COLAS

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# HALF-YEAR REPORT AS OF JUNE 30, 2017

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With locations in over 50 countries on five continents, Colas is a world leader in the construction and maintenance of transport infrastructure, striving to meet the challenges posed by mobility, urban development and environmental issues. Backed by an international network of 800 construction business units and 2,000 materials production units, the Group completes around 90,000 projects each year, and spans the full range of production and recycling activities in most of its lines of business. Colas operates via two main divisions: Roads, its core business, and complementary Specialized Activities (Railways, Waterproofing, Road Safety and Signaling, and Networks). Colas is also a shareholder, usually with a minority stake, in infrastructure concession and management companies.

## Key figures

| KEY FIGURES (in millions of euros) | 1ST HALF 2016 | 1ST HALF 2017 | CHANGE |
|---|---|---|---|
| **Revenue** | **4,678** | **5,002** | **+7%[a]** |
| *of which France* | *2,638* | ***2,812*** | ***+7%*** |
| *of which International* | *2,040* | ***2,190*** | ***+7%*** |
| **Current operating profit** | **(85)** | **(136)** | **(51)** |
| **Operating profit** | **(115)[b]** | **(140)[b]** | **(25)** |
| **Net profit attributable to the Group** | **(71)** | **(88)** | **(17)** |

(a) Up 7% at constant scope and exchange rates.
(b) Including €30m in non-current expenses for H1 2016, primarily attributable to the cessation of the refined products business and €4m for H1 2017 related to the work performed prior to dismantling the Dunkirk site.

## Highlights of the half year

- Recovery of Roads market in Mainland France, after declining for three years in a row;
- Acquisitions:
  - the assets of Graymont Materials (materials production company) in New York State (United States)
  - the assets of La Compagnie Meloche Inc. (materials production and roadworks company) in Quebec (Canada)
  - Allied Infrastructure Management, a company specializing in the airport services and maintenance sector, in the United Kingdom.
- Securing of substantial contracts:
  - 30-year construction and maintenance contract for the Southwest Calgary Ring Road in Alberta (Canada), for 200 million euros;
  - earthworks and site clean-up for the construction of the #15 Greater Paris metro line (France), for 52 million euros;
  - several contracts for the implementation of the bus rapid transit (BRT) line in Lens (France), for 46 million euros;
  - repaving and widening of two sections of Highway D1 in the Czech Republic, for 38 million euros;
  - construction and renovation of airports in Antananarivo and Nosy Be (Madagascar), for 104 million euros.

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## Activity by business segment

Consolidated revenue as of June 30, 2017 totaled 5,002 million euros, up 7% compared to June 30, 2016. This increase confirmed the business recovery observed in the first quarter of 2017. Changes in scope and exchange rates did not have a material impact on half-year results.

| REVENUE BY BUSINESS SECTOR (in millions of euros) | 1ST HALF 2016 | 1ST HALF 2017 | CHANGE | CHANGE AT CONSTANT SCOPE AND EXCHANGE RATES |
|---|---|---|---|---|
| **Revenue** | **4,678** | **5,002** | **+7%** | **+7%** |
| *Roads Mainland France* | 1,779 | 1,954 | +10% | +10% |
| *Roads Europe* | 585 | 669 | +14% | +17% |
| *Roads North America* | 802 | 814 | +1% | -3% |
| *Roads Rest of the World* | 545 | 583 | +7% | +4% |
| *Specialized Activities* | 957 | 976 | +2% | +5% |
| *Parent company* | 10 | 6 | ns | ns |

## Roads

In **Mainland France,** revenue was up 10% compared to the first half of 2016. All the regional subsidiaries contributed to this increase, which reflected the market's recovery after declining for three years in a row.

In **Europe,** revenue was up 17% at constant exchange rates. While business in Northern Europe increased by 9%, Central Europe saw a 34% surge in revenue, related to the relaunch of roadworks programs funded by the European Union.

In **North America,** revenue was slightly lower at end-June 2017 (down 3% at constant scope and exchange rates), with the start of roadwork projects delayed by unfavorable weather conditions.

In the **Rest of the World (International excluding Europe and North America),** revenue increased by 4% at constant exchange rates. Growth was robust in Oceania (up 13%), particularly in Australia.

## Specialized Activities

In the first half of 2017, revenue in Specialized Activities rose slightly by 2% (up 5% at constant scope and exchange rates). This increase was mainly driven by Networks and Waterproofing, whereas Safety and Signaling was stable and the Railways business was down slightly.

### Materials production

In France and around the world, a major part of Colas' business involves the production of construction materials, especially aggregates, thanks to a global network comprising 714 quarries, 553 asphalt plants, 129 emulsion plants and 197 concrete plants. In the first half of 2017, the Group produced 43 million metric tons of aggregates (up 3% from the first half of 2016), 15 million metric tons of asphalt mix (up 8%), 744,000 metric tons of binders and emulsions (down 2%) and 1.1 million cubic meters of ready-mix concrete (unchanged).

