other current liabilities	3,439	21	3,460
Overdrafts and short-term bank borrowings	361		361
Financial instruments – Hedging of debt	—		—
Other current financial liabilities	17		17
Current liabilities	7,817	21	7,838
Liabilities related to held-for-sale operations	—		—
Total liabilities and shareholders' equity	10,062		10,062
Net debt (-)/Net surplus cash (+)	2,934		2,934

(1) The consolidated financial statements as of 31 March 2017 were subject to a review by the statutory auditors.

Balance sheet line items as of 30 June 2017 impacted by IFRS 15⁽²⁾

BOUYGUES CONSTRUCTION GROUP CONSOLIDATED FINANCIAL STATEMENTS			
Consolidated balance sheet (€ million)			
Assets	30/06/2017 Published	IFRS 15 impact	30/06/2017 Restated
Property, plant and equipment	622		622
Intangible assets	45		45
Goodwill	537		537
Investments in joint ventures and associates	23		23
Other non-current financial assets	273		273
Deferred tax assets and non-current tax receivable	98		98
Non-current assets	1,598		1,598
Inventories	280		280
Advances and down-payments made on orders	166		166
Trade receivables	3,129		3,129
Tax asset (receivable)	88		88
Other current receivables and prepaid expenses	942		942
Cash and cash equivalents	3,641		3,641
Financial instruments – Hedging of debt	–		–
Other current financial assets	15		15
Current assets	8,261		8,261
Held-for-sale assets and operations	–		–
Total assets	9,859		9,859
Liabilities and shareholders' equity	30/06/2017 Published	IFRS 15 impact	30/06/2017 Restated
Share capital	128		128
Share premium and reserves	509		509
Translation reserve	89		89
Treasury shares	–		–
Consolidated net profit/(loss)	159		159
Shareholders' equity attributable to the Group	885		885
Non-controlling interests	24		24
Shareholders' equity	909		909
Non-current debt	529		529
Non-current provisions	793	(21)	772
Deferred tax liabilities and non-current tax liabilities	22		22
Non-current liabilities	1,344	(21)	1,323
Advances and down-payments received on orders	460		460
Current debt	20		20
Current taxes payable	52		52
Trade payables	2,967		2,967
Current provisions	493		493
Other current liabilities	3,283	21	3,304
Overdrafts and short-term bank borrowings	327		327
Financial instruments – Hedging of debt	–		–
Other current financial liabilities	4		4
Current liabilities	7,606	21	7,627
Liabilities related to held-for-sale operations	–		–
Total liabilities and shareholders' equity	9,859		9,859
Net debt (-) / Net surplus cash (+)	2,765		2,765

(2) The consolidated financial statements as of 30 June 2017 were subject to a review by the statutory auditors.

Balance sheet line items as of 30 September 2017 impacted by IFRS 15⁽³⁾

BOUYGUES CONSTRUCTION GROUP CONSOLIDATED FINANCIAL STATEMENTS			
Consolidated balance sheet (€ million)			
Assets	30/09/2017 Published	IFRS 15 impact	30/09/2017 Restated
Property, plant and equipment	591		591
Intangible assets	43		43
Goodwill	528		528
Investments in joint ventures and associates	22		22
Other non-current financial assets	278		278
Deferred tax assets and non-current tax receivable	100		100
Non-current assets	1,562		1,562
Inventories	258		258
Advances and down-payments made on orders	174		174
Trade receivables	3,140		3,140
Tax asset (receivable)	89		89
Other current receivables and prepaid expenses	890		890
Cash and cash equivalents	3,535		3,535
Financial instruments - Hedging of debt	—		—
Other current financial assets	21		21
Current assets	8,107		8,107
Held-for-sale assets and operations	—		—
Total assets	9,669		9,669
Liabilities and shareholders' equity	30/09/2017 Published	IFRS 15 impact	30/09/2017 Restated
Share capital	128		128
Share premium and reserves	517		517
Translation reserve	90		90
Treasury shares	—		—
Consolidated net profit/(loss)	233		233
Shareholders' equity attributable to the Group	968		968
Non-controlling interests	26		26
Shareholders' equity	994		994
Non-current debt	535		535
Non-current provisions	751	(21)	730
Deferred tax liabilities and non-current tax liabilities	21		21
Non-current liabilities	1,307	(21)	1,286
Advances and down-payments received on orders	481		481
Current debt	5		5
Current taxes payable	63		63
Trade payables	3,063		3,063
Current provisions	487		487
Other current liabilities	2,967	21	2,988
Overdrafts and short-term bank borrowings	297		297
Financial instruments – Hedging of debt	—		—
Other current financial liabilities	5		5
Current liabilities	7,368	21	7,389
Liabilities related to held-for-sale operations	—		—
Total liabilities and shareholders' equity	9,669		9,669
Net debt (-)/Net surplus cash (+)	2,698		2,698

