



HALF-YEAR FINANCIAL REPORT
AT 30 JUNE 2018

Management report for the first half of 2018

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Management report for the first half of 2018

In the first half of 2018, the VINCI Group achieved solid business growth and a sharp increase in earnings.

At VINCI Autoroutes, traffic levels continued to grow at a good pace, continuing trends seen in 2017 and boosted in particular by heavy-vehicle traffic.

VINCI Airports saw a further sharp increase in passenger numbers at most of its airports. After integrating Salvador airport (Brazil) in January, and Kobe airport (Japan) in April, VINCI Airports continued to expand by signing a concession contract to operate Belgrade airport in Serbia and reaching an agreement to acquire Airports Worldwide's portfolio of eight airports.

In Contracting, organic growth remained firm in France, confirming the recovery that began in 2017. Expansion outside France continued with the integration of acquisitions by VINCI Energies (particularly in Europe and the United States), VINCI Construction (Seymour Whyte in Australia) and Eurovia (recent acquisitions in France and Canada).

VINCI carried out several debt refinancing transactions on attractive terms, despite a more volatile market environment.

Consolidated revenue totalled €19.8 billion in the first half of 2018, up 6.7% relative to the first half of 2017, including organic growth of 2.8%. Acquisitions boosted revenue by 5.3%, while currency movements had a slightly negative effect of 1.4%.

Ebitda¹ rose 4.7% to €2,937 million, equal to 14.9% of revenue.

Operating income from ordinary activities (Ebit) was €2,099 million, an increase of 11.4% compared with the first half of 2017 (€1,883 million). The Ebit margin rose to 10.6% (10.2% in the first half of 2017).

Recurring operating income – including the impact of share-based payments (IFRS 2), the Group's share of the income or loss of companies accounted for under the equity method, and other recurring operating items – rose 16.2% to €2,154 million (€1,853 million in the first half of 2017).

Consolidated net income attributable to owners of the parent was €1,300 million in the first half of 2018, up 26.2% compared with the first half of 2017 (€1,030 million). Earnings per share, after taking account of dilutive instruments, amounted to €2.32 (€1.84 in the first half of 2017), up 26%.

Operating cash flow (before taking account of growth investments in concessions) amounted to €0.3 billion.

Net financial debt stood at €16.7 billion at 30 June 2018, up €1.1 billion relative to 30 June 2017. By comparison with 31 December 2017, net financial debt was up almost €2.7 billion, mainly reflecting the seasonal increase in the working capital requirement and financial investments during the first-half period (€1.1 billion). Dividend payments and share buy-backs represented a total outflow of almost €1.5 billion (€1.2 billion in the first half of 2017).

In the first half of 2018, the Group carried out several bond issues and refinancing transactions totalling €2.0 billion.

At 30 June 2018, the Group had liquidity of €8.6 billion, comprising €2.6 billion of managed net cash and €6.0 billion of unused confirmed bank credit facilities due to expire in 2021.

In the Contracting business lines (VINCI Energies, Eurovia and VINCI Construction), order intake rose 3% year-on-year to €19.1 billion in the first half of 2018. There was a 23% increase outside France but a 12% decline in France due to the high base for comparison (some major contracts were won in the first half of 2017, particularly relating to the Grand Paris Express project).

The order book grew in all business lines to €32.7 billion at 30 June 2018, a year-on-year increase of almost 7%, comprising a 2% decrease in France and a 16% increase outside France, and up almost 12% relative to 31 December 2017. It represents almost 12 months of average business activity in the Contracting business.

¹ Ebitda = Cash flow from operations before tax and financing costs.

1. Key events in the period

1.1 Main changes in scope

Concessions

In March 2018, VINCI Airports signed a concession contract to operate Belgrade airport in Serbia. The 25-year contract covers the financing, operation, maintenance, expansion and renovation of the airport's terminal and runways. The airport handled 5.3 million passengers in 2017 and is Serbia's largest. VINCI Airports will take over operations as soon as financing is arranged.

In April 2018, VINCI Airports signed an agreement to acquire Airports Worldwide, which manages eight airports in the United Kingdom, Sweden, the United States and Costa Rica. Airports Worldwide's portfolio consists of two wholly owned airports (Belfast International Airport in Northern Ireland and Skavsta Airport in Sweden), two under concession (Orlando-Sanford International Airport in Florida, United States and Daniel Oduber Quiros International Airport in Liberia, Costa Rica), and four under full operating contracts in the United States. Together, those airports handled more than 21 million passengers in 2017, and the transaction is currently being finalised.

On 27 June 2018, VINCI Airports opened an entirely renovated and extended terminal at Sihanoukville international airport in Cambodia in order to handle the large increase in passenger numbers expected over the next few years.

On 15 June 2018, VINCI Highways brought into service section 2 of the Lima expressway in Peru after 15 months of works. This 9 km toll section supplements the existing 16 km stretch of the expressway linking the main business districts of the Peruvian capital.

Contracting

VINCI Energies completed:

- in January, the acquisition of Eitech, a Swedish engineering and electrical works company operating in the manufacturing, infrastructure and construction sectors. It has strong local coverage with 26 sites, employs 1,200 people and generated revenue of around €220 million in 2017;
- in March, the acquisition of PrimeLine Utility Services, a US group specialising in transmission and distribution networks for electricity and gas, as well as telecoms infrastructure. The company has 50 sites in 25 states across the eastern and southern United States. It employs 2,900 people and its revenue amounted to \$520 million in 2017 (around €460 million);
- in April, the acquisition of Wah Loon Engineering, a Singapore-based company providing integrated electrical and mechanical engineering services. The company specialises particularly in the construction of data centres, and has 360 employees.

In April 2018, Eurovia acquired the assets of TNT, a Quebec-based public works contractor that also operates a quarry in Laval and asphalt production units in the Montreal region (Canada).

These transactions are described in the Note B.2. to the consolidated financial statements ("Changes in the consolidation scope").

1.2 New contracts

Among the contracts won by the Group in the first half of 2018, the most significant were as follows.

VINCI Energies

- a contract for managing the public lighting network in the region of Canberra, Australia, for a seven-year period;
- a contract to expand Senegal's electricity grid, including the installation of five very-high-voltage transformer stations and almost 200 km of very high-voltage above- and below-ground power lines in several of the country's cities;
- a contract to refurbish, extend and manage four schools in Germany as part of a public-private partnership (PPP);
- several contracts to roll out FTTH (fibre to the home) to 600,000 rural households in 26 French départements by 2022;
- the renewal of the facilities management contract for Thales sites in France for a further five-year period.

Eurovia

- a contract to build infrastructure for the Tram 9 line, involving façade-to-façade urban development along the 11.5 km route of the new tram line connecting Porte de Choisy (Paris) and Orly Ville;
- a contract to build a 15 km section of the D35 motorway in the Czech Republic, including 22 structures including a 451m viaduct;
- a four-year maintenance contract covering over 2,000 km of roads in the UK;
- a contract to upgrade part of Szczecin's city centre, Poland;
- a contract for pavement maintenance on the A29 motorway in Seine-Maritime in France.

VINCI Construction

- two construction contracts awarded in relation to building the Grand Paris Express transport network, for the extension of Line 14 South to Orly airport:
 - the first relating to the construction of the new Kremlin Bicêtre Hôpital station and a 4.6 km tunnel;
 - the second, won by Soletanche Bachy, involving the construction of the new Maison Blanche Paris station and its connection with the Olympiades station;

- a construction contract for VINCI's future head office in the heart of the future Groues district in Nanterre, an extension of the existing Paris-la Défense business district;
- a contract to build the Origine property complex consisting of office, residential and retail units, in Nanterre;
- two road projects in Cameroon: upgrading a 135 km section of the RN15 in the centre of the country and building a 106 km section of road between Olama and Bigambo;
- a design-build contract for a new metro line in Copenhagen, Denmark, involving boring two 4.4 km tunnels and building five underground stations;
- a contract to build the energy-transfer pumping station in Abdelmoumen, 70 km from Agadir in Morocco;
- a contract to modernise the Princes Highway motorway between Berry and Bomaderry in New South Wales (Australia);
- a contract to build a gas pipeline of more than 160 km in the region of Vancouver, British Columbia (Canada) as part of the Coastal GasLink Pipeline project.

1.3 Financing activities

New financing

In the first half, against a more volatile market background, the Group carried out several refinancing transactions in order to reduce the cost and extend the average maturity of its debt.

ASF carried out two bond issues:

- in January, €1 billion of bonds due to mature in 2030 with an annual coupon of 1.375%;
- in June, €700 million of bonds due to mature in 2028 with an annual coupon of 1.375%.

In March, VINCI arranged a \$300 million bilateral credit facility with a bank (SMBC), with a term of five years and the possibility of two one-year extensions.

In April, Arcos – the company that holds the concession for the A355 motorway bypassing Strasbourg to the west – completed the financing of its project by taking out 27-year “soft mini-perm” repayment loans for a total amount of €359 million with the European Investment Bank (EIB) and a banking syndicate.

Main debt repayments

In the first half of 2018, the Group repaid several loans with a total principal amount of €1.6 billion:

- in March, ASF repaid its final €750 million loan from the Caisse Nationale des Autoroutes (CNA), along with €100 million of bank loans;
- in April, Cofiroute redeemed €600 million of bonds and in March repaid a €75 million loan from the EIB.

At 30 June 2018, the Group's long-term financial debt totalled €19 billion. Its average maturity was 6.3 years and the average interest rate was 2.25% (5.7 years and 2.65% respectively at 31 December 2017).

1.4 Impact of the first-time adoption of IFRS 15 and IFRS 9 for the VINCI Group

Since 1 January 2018, the Group has applied IFRS 15 “Revenue from contracts with customers” and IFRS 9 “Financial instruments” according to the “simplified retrospective” transitional approach: the cumulative effects of first-time adoption have been recognised in opening equity at 1 January 2018 and 2017 data presented for comparative purposes have not been adjusted.

In general, the Group has not identified any material differences between its recognition practices under the previous accounting standards and the provisions of IFRS 15 and IFRS 9. A detailed analysis of any such differences and the transitional effects of applying those two new standards is provided in the Group's first-half 2018 report (Note A.4.).

As a result of the first-time adoption of IFRS 15, the Group reduced its equity at 1 January 2018 by €125 million, net of deferred tax. That adjustment mainly resulted from its assessment of whether variable revenue is “highly probable”, as required by IFRS 15, whereas the previous standard (IAS 11) allowed such revenue to be recognised when regarded as merely “probable”.

The impact of applying IFRS 9 mainly concern impairment of trade receivables (moving from an “incurred loss” model to an “expected loss” model) and details relating to hedge accounting. These changes resulted in a reduction in equity of less than €10 million at 1 January 2018.

2. Revenue

Consolidated revenue totalled €19.8 billion in the first half of 2018, up 6.7% relative to the first half of 2017, including organic growth of 2.8%. Acquisitions boosted revenue by 5.3%, while currency movements had a slightly negative effect of 1.4%.

Concessions revenue totalled €3.4 billion, up 6.3% on an actual basis. That figure includes the contribution of Salvador airport in Brazil at VINCI Airports, along with that of Gefyra, which holds the concession for the Rion–Antirion bridge in Greece and which has been fully consolidated since 1 January 2018. On a comparable structure basis, revenue was up 5.8%.

Contracting revenue totalled €16.1 billion, up 6.9% on an actual basis, including organic growth of 2.2%. The upturn in business levels that began at VINCI Energies and Eurovia in 2017 continued, while activity at VINCI Construction stabilised. Acquisitions boosted revenue by 6.3%, while currency movements had a negative effect of 1.6%, caused by the euro's rise against most other currencies, particularly the US dollar.

In France, revenue was €11.5 billion, up 4.6% on an actual basis or 3.8% on a constant structure basis, reflecting the firm economic environment. Concessions revenue rose by 4.5% both on an actual basis and like-for-like, while Contracting revenue grew 5.1% (4.1% like-for-like).

Outside France, revenue was €8.3 billion, up 9.8% on an actual basis, with acquisitions delivering an 11.9% boost, and 1.3% on a comparable structure basis. During the period, 41.9% of total Group revenue came from outside France (47% in Contracting and 19% in Concessions).

Revenue by business line

<i>(in € millions)</i>	First half 2018	First half 2017	2018/2017 change	
			Actual	Comparable
Concessions	3,426	3,223	+6.3%	+5.8%
VINCI Autoroutes	2,543	2,453	+3.7%	+3.7%
VINCI Airports	741	664	+11.6%	+10.9%
Other concessions	141	106	+33.0%	+24.7%
Contracting	16,144	15,104	+6.9%	+2.2%
VINCI Energies	5,857	5,061	+15.7%	+3.4%
Eurovia	3,725	3,494	+6.6%	+6.2%
VINCI Construction	6,562	6,550	+0.2%	-0.9%
VINCI Immobilier	393	388	+1.3%	-0.1%
<i>Intragroup eliminations</i>	<i>(205)</i>	<i>(203)</i>		
Revenue^(*)	19,758	18,513	+6.7%	+2.8%
<i>Concession subsidiaries' works revenue</i>	<i>387</i>	<i>421</i>	<i>-8.0%</i>	<i>-16.1%</i>
<i>Intragroup eliminations</i>	<i>(101)</i>	<i>(96)</i>		
Concession subsidiaries' revenue derived from works carried out by non-Group companies	286	325	-12.0%	-20.0%
Total consolidated revenue	20,044	18,838	+6.4%	+2.4%

(*) Excluding concession subsidiaries' works revenue.

CONCESSIONS: €3,426 million (up 6.3% actual; up 5.8% on a comparable structure basis)

VINCI Autoroutes: revenue grew 3.7% to €2,543 million. Traffic levels were up 2.3% year-on-year in the first half of 2018 (light vehicles up 2.0%, heavy vehicles up 3.6%). Light-vehicle traffic benefited from the favourable timing of school holidays and a shift from rail to road transport. Although there was one less business day than in the comparable period, heavy-vehicle traffic continued to show good momentum, due to favourable economic conditions in France and Spain.

