26 August 2015

PRESS RELEASE

Continuous improvement in the group's operating profitability and in net profit despite a still difficult economic environment in France, in particular for the Contracting activities. New progression of international activities is confirmed.

- Sales: €6.6bn, up 1.4%

- Operating profit on ordinary activities: up 3.8 %; operating margin: up 20bp to 9.0%

- Profit attributable to holders of the parent: up 14.5%

- Net debt: down €0.4bn over 12 months

- Order book: €11.9bn, up 1.1% since 1 January 2015

The Board of Directors of Eiffage met on 26 August 2015 to approve the financial statements for the first half of 2015(*).

Activity

Consolidated sales came to €6.6bn in the first half of 2015, up 1.4%.

At the Contracting activities, sales decreased by 0.9% in France, but grew by 8.1% outside France. The Construction division recorded a 6.8% decrease in sales, with lower contributions by France (-6.8%) and the rest of Europe (-6.6%). The marketing of new housing units, on the other hand, remained upbeat. The Infrastructures division (formerly the Public Works division) recorded a 3.4% fall in sales. Sales declined by 7.9% in France, particularly in road construction, whereas outside France sales increased by 12.8%, thanks notably to the recovery underway in Spain and to the contributions made by recently acquired companies (ICCI in Canada and Puentes y Torones in Colombia). The Energy division recorded a 14.9% increase in sales in France, fuelled by the ramping up of work done by the division for the BPL project and for the Cestas solar power plant in Gironde, while sales outside France grew by 17.6%.

At the Concessions activities, revenue contributed by APRR was up 2.7%, buoyed by a 2.2% increase in traffic. Overall, this division recorded solid 3.9% growth in revenue.

Results

Operating profit on ordinary activities is resisting by 3.8% to €596m in the first half of 2015, with the operating margin improving to 9.0% from 8.8% in the first half of 2014.

The operating margin of the Construction division is resisting at 3.5% (compared with 3.7% in the first half of 2014), while it continued to turn around at the Energy division, reaching 2.8% (compared with 2.6% in the first half of 2014), consistent with the road map defined for the division. At the Infrastructures division, on the other hand, the operating margin was dented by the downturn in the activity and in the profitability of the Metallic Construction business in France. As a result, the operating margin declined to -2.1% (compared with -1.5% in the first half of 2014), whereas the civil engineering and road construction businesses proved more resilient.

In this environment, and bearing in mind the still difficult environment in France, the profitability of the Contracting activities held up well in the first half of 2015, with an operating margin of 1.2% (compared with 1.4% in the first half of 2014).

At the Concessions activities, the operating margin improved to 46.9% (compared with 45.9% in the first half of 2014), reflecting the upturn in motorway traffic and the tight control of operating expenses.

Net finance costs declined by €37m (despite early amortisation of the costs of structuring the credit lines arranged by APRR and Eiffarie in 2012). The higher operating profit on ordinary activities and lower finance costs paved the way for an increase in profit attributable to holders of the parent to €79m (up 14.5% from €69m at 30 June 2014) despite higher restructuring costs having been recognised than in the past, mainly at the Metallic Construction business.

Financial situation

Net debt (excluding the fair value of the CNA loan and swaps) reached €12.2bn at 30 June 2015, down €401m compared with 30 June 2014. The seasonal increase in working capital requirements was contained at €394m (compared with €442m at 30 June 2014 and €639m at 30 June 2013).

Most of the Group's net debt is carried by the Concessions division: €11.9bn, without recourse against Eiffage. Net debt carried by the holding company and the Contracting activities was down significantly at €300m (compared with €607m at 30 June 2014 and €911m at 30 June 2013).

As a result, there was a sharp increase in liquidity to €2.1bn at 30 June 2015 (compared with €1.5bn at 30 June 2014), comprising net available cash of €1.1bn and an undrawn credit line of €1bn maturing at the end of September 2019 (with the possibility to extend).

As for APRR, it has arranged a 7-year loan with the European Investment Bank amounting to €275m.

Post closing event

The contract amendments contemplated in the protocol between the State and APRR & AREA dated April 9th and incorporating the motorway stimulus package amounting to €720m, have been published in the Journal Officiel on 23rd August.

2015 prospects

The order book remains high at €11.9bn, which represents an increase of 1% since 1 January 2015 and is equivalent to 12.2 months of activity at the Contracting divisions.

Given the favourable operating momentum at the Concessions activities, the resilient margins at the Contracting activities and the significantly lower finance costs, the group expects a further increase in profit attributable to holders of the parent, notwithstanding slightly lower sales over the year as a whole.

(*) The statutory auditors performed a limited review of the interim financial statements.