(3) The consolidated financial statements as of 30 September 2017 were subject to a review by the statutory auditors.

Financial statement line items as of 31 December 2017 impacted by IFRS 15 and IFRS 9

Balance sheet

BOUYGUES CONSTRUCTION GROUP CONSOLIDATED FINANCIAL STATEMENTS					
Consolidated balance sheet (€ million)					
Assets	31/12/2017 Published	IFRS 15 impact	31/12/2017 Restated	IFRS 9 impact	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	0	1,557	(1)	1,556
Inventories	237		237		237
Advances and down-payments made on orders	161		161		161
Trade receivables	2,850		2,850		2,850
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	0	8,537	0	8,537
Held-for-sale assets and operations	–		–		–
Total assets	10,094	0	10,094	(1)	10,093
Liabilities and shareholders' equity	31/12/2017 Published	IFRS 15 impact	31/12/2017 Restated	IFRS 9 impact	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	0	954	(1)	953
Non-controlling interests	25		25		25
Shareholders' equity	979	0	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	0	1,257
Advances and down-payments received on orders	469		469		469
Current debt	5		5		5
Current taxes payable	59		59		59
Trade payables	3,144		3,144		3,144
Current provisions	529		529		529
Other current liabilities	3,243	21	3,264		3,264
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	0	7,858
Liabilities related to held-for-sale operations	–		–		–
Total liabilities and shareholders' equity	10,094	0	10,094	(1)	10,093
Net debt (-) / Net surplus cash (+)	3,409	0	3,409	0	3,409

The income statement and cash flow statement are not impacted by IFRS 15 or IFRS 9.

Presentations of non-current financial assets and impairment in accordance with IFRS 9

(€ million)	Available-for-sale financial assets	Financial assets at fair value through profit or loss	Held-to-maturity assets	Loans and receivables	Total
31 December 2016 (IAS 39)	96	–	–	157	253
Movements during 2017	(7)	–	–	24	17
31 December 2017 published (IAS 39)	89	–	–	181	270
Due within less than 1 year	–	–	–	12	12
Due within 1 to 5 years	–	–	–	79	79
Due after more than 5 years	89	–	–	90	179

(€ million)	Equity instruments		Debt instruments	Total
	Fair value through OCI	Fair value through profit or loss	Amortised cost	
1 January 2018 (IFRS 9)	69	13	187	270
Gross value (IFRS 9)	69	13	216	298
Impairment (IFRS 9)	–	–	(29)	(29)
Carrying amount (IFRS 9)	69	13	187	270

(€ million)	Total Fair value through OCI	Total Fair value through profit or loss	Total Amortised cost	Total
1 January 2018 (IFRS 9)	69	13	187	270
Gross value (IFRS 9)	69	13	216	298
Impairment (IFRS 9)	–	–	(29)	(29)
Carrying amount (IFRS 9)	69	13	187	270

Order book (IFRS 15)

As of 31 December 2017 the Group's order book stood at €21,177 million, of which 42% was expected to be realised within the next 12 months.

Note 23. 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 (excluding joint ventures and associates), as expensed through the income statement in 2017.