### Profitability

As of June 30, 2017, current operating profit amounted to -136 million euros, compared to -85 million euros as of June 30, 2016, down 51 million euros.

This change mainly arose from:

- the delayed projects in North America;
- the still-limited impact on profit of the rapid relaunch of projects in Central Europe;
- a more challenging French railways market for Colas Rail, particularly in the freight business.

Income from joint ventures and associates totaled 33 million euros, compared to 31 million euros at end-June 2016.

Colas' net profit at the end of June is traditionally negative due to the seasonal nature of its business. Net profit attributable to the Group at end-June 2017 amounted to -88 million euros, compared to -71 million euros at end-June 2016.

### Financial structure

As of June 30, 2017, net financial debt amounted to 570 million euros, compared to 316 million euros at end-June 2016. The change from December 31, 2016 (net cash of 517 million euros) reflects the seasonal nature of Colas' business.

## Outlook

Work on hand remained high at end-June 2017 for a total of 8.1 billion euros, up 1% from end-June 2016. It increased by 2% at constant exchange rates.

Work on hand in Mainland France grew by 9%, whereas in the International units and French Overseas Departments it decreased by 3%.

On the basis of currently available information, revenue at constant scope and exchange rates is expected to exceed 2016 levels.

With regards to net profit, given the good level of business and margins in France and Central Europe, and subject to the usual unpredictability of weather conditions in North America, in the second half of the year, Colas should be in a position to offset a significant portion of the year-on-year change recorded at end-June 2017 compared to end-June 2016.

French Société Anonyme with share capital of 48,981,748.50 euros
Head quarter : 7, place René Clair - 92100 Boulogne Billancourt - France
Immatriculation : R.C.S. Nanterre B552 025 314    A.P.E. 4211Z
Fiscal year from January 1st, to December 31st, 2017

# Condensed consolidated financial statements of the Colas Group

# At June 30, 2017

## Consolidated balance sheet

| In millions of euros | Notes | June 30 2017 | December 31 2016 | June 30 2016 |
|---|---|---|---|---|
| Property, plant and equipment | 3.1 | 2,401 | 2,394 | 2,302 |
| Intangible assets | 3.2 | 94 | 92 | 95 |
| Goodwill | 3.2 | 513 | 500 | 498 |
| Joint ventures and associates | 3.3 | 380 | 375 | 317 |
| Other non-current financial assets | 3.4 | 180 | 183 | 202 |
| Deferred tax assets and non-current tax receivable | | 180 | 172 | 181 |
| **Non-current assets** | | **3,748** | **3,716** | **3,595** |
| Inventories | | 606 | 498 | 575 |
| Trade receivables and related accounts | | 3,373 | 2,600 | 3,040 |
| Tax asset (receivable) | | 210 | 159 | 156 |
| Other current receivables and prepaid expenses | | 740 | 673 | 660 |
| Cash and cash equivalents | | 333 | 759 | 334 |
| Financial instruments | | 15 | 17 | 19 |
| **Current assets** | | **5,277** | **4,706** | **4,784** |
| Held-for-sale assets | | - | - | - |
| **Total assets** | | **9,025** | **8,422** | **8,379** |
| | | | | |
| Share capital and share premium | | 384 | 384 | 384 |
| Retained earnings | | 2,095 | 1,826 | 2,053 |
| Treasury shares | | | (1) | (2) |
| Translation reserve | | 73 | 116 | 62 |
| Consolidated net income / (loss) | | (88) | 355 | (71) |
| **Equity attributable to the Group** | | **2,464** | **2,680** | **2,426** |
| Non-controlling interests | | 30 | 33 | 29 |
| **Equity** | 4 | **2,494** | **2,713** | **2,455** |
| Non-current debt | 6 | 494 | 125 | 230 |
| Non-current provisions | 5.2 | 906 | 917 | 822 |
| Deferred tax liabilities and non-current tax liabilities | | 72 | 71 | 72 |
| **Non-current liabilities** | | **1,472** | **1,113** | **1,124** |
| Advances and down-payments received on orders | | 362 | 300 | 313 |
| Current debt | 6 | 49 | 73 | 82 |
| Current taxes payable | | 18 | 55 | 21 |
| Trade payables and related accounts | | 2,101 | 1,945 | 1,931 |
| Current provisions | 5.1 | 285 | 324 | 323 |
| Other current liabilities | | 1,869 | 1,838 | 1,773 |
| Overdrafts and short-term bank borrowings | | 358 | 42 | 333 |
| Financial instruments | | 17 | 19 | 24 |
| **Current liabilities** | | **5,059** | **4,596** | **4,800** |
| Liabilities associated to assets held for sale and discontinued operations | | - | - | - |
| **Total liabilities and shareholders' equity** | | **9,025** | **8,422** | **8,379** |
| | | | | |
| **Net surplus clash / (net debt)** | 7 | **(570)** | **517** | **(316)** |