VINCI Airports: revenue rose 11.6% to €741 million including Salvador airport in Brazil. On a comparable structure basis, revenue rose 10.9%. Passenger numbers at VINCI Airports continued to grow rapidly, rising by 9.3% in the first half as a whole. Passenger numbers at the three airports in Cambodia maintained their exceptional growth rate (23.7%). Passenger growth remained strong in Portugal (8.9%) and France (9.5%), and continued in Chile (10.7%), Japan (8.7%) and Brazil (3.9%). In the Dominican Republic, passenger numbers fell 3.8% during the period after several airlines went bankrupt.

Other concessions: revenue totalled €141 million, an increase of 33% compared with the first half of 2017. The main contributors to revenue were VINCI Stadium, Lamsac (the company operating the Lima ring road concession in Peru), MESEA (the company in charge of maintaining and operating the South Europe Atlantic high-speed rail line between Tours and Bordeaux) and Gefyra (the company that holds the concession for the Rion–Antirion bridge in Greece).

CONTRACTING: €16,144 million (up 6.9% actual; up 2.2% on a comparable structure basis)

In France, revenue rose 5.1% to €8,519 million (up 4.1% on a constant structure basis).

Outside France, revenue rose 8.9% on an actual basis to €7,625 million, benefiting from a 12.2% positive impact from acquisitions. Exchange rate movements had a 3.4% negative impact. On a comparable structure basis, revenue remained stable (up 0.1%).

VINCI Energies: €5,857 million (up 15.7% actual; up 3.4% on a comparable structure basis)

In France, revenue rose 5.3% compared with the first half of 2017 on an actual basis to €2,785 million (up 4.4% on a comparable structure basis). Business levels were boosted by good momentum in the information and communication technology (ICT) and infrastructure and building solutions (service-sector properties) segments, particularly in the Paris region, and to a lesser extent in the industry segment.

Outside France, revenue amounted to €3,072 million, accounting for more than 52% of the business line total. Revenue rose 27% on an actual basis, resulting from acquisitions completed in late 2017 and 2018 in Europe, including Horlemann in Germany, Eitech and Infratek in Scandinavia, PrimeLine in the United States and Wah Loon in Singapore. Revenue was up 2.3% on a comparable structure basis, with performance varying between countries. In Europe, business levels rose in Germany despite adverse weather conditions in the first quarter, in Switzerland because of growth in the ICT sector, and in the Netherlands, Sweden, Spain and Portugal. Revenue fell in the United Kingdom and Belgium, particularly in Building Solutions. Outside Europe, business was firm in Morocco, Brazil and Australia, offsetting declines in Indonesia and New Zealand.

Eurovia: €3,725 million (up 6.6% actual; up 6.2% on a comparable structure basis)

In France, revenue rose 7.7% on an actual basis to €2,226 million (up 6.8% on a comparable structure basis). There was growth across all regions of France. Renewed growth in public-sector orders and higher commodity prices made up for the negative impact caused by poor first-quarter weather conditions and by the SNCF strikes in terms of rail activities.

Outside France, revenue amounted to €1,499 million, up 5.0% on an actual basis and up 5.4% on a comparable structure basis, with performance varying between countries. In Europe, markets were buoyant in the Czech Republic and Poland and, to a lesser extent, in Germany, Slovakia and Lithuania. Business levels fell in the United Kingdom and Romania. Outside Europe, revenue rose in Canada and Chile, but declined in the United States due to the completion of several major contracts in Florida.

Seasonal variations are significant at Eurovia, with first-half revenue accounting for less than 45% of the full-year total. Such variations are particularly pronounced in Central Europe and Canada.

VINCI Construction: €6,562 million (up 0.2% actual; down 0.9% on a comparable structure basis)

In France, revenue was €3,507 million, up 3.4% on an actual basis and up 2.1% on a comparable structure basis. In the Paris region, the upturn in the public works and building markets continued, particularly in the refurbishment segment, as did the build-up of projects related to the future Grand Paris Express transport network. Outside Paris, business levels declined, particularly in the Centre-East, West and Normandy regions. They rose in Overseas France, particularly French Guiana and Reunion Island.

Outside France, revenue totalled €3,054 million, down 3.3% on an actual basis. Changes in scope, resulting from the integration of Seymour Whyte in Australia and Conetec in Canada, had a 5.4% positive impact, offsetting a 4.5% negative currency effect. On a comparable structure basis, revenue fell 4.2%, with particularly steep declines in Africa and, in speciality business areas, in the Middle East, Central and South America and the United States. The end of large projects like Yamal in Russia, Chernobyl in Ukraine and the Hong Kong metro also dragged revenue down. On the plus side, there was strong growth in Oceania and Central Europe, particularly in Poland.

VINCI Immobilier: €393 million (up 1.3% actual; down 0.1% on a comparable structure basis)

In a stabilising French residential property market, VINCI Immobilier's sales activity remained firm, with 3,178 reservations in the first half of 2018, an increase of 4%. Although VINCI Immobilier's completed residential sales fell 15% to 2,037 in the first half of 2018, work started on new developments comprising 2,090 units, an increase of 9%. Consolidated revenue remained stable (up 1%).

Revenue by geographical area

(in € millions)	First half 2018	% of total	First half 2017	2018/2017 change	
				Actual	At constant exchange rates
France	11,480	58.1%	10,974	+4.6%	+4.6%
Germany	1,265	6.4%	1,206	+4.9%	+4.9%
United Kingdom	1,083	5.5%	1,147	-5.5%	-3.7%
Central and Eastern Europe	864	4.4%	711	+21.6%	+19.9%
Rest of Europe	1,978	10.0%	1,551	+27.5%	+29.7%
Europe excl. France	5,191	26.3%	4,615	+12.5%	+13.4%
Americas	1,322	6.7%	1,223	+8.1%	+17.6%
Africa	524	2.7%	594	-11.8%	-9.8%
Russia, Asia Pacific and Middle East	1,241	6.3%	1,107	+12.1%	+21.3%
International excl. Europe	3,087	15.6%	2,924	+5.6%	+13.1%
Total International	8,278	41.9%	7,539	+9.8%	+13.3%
Revenue^(*)	19,758	100.0%	18,513	+6.7%	+8.1%

(*) Excluding concession subsidiaries' works revenue.

3. Results

3.1 Operating income from ordinary activities/operating income

Operating income from ordinary activities (Ebit) was €2,099 million, an increase of 11.4% compared with the first half of 2017 (€1,883 million). Ebit margin rose to 10.6% (10.2% in the first half of 2017).

Operating income from ordinary activities/operating income

(in € millions)	First half 2018	% of revenue ^(*)	First half 2017	% of revenue ^(*)	2018/2017 change
Concessions	1,642	47.9%	1,530	47.5%	7.3%
VINCI Autoroutes	1,318	51.8%	1,264	51.5%	4.3%
VINCI Airports	322	43.4%	269	40.5%	19.4%
Other concessions	2	-	(3)	-	-
Contracting	436	2.7%	349	2.3%	25.0%
VINCI Energies	336	5.7%	278	5.5%	20.9%
Eurovia	(17)	-0.5%	(19)	-0.5%	9.3%
VINCI Construction	118	1.8%	90	1.4%	30.3%
VINCI Immobilier	17	4.4%	12	3.2%	39.1%
Holding companies	3	-	(8)	-	-
Operating income from ordinary activities (Ebit)	2,099	10.6%	1,883	10.2%	11.4%
Share-based payments (IFRS 2)	(79)	-	(57)	-	-
Income/(loss) of companies accounted for under the equity method	81	-	34	-	-
Other recurring operating items	53	-	(7)	-	-
Recurring operating income	2,154	10.9%	1,853	10.0%	16.2%
Non-recurring operating items	18	-	(7)	-	-
Operating income	2,171	11.0%	1,846	10.0%	17.6%

NB: Operating income from ordinary activities is defined as operating income before the effects of share-based payments (IFRS 2), the income or loss of companies accounted for under the equity method and other recurring and non-recurring operating items.

(*) Excluding concession subsidiaries' works revenue.

In **Concessions**, Ebit rose 7.3% to €1,642 million, equal to 47.9% of Concessions revenue.

At VINCI Autoroutes, Ebit amounted to €1,318 million, up 4.3% relative to the first-half 2017 figure of €1,264 million. The Ebit margin rose 30 basis points to 51.8% in the first half of 2018, driven by higher revenue and good control over operating expenses, partly offset by the increase in depreciation and amortisation charges resulting from the opening of new sections of road, particularly the relief motorway for the A9 near Montpellier in May 2017.

VINCI Airports' Ebit was €322 million (43.4% of revenue), up 19.4% compared with the first-half 2017 figure of €269 million (40.5% of revenue). Aside from the integration of Salvador airport in Brazil, the increase reflects the ongoing improvement in earnings at airports managed by the Group in Portugal, Cambodia and France.

Other concessions generated positive Ebit of €2 million (a loss of €3 million in the first half of 2017).

In **Contracting**, Ebit rose 25% to €436 million, equal to 2.7% of revenue (2.3% in the first half of 2017).

At VINCI Energies, Ebit was €336 million, up 21% year-on-year (€278 million in the first half of 2017). The Ebit margin rose from 5.5% in the first half of 2017 to 5.7% in the first half of 2018 due to a solid performance across all divisions both in France and abroad.

Eurovia's contribution to Ebit is traditionally negative in the first half of the year (a loss of €17 million in the first half of 2018), which is not representative of its expected full-year performance because seasonal variations in business levels affect coverage of overheads. However, there was improved performance in Eurovia's North American operations. Harsh weather conditions in the first quarter and the SNCF strikes adversely affected Eurovia's traditional road and rail activities in France and the rest of Europe, particularly in the United Kingdom.

At VINCI Construction, Ebit was €118 million, up 30% relative to the first half of 2017 (€90 million). The Ebit margin rose 40 basis points to 1.8% in the first half of 2018. Profitability improved at VINCI Construction France and UK operations returned to breakeven. The situation at Entrepose remained difficult because of its exposure to the oil sector, where conditions remained difficult. VINCI Construction International Networks, Soletanche Freyssinet and VINCI Construction Grands Projets posted a slight decrease in margins because of lower business levels in some regions and the phasing of several major projects currently in the design or start-up phase.

VINCI Immobilier: Ebit was €17 million and the Ebit margin was 4.4%, up from €12 million and 3.2% respectively in the first half of 2017. The improvement was driven by growth in fees and good profitability levels in commercial property.

Recurring operating income rose 16.2% to €2,154 million (€1,853 million in the first half of 2017). This item takes into account the following factors:

- share-based payment expense, which reflects the benefits granted to employees under the Group's savings and performance share plans and amounted to €79 million (€57 million in the first half of 2017);
- other recurring operating items, producing €134 million of income versus €27 million in the first half of 2017. That increase was the result of substantially higher earnings at companies accounted for under the equity method, particularly at certain VINCI Airports subsidiaries, along with the positive impact of reconsolidating Gefyra.

Recurring operating income by business line

<i>(in € millions)</i>	First half 2018	First half 2017	2018/2017 change
Concessions	1,728	1,533	12.7%
VINCI Autoroutes	1,313	1,264	3.9%
VINCI Airports	374	247	51.0%
Other concessions	41	21	-
Contracting	403	310	30.2%
VINCI Energies	311	261	19.1%
Eurovia	(24)	(24)	-1.0%
VINCI Construction	116	72	60.6%
VINCI Immobilier	24	20	23.3%
Holding companies	(1)	(9)	-
Recurring operating income	2,154	1,853	16.2%

Non-recurring operating items produced income of €18 million in the first half of 2018 (as opposed to a loss of €7 million in the first half of 2017) including the impact of measuring Gefyra at fair value after its consolidation method was changed from the equity method to full consolidation effective 1 January 2018.

After taking account of both recurring and non-recurring items, **operating income** was €2,171 million in the first half of 2018, up 17.6% relative to the first-half 2017 figure of €1,846 million.

3.2 Net income

Consolidated net income attributable to owners of the parent amounted to €1,300 million (6.6% of revenue), up 26.2% or €270 million compared with the first half of 2017 (€1,030 million and 5.6% of revenue).

Earnings per share, after taking account of dilutive instruments, amounted to €2.32, up 26.1% compared with the first half of 2017 (€1.84).

The cost of net financial debt was €236 million in the first half of 2018 (€234 million in the first half of 2017). The fall in the cost of the Group's gross long-term debt, following refinancing operations in 2017 and 2018 at lower rates than those of the debts repaid, offset the increase in average debts outstanding after financing of recently acquired companies. In the first half of 2018, the average interest rate on long-term gross financial debt was 2.48% (2.68% in 2017 and the first half of 2017).

Other financial income and expense resulted in income of €19 million, compared with €18 million in the first half of 2017. This figure includes:

- the cost of discounting retirement benefit obligations and provisions for the obligation to maintain the condition of concession intangible assets in the amount of €17 million (€19 million in the first half of 2017);
- a €43 million gain relating to capitalised borrowing costs on current concession investments (gain of €45 million in the first half of 2017);
- negative currency effects amounting to €6 million (€9 million in the first half of 2017).

Tax expense totalled €629 million in the first half of 2018, giving an effective tax rate of 33.5%, compared with €575 million and 36.0% in the first half of 2017. The increase was because of higher profits both inside and outside France, partly offset by the discontinuation of the 3% dividend tax in France, which the Group paid until the first half of 2017.

Earnings attributable to non-controlling interests totalled €26 million (€25 million in the first half of 2017).