Type of engagement	Mazars network			Ernst & Young network			Other firms			Total fee expense	
	2017	%	2016	2017	%	2016	2017	%	2016	2017	2016
A. AUDIT											
Audit of consolidated and individual company financial statements	2,227	96%	2,217	3,416	92%	3,475	163	14%	286	5,806	5,978
Related engagements	95	4%	50	203	6%	334	2	0%	47	300	431
Sub-total 1	2,322	100%	2,267	3,619	98%	3,809	165	14%	333	6,106	6,409
B. OTHER SERVICES											
Legal, tax, employment law	—	—	—	77	2%	55	929	80%	79	1,006	134
Other	1	0%	—	—	0%	—	70	6%	46	71	46
Sub-total 2	1	0%	—	77	2%	55	999	86%	125	1,077	180
Total fee expense	2,323	100%	2,267	3,696	100%	3,864	1,164	100%	458	7,183	6,589

Note 24. List of principal consolidated entities at 31 December 2017

Company	City	Country	% interest		% control	
			31/12/2017	31/12/2016	31/12/2017	31/12/2016
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	Cléon	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%
Structis SNC	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%
Structis Maroc	Casablanca	Morocco	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	99.35%	99.35%	99.35%	99.35%
Bouygues Bâtiment Ile-de-France PPP SA	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
Brezillon SA	Margny-Lès-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%
Cogemex SAS	Ivry-sur-Seine	France	—	100.00%	—	100.00%
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%
Quille SA	Rouen	France	—	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%
Colt España	L'Hospitalet de Llobregat	Spain	—	60.00%	—	60.00%
Losinger Holding AG	Lucerne	Switzerland	100.00%	100.00%	100.00%	100.00%
Losinger Marazzi AG	Köniz	Switzerland	100.00%	100.00%	100.00%	100.00%
Richelmi SA	Monaco	Monaco	100.00%	100.00%	100.00%	100.00%

Company	City	Country	% interest		% control	
			31/12/2017	31/12/2016	31/12/2017	31/12/2016
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%
Bouygues Construction India Building Projects LLP	Mumbai	India	100.00%	100.00%	100.00%	100.00%
Bouygues Bâtiment Guinee Equatoriale 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 Construcaao 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	85.00%	85.00%	90.57%	90.57%
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	Bangkok	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%
Hallmark - BY Development Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Karmar SA	Warsaw	Poland	100.00%	100.00%	100.00%	100.00%
Setao	Abidjan	Ivory Coast	78.61%	78.61%	78.61%	78.61%
Thomas Vale Group	Worcestershire	United Kingdom	–	100.00%	–	100.00%
Tower Hamlets LEP Ltd	London	United Kingdom	80.00%	80.00%	80.00%	80.00%
VCES Holding SRO and its subsidiaries	Prague	Czech Republic	100.00%	100.00%	100.00%	100.00%
Westminster Local Education Partnership Ltd	London	United Kingdom	90.00%	90.00%	90.00%	90.00%
Linkcity Poland (formerly Bypolska Property Developement)	Warsaw	Poland	100.00%	100.00%	100.00%	100.00%
5. Other Bâtiment International subsidiaries						
• Other countries						
Asiaworld Expo Management Ltd	Hong Kong	China	100.00%	100.00%	100.00%	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%
Dragages - Bouygues TP MTRC SCL 1128	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 Nucleaires	Guyancourt	France	100.00%	100.00%	100.00%	100.00%
BYTP Regions France SA	Labège	France	100.00%	100.00%	100.00%	100.00%
Europe Fondations	Guyancourt	France	100.00%	100.00%	100.00%	100.00%