## Consolidated income statement

| In millions of euros | | June 30, | | Year |
| --- | --- | --- | --- | --- |
| | | 2017 | 2016 | 2016 |
| Revenue (1) | 8/11 | **5 002** | **4 678** | **11 006** |
| Purchases used in production | | (2 284) | (2 015) | (4 842) |
| Personnel costs | | (1 624) | (1 604) | (3 214) |
| External charges | | (1 192) | (1 115) | (2 372) |
| Taxes, other than income tax | | (86) | (85) | (154) |
| Net depreciation and amortization expenses | | (176) | (171) | (399) |
| Net charges to provisions and impairment losses | | (3) | (13) | (155) |
| Change in production inventories | | 8 | 1 | (12) |
| Other income from operations (2) | | 278 | 339 | 757 |
| Other expenses on operations | | (59) | (100) | (229) |
| **Current operating profit** | 9/11 | **(136)** | **(85)** | **386** |
| Other operating income | | | | |
| Other operating expenses | | (4) | (30) | (62) |
| **Operating profit** | | **(140)** | **(115)** | **324** |
| Financial income | | 6 | 9 | 16 |
| Financial expenses | | (14) | (16) | (29) |
| **Cost of net debt** | | **(8)** | **(7)** | **(13)** |
| Other financial income | | 6 | 3 | 97 |
| Other financial expenses | | (5) | (3) | (23) |
| Income tax expenses | 10 | 27 | 22 | (108) |
| Joint ventures and associates | | 33 | 31 | 82 |
| **Net profit / (loss)** | | **(87)** | **(69)** | **359** |
| **Net profit/(loss) attributable to the Group** | | **(88)** | **(71)** | **355** |
| Net profit/(loss) attributable to non-controlling interests | | 1 | 2 | 4 |
| Basic earnings per share from continuing operations (in euros) | | ns | ns | 10.87 |
| Diluted earnings per share from continuing operations (in euros) | | ns | ns | 10.87 |
| (1) Of which recorded outside of France (including export sales) | | 2,190 | 2,040 | 5,227 |
| (2) Of which reversal of unutilized provisions / impairment losses | | 44 | 60 | 139 |

## Statement of recognized income and expense

| | | | |
| --- | --- | --- | --- |
| **Net profit/ (loss)** | **(87)** | **(69)** | **359** |
| **Items not reclassifiable to profit/(loss)** | | | |
| Actuarial gains (losses) on employee benefits | | 3 | (63) |
| Net tax effect of items not reclassifiable to profit/(loss) | | (1) | 14 |
| **Items reclassifiable to profit or loss** | | | |
| Change in cumulative translation adjustment | (37) | (18) | 24 |
| Net change in fair value of hedging instruments and other financial assets | 3 | 2 | 7 |
| Net tax effect of items reclassifiable to profit/(loss) | | | (3) |
| Share of reclassifiable income and expense of joint ventures and associates | (7) | (3) | 9 |
| **Net income recognized directly in equity** | **(41)** | **(17)** | **(12)** |
| **Total recognized income and expense** | **(128)** | **(86)** | **347** |
| Attributable to the Group | (128) | (88) | 343 |
| Attributable to non-controlling interests | | 2 | 4 |

## Consolidated statement of changes in equity

| millions of euros | Share capital and share premium | Retained earnings | Translation reserve | Consolidated net profit/ (loss) | **Capital and reserves** | Non-controlling interests | **Total** |
|---|---|---|---|---|---|---|---|
| **At December 31, 2015** | **384** | **1,992** | **83** | **234** | **2,693** | **31** | **2,724** |
| Acquisitions / disposals of treasury shares | | | | | | | |
| Prior-year profit allocation | | 234 | | (234) | | | |
| Distribution | | (356) | | | **(356)** | **(2)** | **(358)** |
| Other transactions with shareholders | | | | | | | |
| Net income for the year | | | | 355 | **355** | **4** | **359** |
| Income and expense recognized | | (45) | 33 | | **(12)** | | **(12)** |
| Net income and recognized income and expense | | (45) | 33 | 355 | **343** | **4** | **347** |
| Changes in scope of consolidation | | | | | | | |
| **At December 31, 2016** | **384** | **1,825** | **116** | **355** | **2,680** | **33** | **2,713** |
| Acquisitions / disposals of treasury shares | | 1 | | | **1** | | **1** |
| Prior-year profit allocation | | 355 | | (355) | | | |
| Distribution | | (89) | | | **(89)** | **(3)** | **(92)** |
| Other transactions with shareholders | | | | | | | |
| Net income for the period | | | | (88) | **(88)** | **1** | **(87)** |
| Reported income and expenses (1) | | 3 | (43) | | **(40)** | **(1)** | **(41)** |
| Net income and recognized income and expense | | 3 | (43) | (88) | **(128)** | | **(128)** |
| Changes in scope of consolidationVariation in treasury shares | | | | | | | |
| **At June 30, 2017** | **384** | **2,095** | **73** | **(88)** | **2,464** | **30** | **2,494** |