4. Cash flows

Ebitda amounted to €2,937 million in the first half of 2018, up 4.7% from the first half of 2017 (€2,806 million). Ebitda margin was 14.9% versus 15.2% in the year-earlier period. These movements reflect good performances at VINCI Autoroutes and VINCI Airports and higher profitability in the Contracting business. However, that increase in profitability was offset by the increase in the employer contribution to the Group's employee savings plans in France.

Ebitda in the **Concessions** business rose 7.3% to €2,392 million (€2,229 million in the first half of 2017). It equalled 69.8% of revenue (69.1% in the first half of 2017) and 82% of total Group Ebitda (79% in the first half of 2017).

VINCI Autoroutes' Ebitda grew slightly faster than its revenue, rising 4.2% to €1,908 million versus €1,831 million in the first half of 2017. The Ebitda margin therefore increased to 75.0%, as opposed to 74.6% in the year-earlier period.

Ebitda at VINCI Airports rose 13.1% to €441 million (€390 million in the first half of 2017). The Ebitda margin increased from 58.7% in the first half of 2017 to 59.5% in the first half of 2018.

Ebitda in the **Contracting** business rose 4.5% to €554 million, equal to 3.4% of revenue.

Ebitda by business line

<i>(in € millions)</i>	First half 2018	% of revenue ^(*)	First half 2017	% of revenue ^(*)	2018/2017 change
Concessions	2,392	69.8%	2,229	69.1%	+7.3%
VINCI Autoroutes	1,908	75.0%	1,831	74.6%	+4.2%
VINCI Airports	441	59.5%	390	58.7%	+13.1%
Other concessions	42	-	8	-	-
Contracting	554	3.4%	531	3.5%	+4.5%
VINCI Immobilier	15	3.8%	11	2.9%	+33.8%
Holding companies	(24)	-	36	-	-
Total Ebitda	2,937	14.9%	2,806	15.2%	+4.7%

(*) Excluding concession subsidiaries' works revenue.

The change in the working capital requirement relating to business activities and current provisions – which is always negative in the first half of the year due to seasonal variations in the Contracting business – increased to €1,535 million in the first half of 2018, versus €1,130 million in the first half of 2017. The year-on-year change resulted from several factors: an increase in trade receivables because of business growth, less favourable timing in terms of receiving project advances, shorter supplier payment times, and new land purchases for property activities.

Net interest paid totalled €285 million in the first half of 2018, lower than the €328 million seen in the first half of 2017.

Tax payments fell by €241 million to €452 million (€693 million in the first half of 2017) and included a net inflow of €113 million, mainly with respect to the partial rebate of the 3% dividend tax (non-recurring tax effects resulted in a net outflow of €200 million in 2017).

Dividends paid by companies accounted for under the equity method amounted to €138 million in the first half of 2018, higher than the year-earlier figure of €85 million.

Cash flow from operating activities² totalled €803 million, up €61 million relative to the first-half 2017 figure of €741 million.

After accounting for operating investments net of disposals amounting to €476 million, up €163 million on the year-earlier figure of €313 million, **operating cash flow**³ was €327 million.

Growth investments in concessions and public-private partnerships totalled €463 million (€557 million in the year-earlier period, including €67 million by Lamsac in Peru). This figure includes €346 million invested by VINCI Autoroutes (€389 million in the first half of 2017) and €107 million by VINCI Airports, mainly in Portugal and Brazil (€100 million in the first half of 2017).

Free cash flow before financial investments produced a net outflow of €136 million (compared to a net outflow of €128 million in the first half of 2017), including a €1,055 million inflow in Concessions and a €1,337 million outflow in Contracting (€708 million inflow and €1,085 million outflow respectively in the first half of 2017).

Financial investments, net of disposals, resulted in a net cash outflow of almost €1.1 billion. They included the €0.9 billion spent by VINCI Energies on acquiring PrimeLine in the United States, Eitech in Sweden and Wah Loon in Singapore, along with €0.1 billion spent by Eurovia in France and Canada.

In the first half of 2017, financial investments amounted to €0.5 billion.

Capital increases resulted in the creation of 5.1 million new shares and totalled €380 million in the first half of 2018, including €367 million relating to Group savings plans and €13 million relating to the exercise of share subscription options.

To neutralise the dilutive effect of these operations, VINCI purchased 5.7 million shares in the market through its share buy-back programme for a total investment of €474 million at an average price of €83.31 per share.

Dividends paid by the Group in the first half of 2018 totalled €1,011 million (€840 million in the first half of 2017), including €974 million paid by VINCI SA as the final dividend for 2017 (€1.76 per share). The remainder includes dividends paid to non-controlling shareholders by subsidiaries not wholly owned by the Group.

As a result of these cash flows, net financial debt increased by €2.7 billion in the first half of 2018, taking the total to €16.7 billion at 30 June 2018.

² Cash flow from operating activities: cash flow from operations adjusted for changes in operating working capital requirement and current provisions, interest paid, income taxes paid and dividends received from companies accounted for under the equity method.

³ Operating cash flow: cash flow from operating activities adjusted for net investments in operating assets (excluding growth investments in concessions and PPPs).

5. Balance sheet and net financial debt

Consolidated non-current assets amounted to €42.5 billion at 30 June 2018 (€40.4 billion at 30 June 2017, €41.2 billion at 31 December 2017), including €31.6 billion in the Concessions business (€31.0 billion at 30 June 2017, €31.1 billion at 31 December 2017) and €10.6 billion in Contracting (€9.0 billion at 30 June 2017, €9.6 billion at 31 December 2017).

After taking account of a net working capital surplus (attributable mainly to the Contracting business) of €4.7 billion, down €1.4 billion compared with 31 December 2017, capital employed was €37.8 billion at 30 June 2018 (€35.1 billion at 30 June and 31 December 2017).

Capital employed in the Concessions business amounted to €30.3 billion, accounting for 80% of the total (85% at 30 June 2017 and 84% at 31 December 2017). After its latest acquisitions, VINCI Energies accounted for 12% of capital employed at 30 June 2018 as opposed to 9% at 30 June and 31 December 2017.

The Group's consolidated equity totalled €18.3 billion at 30 June 2018, up €1.5 billion compared with 30 June 2017 (€16.9 billion) and down €0.1 billion compared with 31 December 2017 (€18.4 billion). It includes €0.6 billion relating to non-controlling interests.

The number of shares, excluding treasury shares, was 596,363,168 at 30 June 2018 (591,216,948 at 31 December 2017). Treasury shares amounted to 6.8% of the total capital at 30 June 2018 (6.1% at 31 December 2017, 6.5% at 30 June 2017).

Consolidated net financial debt at end-June 2018 was €16.7 billion, up €1.1 billion relative to 30 June 2017 (€15.5 billion) and up €2.7 billion relative to 31 December 2017 (€14.0 billion). That figure reflects long-term gross financial debt of €19.3 billion (€18.8 billion at 31 December 2017) and managed net cash of €2.6 billion (€4.8 billion at 31 December 2017).

For the Concessions business, including its holding companies, net financial debt stood at €26.6 billion, down €0.5 billion relative to 31 December 2017 (€27.1 billion). The Contracting business showed net financial debt of €2.0 billion, compared with a net cash surplus of €0.5 billion at 31 December 2017 and net financial debt of €0.5 billion at 30 June 2017. The holding companies and other activities posted a net financial surplus of €12.0 billion, down €0.7 billion relative to 31 December 2017 (€12.7 billion). Of that surplus, €13.3 billion consisted of the net balance of loans granted to Group subsidiaries and subsidiaries' investments in holding companies.

The ratio of net financial debt to equity was 0.9 at 30 June 2018 (0.8 at 31 December 2017). The ratio of net financial debt to Ebitda on a rolling 12-month basis was 2.5 at 30 June 2018 (2.2 at 31 December 2017).

Liquidity at end-June 2018 amounted to €8.6 billion, versus €8.5 billion at end-June 2017 and €10.8 billion at 31 December 2017. The liquidity figure comprises €2.6 billion of managed net cash and €6.0 billion of unused confirmed bank credit facilities expiring in 2021.

Net financial surplus (debt)

<i>(in € millions)</i>	30/06/2018	of which external	Net financial debt/Ebitda ^(*)	30/06/2017	of which external	31/12/2017	of which external	Change 30/06/2018 vs. 30/06/2017	Change 30/06/2018 vs. 31/12/2017
Concessions	(26,640)	(16,454)	x5.5	(27,954)	(15,412)	(27,145)	(15,890)	1,314	505
VINCI Autoroutes	(20,146)	(15,159)	x5.1	(21,647)	(14,356)	(20,954)	(15,088)	1,502	808
VINCI Airports	(3,892)	(693)	x4.5	(4,092)	(896)	(4,048)	(472)	200	157
Other concessions	(2,603)	(602)		(2,215)	(159)	(2,143)	(330)	(388)	(460)
Contracting	(2,008)	1,147		(492)	1,191	477	1,281	(1,516)	(2,485)
VINCI Energies	(1,888)	173	x2.9	(846)	156	(700)	132	(1,042)	(1,188)
Eurovia	(463)	(8)		(294)	47	229	40	(169)	(692)
VINCI Construction	343	982		648	987	948	1,110	(305)	(604)
VINCI Immobilier and holding companies	11,973	(1,367)		12,905	(1,321)	12,667	609	(931)	(694)
Total	(16,674)	(16,674)	x2.5	(15,541)	(15,541)	(14,001)	(14,001)	(1,133)	(2,673)

(*) Ratio of net financial debt to Ebitda on a rolling 12-month basis.

6. Order book

At 30 June 2018, the Contracting order book stood at €32.7 billion, an increase of almost 12% compared with 31 December 2017 and 7% over 12 months, with growth in all business lines. Relative to 30 June 2017, the order book grew 16% outside France and fell 2% in France. Companies acquired since the second half of 2017 contributed €1.7 billion to the order book at 30 June 2018, including €1.0 billion at VINCI Energies and €0.5 billion at VINCI Construction.

VINCI Energies' order book stood at €8.7 billion at 30 June 2018, up 29% compared with 31 December 2017 (up 6% in France and up 59% outside France) and up 25% over 12 months (up 3% in France and up 51% outside France). It represented nine months of VINCI Energies' average business activity.

Eurovia's order book stood at €6.5 billion, up 14% since the start of the year (up 15% in France and up 14% outside France) and up 3% relative to end-June 2017 (up 9% in France and down 2% outside France). It represented more than nine months of Eurovia's average business activity.

VINCI Construction's order book stood at €17.5 billion at 30 June 2018, up 4% compared with 31 December 2017 (down 2% in France and up 11% outside France) and up 1% over 12 months (down 6% in France and up 9% outside France). It represented 15 months of VINCI Construction's average business activity.

Order book ^(*)

<i>(in € billions)</i>	30/06/2018	of which France	of which outside France	30/06/2017	31/12/2017
VINCI Energies	8.7	3.9	4.8	7.0	6.7
Eurovia	6.5	2.9	3.6	6.3	5.7
VINCI Construction	17.5	9.0	8.5	17.4	16.9
Total Contracting	32.7	15.9	16.8	30.7	29.3

() Unaudited figures.*

At 30 June 2018, VINCI Immobilier's order book⁴ amounted to €0.9 billion, comprising €0.5 billion for commercial property and €0.4 billion for residential property, and representing a 5% decrease relative to 31 December 2017.

7. Interim dividend

On 26 July 2018, the Board of Directors decided to pay an interim dividend of €0.75 per share in respect of 2018, up 8.7% relative to the interim dividend paid in 2017 (€0.69).

This interim dividend will be paid in cash on 8 November 2018 (ex-date: 6 November 2018).

8. Main transactions with related parties

The main transactions with related parties are described in Note K.26. to the condensed half-year consolidated financial statements.

9. Risk factors

The main risk factors that VINCI could face are described in Section D "Risk factors and management procedures" of the Report of the Board of Directors contained in the 2017 registration document.

⁴ VINCI Immobilier's order book corresponds to the revenue, recognised on a progress-towards-completion basis, that is yet to be generated on a given date with respect to property sales confirmed by a notarised deed, or with respect to property development contracts on which the works order has been given by the project owner. Under IFRS 11, VINCI excludes the order books of jointly controlled co-development companies.

Condensed half-year consolidated financial statements at 30 June 2018

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Half-year consolidated financial statements

Key figures

<i>(in € millions)</i>	First half 2018	First half 2017	Change first half 2018/2017	Full year 2017
Revenue (*)	19,758	18,513	6.7%	40,248
Revenue generated in France (*)	11,480	10,974	4.6%	23,680
% of revenue (*)	58.1%	59.3%		58.8%
Revenue generated outside France (*)	8,278	7,539	9.8%	16,568
% of revenue (*)	41.9%	40.7%		41.2%
Operating income from ordinary activities	2,099	1,883	11.4%	4,607
% of revenue (*)	10.6%	10.2%		11.4%
Recurring operating income	2,154	1,853	16.2%	4,592
Operating income	2,171	1,846	17.6%	4,550
Net income attributable to owners of the parent	1,300	1,030	26.2%	2,747
% of revenue (*)	6.6%	5.6%		6.8%
Diluted earnings per share <i>(in €)</i>	2.32	1.84	26.1%	4.91
Net income attributable to owners of the parent excluding non-recurring tax effects (**)	1,300	1,030	26.2%	2,737
Diluted earnings per share excluding non-recurring tax effects <i>(in €)</i> (**)	2.32	1.84	26.1%	4.89
Dividend per share <i>(in €)</i>	0.75 (***)	0.69	8.7%	2.45
Cash flows from operations before tax and financing costs	2,937	2,806	4.7%	6,500
Operating investments (net of disposals)	(476)	(313)	52.2%	(745)
Growth investments in concessions and PPPs	(463)	(557)	-16.8%	(1,010)
Free cash flow (after investments and excluding non-recurring tax effects) (**)	(136)	(128)	6.3%	2,725
Equity including non-controlling interests	18,333	16,859	1,473	18,383
Net financial debt	(16,674)	(15,541)	(1,133)	(14,001)

(*) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.