Company	City	Country	% interest		% control	
			31/12/2017	31/12/2016	31/12/2017	31/12/2016
• 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%
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%
Goukoto Mining Services	Bamako	Mali	100.00%	100.00%	100.00%	100.00%
Kibali Minig Services (KMS) SPRL	Watsa Province Orientale	Democratic Rep. Congo	100.00%	100.00%	100.00%	100.00%
Mining and Rehandling Services (Mars)	Bamako	Mali	100.00%	100.00%	100.00%	100.00%
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	Köniz	Switzerland	100.00%	100.00%	100.00%	100.00%
• Other countries						
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%
Intrafor Hong Kong Limited	Hong Kong	China	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 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	67.00%	67.00%	67.00%	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	78.40%	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 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 (Brunei)	Darussalam	Brunei	–	60.00%	–	60.00%
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 Energies & Services						
Bouygues Energies & Services SAS	Montigny-Le-Bretonneux	France	100.00%	100.00%	100.00%	100.00%
• France						
Axione	Malakoff	France	100.00%	100.00%	100.00%	100.00%
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 Industrie et Logistique	Montigny-Le-Bretonneux	France	–	100.00%	–	100.00%

Company	City	Country	% interest		% control	
			31/12/2017	31/12/2016	31/12/2017	31/12/2016
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%
Marc Favre SAS	Valleiry	France	—	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	100.00%	100.00%	100.00%	100.00%
Bouygues E&S Technics Schweiz (formerly Balestra Galiotto TCC)	Grand-Lancy	Switzerland	—	100.00%	—	100.00%
Barking & Dagenham Schools Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Barnet Hospital Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
BY Home Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Lewisham Schools Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Mid Essex Hospital Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
North Middlesex Hospital Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Central Middlesex Hospital Project 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%
Bouygues E&S FM Canada	Vancouver	Canada	100.00%	100.00%	100.00%	100.00%
Bouygues E&S UK	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Europland Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Gastier and its subsidiaries	Montreal	Canada	85.00%	85.00%	85.00%	85.00%
GIE Lumen	Libreville	Gabon	—	63.31%	—	75.00%
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	43.35%	43.35%	51.00%	51.00%
Peterborough Schools Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
Plan Group Inc. and its subsidiaries	Toronto	Canada	85.00%	85.00%	85.00%	85.00%
Bouygues E&S Gabon	Libreville	Gabon	84.42%	84.42%	84.42%	84.42%
West Middlesex Hospital Project Ltd	London	United Kingdom	100.00%	100.00%	100.00%	100.00%
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%
JOINT VENTURES AND ASSOCIATES						
1. Bouygues Bâtiment Ile-de-France						
Chrysalis Developpement SAS	Paris	France	65.00%	65.00%	65.00%	65.00%
2. Entreprises France Europe subsidiaries						
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						
Bombela Civils JV Ltd	Johannesburg	South Africa	—	45.00%	—	45.00%
Société pour la réalisation du Port de Tanger Méditerranée	Tangier	Morocco	66.67%	66.67%	66.67%	66.67%
TMBYS SAS	Guyancourt	France	66.67%	66.67%	66.67%	66.67%

Company	City	Country	% interest		% control	
			31/12/2017	31/12/2016	31/12/2017	31/12/2016
Oc'via Maintenance SAS	Guyancourt	France	49.00%	49.00%	49.00%	49.00%
GIE Oc'via Construction	Nîmes	France	49.00%	49.00%	49.00%	49.00%
GIE L2 Construction	Marseille	France	56.50%	56.50%	56.50%	56.50%
GIE Constructeurs CSO Vichy	Lyon	France	—	66.00%	—	66.00%
GIE Compagnie Maritime du Littoral	Rueil-Malmaison	France	33.00%	33.00%	33.00%	33.00%
GIE Prefa Réunion	Le Port	Reunion Island	33.00%	33.00%	33.00%	33.00%
GIE Viaduc du Littoral	Le Port	Reunion Island	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%
Plessentiel GIE	Guyancourt	France	—	28.50%	—	28.50%
Plessentiel SAS	Guyancourt	France	—	28.50%	—	28.50%
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 subsidiaries						
3. Bouygues Bâtiment International						
AnfaB21 SAS	Casablanca	Morocco	15.00%	15.00%	15.00%	15.00%
Bouygues Construction Qatar LLC	Doha	Qatar	72.00%	72.00%	72.00%	72.00%
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	45.00%	45.00%	45.00%	45.00%
Bombela TKC JV PTY Ltd	Johannesburg	South Africa	—	25.00%	—	25.00%
Transjamaican Highway Limited	Kingston	Jamaica	48.89%	48.89%	48.89%	48.89%
Warnowquerung	Rostock	Germany	30.00%	30.00%	30.00%	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						
Betron	Ottawa	Canada	42.50%	42.50%	50.00%	50.00%

A complete list of companies included in the consolidation is available from the Bouygues SA Investor Relations Department.