(1) Detail of recognized income and expense:

| | **Group** | Non-controlling interests | **Total** |
|---|---|---|---|
| Exchange differences | (43) | (1) | (44) |
| Fair value restatement on financial instruments | 3 | | 3 |
| Actuarial gains (losses) regarding employee benefits | | | |
| Deferred taxes based on these items | | | |
| **Total income (expenses) recognized directly in equity** | **(40)** | **(1)** | **(41)** |

## Consolidated cash flow statement

| In millions of euros | June 30, 2017 | December 31, 2016 | June 30, 2016 |
|---|---|---|---|
| Consolidated net profit/(loss) (including minority interests) | (87) | 359 | (69) |
| Adjustments for: | | | |
| Joint ventures and associates | (33) | (82) | (31) |
| Dividends received from associates | 28 | 31 | 21 |
| Dividends received from unconsolidated companies | (1) | (2) | (1) |
| Charges to/(reversals of) depreciation, amortization, impairment & non-current provisions | 166 | 395 | 164 |
| Gains and losses on asset disposal | (9) | (123) | (15) |
| Miscellaneous non-cash charges | | | |
| **Sub-total** | **64** | **578** | **69** |
| Cost of net debt | 8 | 13 | 7 |
| Income tax paid | (27) | 108 | (22) |
| Cash from operations | **45** | **699** | **54** |
| Income tax paid | (67) | (148) | (67) |
| Changes in working capital related to operating activities | (698) | 66 | (534) |
| Cash flows from operating activities (a) | **(720)** | **617** | **(547)** |
| Purchase price of property, plant and equipment and intangible assets | (162) | (457) | (143) |
| Proceeds from disposals of property, plant and equipment and intangible assets | 24 | 73 | 15 |
| Net liabilities related to property, plant and equipment and intangible assets | (103) | 18 | (66) |
| **Sub-total** | **(241)** | **(366)** | **(194)** |
| Acquisitions and disposals of subsidiaries: | | | |
| Acquisitions of subsidiaries | (101) | (15) | (6) |
| Disposals of subsidiaries | 1 | 150 | 49 |
| Net liabilities related to non-consolidated companies and other investments | 63 | (68) | |
| Other effects of changes in scope of consolidation (cash of acquired and divested companies) | 1 | | 1 |
| **Sub-total** | **(36)** | **67** | **44** |
| Other cash flows related to investing activities (change in loans, dividends received from non-consolidated companies): | | | |
| Dividends received from unconsolidated companies | 1 | 2 | 1 |
| Changes of other non-current financial assets | | 11 | 10 |
| **Sub-total** | **1** | **13** | **11** |
| **Cash flows from investing activities (b)** | **(276)** | **(286)** | **(139)** |
| Capital increases/(reductions) paid by shareholders & non-controlling interests and other transactions between shareholders | 1 | | (1) |
| Dividends paid to parent company shareholders | (89) | (356) | (178) |
| Dividends paid to minority interests | (3) | (2) | (3) |
| Change in current and non-current debt | 350 | (17) | 98 |
| Cost of net debt | (8) | (13) | (7) |
| Other cash flows related to financing activities | | | 1 |
| Cash flows from financing activities (c) | **251** | **(388)** | **(90)** |
| Effect of foreign exchange fluctuations (d) | 3 | (12) | (9) |
| Net change in cash and cash equivalents (a+b+c+d) | **(742)** | **(69)** | **(785)** |
| Net cash at the beginning of the year | 717 | 786 | 786 |
| Net cash and cash equivalents at the end of the year (see note 7) | **(25)** | **717** | **1** |

# Notes to the consolidated financial statements

## Notes



## Declaration of compliance

The interim condensed consolidated financial statements of Colas and its subsidiaries (the "Group") as of June 30, 2017 were prepared in accordance with IAS 34, "Interim Financial Reporting", an IFRS standard as endorsed by the European Union. Because they are condensed, these financial statements do not include all the information required under IFRS standards, and should be read in conjunction with the full-year financial statements of the Colas Group for the year ended 31 December 2016.
They were prepared in accordance with the standards issued by the IASB including : IFRSs, IASs (International Accounting Standards), supplemented by the interpretations made by the former International Financial Reporting Interpretations Committee ("IFRIC"), now called IFRS Interpretation Committee or issued by the agency that preceded the Standing Interpretation Committee ("SIC"), approved by the Union European and applicable to that date. At June 30, 2017, the Group has not applied standard or interpretation by anticipation, not approved by the European Union.