(**) In 2017, net non-recurring tax effects on net income attributable to owners of the parent had a positive impact of €10 million. Those effects resulted from the following tax measures adopted in France's 2018 Finance Act and 2017 Amended Finance Act: the surtax equal to 30% of corporate income tax, the annulment of the 3% dividend tax and the gradual decrease in the corporate income tax rate in France from 33.33% to 25% in 2022, leading to a revaluation of the Group's deferred tax. At 30 June 2018, deferred tax was valued using the same assumptions.

(***) Interim dividend to be paid on 8 November 2018.

From 1 January 2018, the Group has applied IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments" according to the "simplified retrospective" approach, recognising the cumulative effects of first-time adoption on opening equity at 1 January 2018. As a result, the 2017 figures presented for comparison purposes have not been adjusted. The impacts of this first-time adoption are presented in Note A.4.

Consolidated income statement for the period

<i>(in € millions)</i>	Notes	First half 2018	First half 2017	Full year 2017
Revenue ^(*)	1-2	19,758	18,513	40,248
Concession subsidiaries' revenue derived from works carried out by non-Group companies		286	325	629
Total revenue		20,043	18,838	40,876
Revenue from ancillary activities		108	101	200
Operating expenses	4	(18,052)	(17,055)	(36,468)
Operating income from ordinary activities	1-4	2,099	1,883	4,607
Share-based payments (IFRS 2)	25	(79)	(57)	(163)
Profit/(loss) of companies accounted for under the equity method	4-10	81	34	146
Other recurring operating items		53	(7)	-
Recurring operating income	4	2,154	1,853	4,592
Non-recurring operating items	4	18	(7)	(41)
Operating income	4	2,171	1,846	4,550
Cost of gross financial debt		(249)	(279)	(537)
Financial income from cash investments		13	45	56
Cost of net financial debt	5	(236)	(234)	(481)
Other financial income and expense	6	19	18	40
Income tax expense	7	(629)	(575)	(1,271)
<i>of which non-recurring tax effects ^(**)</i>		-	-	44
Net income		1,326	1,055	2,837
Net income attributable to non-controlling interests		26	25	90
Net income attributable to owners of the parent ^(**)		1,300	1,030	2,747
Basic earnings per share <i>(in €)</i> ^(**)	8	2.34	1.86	4.95
Diluted earnings per share <i>(in €)</i> ^(**)	8	2.32	1.84	4.91
Net income attributable to owners of the parent excluding non-recurring tax effects in deferred tax ^(**)		1,300	1,030	2,737
Diluted earnings per share excluding non-recurring tax effects <i>(in €)</i> ^(**)		2.32	1.84	4.89

(*) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.

(**) In 2017, the net impact of non-recurring tax effects was limited: a €44 million positive effect on the consolidated tax charge and a €10 million positive impact on net income attributable to owners of the parent. That impact resulted from the following tax measures adopted in France's 2018 Finance Act and 2017 Amended Finance Act: the surtax equal to 30% of corporate income tax, the annulment of the 3% dividend tax and the gradual decrease in the corporate income tax rate in France from 33.33% to 25% in 2022, leading to a revaluation of the Group's deferred tax. At 30 June 2018, deferred tax was valued using the same assumptions.

Consolidated comprehensive income statement for the period

	First half 2018			First half 2017			Full year 2017		
	Attributable to owners of the parent	Attributable to non-controlling interests	Total	Attributable to owners of the parent	Attributable to non-controlling interests	Total	Attributable to owners of the parent	Attributable to non-controlling interests	Total
<i>(in € millions)</i>									
Net income	1,300	26	1,326	1,030	25	1,055	2,747	90	2,837
Changes in fair value of cash flow and net investment hedging instruments (*)	(19)	-	(19)	51	1	52	137	1	137
Hedging costs	3	-	3	-	-	-	-	-	-
Tax (**)	(4)	-	(4)	(17)	-	(17)	(47)	-	(47)
Currency translation differences	17	2	19	(147)	(9)	(156)	(335)	(11)	(346)
Share in net income of companies accounted for under the equity method	32	-	32	49	-	49	57	-	57
Other comprehensive income that may be recycled subsequently to net income	29	2	31	(64)	(8)	(73)	(188)	(11)	(199)
Equity instruments	1	-	1	-	-	-	-	-	-
Actuarial gains and losses on retirement benefit obligations	(23)	-	(23)	33	-	33	137	1	138
Tax	6	-	6	(18)	-	(18)	(31)	-	(31)
Share in net income of companies accounted for under the equity method	(1)	-	(1)	(1)	-	(1)	(1)	-	(1)
Other comprehensive income that may not be recycled subsequently to net income	(16)	-	(16)	14	-	14	105	1	106
Total other comprehensive income recognised directly in equity	13	2	15	(51)	(8)	(59)	(83)	(10)	(93)
Total comprehensive income	1,314	28	1,341	979	17	996	2,664	80	2,744

(*) Changes in the fair value of cash flow hedges are recognised in equity for the effective portion. Cumulative gains and losses in equity are taken to profit or loss at the time when the cash flow affects profit or loss.

(**) Tax effects relating to changes in the fair value of cash flow hedging financial instruments (effective portion) and hedging costs.

Consolidated balance sheet

Assets

<i>(in € millions)</i>	Notes	30/06/2018	30/06/2017	31/12/2017
Non-current assets				
Concession intangible assets	12	26,647	26,463	26,539
Goodwill	9	9,406	8,193	8,600
Other intangible assets		431	413	417
Property, plant and equipment	14	4,658	4,359	4,421
Investments in companies accounted for under the equity method	10	1,552	1,500	1,573
Other non-current financial assets	11-13	1,263	1,146	1,102
Derivative financial instruments – non-current assets		550	660	621
Deferred tax assets		257	237	255
Total non-current assets		44,763	42,972	43,527
Current assets				
Inventories and work in progress	15	1,139	946	1,056
Trade and other receivables	15	12,868	11,638	12,432
Other current operating assets	15	5,349	4,823	5,035
Other current non-operating assets		46	49	58
Current tax assets		259	268	406
Other current financial assets		34	29	38
Derivative financial instruments – current assets		232	265	261
Cash management financial assets	21	174	153	184
Cash and cash equivalents	21	5,997	4,784	6,807
Total current assets		26,098	22,954	26,276
Total assets		70,861	65,925	69,803

Consolidated balance sheet

Equity and liabilities

<i>(in € millions)</i>	Notes	30/06/2018	30/06/2017	31/12/2017
Equity				
Share capital	18.1	1,491	1,483	1,478
Share premium		10,253	9,660	9,886
Treasury shares	18.2	(2,161)	(1,893)	(1,751)
Consolidated reserves		7,886	7,046	6,509
Currency translation reserves		(215)	(72)	(276)
Net income attributable to owners of the parent		1,300	1,030	2,747
Amounts recognised directly in equity	18.3	(817)	(924)	(782)
Equity attributable to owners of the parent		17,737	16,329	17,812
Non-controlling interests		596	531	572
Total equity		18,333	16,859	18,383
Non-current liabilities				
Non-current provisions	16	1,065	982	1,053
Provisions for employee benefits	24	1,519	1,628	1,481
Bonds	20	14,529	13,428	14,130
Other loans and borrowings	20	2,907	2,657	2,512
Derivative financial instruments – non-current liabilities		276	253	288
Other non-current liabilities		269	133	192
Deferred tax liabilities		1,648	1,879	1,735
Total non-current liabilities		22,214	20,959	21,391
Current liabilities				
Current provisions	15	4,181	4,065	4,322
Trade payables	15	7,707	7,345	8,198
Other current operating liabilities	15	11,855	11,014	11,852
Other current non-operating liabilities		416	395	487
Current tax liabilities		241	221	225
Derivative financial instruments – current liabilities		77	169	114
Current borrowings	20	5,838	4,897	4,830
Total current liabilities		30,314	28,106	30,029
Total equity and liabilities		70,861	65,925	69,803

Consolidated cash flow statement

(in € millions)	Notes	First half 2018	First half 2017	Full year 2017
Consolidated net income for the period (including non-controlling interests)		1,326	1,055	2,837
Depreciation and amortisation		1,076	1,039	2,128
Net increase/(decrease) in provisions and impairment		(32)	22	(4)
Share-based payments (IFRS 2) and other restatements		(100)	(6)	53
Gain or loss on disposals		(49)	(36)	(44)
Change in fair value of financial instruments		(22)	4	15
Share of profit or loss of companies accounted for under the equity method and dividends received from unconsolidated companies		(84)	(35)	(152)
Capitalised borrowing costs		(43)	(45)	(86)
Cost of net financial debt recognised	5	236	234	481
Current and deferred tax expense recognised		629	575	1,271
Cash flows from operations before tax and financing costs	1	2,937	2,806	6,500
Changes in operating working capital requirement and current provisions	15.1	(1,535)	(1,130)	(286)
Income taxes paid ⁽¹⁾		(452)	(693)	(1,647)
Net interest paid		(285)	(328)	(470)
Dividends received from companies accounted for under the equity method		138	85	184
Cash flows (used in)/from operating activities⁽¹⁾	I	803	741	4,280
<i>Purchases of property, plant and equipment and intangible assets</i>		<i>(529)</i>	<i>(380)</i>	<i>(865)</i>
<i>Proceeds from sales of property, plant and equipment and intangible assets</i>		<i>54</i>	<i>68</i>	<i>120</i>
Operating investments (net of disposals)	1	(476)	(313)	(745)
Operating cash flow⁽¹⁾	1	327	429	3,535
<i>Investments in concession fixed assets (net of grants received)</i>		<i>(470)</i>	<i>(557)</i>	<i>(1,055)</i>
<i>Financial receivables (PPP contracts and others)</i>		<i>7</i>	<i>-</i>	<i>45</i>
Growth investments in concessions and PPPs	1	(463)	(557)	(1,010)
Free cash flow (after investments)⁽¹⁾	1	(136)	(128)	2,525
<i>Purchases of shares in subsidiaries and affiliates (consolidated and unconsolidated)</i>		<i>(615)</i>	<i>(222)</i>	<i>(946)</i>
<i>Proceeds from sales of shares in subsidiaries and affiliates (consolidated and unconsolidated)</i>		<i>5</i>	<i>3</i>	<i>16</i>
<i>Net effect of changes in scope of consolidation</i>		<i>(404)</i>	<i>21</i>	<i>(7)</i>
Net financial investments ⁽²⁾		(1,013)	(197)	(937)
Other		(63)	(311)	(355)
Net cash flows (used in)/from investing activities	II	(2,016)	(1,378)	(3,046)
Share capital increases and decreases and repurchases of other equity instruments		380	207	443
Transactions on treasury shares	18.2	(475)	(366)	(647)
Non-controlling interests in share capital increases and decreases of subsidiaries		-	-	1
Acquisitions/disposals of non-controlling interests (without acquisition or loss of control)		(5)	(2)	(22)
Dividends paid	19	(1,011)	(840)	(1,248)
- to shareholders of VINCI SA		(974)	(814)	(1,197)
- to non-controlling interests		(36)	(26)	(51)
Proceeds from new long-term borrowings		1,778	2,552	4,112
Repayments of long-term borrowings		(1,876)	(2,394)	(3,258)
Change in cash management assets and other current financial debts ⁽³⁾		1,146	(223)	(581)
Net cash flows (used in)/from financing activities	III	(62)	(1,065)	(1,200)
Other changes ⁽⁴⁾	IV	365	(26)	42
Change in net cash	I+II+III+IV	(911)	(1,728)	75
Net cash and cash equivalents at beginning of period		5,703	5,628	5,628
Net cash and cash equivalents at end of period	21	4,792	3,900	5,703
Change in cash management assets and other current financial debts		(1,146)	223	581
(Proceeds from)/repayment of loans		97	(158)	(855)
Other changes ⁽⁴⁾		(714)	61	136
Change in net financial debt		(2,673)	(1,603)	(63)
Net financial debt at beginning of period		(14,001)	(13,938)	(13,938)
Net financial debt at end of period	20	(16,674)	(15,541)	(14,001)

(1) Including non-recurring tax effects: a net outflow of €200 million at 31 December 2017 and a net inflow of €113 million in the first half of 2018.

(2) Including the acquisition of PrimeLine Utility Services and Wah Loon Engineering in the first half of 2018 for respectively €365 million and €116 million.

In 2017, the investment in the concession for Salvador de Bahia Airport in Brazil for €216 million, and approximately 30 acquisitions by VINCI Energies for €551 million.

(3) Including issues of commercial paper for €1,100 million in the first half of 2018.

(4) Including the debts of companies integrated during the period on the dates on which the Group acquired control over them.