Statutory auditors' report on the consolidated financial statements

Year ended 31 December 2017

To the Annual General Meeting of Bouygues Construction,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Bouygues Construction for the year ended 31 December 2017.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at 31 December 2017 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

Audit Framework

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 opinion.

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from 1 January 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics for Statutory Auditors (*Code de déontologie de la profession de Commissaire aux comptes*).

Justification of assessments

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the following assessments that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

- Your Group recognises profit or loss on long-term contracts according to the conditions described in the section entitled "Accounting for construction contracts" of Note 2.2.3 to the consolidated financial statements. This profit or loss depends on your company's estimates of profit or loss upon completion. Based on the information provided to us, our work included assessing the data and assumptions on which the valuation of the profit or loss upon completion of these contracts is based, and evaluating the main controls implemented by the Group to measure profit or loss upon completion. Within the scope of our assessments, we considered the reasonableness of these estimates.
- Your company recognises provisions for claims and litigation, as set out in Notes 2.2.2 and 6.1 to the consolidated financial statements, designed to cover claims, litigation and foreseeable risks relating to the Group's business. On the basis of the information available to date, our assessment of these provisions included a review of the situation and the assumptions underlying their measurement.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law we have also verified in accordance with professional standards applicable in France the information pertaining to 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 Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our role is to issue 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 reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgement throughout the audit and furthermore:

- 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, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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 the 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.

- Assesses 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. This assessment is based on the audit evidence obtained up to the date of this audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains 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. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Courbevoie and Paris-La Défense, 22 March 2018

The Statutory Auditors
French original signed by

Mazars

Gilles Rainaut Julien Marin Pache

Ernst & Young Audit

Laurent Vitse

Parent company financial statements

Bouygues Construction SA: balance sheet at 31 December 2017

Assets (€ million)	31/12/2017			31/12/2016
	Gross	Amortisation, depreciation & impairment	Net	Net
Intangible assets	79	66	13	18
Property, plant and equipment	29	18	11	11
Long-term investments				
• Holdings in subsidiaries and affiliates	672	38	634	638
• Other	408	0	407	427
Sub-total	1,080	38	1,042	1,065
Non-current assets	1,188	122	1,066	1,094
Inventories and work in progress	–	–	–	–
Advances and down-payments made on orders	0	–	0	0
Trade receivables	25	–	25	17
Other receivables	219	9	210	247
Short-term investments	–	–	–	–
Cash	2,047	–	2,047	2,148
Current assets	2,292	9	2,282	2,412
Other assets	67	–	67	88
Total assets	3,547	131	3,416	3,595

Liabilities and equity (€ million)	31/12/2017	31/12/2016
Share capital	128	128
Share premium	15	15
Revaluation reserves	0	0
Other reserves	13	13
Retained earnings	359	(15)
Net profit for the year	196	371
Investment grants	–	–
Restricted provisions	–	–
Shareholders' equity	711	512
Other forms of equity	–	–
Provisions	13	44
Debt	542	561
Advances and down-payments received on orders	–	–
Trade payables	33	32
Other payables	60	61
Non-financial liabilities	92	93
Overdrafts and short-term bank borrowings	2,006	2,318
Accruals and deferred income	53	66
Total liabilities and shareholders' equity	3,416	3,595