The accounts present in millions of euros (unless otherwise stated): the balance sheet, the income statement, the statement of recognized income and expense, the consolidated statement of changes in equity, the consolidated cash flow statement and the notes. They are presented compared with consolidated accounts at 31 December 2016 and the consolidated condensed to June 30, 2016.

## NOTE 1. SIGNIFICANT EVENTS

### 1.1 Significant events of the 1st half 2017

None

### 1.2 Significant events subsequent to June 30, 2017

None

## NOTE 2. SIGNIFICANT ACCOUNTING PRINCIPLES AND POLICIES

### 2.1 Preparation principles of the financial statements

Condensed interim consolidated accounts of the Group Colas include the accounts of Colas SA and its subsidiaries, as well as investments in associated entities, joint ventures and joint activities. They are presented in millions of euros, currency in which the majority of the Group's operations is treated, and comply with the recommendations of the French accounting standards board, CNC (now ANC) no. 2013-03 of November 7, 2013 concerning the presentation of financial statements.

They were approved for publication by the Board of Directors on August 29, 2017.

The Condensed interim consolidated financial statements for the half year 2017 have been prepared in accordance with IFRS standards and principles, based on historical cost, with the exception of certain financial assets and liabilities, measured at fair value where this is required by IFRS. They are presented in comparison with the financial statements for the year ended December 31, 2016 and at the end of June 2016.

Condensed interim consolidated accounts specific assessment methods are as follows:
- For interim financial statements, consolidated income tax is determined according to the principles defined by the IAS 34 standard. The income tax of each company is taken into account in respect of the period based on the best estimate of the average annual tax rate expected for the full year (except for holding companies determined according to actual tax at end of period).

- Expenses accounted for in the period in respect of the employee benefits are prorated charges estimated for the year, calculated on the basis of actuarial assumptions and forecasts to December 31, 2016. A drop of 70 basis points of the discount rate (1.71 % at December 31, 2016) would lead to an increase in the provision for employee retirement indemnities of EUR 24 million. This impact would be apprehended in the statement of recognized income and expense.

### 2.2 New IFRS Standards, amendments and interpretations

As of June 30, 2017, the Group applied the standards, interpretations, accounting principles and methods that were applied in the financial statements of fiscal year 2016, with the exception of mandatory changes laid down by the IFRS standards mentioned below, applicable as from January 1, 2017.

- Main 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.

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

      Consequently, the Group provides a reconciliation (in Note 7) between the opening and closing financial positions as regards liabilities included in financing activities.

    - **IFRS 9: Financial Instruments.**

      On 24 July 2014, the 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, which was endorsed by the European Union on 22 November 2016, is applicable from 1 January 2018. The Group has decided not 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 impacts of applying this standard are currently under review.

- **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 group has not early adopted IFRS 15, which it will apply retrospectively with effect from 1 January 2018; the 2017 figures presented in 2018 will also be restated to reflect the impacts of IFRS 15 (presentation of a comparative reporting period).

- Key standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union:

  - **IFRS 16: Leases.**

    On 13 January 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees will end 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 similar 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. IFRS 16, which has not yet been endorsed by the European Union, is applicable from 1 January 2019.

    The Group has elected to use the retrospective approach for the first time application of IFRS 16.

    The impact of IFRS 16 is currently under review.

## 2.3 Seasonal nature of business

Revenue and operating income figures are clearly marked by the strong seasonal nature of Colas' business, which is reflected in the low level of activity during the first quarter due to poor weather conditions. The amplitude of the phenomena varies from year to year. In compliance with IFRS principles, interim revenue is recognized in the same conditions as it is at year end.