Consolidated statement of changes in equity

	Equity attributable to owners of the parent									
(in € millions)	Share capital	Share premium	Treasury shares	Consolidated reserves	Net income	Currency translation reserves	Amounts recognised directly in equity	Total attributable to owners of the parent	Non-controlling interests	Total
Balance at 01/01/2017	1,473	9,463	(1,581)	5,549	2,505	88	(1,032)	16,465	541	17,006
Net income for the period	-	-	-	-	1,030	-	-	1,030	25	1,055
Other comprehensive income recognised directly in the equity of controlled companies	-	-	-	-	-	(147)	49	(98)	(8)	(107)
Other comprehensive income recognised directly in the equity of companies accounted for under the equity method	-	-	-	-	-	(14)	62	48	-	48
Total comprehensive income for the period	-	-	-	-	1,030	(161)	111	979	17	996
Increase in share capital	9	197	-	-	-	-	-	207	-	207
Decrease in share capital	-	-	-	-	-	-	-	-	-	-
Transactions on treasury shares	-	-	(313)	(53)	-	-	-	(366)	-	(366)
Allocation of net income and dividend payments	-	-	-	1,692	(2,505)	-	-	(814)	(26)	(840)
Share-based payments (IFRS 2)	-	-	-	39	-	-	-	39	-	39
Impact of acquisitions or disposals of non-controlling interests after acquisition of control	-	-	-	-	-	-	-	-	(1)	(1)
Changes in consolidation scope	-	-	-	(2)	-	2	-	-	-	-
Other	-	-	-	(178)	-	-	(3)	(181)	-	(182)
Balance at 30/06/2017	1,483	9,660	(1,893)	7,046	1,030	(72)	(924)	16,329	531	16,859
Net income for the period	-	-	-	-	1,717	-	-	1,717	65	1,782
Other comprehensive income recognised directly in the equity of controlled companies	-	-	-	-	-	(188)	147	(40)	(2)	(42)
Other comprehensive income recognised directly in the equity of companies accounted for under the equity method	-	-	-	-	-	(13)	21	8	-	8
Total comprehensive income for the period	-	-	-	-	1,717	(201)	168	1,685	63	1,748
Increase in share capital	10	226	-	-	-	-	-	236	1	237
Decrease in share capital	(14)	-	421	(407)	-	-	-	-	-	-
Transactions on treasury shares	-	-	(279)	(2)	-	-	-	(281)	-	(281)
Allocation of net income and dividend payments	-	-	-	(383)	-	-	-	(383)	(25)	(409)
Share-based payments (IFRS 2)	-	-	-	70	-	-	-	70	-	70
Impact of acquisitions or disposals of non-controlling interests after acquisition of control	-	-	-	9	-	(2)	-	7	(5)	2
Changes in consolidation scope	-	-	-	(6)	-	-	6	-	6	6
Other	-	-	-	183	-	(1)	(32)	150	1	151
Reported balance at 31/12/2017	1,478	9,886	(1,751)	6,509	2,747	(276)	(782)	17,812	572	18,383
Impact of changed method ^(*)	-	-	-	(134)	-	-	2	(132)	-	(132)
Adjusted balance at 31/12/2017	1,478	9,886	(1,751)	6,375	2,747	(276)	(780)	17,679	572	18,251
Net income for the period	-	-	-	-	1,300	-	-	1,300	26	1,326
Other comprehensive income recognised directly in the equity of controlled companies	-	-	-	-	-	17	(35)	(18)	2	(16)
Other comprehensive income recognised directly in the equity of companies accounted for under the equity method	-	-	-	-	-	19	13	31	-	31
Total comprehensive income for the period	-	-	-	-	1,300	36	(22)	1,314	28	1,341
Increase in share capital	13	367	-	-	-	-	-	380	-	380
Decrease in share capital	-	-	-	-	-	-	-	-	-	-
Transactions on treasury shares	-	-	(410)	(65)	-	-	-	(475)	-	(475)
Allocation of net income and dividend payments	-	-	-	1,773	(2,747)	-	-	(974)	(36)	(1,011)
Share-based payments (IFRS 2)	-	-	-	53	-	-	-	53	-	53
Impact of acquisitions or disposals of non-controlling interests after acquisition of control	-	-	-	1	-	-	-	1	-	1
Changes in consolidation scope	-	-	-	(2)	-	2	-	-	36	36
Other	-	-	-	(249)	-	24	(15)	(240)	(3)	(243)
Balance at 30/06/2018	1,491	10,253	(2,161)	7,886	1,300	(215)	(817)	17,737	596	18,333

(*) Change in accounting methods related to the first-time adoption on 1 January 2018 of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments", described in Note A.4.

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A. Accounting policies, measurement methods and change in method

1. Accounting policies

The accounting policies used at 30 June 2018 are consistent with those used in preparing the consolidated financial statements at 31 December 2017, except for the standards and/or amendments adopted by the European Union and mandatorily applicable as from 1 January 2018 ^(*).

The Group's condensed half-year consolidated financial statements at 30 June 2018 have been prepared in accordance with IAS 34 "Interim Financial Reporting". They were approved by the Board of Directors on 26 July 2018. As these are condensed consolidated financial statements, they do not include all the information required by IFRSs in relation to full-year financial statements and should therefore be read in conjunction with the Group's consolidated financial statements for the period ended 31 December 2017, as set out in the 2017 registration document D.18-0076, filed with the AMF on 26 February 2018.

The Group's consolidated financial statements are presented in millions of euros, rounded to the nearest million. This may in certain circumstances lead to non-material differences between the sum of the figures and the subtotals that appear in the tables.

New standards and interpretations applicable from 1 January 2018

The impacts of applying IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments" from 1 January 2018 are described in Note A.4.

The other standards and interpretations mandatorily applicable from 1 January 2018 have no material impact on VINCI's consolidated financial statements at 30 June 2018. These are mainly:

- Amendments to IFRS 2 "Classification and Measurement of Share-Based Payment Transactions";
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration";
- Annual Improvements 2014-2016;

Standards and interpretations adopted by the IASB but not yet applicable at 30 June 2018

The Group has not applied early the following standards and interpretations that could concern the Group and of which application was not mandatory at 1 January 2018:

- IFRS 16 "Leases";
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation";
- Amendments to IAS 28 "Investments in Associates and Joint Ventures";
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- Annual Improvements 2015-2017;
- IFRIC 23 "Uncertainty over Income Tax Treatments".

A study of the impacts and practical consequences of applying these standards, amendments and interpretations is under way.

IFRS 16 "Leases" is leading to major changes in the way that lessees recognise leases. It will replace the IAS 17 accounting standard along with the IFRIC 4, SIC 15 and SIC 27 interpretations. IFRS 16, which will come into force on 1 January 2019, requires lessees to use a single method for recognising leases, affecting the balance sheet in a similar way to finance leases currently.

Given the relatively short average term of moveable-asset leases (mainly relating to vehicles and worksite equipment) and the ongoing changes in the Group's scope, any estimate of how IFRS 16 adjustments will affect the Group's financial statements at the present date would not be representative of the impact to be recognised on first-time adoption of IFRS 16 on 1 January 2019.

Because of the specific features of some leases (particularly regarding renewal arrangements), the timeframes used to measure leases under IFRS 16 could, in some cases, differ from those used to measure off-balance sheet commitments in which only the firm commitment period is taken into account. The obligations mentioned in Note 17.1 "Other contractual obligations of an operational nature" may therefore not be fully representative of the liabilities to be recognised when IFRS 16 is adopted.

The Group expects to opt for the retrospective transition approach, recognising the cumulative effect of first-time adoption of the standard on the first-time adoption date.

The Group is monitoring all industry discussions relating to the implementation of this standard, and will adjust its work on the basis of their conclusions.

^(*) Available at: http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm

2. Consolidation methods

In accordance with IFRS 10, companies in which the Group holds, whether directly or indirectly, the majority of voting rights in shareholders' general meetings, in the Boards of Directors or in the equivalent management bodies, giving it the power to direct their operational and financial policies, are generally deemed to be controlled and are fully consolidated. To determine control, VINCI carries out an in-depth analysis of the established governance arrangements and of the rights held by other shareholders. Where necessary, an analysis is performed in relation to instruments held by the Group or by third parties (potential voting rights, dilutive instruments, convertible instruments, etc.) that, if exercised, could alter the type of influence exerted by each party.

For some infrastructure project companies operating under concessions or public-private partnership contracts and in which VINCI is not the only capital investor, in addition to the analysis of the governance arrangements with each partner, the Group may look at the characteristics of subcontracting contracts to check that they do not confer additional powers that could lead to a situation of de facto control. This most often concerns construction contracts and contracts to operate/maintain concession assets.

An analysis is performed if a specific event takes place that may affect the level of control exerted by the Group, such as a change in an entity's ownership structure or governance, or the exercise of a dilutive financial instrument.

In accordance with IFRS 11, the Group's joint arrangements fall into two categories (joint ventures and joint operations) depending on the nature of the rights and obligations held by each party. Classification is generally determined by the legal form of the project vehicle.

Most joint arrangements in the Contracting business are joint operations because of the legal form of the vehicles used. In France, for example, parties generally use *sociétés en participation* (SEPs) to contractualise their joint works activities.

In some situations, where the facts and circumstances show that a company's activities amount to providing production to the parties, it is regarded as a joint operation even where the vehicle's legal form does not establish transparency between the joint operators' assets and those of the joint arrangement. In that situation, the parties have the rights to substantially all of the economic benefits associated with the company's assets, and will settle its liabilities.

For the VINCI Group, this situation concerns certain coating plants held and used by Eurovia in its road infrastructure construction and renovation activities.

French property development joint arrangements contractualised in the form of *sociétés civiles de construction-vente* (SCCVs) are joint ventures under IFRS 11 and accounted for under the equity method.

Associates are entities over which the Group exerts significant influence. They are accounted for under the equity method in accordance with IAS 28. Significant influence is presumed where the Group's stake is more than or equal to 20%. However, it may arise where the ownership interest is lower, particularly where the Group is represented on the Board of Directors or any equivalent governance body, and therefore takes part in determining the entity's operational and financial policies and strategy. This applies to the Group's stakes in Aéroports de Paris (ADP) and CFE.

The Group's consolidation scope does not include any subsidiaries in which there are non-controlling interests, or any individually material joint ventures or associates. That assessment is based on the impact of those interests on the Group's financial performance, consolidated balance sheet and cash flows. VINCI does not own any interest in structured entities as defined by IFRS 12.

VINCI's consolidated financial statements include the financial statements of all companies with revenue of more than €2 million, and of companies whose revenue is below this figure but whose impact on certain of the Group's balance sheet and income statement indicators is material.

3. Measurement rules and methods

3.1 Use of estimates

The preparation of financial statements under IFRSs requires estimates to be used and assumptions to be made that affect the amounts shown in those financial statements.

These estimates assume the operation is a going concern and are made on the basis of information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates. The consolidated half-year financial statements have been prepared with reference to the immediate environment, including as regards the estimates presented below:

- measurement of construction contract profit or loss using the progress towards completion method;
- values used in impairment tests;
- measurement of share-based payment expense under IFRS 2;
- measurement of retirement benefit obligations;
- measurement of provisions;
- determination of the discount rates to be used when performing impairment tests (IAS 36) and when calculating the present value of provisions (IAS 37) and employee benefit obligations (IAS 19);
- measurement of certain financial instruments at fair value;
- measurement of the fair value of identifiable assets and liabilities acquired in business combinations.

3.2 Measurement of fair value

The Group mainly uses fair value in measuring, on a consistent basis, the derivative instruments, cash and cash equivalents, securities, cash management financial assets and identifiable assets and liabilities acquired in business combinations on its balance sheet. The fair value of other financial instruments (particularly debt instruments and assets measured at amortised cost as defined in Note 4.2 on IFRS 9 "Financial instruments") is stated in Note I.23 "Book and fair value of financial instruments by accounting category" below.

Fair value is the price that would be received from selling an asset or paid to transfer a liability in a normal transaction. It is recognised on the basis of the asset or liability's main market (or the most advantageous market if there is no main market), i.e. the one that offers the highest volume and activity levels. The fair value of derivative financial instruments includes a "counterparty risk" component for derivatives carried as assets and an "own credit risk" component for derivatives carried as liabilities.

To determine these fair values, the Group uses the following measurement methods:

- market-based approaches, based on observable market prices or transactions;
- revenue-based approaches, which convert future cash flows into a single present value;
- cost-based approaches, which take into account the asset's physical, technological and economic obsolescence.

The following three-level hierarchy of fair values is used:

- Level 1 – price quoted on an active market. Marketable securities, some listed shares and listed bond issues are measured in this way.
- Level 2 – internal model using internal measurement techniques with observable factors: these techniques are based on usual mathematical computation methods, which incorporate observable market data (forward prices, yield curves, etc.). The calculation of the fair value of most derivative financial instruments (swaps, caps, floors, etc.) traded over the counter is made on the basis of models commonly used by market participants to price such financial instruments.

Every quarter, the internally calculated values of derivative instruments are checked for consistency with those sent to VINCI by the counterparties.

- Level 3 – internal model using non-observable factors: this model applies to customer relationships and contracts acquired through business combinations, as well as to holdings of unlisted shares, which, in the absence of an active market, are measured at their cost of acquisition plus transaction costs.

3.3 Specific measurement rules and methods applied by the Group in preparing the interim financial statements

3.3.1 Seasonal nature of the business

First-half performance is characterised by the seasonal nature of the business in most of the Group's activities, particularly:

- roadworks, with lower business volumes than in the second half of the year, due to weather conditions;
- motorway concession companies, where traffic volumes are lower in the first half than the second because of high levels of light-vehicle traffic in the summer period.

In the last few years, first-half revenue has accounted for 46-47% of the full-year total.

As a result, first-half revenue and earnings cannot be extrapolated over the full year.

The seasonality of the Group's business is also reflected in the net use of cash in the first half, which is attributable to the lower level of receipts during this period and the pattern of operating cash flows, the majority of which is generated in the second half of the year.

The impact of seasonal factors has not resulted in any adjustment to the Group's half-year consolidated financial statements.

Group income and expenses in respect of ordinary activities that are of a seasonal, cyclical or occasional nature are accounted for using the same accounting methods as those adopted for the full-year financial statements. They are neither brought forward nor deferred at the half-year accounts closing date.

Income and expenses invoiced on an annual basis (e.g. patent and licence fees) are accounted for on a pro rata basis using an estimate for the full year.

Risks arising in the first half are provisioned in the financial statements for the period. As regards loss-making contracts in particular, losses on completion known during the first half are provisioned in full.

3.3.2 Estimation of the tax expense

The tax expense for the first half year is determined by applying the estimated average tax rate for the whole of 2018 (including deferred tax) to pre-tax income. This rate may be adjusted for the tax effects of unusual items recognised in the period.