Bouygues Construction SA: income statement for the year ended 31 December 2017

(€ million)	2017	2016
Sales	204	178
Other operating revenue	2	2
Purchases and changes in inventory	–	–
Taxes other than income tax	(4)	(4)
Personnel costs	(81)	(65)
Other operating expenses	(117)	(106)
Depreciation, amortisation, impairment & provisions, net	(8)	(8)
Profits/(losses) from shared operations	2	2
Operating profit/(loss)	(3)	(1)
Financial income and expenses	204	377
Pre-tax profit on ordinary activities	201	376
Exceptional items	2	0
Employee profit-sharing	–	–
Income tax expense	(7)	(5)
Net profit for the year	196	371

Bouygues Construction SA: cash flow statement for the year ended 31 December 2017

(€ million)	2017	2016
A. OPERATING ACTIVITIES		
Cash flow		
• Net profit for the year	196	371
• Depreciation and amortisation	8	8
• Net change in impairment and provisions ⁽¹⁾	1	4
• Net gains on asset disposals and other items ⁽²⁾	(3)	0
Sub-total	203	383
Change in working capital		
• Current assets, other assets, accruals and deferred income	51	78
• Net advances and down-payments received, non-financial liabilities & other items	(15)	(13)
Net cash generated by/(used in) operating activities	239	448
B. INVESTING ACTIVITIES		
Increases in non-current assets:		
• Acquisitions of intangible assets and property, plant & equipment	(4)	(4)
• Acquisitions of holdings in subsidiaries and affiliates	(34)	0
Sub-total	(38)	(4)
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	(8)	(8)
Amounts receivable in respect of non-current assets, net	(1)	0
Net cash generated by/(used in) investing activities	(46)	(11)
C. FINANCING ACTIVITIES		
Increase in shareholders' equity	0	0
Dividends paid during the year	(20)	(500)
Change in net debt	8	18
Net cash generated by/(used in) financing activities	(12)	(482)
Change in net cash position (a + b + c)	180	(45)
Net cash position at 1 January ⁽³⁾	(169)	(124)
Net cash flows during the year, excluding non-monetary flows	180	(45)
Other non-monetary flows	31	—
Net cash position at end of period ⁽³⁾	42	(169)

(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 2017

Subsidiaries and affiliates	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%)				639	622	
DTP	10	2	100.00%	24	24	
Bouygues Bâtiment International	25	103	100.00%	85	85	
Bouygues Bâtiment Ile-de-France	13	23	99.70%	103	103	
Bouygues Travaux Publics	41	60	92.02%	93	93	
BYES ⁽⁵⁾	51	82	100.00%	158	158	
Bouygues Bâtiment Nord Est	25	9	100.00%	35	35	
Bouygues Bâtiment Centre Sud Ouest	7	8	100.00%	11	11	
Bouygues Bâtiment Sud Est	3	21	100.00%	6	6	
Fichallenge	2	(7)	100.00%	2	—	
Challenger	0	—	99.99%	15	15	
Bouygues Bâtiment Grand Ouest	2	30	100.00%	4	4	
Kohler	0	22	100.00%	25	25	
VSL (Switzerland)	2	(6)	100.00%	32	32	
Losinger Holding (Switzerland)	15	9	99.96%	22	22	
Dragages Hong Kong (Hong Kong)	50	74	100.00%	6	6	
Acieroid (Spain)	1	1	93.81%	15	—	
Detailed information: affiliates (interest held: 10%-50%)				—	—	
B. AGGREGATE INFORMATION FOR OTHER 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				0	0	
Grand total				672	634	

(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 this line.

(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
	605	112				
	–	–	6	6	14	
	75	48	329	8	–	
	–	–	1,532	47	27	
	43	46	1,024	65	57	
	256	9	2,543	(5)	15	
	0	–	322	13	4	
	0	9	177	4	3	
	0	–	448	14	9	
	–	–	–	1	–	
	–	–	18	2	–	
	–	–	420	18	3	
	36	–	–	(0)	–	
	84	–	19	1	–	1 CHF = 0.854555
	–	–	-	58	51	1 CHF = 0.854555
	107	–	320	33	11	1 HKD = 0.106701
	3	–	20	(3)	–	
	–	–				
	9					
	9				1	
	–				0	
	0				0	
	0					
	614					

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