## NOTE 3. NON - CURRENT ASSETS

### 3.1 – Property, plant and equipment

| | Land and buildings | Plant and equipment | Assets in course of construction and advance payments | TOTAL |
|---|---|---|---|---|
| **Net carrying amount** | | | | |
| At June 30, 2016 | 914 | 1,297 | 91 | **2,302** |
| At December 31, 2016 | 917 | 1,381 | 96 | **2,394** |
| **At June 30, 2017** | 925 | 1,382 | 94 | **2,401** |

### 3.2 - Intangible assets and Goodwill

| | Concessions, patents, and other rights | Other | Total intangible assets | Goodwill |
|---|---|---|---|---|
| At June 30, 2016 | 67 | 28 | **95** | **498** |
| At December 31, 2016 | 65 | 27 | **92** | **500** |
| **At June 30, 2017** | 62 | 32 | **94** | **513** |

### 3.3 – Joint ventures and associates

| | Share in equity | Goodwill | Goodwill impairment | Carrying amount |
|---|---|---|---|---|
| At June 30, 2016 | 241 | 109 | (33) | **317** |
| At December 31, 2016 | 301 | 111 | (37) | **375** |
| **At June 30, 2017** | 308 | 110 | (38) | **380** |

### Main companies

| | Share in equity | Net carrying amount |
|---|---|---|
| Main associated companies | | |
| Tipco Asphalt | 105 | 14 |
| Mak Mecsek | 35 | 1 |
| Other | 33 | 2 |
| Joint ventures | | |
| Miscellaneous companies | 135 | 16 |
| **Total** | 308 | 33 |

### 3.4 – Other non-current financial assets

| | Non-consolidated investments | Other non-current financial assets | Total gross value | Allowance | Carrying amount |
|---|---|---|---|---|---|
| At June 30, 2016 | 97 | 170 | **267** | (65) | **202** |
| At December 31, 2016 | 86 | 162 | **248** | (65) | **183** |
| **At June 30, 2017** | 83 | 160 | **243** | (63) | **180** |

## NOTE 4. INFORMATION ON EQUITY

### 4.1 Composition of share capital

Colas' share capital as of June 30, 2017 amounted to 48,981,748.50 euros.
It is comprised of 32,654,499 shares with a nominal value of 1.50 euros each, ranking pari passu (although nominative shares owned for a period of more than two years by the same shareholder grant double voting rights).

**4.2 Change during the year:** None since January 1st, 2017.

## NOTE 5. CURRENT AND NON-CURRENT PROVISIONS

### 5.1 – Current provisions

| | Losses on completion | Works risks and costs of closing down sites | Customer warranties (Short Term) | Site reclamation (Short Term) | Other | **Total** |
|---|---|---|---|---|---|---|
| **At January 1, 2017** | 89 | 88 | 47 | 13 | 87 | 324 |
| Exchange differences | | (1) | | | (3) | (4) |
| Transfers | | | | 1 | (3) | (2) |
| Changes in scope of consolidation | | | | | | |
| Allocation for the year | 22 | 7 | 2 | | 8 | 39 |
| Reversal of utilized provisions | (23) | (8) | (3) | (1) | (9) | (44) |
| Reversal of unutilized provisions | (16) | (7) | (3) | | (2) | (28) |
| **At June 30, 2017** | **72** | **79** | **43** | **13** | **78** | **285** |

### 5.2 - Non-current provisions

| | Employee benefits | Litigation & legal matters | Customer warranties (Long Term) | Site reclamation (Long Term) | Others | **Total** |
|---|---|---|---|---|---|---|
| **At January 1, 2017** | 423 | 235 | 69 | 155 | 35 | 917 |
| Exchange differences | (3) | (2) | | (2) | (2) | (9) |
| Transfers | | | | | 1 | 1 |
| Changes in scope of consolidation | | (1) | | 4 | | 3 |
| Actuarial gains/losses in equity | | | | | | |
| Allocation for the year | 12 | 8 | 4 | 3 | 2 | 29 |
| Reversal of utilized provisions | (5) | (11) | (4) | (3) | (3) | (26) |
| Reversal of unutilized provisions | (1) | (4) | (3) | | (1) | (9) |
| **At June 30, 2017** | **426** | **225** | **66** | **157** | **32** | **906** |

**Breakdown of main provisions**

| | **June 30, 2017** | December 31, 2016 |
|---|---|---|
| Length-of-service awards | 104 | 101 |
| Retirement indemnities | 221 | 217 |
| Pensions | 101 | 105 |
| **Employee benefits** | **426** | **423** |
| Litigation with clients | 43 | 46 |
| Litigation with employees | 26 | 26 |
| Litigation with welfare bodies | 85 | 83 |
| Litigation with tax authorities | 37 | 39 |
| Litigation with other bodies | 3 | 3 |
| Other litigations | 31 | 38 |
| **Litigation and legal matters** | **225** | **235** |

## NOTE 6. CURRENT AND NON-CURRENT FINANCIAL DEBT

| | **June 30, 2017** | June 30, 2016 |
|---|---|---|
| Bank loans (medium/long-term) | 486 | 221 |
| Finance leases | 7 | 8 |
| Other financial debts (long-term) | 1 | 1 |
| **Non-current debt** | **494** | **230** |
| Portion of long-term debt at less than one year | 49 | 82 |
| Short-term borrowings and overdrafts | 358 | 333 |
| **Current debt** | **407** | **415** |