3.3.3 Retirement benefit obligations

No new comprehensive actuarial assessment is carried out for the half-year consolidated financial statements. The expense for the half year in respect of retirement benefit obligations is half the expense calculated for 2018 on the basis of actuarial assumptions at 31 December 2017. Impacts arising from changes in assumptions relating to post-employment benefits in the first half of 2018 (discount rate and long-term inflation rate) are recognised under "Other comprehensive income".

4. Change in accounting methods

4.1 IFRS 15 "Revenue from contracts with customers"

The Group adopted IFRS 15 on 1 January 2018, the date on which the standard came into force in the European Union. Given that the impacts identified were not material, IFRS 15 was applied retrospectively to contracts in existence according to the "simplified retrospective" approach. The 2017 data presented for the purpose of comparison were not adjusted and are still presented in accordance with the previous accounting standards (IAS 11 "Construction contracts", IAS 18 "Revenue" and the various interpretations including IFRIC 15 "Agreements for the Construction of Real Estate").

At 1 January 2018, the Group reduced the amount of its opening equity by €125 million, net of deferred tax, to reflect the cumulative impact of IFRS 15's first-time adoption. That impact arose from the assessment, required under IFRS 15, of the highly probable nature of certain types of variable revenue, whereas IAS 11 allowed them to be recognised when they were merely probable. This new approach to variable revenue is now applied to all of the Group's contracts. Its impact is regarded as non-material given the number of contracts performed by the Group.

Since 1 January 2018, the Group has applied the provisions of IFRS 15, described below, to measure and recognise consolidated revenue.

Revenue measurement and recognition principles in force since 1 January 2018

The Group's consolidated revenue corresponds to revenue from the Contracting business lines, the Concessions business and the stand-alone business line VINCI Immobilier.

Before revenue is recognised, IFRS 15 requires a contract as well as the various performance obligations contained in the contract to be identified. The number of performance obligations depends on the types of contracts and activities. Most of the Group's contracts involve only one performance obligation.

IFRS 15's fundamental principle is that the recognition of revenue from contracts with customers must reflect:

- the rate at which performance obligations are fulfilled, corresponding to the transfer to a customer of control of a good or service;
- the amount to which the seller expects to be entitled as consideration for its activities.

The way in which transfer of control of a good or service is analysed is crucial, since that transfer determines the recognition of revenue.

The transfer of control of a good or service may take place continuously (revenue recognition on a progress towards completion basis) or on a specific date (recognition on completion).

Revenue from the Contracting business (VINCI Energies, Eurovia, VINCI Construction)

The consolidated revenue of the Contracting business is recognised in accordance with IFRS 15. It includes the total of the work, goods and services generated by the consolidated subsidiaries pursuing their main activity.

In view of the main activities of Contracting business lines, the majority of construction and service contracts involve only one performance obligation, which is fulfilled progressively.

Where a contract includes several distinct performance obligations (particularly at VINCI Energies and Eurovia), the Group allocates the overall price of the contract to each performance obligation in accordance with IFRS 15. That price corresponds to the amount of the consideration to which it expects to be entitled. Where the price includes a variable component – such as a performance bonus or a claim – the Group only recognises that consideration from the time agreement is reached with the client.

To measure progress towards completion of construction and service contracts, the Group uses either a method based on physical progress towards completion or a method based on the proportion of costs incurred, depending on the type of activity.

Contract amendments (relating to the price and/or scope of the contract) are recognised when approved by the client. Where amendments relate to new goods or services regarded as distinct under IFRS 15, and where the contract price increases by an amount reflecting “stand-alone selling prices” of the additional goods or services, those amendments are recognised as a distinct contract.

Where a third party (such as a subcontractor) is involved in the supply of a distinct good or service, the Group determines whether it obtains control of that good or service before it is transferred to the client. Where control is obtained before transfer to the client, the Group recognises as revenue the gross amount to which it expects to be entitled in exchange. Where control is not obtained, the Group takes the view that it is not the principal in the transaction and only recognises as revenue the amount corresponding to its remuneration as intermediary.

The cost of winning the contract that would not have been incurred if the Group had not won the contract is recognised as an asset where it is recoverable and amortised over the estimated contract term.

Revenue from the Concessions business

Under the terms of IFRIC 12 “Service Concession Arrangements”, a concession operator may have a twofold activity:

- a construction activity in respect of its obligations to design, build and finance a new asset that it delivers to the grantor;
- an operating and maintenance activity in respect of concession assets.

The addition of references to IFRS 15 within IFRIC 12 has not prompted the Group to identify any discrepancies with respect to its revenue recognition approach, as regards either the identification of new performance obligations or the rate at which revenue is recognised.

Concerning ancillary revenue in connection with regulated activities, for example in airports and stadiums, no discrepancy has been identified between the Group’s approach and IFRS 15.

In the French property sector, revenue arising on lots sold is recognised as the property development proceeds, in accordance with IFRS 15 and statutory provisions relating to off-plan sales. In that respect, to measure progress towards the completion of works, VINCI Immobilier uses the cost-based method. The cost of land is included in the progress towards completion calculation at the start of each contract.

Revenue from ancillary activities mainly comprises revenue from leases, sales of equipment, materials and merchandise, study work and fees.

4.2 IFRS 9 “Financial Instruments”

Since 1 January 2018, the Group has applied IFRS 9 “Financial instruments”, which sets out rules for recognising and measuring assets, financial liabilities and certain contracts for the purchase or sale of non-financial items. IFRS 9 replaces IAS 39 “Financial instruments: recognition and measurement”, which was applied until 31 December 2017.

At 1 January 2018, the Group reduced its equity by €7 million to reflect the cumulative effect of the first-time adoption of IFRS 9. The main impacts of each phase are presented below.

Phase I - Classification and measurement of financial assets

IFRS 9's arrangements for classifying and measuring financial assets are based on the company's management method and the contractual characteristics of the financial assets.

When implementing this standard, the Group reviewed the characteristics of its financial assets, particularly as regards remuneration. Because of the Group's approach to managing its financial assets and because the Group does not hold any complex financial instruments, the Group concluded that all of its financial assets met the "Solely Payments of Principal and Interest (SSPI)" criterion as defined by IFRS 9. As a result, financial assets recognised at amortised cost under IAS 39 did not undergo any change in accounting method when IFRS 9 was adopted for the first time. The Group also reviewed its portfolio of equity instruments, mainly consisting of securities, in order to determine the measurement method for each security (either at fair value through profit and loss or at fair value through equity). The vast majority of securities in the portfolio at 1 January 2018 were measured at fair value through profit and loss.

The fair value of shares in listed companies is determined on the basis of the stock market price at relevant the balance sheet date. For unlisted securities, if their fair value cannot be determined reliably at each balance sheet date, they continue to be measured at their initial fair value, i.e. their cost of acquisition plus transaction costs, adjusted for any increases or decreases in value determined by analysing the change in the proportion of equity held.

Whenever securities are acquired, a similar analysis will be carried out to determine the Group's management intention, which will determine the way in which changes in fair value are recognised.

Loans and receivables are now classified under "Financial assets at amortised cost" and available-for-sale assets are classified under "Equity instruments" and remain on the balance sheet under "Other financial assets" (see details in Note I.23 "Book and fair value of financial instruments by accounting category").

Phase II - Financial asset impairment model

IFRS 9 has also changed the Group's arrangements regarding the impairment of financial assets, because it now requires a model based on expected loss. Portfolios of trade and financial receivables, and of loans granted to entities such as companies accounted for under the equity method, have been analysed.

The Group has opted for the simplified approach to measuring impairment of its trade receivables. Analysis of historical losses on those receivables did not show any material amounts.

Credit risk related to financial receivables and loans was measured according to the full model of IFRS 9. No material increase in credit risk was identified, except for a limited number of financial receivables in respect of which the Group recorded additional impairment of around €4 million, charged to opening equity. That impairment corresponds to the difference between the carrying amount and the recoverable amount (i.e. the present value of the expected cash flow discounted using the original effective interest rate).

To estimate the risk of non-recovery relating to the Group's financial assets, actual losses experienced during a period will be analysed annually in order to adjust impairment rates where appropriate.

Phase III - Hedge accounting

Provisions relating to hedge accounting will allow the Group to bring its accounting methods and risk management policy into line.

IFRS 9 allows changes in the value of all hedging costs (swap points, basis swaps and option premiums) to be recognised under other comprehensive income and to be recycled through profit or loss on a straight-line basis where a period of time is hedged or, where a transaction is hedged, at the same rate at which the hedged transaction is recognised. That recycling will be presented in the income statement under the cost of net financial debt for all transactions that qualify for hedge accounting.

The Group has chosen to apply these new arrangements for recognising hedging costs retrospectively, for all of its instruments that qualify for hedge accounting. The application of this new model had an impact of almost €3 million.

New model for recognising renegotiated financing arrangements

The Group has analysed the substance of debt renegotiations taking place before 1 January 2018. Continuity of treatment was adopted in respect of only one debt. Since changes to that debt were minor (reduction in the interest rate), the impact arising from adopting the standard in this area was not material.

As under IAS 39, analysing changes to debts will depend on quantitative criteria (10% test) and qualitative criteria (change in covenant, currency or interest rate structure, etc.). If the analysis leads to continuity of treatment, the debt's carrying amount will be adjusted in accordance with IFRS 9.

The transitional approach used was the simplified approach. Accordingly, the 2017 financial statements were not adjusted, and only the opening balance sheet at 1 January 2018 was adjusted to take account of all of these impacts.

The impacts of the first-time adoption of IFRS 15 and IFRS 9 at 1 January 2018 on the Group's opening balance sheet are set out below:

Consolidated balance sheet at 1 January 2018

Assets

<i>(in € millions)</i>	01/01/2018 reported	IFRS 15 impacts	IFRS 9 impacts	01/01/2018 adjusted
Non-current assets				
Concession intangible assets	26,539	-	-	26,539
Goodwill	8,600	-	-	8,600
Other intangible assets	417	-	-	417
Property, plant and equipment	4,421	-	-	4,421
Investments in companies accounted for under the equity method	1,573	(22)	(2)	1,549
Other non-current financial assets	1,102	-	1	1,102
Derivative financial instruments - non-current assets	621	-	-	622
Deferred tax assets	255	44	1	300
Total non-current assets	43,527	22	-	43,549
Current assets				
Inventories and work in progress	1,056	-	-	1,056
Trade and other receivables	12,432	(147)	(3)	12,282
Other current operating assets	5,035	-	(7)	5,028
Other current non-operating assets	58	-	-	58
Current tax assets	406	-	-	406
Other current financial assets	38	-	-	38
Derivative financial instruments - current assets	261	-	-	261
Cash management financial assets	184	-	-	184
Cash and cash equivalents	6,807	-	-	6,807
Total current assets	26,276	(147)	(9)	26,120
Total assets	69,803	(125)	(10)	69,668

Equity and liabilities

<i>(in € millions)</i>	01/01/2018 reported	IFRS 15 impacts	IFRS 9 impacts	01/01/2018 adjusted
Equity				
Share capital	1,478	-	-	1,478
Share premium	9,886	-	-	9,886
Treasury shares	(1,751)	-	-	(1,751)
Consolidated reserves	6,509	(125)	(9)	6,375
Currency translation reserves	(276)	-	-	(276)
Net income attributable to owners of the parent	2,747	-	-	2,747
Amounts recognised directly in equity	(782)	-	2	(780)
Equity attributable to owners of the parent	17,812	(125)	(7)	17,679
Non-controlling interests	572	-	-	572
Total equity	18,383	(125)	(7)	18,251
Non-current liabilities				
Non-current provisions	1,053	-	-	1,053
Provisions for employee benefits	1,481	-	-	1,481
Bonds	14,130	-	2	14,132
Other loans and borrowings	2,512	-	-	2,512
Derivative financial instruments – non-current liabilities	288	-	-	288
Other non-current liabilities	192	-	-	192
Deferred tax liabilities	1,735	-	1	1,735
Total non-current liabilities	21,391	-	3	21,394
Current liabilities				
Current provisions	4,322	-	-	4,322
Trade payables	8,198	-	-	8,198
Other current operating liabilities	11,852	-	(6)	11,847
Other current non-operating liabilities	487	-	-	487
Current tax liabilities	225	-	-	225
Derivative financial instruments – current liabilities	114	-	-	114
Current borrowings	4,830	-	-	4,830
Total current liabilities	30,029	-	(6)	30,023
Total equity and liabilities	69,803	(125)	(10)	69,668

Equity at 1 January 2018

Equity attributable to owners of the parent

<i>(in € millions)</i>	Share capital	Share premium	Treasury shares	Consolidated reserves	Net income	Currency translation reserves	Amounts recognised directly in equity	Total attributable to owners of the parent	Non- controlling interests	Total
Equity at 01/01/2018 reported	1,478	9,886	(1,751)	6,509	2,747	(276)	(782)	17,812	572	18,383
IFRS 15 impacts	-	-	-	(125)	-	-	-	(125)	-	(125)
IFRS 9 impacts	-	-	-	(9)	-	-	2	(7)	-	(7)
Equity at 01/01/2018 adjusted	1,478	9,886	(1,751)	6,375	2,747	(276)	(780)	17,679	572	18,251

B. Key events in the period and changes in consolidation scope

1. Key events

1.1 Growth of Contracting

• In the first half of 2018, VINCI Energies carried out several acquisitions, particularly outside France. Details of its main acquisitions can be found in Note 2.1 “Main acquisitions by VINCI Energies”.

• In April, Eurovia acquired the assets of TNT, a Quebec-based public works contractor that also operates a quarry and asphalt production units in the Montreal region in Canada.

1.2. Growth of Concessions

In March, VINCI Airports signed a concession contract to operate Belgrade airport in Serbia. The 25-year contract covers the financing, operation, maintenance, expansion and renovation of the airport’s terminal and runways. The airport handled 5.3 million passengers in 2017 and is Serbia's largest. VINCI Airports should start operating the airport as soon as financing is arranged, which is expected to take place by the end of 2018.