## NOTE 7. NET FINANCIAL SURPLUS (NET DEBT)

| | December 31, 2016 | Cash flows | Scope | Currency transmlation adjustment | Fair values | Other impacts | **June 30, 2017** |
|---|---|---|---|---|---|---|---|
| Cash and cash equivalents | 759 | (420) | 1 | (4) | | (3) | 333 |
| Overdrafts and short-term bank borrowings | (42) | (326) | | 7 | | 3 | (358) |
| **Net cash** | **717** | **(746)** | **1** | **3** | | | **(25)** |
| Non-current debt | 125 | 385 | (1) | (4) | | (11) | 494 |
| Current debt | 73 | (35) | | (1) | | 12 | 49 |
| Financial instruments | 2 | | | | | | 2 |
| **Gross debt** | **200** | **350** | **(1)** | **(5)** | | **1** | **545** |
| **Net financial position** | **517** | **(1,096)** | **2** | **8** | | **(1)** | **(570)** |

## NOTE 8. ANALYSIS OF REVENUE AND OTHER INCOME FROM ACTIVITY

| | **June 30, 2017** | June 30, 2016 |
|---|---|---|
| Sales of products | 801 | 776 |
| Rendering of services | 175 | 183 |
| Construction contracts | 4,026 | 3,719 |
| **Revenue** | **5,002** | **4,678** |
| Other income from ordinary activities | - | - |
| Income from ordinary activities | **5,002** | **4,678** |

## NOTE 9 – OPERATING PROFIT

| | **June 30, 2017** | June 30, 2016 |
|---|---|---|
| Current operating profit | (136) | (85) |
| Other non-current income (a) | - | - |
| Other non-current expense (a) | (4) | (30) |
| **Operating profit** | **(140)** | **(115)** |

(a) Expenses related to the refined products activity, which essentially correspond to the fixed costs of the SRD subsidiary in Dunkerque, whose production is stopped.

## NOTE 10 – INCOME TAX EXPENSES

### Evaluation of the income tax for interim period

Income tax of every consolidated entity is calculated by applying to the result before taxes for the interim period the average effective rate estimated for the annual period.

### Breakdown

| | June 30, 2017 | June 30, 2016 |
|---|---|---|
| Current income tax | 25 | 5 |
| Deferred income tax | 4 | 20 |
| Tax adjustments or exemptions, withholding taxes | (2) | (3) |
| Net tax expense | 27 | 22 |

## NOTE 11. SEGMENT REPORTING

IFRS 8 requires operating segment definition based on internal reporting reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and to assess its performance.

### 11.1 Determination of Group's segments

The Group's operating activities are organized as follows:

- **Roads Mainland France** includes the road activities in mainland France;
- **Roads Europe** includes road activities in Europe (excluding France);
- **Roads North America** includes road activities in the United States and Canada;
- **Roads Rest of the world** includes road activities in Africa, North Africa, Indian Ocean, French overseas departments and Territories, Asia/Australia and Middle-East;
- **Specialized Activities** include specialized activities for France and elsewhere around the world: Waterproofing, Railways, Safety and Signaling, Networks.
- **Holding** company includes the Head Office of Colas.

### 11.2 Business segment information

| | Roads Mainland France | Roads Europe | Roads North America | Roads Rest of the world | Specialized Activities | Holding company | Consolidated |
|---|---|---|---|---|---|---|---|
| **June 30, 2017** | | | | | | | |
| Income from ordinary activities | 1,954 | 669 | 814 | 583 | 976 | 6 | **5,002** |
| Current operating profit | (32) | (10) | (94) | 10 | (26) | 12 | **(140)** |
| **Net profit** | (27) | (5) | (55) | 23 | (35) | 12 | **(87)** |
| **June 30, 2016** | | | | | | | |
| Income from ordinary activities | 1,779 | 585 | 802 | 545 | 957 | 10 | **4,678** |
| Current operating profit | (51) | 9 | (62) | 22 | (41) | 8 | **(115)** |
| **Net profit** | (44) | 11 | (39) | 37 | (33) | (1) | **(69)** |

## NOTE 12. CONTINGENT LIABILITIES

Off-balance sheet commitments at 31 December 2016 do not significantly change.