In April, VINCI Airports signed heads of agreement to acquire the portfolio of Airports Worldwide, extending its network of airports in the United Kingdom, Sweden, the United States and Costa Rica. The portfolio consists of eight airports, including two wholly owned airports, two airports operated under concession, four airports under full operating contracts and three airports under partial management contracts in the United States (in California, Georgia, New Jersey and North Carolina).

Together, those airports handled almost 21 million passengers in 2017.

2. Changes in consolidation scope

The main changes during the period concern acquisitions made by the Group as part of its international development, particularly at VINCI Energies with the acquisition of PrimeLine Utility Services, Wah Loon Engineering, Eitech and other companies that have strengthened its international positions.

Other changes relate mainly to legal restructuring within the Group.

<i>(number of companies)</i>	30/06/2018			30/06/2017			31/12/2017		
	Total	France	Foreign	Total	France	Foreign	Total	France	Foreign
Controlled companies	1,987	1,111	876	1,927	1,113	814	1,969	1,109	860
Joint ventures (*)	147	91	56	155	103	52	165	110	55
Associates (*)	40	20	20	41	21	20	41	20	21
Total	2,174	1,222	952	2,123	1,237	886	2,175	1,239	936

(*) Entities accounted for the under the equity method.

2.1 Main acquisitions by VINCI Energies

Acquisition of PrimeLine Utility Services

In March 2018, VINCI Energies completed the acquisition of US company PrimeLine Utility Services, a major player in the market for engineering, construction and maintenance work in relation to electricity transmission and distribution networks and urban gas networks.

The price paid for purchasing shares in the company was €365 million, and goodwill was provisionally measured at €574 million on the date VINCI Energies took control.

PrimeLine Utility Services has been fully consolidated in VINCI’s consolidated financial statements since 13 March 2018.

Provisional determination of acquired PrimeLine Utility Services assets and liabilities at the date of acquiring control

<i>(in € millions)</i>	PrimeLine Utility Services
Fair value of assets and liabilities acquired	
Intangible assets and property, plant and equipment	91
Deferred tax assets	2
Total non-current assets	93
Trade and other operating receivables and Inventories and work in progress	189
Cash and cash equivalent	30
Total current assets	219
Bond debt and other financial debt	346
Total non-current liabilities	346
Current provisions	3
Current borrowings	10
Trade payables and other current liabilities	161
Total current liabilities	174
Net assets acquired	(208)
Acquisition-date fair value of the total consideration transferred	365
Provisional goodwill	574

Provisional goodwill, as shown in the table above, represents the future economic benefits that VINCI expects to derive from the acquisition of PrimeLine Utility Services. It has been allocated to the VINCI Energies USA business segment.

PrimeLine Utility Services contributed €141 million to Group revenue in the first half of 2018. In the first half of 2018, its revenue would have amounted to €224 million on the basis of the same assumptions as those retained at the acquisition date (unaudited figures).

Acquisition of Wah Loon Engineering

In April 2018, VINCI Energies completed the acquisition of Wah Loon Engineering in Singapore, a leading provider of integrated electrical and mechanical engineering services, specialising in the construction of data centres.

The purchase price paid was €116 million, and goodwill was provisionally measured at €93 million on the date VINCI Energies took control. Wah Loon Engineering has been fully consolidated in VINCI's consolidated financial statements since 5 April 2018.

2.2 Acquisitions and disposals in previous periods

The main acquisitions in 2017 concerned VINCI Energies (Infratek, Horlemann, Acuntia) and VINCI Construction (Seymour Whyte).

In relation to these companies, VINCI assessed the fair value of the identifiable assets and liabilities acquired in accordance with IFRS 3. The values allocated to identifiable acquired assets and liabilities on the dates when control was acquired in 2017 were not adjusted materially in the first half of 2018. At 30 June 2018, the allocation of purchase prices resulted in the recognition of the following provisional goodwill amounts.

- VINCI Energies: Infratek (€197 million), Horlemann (€83 million) and Acuntia (€71 million).
- VINCI Construction: Seymour Whyte (€56 million).

Details of these transactions are provided in Note B.2. "Changes in consolidation scope" of the 2017 registration document.

C. Financial indicators by business line and geographical area

1. Information by operating segment

Based on the Group's organisational structure and internal reporting system, segment information is presented by business line.

The Group consists of two core businesses (Concessions and Contracting) and the stand-alone business line VINCI Immobilier. Each business consists of business lines:

Concessions

- VINCI Autoroutes: motorway concessions in France (ASF, Escota, Cofiroute, Arcour and Arcos).
- VINCI Airports: airport concessions in Portugal, France, Cambodia, Brazil, the Dominican Republic, Japan and Chile.
- Other concessions: VINCI Highways (motorway and road infrastructure, mainly outside France), VINCI Railways (rail infrastructure) and VINCI Stadium (four stadiums in France, one in London).

Contracting

- VINCI Energies: industry, infrastructure, facilities management, and information and communication technology.
- Eurovia: building and maintenance of roads, motorways and railways, urban infrastructure, production of materials (asphalt mixes), quarries, and services.
- VINCI Construction: design and construction of buildings (residential and commercial property) and civil engineering infrastructure, specialised civil engineering, water and pipeline infrastructure and major projects.

VINCI Immobilier, whose business consists of property development (residential properties, business properties, managed residences and property services), reports directly to the VINCI holding company.

1.1 Information by business

The data below is for the businesses and business lines concerned and is stated before elimination, at their own level, of transactions with the rest of the Group.

First half 2018

<i>(in € millions)</i>	Contracting					VINCI Immobilier and holding companies	Eliminations	Total
	Concessions	VINCI Energies	Eurovia	VINCI Construction	Total			
Income statement								
Revenue (*)	3,426	5,857	3,725	6,562	16,144	393	(205)	19,758
Concession subsidiaries' works revenue	387	-	-	-	-	-	(101)**	286
Total revenue	3,813	5,857	3,725	6,562	16,144	393	(306)	20,043
Operating income from ordinary activities	1,642	336	(17)	118	436	20	-	2,099
% of revenue (*)	47.9%	5.7%	-0.5%	1.8%	2.7%	-	-	10.6%
Recurring operating income	1,728	311	(24)	116	403	23	-	2,154
Cash flow statement								
Cash flows from operations before tax and financing costs	2,392	315	53	186	554	(10)	-	2,937
<i>Depreciation and amortisation</i>	745	67	117	145	329	2	-	1,076
Operating investments (net of disposals)	(22)	(67)	(129)	(147)	(342)	(112)	-	(476)
Growth investments in concessions and PPPs	(467)	1	-	2	3	-	-	(463)
Free cash flow (after investments)	1,055	(216)	(535)	(587)	(1,337)	146	-	(136)
Balance sheet								
Capital employed at 30/06/2018	30,320	4,392	1,496	847	6,735	724	-	37,779
Net financial surplus (debt)	(26,640)	(1,888)	(463)	343	(2,008)	11,973	-	(16,674)

(*) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.

(**) Intragroup revenue of the Contracting business derived from works carried out for the Group's concession operating companies.

First half 2017

<i>(in € millions)</i>	Contracting				Total	VINCI Immobilier and holding companies	Eliminations	Total
	Concessions	VINCI Energies	Eurovia	VINCI Construction				
Income statement								
Revenue (*)	3,223	5,061	3,494	6,550	15,104	388	(203)	18,513
Concession subsidiaries' works revenue	421	-	-	-	-	-	(96) (**)	325
Total revenue	3,644	5,061	3,494	6,550	15,104	388	(298)	18,838
Operating income from ordinary activities	1,530	278	(19)	90	349	4	-	1,883
% of revenue (*)	47.5%	5.5%	-0.5%	1.4%	2.3%	-	-	10.2%
Recurring operating income	1,533	261	(24)	72	310	11	-	1,853
Cash flow statement								
Cash flows from operations before tax and financing costs	2,229	292	60	178	531	47	-	2,806
Depreciation and amortisation	717	56	114	150	320	2	-	1,039
Operating investments (net of disposals)	(24)	(47)	(105)	(134)	(286)	(3)	-	(313)
Growth investments in concessions and PPPs	(555)	1	-	(2)	(2)	-	-	(557)
Free cash flow (after investments)	708	(203)	(423)	(459)	(1,085)	249	-	(128)
Balance sheet								
Capital employed at 30/06/2017	29,639	3,099	1,201	551	4,851	586	-	35,075
Net financial surplus (debt)	(27,954)	(846)	(294)	648	(492)	12,905	-	(15,541)

(*) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.

(**) Intragroup revenue of the Contracting business derived from works carried out for the Group's concession operating companies.

2017

<i>(in € millions)</i>	Contracting					VINCI Immobilier and holding companies	Eliminations	Total
	Concessions	VINCI Energies	Eurovia	VINCI Construction	Total			
Income statement								
Revenue ^(*)	6,945	10,759	8,112	13,960	32,830	896	(423)	40,248
Concession subsidiaries' works revenue	861	-	-	-	-	-	(232) ^(**)	629
Total revenue	7,805	10,759	8,112	13,960	32,830	896	(655)	40,876
Operating income from ordinary activities	3,251	615	301	344	1,260	96	-	4,607
% of revenue ^(*)	46.8%	5.7%	3.7%	2.5%	3.8%	-	-	11.4%
Recurring operating income	3,270	566	287	356	1,208	113	-	4,592
Cash flow statement								
Cash flows from operations before tax and financing costs	4,710	627	455	547	1,629	162	-	6,500
Depreciation and amortisation	1,462	119	236	306	661	5	-	2,128
Operating investments (net of disposals)	(47)	(127)	(251)	(320)	(697)	-	-	(745)
Growth investments in concessions and PPPs	(1,045)	2	-	33	35	-	-	(1,010)
Free cash flow (after investments and excluding non-recurring tax effects)	2,093	375	109	(110)	374	257	-	2,725
Balance sheet								
Capital employed at 31/12/2017	29,605	3,083	877	387	4,348	1,122	-	35,075
Net financial surplus (debt)	(27,145)	(700)	229	948	477	12,667	-	(14,001)

(*) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.

(**) Intragroup revenue of the Contracting business derived from works carried out for the Group's concession operating companies.

1.2 Information relating to the Concessions business

First half 2018

<i>(in € millions)</i>	Concessions			Total
	VINCI Autoroutes	VINCI Airports	Other concessions	
Income statement				
Revenue (*)	2,543	741	141	3,426
Concession subsidiaries' works revenue	293	74	19	387
Total revenue	2,836	816	161	3,813
Operating income from ordinary activities	1,318	322	2	1,642
<i>% of revenue (*)</i>	<i>51.8%</i>	<i>43.4%</i>	<i>1.8%</i>	<i>47.9%</i>
Recurring operating income	1,313	374	41	1,728
Cash flow statement				
Cash flows from operations before tax and financing costs	1,908	441	42	2,392
<i>Depreciation and amortisation</i>	<i>603</i>	<i>116</i>	<i>26</i>	<i>745</i>
Operating investments (net of disposals)	(10)	(3)	(9)	(22)
Growth investments in concessions and PPPs	(346)	(107)	(14)	(467)
Free cash flow (after investments)	755	281	19	1,055
Balance sheet				
Capital employed at 30/06/2018	21,539	5,776	3,005	30,320
Net financial surplus (debt)	(20,146)	(3,892)	(2,603)	(26,640)

(*) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.

First half 2017

<i>(in € millions)</i>	Concessions			Total
	VINCI Autoroutes	VINCI Airports	Other concessions	
Income statement				
Revenue (*)	2,453	664	106	3,223
Concession subsidiaries' works revenue	336	18	66	421
Total revenue	2,788	683	172	3,644
Operating income from ordinary activities	1,264	269	(3)	1,530
% of revenue (*)	51.5%	40.5%	-3.2%	47.5%
Recurring operating income	1,264	247	21	1,533
Cash flow statement				
Cash flows from operations before tax and financing costs	1,831	390	8	2,229
<i>Depreciation and amortisation</i>	581	116	20	717
Operating investments (net of disposals)	(2)	(5)	(17)	(24)
Growth investments in concessions and PPPs	(389)	(100)	(66)	(555)
Free cash flow (after investments)	569	210	(72)	708
Balance sheet				
Capital employed at 30/06/2017	21,671	5,532	2,435	29,639
Net financial surplus (debt)	(21,647)	(4,092)	(2,215)	(27,954)

(*) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.

2017

<i>(in € millions)</i>	Concessions			Total
	VINCI Autoroutes	VINCI Airports	Other concessions	
Income statement				
Revenue (*)	5,277	1,409	258	6,945
Concession subsidiaries' works revenue	633	52	176	861
Total revenue	5,910	1,462	434	7,805
Operating income from ordinary activities	2,685	563	3	3,251
% of revenue (*)	50.9%	39.9%	1.2%	46.8%
Recurring operating income	2,676	589	6	3,270
Cash flow statement				
Cash flows from operations before tax and financing costs	3,850	808	51	4,710
<i>Depreciation and amortisation</i>	1,184	235	44	1,462
Operating investments (net of disposals)	(16)	(8)	(23)	(47)
Growth investments in concessions and PPPs	(702)	(169)	(175)	(1,045)
Free cash flow (after investments)	1,769	459	(135)	2,093
Balance sheet				
Capital employed at 31/12/2017	21,319	5,783	2,502	29,605
Net financial surplus (debt)	(20,954)	(4,048)	(2,143)	(27,145)

(*) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.