## NOTE 13. RELATED PARTY DISCLOSURES

### Related parties identity

| | |
|---|---|
| Parties with ownership interest: | Bouygues and its subsidiaries and associates companies |
| Joint-ventures and joint activities: | Carrières Roy and certain non-significant joint-ventures |
| Associates: | Tipco Asphalt, Mak and some non-significant associates |
| Other related parties: | Colas Foundation, and other non-consolidated companies |

**Details of transactions with related parties**

| | Expenses | | Incomes | | Receivables | | Payables | |
|---|---|---|---|---|---|---|---|---|
| | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 | **2017** | 2016 |
| Parties with ownership interest | 29 | 32 | 60 | 83 | 63 | 66 | 63 | 125 |
| Joint-ventures and joint activities | 28 | 32 | 77 | 89 | 59 | 64 | 51 | 51 |
| Associates | 2 | | 10 | 6 | 6 | 3 | 11 | 7 |
| Other related parties | 21 | 21 | 31 | 66 | 15 | 16 | 14 | 12 |
| Total | **80** | **85** | **178** | **244** | **143** | **149** | **139** | **195** |
| Maturity under one year | | | | | | | 137 | 193 |
| Maturity from 1 to 5 years | | | | | | | 2 | 2 |
| Maturity above 5 years | | | | | | | - | - |

## NOTE 14. MAIN EXCHANGE RATES USED FOR TRANSLATION

Convention: 1 euro = x local monetary units

| **Country** | Currency | **Rate June 30, 2017** | **Average rate June 30, 2017** | Rate June 30, 2016 | Average rate June 30, 2016 |
|---|---|---|---|---|---|
| **Europe** | | | | | |
| Croatia | Croatian Kuna | 7.4148 | 7.4521 | 7.521 | 7.5623 |
| Denmark | Danish Kroner | 7.4371 | 7.4368 | 7.4362 | 7.4506 |
| Great Britain | British Pound | 0.8752 | 0.8589 | 0.7877 | 0.7772 |
| Hungary | Forint | 307.09 | 309.4494 | 314.26 | 312.466 |
| Poland | Zloty | 4.2125 | 4.2732 | 4.4463 | 4.3652 |
| Czech Republic | Czech Republic Koruny | 26.172 | 26.8316 | 27.069 | 27.0353 |
| Switzerland | Swiss Franc | 1.087 | 1.0756 | 1.0818 | 1.097 |
| **North America** | | | | | |
| United States | US Dollar | 1.1199 | 1.079 | 1.1254 | 1.1158 |
| Canada | Canadian Dollar | 1.4827 | 1.4412 | 1.4519 | 1.4876 |
| **Other** | | | | | |
| Australia | Australian Dollar | 1.4705 | 1.432 | 1.5234 | 1.5237 |
| Morocco | Dirham | 10.9147 | 10.7593 | 10.936 | 10.8763 |
| Thailand | Baht | 38.009 | 37.5289 | 39.704 | 39.5715 |

COLAS

WE OPEN THE WAY

Le Président

# Certification by the person assuming responsibility for the half-year activity report

I certify that to the best of my knowledge the condensed financial statements included in this document have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of all the companies included within the scope of consolidation, and that the enclosed half-year activity report is a true reflection of the important events arising in the first six months of the financial year and their impact on the annual financial statements, a statement of the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the financial year.

Boulogne, August 31, 2017

Hervé LE BOUC
Chairman – CEO

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92066 Paris la Défense Cedex
France

**MAZARS**
Exaltis - 61, rue Henri Regnault
92075 Paris La défense
France

**COLAS**

**Société Anonyme**

# Rapport des Commissaires aux comptes sur l'information financière semestrielle 2017

Période du 1er janvier au 30 juin 2017
COLAS
Société Anonyme
7, place René Clair - 92100 Boulogne Billancourt

**KPMG AUDIT IS**
Tour EQHO
2 Avenue Gambetta
CS 60055
92066 Paris la Défense Cedex
France

**MAZARS**
Exaltis - 61, rue Henri Regnault
92075 Paris La défense
France

**COLAS**
**Société Anonyme**

Siège social : 7, place René Clair - 92100 Boulogne Billancourt
Capital social : €.48.981.749

**Rapport des Commissaires aux comptes sur l'information financière semestrielle 2017**

Période du 1er janvier au 30 juin 2017

Aux actionnaires,

En exécution de la mission qui nous a été confiée par votre Assemblée Générale et en application de l'article L.451-1-2 III du Code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes semestriels consolidés condensés de la société COLAS S.A., relatifs à la période du 1er janvier au 30 juin 2017, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

Ces comptes semestriels consolidés condensés ont été établis sous la responsabilité du Conseil d'Administration. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

## I - Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France. Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes semestriels consolidés condensés avec la norme IAS 34 – norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

**II – Vérification spécifique**

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité commentant les comptes semestriels consolidés condensés sur lesquels a porté notre examen limité.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes semestriels consolidés condensés.

Les Commissaires aux comptes

Paris La Défense et Courbevoie, le 29 août 2017

| KPMG Audit IS | MAZARS | |
|---|---|---|
| François Plat | Daniel Escudeiro | Gilles Rainaut |
| *Associé* | *Associé* | *Associé* |