2. Breakdown of revenue by geographical area

<i>(in € millions)</i>	First half 2018	%	First half 2017	%	Full year 2017	%
France	11,480	58.1%	10,974	59.3%	23,680	58.8%
Germany	1,265	6.4%	1,206	6.5%	2,726	6.8%
United Kingdom	1,083	5.5%	1,147	6.2%	2,269	5.6%
Central and Eastern Europe ^(*)	864	4.4%	711	3.8%	1,849	4.6%
Portugal	436	2.2%	385	2.1%	862	2.1%
Other European countries	1,542	7.8%	1,167	6.3%	2,471	6.1%
Europe^(**)	16,671	84.4%	15,589	84.2%	33,858	84.1%
<i>of which European Union</i>	<i>16,180</i>	<i>81.9%</i>	<i>15,186</i>	<i>82.0%</i>	<i>33,000</i>	<i>82.0%</i>
North America	764	3.9%	657	3.5%	1,461	3.6%
Central and South America	558	2.8%	566	3.1%	1,210	3.0%
Africa	524	2.7%	594	3.2%	1,345	3.3%
Russia, Asia Pacific and Middle East	1,241	6.3%	1,107	6.0%	2,373	5.9%
International excluding Europe	3,087	15.6%	2,924	15.8%	6,390	15.9%
International excluding France	8,278	41.9%	7,539	40.7%	16,568	41.2%
Revenue^(***)	19,758	100.0%	18,513	100.0%	40,248	100.0%

(*) Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine.

(**) Of which eurozone: €14,108 million in the first half of 2018 (71.4% of total revenue), €13,357 million in the first half of 2017 (72.2% of total revenue) and €29,011 million for full year 2017 (72% of total revenue).

(***) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.

Revenue arising outside France amounted to €8,278 million in the first half of 2018, up 9.8% relative to the first half of 2017. It accounted for 41.9% of revenue excluding concession subsidiaries' revenue derived from works carried out by non-Group companies (40.7% in the first half of 2017).

3. Reconciliation between capital employed and the financial statements

Capital employed is made up of non-current assets less working capital requirement (including current provisions) (see Note G.15 "Working capital requirement and current provisions") and less tax payable.

<i>(in € millions)</i>	Note	30/06/2018	30/06/2017	31/12/2017
Capital employed – Assets		62,179	58,116	60,159
Concession intangible assets	12	26,647	26,463	26,539
- Deferred tax on business combination fair value adjustments		(1,653)	(1,907)	(1,697)
Goodwill, gross	9	9,620	8,418	8,818
Other intangible assets		431	413	417
Property, plant and equipment	14	4,658	4,359	4,421
Investments in companies accounted for under the equity method	10	1,552	1,500	1,573
Other non-current financial assets	11-13	1,812	1,806	1,723
- Derivative financial instruments (non-current assets)		(550)	(660)	(621)
Inventories and work in progress	15	1,139	946	1,056
Trade and other receivables	15	12,868	11,638	12,432
Other current operating assets	15	5,349	4,823	5,035
Other current non-operating assets		46	49	58
Current tax assets		259	268	406
Capital employed – Liabilities		(24,400)	(23,041)	(25,084)
Current provisions	15	(4,181)	(4,065)	(4,322)
Trade payables	15	(7,707)	(7,345)	(8,198)
Other current operating liabilities	15	(11,855)	(11,014)	(11,852)
Other current non-operating liabilities		(416)	(395)	(487)
Current tax liabilities		(241)	(221)	(225)
Total capital employed		37,779	35,075	35,075

D. Main income statement items

4. Operating income

<i>(in € millions)</i>	First half 2018	First half 2017	Full year 2017
Revenue (*)	19,758	18,513	40,248
Concession subsidiaries' revenue derived from works carried out by non-Group companies	286	325	629
Total revenue	20,043	18,838	40,876
Revenue from ancillary activities (**)	108	101	200
Purchases consumed	(4,320)	(4,106)	(8,626)
External services	(2,684)	(2,421)	(5,342)
Temporary employees	(483)	(448)	(1,039)
Subcontracting (including concession operating companies' construction costs)	(3,959)	(3,766)	(8,293)
Taxes and levies	(480)	(476)	(1,106)
Employment costs	(5,305)	(4,911)	(9,916)
Other operating income and expense	38	40	72
Depreciation and amortisation	(1,076)	(1,039)	(2,128)
Net provision expense	217	71	(89)
Operating expenses	(18,052)	(17,055)	(36,468)
Operating income from ordinary activities	2,099	1,883	4,607
% of revenue (*)	10.6%	10.2%	11.4%
Share-based payments (IFRS 2)	(79)	(57)	(163)
Profit/(loss) of companies accounted for under the equity method	81	34	146
Other recurring operating items	53	(7)	-
Recurring operating income	2,154	1,853	4,592
Goodwill impairment expense	-	(1)	(4)
Impact from changes in scope and gain/(loss) on disposals of shares	18	(6)	(12)
Other non-recurring operating items	-	-	(25)
Total non-recurring operating items	18	(7)	(41)
Operating income	2,171	1,846	4,550

(*) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.

(**) Revenue from ancillary activities mainly comprises rental income, sale of equipment, materials and merchandise, study work and fees other than those generated by concession operators.

Operating income from ordinary activities measures the operational performance of fully consolidated Group subsidiaries before taking into account share-based payment expense (IFRS 2). It also excludes the share of the income or loss of companies accounted for under the equity method, and other recurring operating items and non-recurring items.

Recurring operating income is intended to present the Group's operational performance excluding the impact of non-recurring items during the period. It is obtained by taking operating income from ordinary activities (Ebit) and adding the impacts associated with share-based payments (IFRS 2), the income or losses of companies accounted for under the equity method, and other recurring operating income and expense. The latter category includes recurring income and expense relating to companies accounted for under the equity method and to non-consolidated companies (financial income from shareholder loans and advances granted by the Group to some of its subsidiaries, dividends received from non-consolidated companies, etc.).

Operating income is calculated by taking recurring operating income and adding non-recurring income and expense, which mainly includes goodwill impairment losses, restructuring charges and income and expense relating to changes in scope (capital gains or losses on disposals of securities and the impact of changes in control).

Non-recurring items in the first half of 2018 included impacts related to changes in control over entities in the consolidation scope. In 2017, other non-recurring operating items included restructuring charges in France.

5. Cost of net financial debt

The cost of net financial debt amounted to €236 million in the first half of 2018, stable compared with the first half of 2017 (€234 million). The decrease in the cost of the Group's gross long-term debt, resulting from refinancing that took place in 2017 and 2018 at interest rates lower than those of the debt repaid, was offset by the increase in the average outstanding amount of debt arising from the financing of recent acquisitions made by the Group in 2017 and 2018.

The cost of net financial debt in the period can be analysed as follows:

<i>(in € millions)</i>	First half 2018	First half 2017	Full year 2017
Financial liabilities at amortised cost	(314)	(341)	(653)
Financial assets and liabilities at fair value through profit and loss	14	45	56
Derivatives designated as hedges: assets and liabilities	71	59	114
Derivatives at fair value through profit and loss: assets and liabilities	(7)	4	1
Total cost of net financial debt	(236)	(234)	(481)

6. Other financial income and expense

Other financial income and expense break down as follows:

<i>(in € millions)</i>	First half 2018	First half 2017	2017
Effect of discounting to present value	(17)	(19)	(35)
Borrowing costs capitalised	43	45	86
Foreign exchange gains and losses	(6)	(9)	(11)
Total other financial income and expense	19	18	40

The effect of discounting to present value relates mainly to provisions for retirement benefit obligations in an amount of €14 million (€12 million in the first half of 2017) and fixed fees at more than one year in relation to Salvador airport in Brazil.

Capitalised borrowing costs mainly relate to Lamsac for €26 million (€27 million in the first half of 2017), the ASF group for €7 million (€12 million in the first half of 2017), and Arcos for €6 million (€4 million in the first half of 2017).

7. Income tax expense

Tax expense amounted to €629 million, compared with €575 million in the first half of 2017. That increase was because of higher pre-tax profit both inside and outside France. The effective tax rate was 33.5% (36.0% in the first half of 2017).

8. Earnings per share

Basic earnings per share is the net income for the period after non-controlling interests, divided by the weighted average number of shares outstanding during the period less the weighted average number of treasury shares.

In calculating diluted earnings per share, the weighted average number of shares outstanding is adjusted for the dilutive effect of equity instruments issued by the company, mainly share subscription options and performance shares. The dilution resulting from the exercise of share subscription options and from performance shares is determined using the method defined in IAS 33.

In calculating basic and diluted earnings per share, earnings are also adjusted for changes in income and expenses taken directly to equity resulting from the conversion into shares of all potentially dilutive instruments.

The tables below show the transition from basic earnings per share to diluted earnings per share:

First half 2018	Average number of shares	Net income (in € millions)	Earnings per share (in €)
Total shares	592,840,957		
Treasury shares	(38,307,658)		
Basic earnings per share	554,533,299	1,300	2.34
Subscription options	421,509		
Group savings plan	155,049		
Performance shares	4,333,936		
Diluted earnings per share	559,443,793	1,300	2.32

First half 2017	Average number of shares	Net income (in € millions)	Earnings per share (in €)
Total shares	590,758,966		
Treasury shares	(36,605,476)		
Basic earnings per share	554,153,490	1,030	1.86
Subscription options	1,070,294		
Group savings plan	275,165		
Performance shares	3,510,216		
Diluted earnings per share	559,009,165	1,030	1.84

Full year 2017	Average number of shares	Net income (in € millions)	Earnings per share (in €)
Total shares	592,838,481		
Treasury shares	(38,254,966)		
Basic earnings per share	554,583,515	2,747	4.95
Subscription options	838,180		
Group savings plan	226,266		
Performance shares	3,988,482		
Diluted earnings per share	559,636,443	2,747	4.91

E. Investments in other companies

9. Goodwill

Changes in the period were as follows:

<i>(in € millions)</i>	30/06/2018	31/12/2017
Net at beginning of period	8,600	8,113
Goodwill recognised during the period	761	608
Impairment losses	-	(4)
Entities no longer consolidated	-	-
Currency translation differences	25	(120)
Other movements	21	3
Net at end of period	9,406	8,600

The increase in goodwill during the period resulted mainly from VINCI Energies' acquisition of several companies, including PrimeLine Utility Services in the United States and Wah Loon in Singapore. The goodwill relating to those acquisitions, estimated provisionally, amounted to €667 million at 30 June 2018. The other changes mainly relate to goodwill adjustments recognised in the last 12 months.

In 2017, the changes related to acquisitions:

- by VINCI Energies – Infratek in Scandinavia, Horlemann in Germany, Acuntia in Spain and Novabase IMS in Portugal for a total amount of €373 million;
- by VINCI Construction, in particular Seymour Whyte in Australia (€55 million).

The main goodwill items at 30 June 2018 were as follows:

<i>(in € millions)</i>	30/06/2018			31/12/2017
	Gross	Impairment losses	Net	Net
VINCI Energies France	2,365	-	2,365	2,353
ASF and its subsidiaries	1,935	-	1,935	1,935
VINCI Airports	976	-	976	969
VINCI Energies Germany	626	-	626	625
VINCI Energies North America	611	-	611	1
VINCI Energies Benelux	315	-	315	312
VINCI Energies Scandinavia	311	-	311	268
VINCI Highways	250	-	250	246
Entrepose	201	-	201	201
Soletanche Bachy	171	-	171	171
VINCI Energies Switzerland	157	-	157	155
VINCI Energies Australia – New Zealand	144	-	144	147
Nuvia	128	-	128	128
ETF	108	-	108	108
VINCI Construction UK	148	(68)	80	80
Other goodwill	1,175	(146)	1,030	901
Total	9,620	(213)	9,406	8,600

10. Companies accounted for under the equity method: associates and joint ventures

10.1 Movements during the period

<i>(in € millions)</i>	30/06/2018			31/12/2017		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Value of shares at beginning of period	1,127	446	1,573	1,083	423	1,505
<i>of which Concessions</i>	722	333	1,054	686	320	1,006
<i>of which Contracting</i>	403	87	490	393	83	476
<i>of which VINCI Immobilier</i>	2	27	29	4	20	24
Increase in share capital of companies accounted for under the equity method	-	-	-	11	32	43
Group share of profit or loss for the period	36	45	81	118	29	146
Group share of other comprehensive income for the period	3	29	31	(7)	62	55
Dividends paid	(39)	(99)	(138)	(77)	(106)	(184)
Changes in consolidation scope and other ^(*)	(29)	(24)	(53)	(4)	(43)	(47)
Reclassifications ^(**)	30	27	57	4	51	54
Value of shares at end of period	1,128	423	1,552	1,127	446	1,573
<i>of which Concessions</i>	727	316	1,043	722	333	1,054
<i>of which Contracting</i>	398	86	484	403	87	490
<i>of which VINCI Immobilier</i>	2	22	24	2	27	29

(*) Including impact of first-time adoption on 1 January 2018 of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" for €24 million.

(**) Reclassifications of shares in the negative net equity of equity-accounted companies under provisions for financial risks.

N.B. Definitions of Associates and Joint ventures are provided in Note A.2. Consolidation methods.

At 30 June 2018, the Group's interests in associates included, for the Concessions business, the stake in the ADP group (€707 million) and, for the Contracting business, the stake in the CFE group (€217 million).

The amounts recorded under "Group share of other comprehensive income for the period" relate mainly to cash flow and interest rate hedging transactions on concession and public-private partnership projects.

10.2 Aggregated financial information

The contribution of equity-accounted companies to the Group's consolidated comprehensive income during the period is as follows:

<i>(in € millions)</i>	First half 2018			First half 2017			2017		
	Associates	Joint ventures	Total	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Net income	36	45	81	43	(8)	34	118	29	146
<i>of which Concessions</i>	24	21	44	27	(21)	6	41	(7)	34
<i>of which Contracting</i>	13	16	29	16	5	20	77	17	94
<i>of which VINCI Immobilier</i>	-	7	8	-	8	8	-	19	19
Other comprehensive income	3	29	31	(5)	53	48	(7)	62	55
<i>of which Concessions</i>	-	25	26	5	50	55	6	56	62
<i>of which Contracting</i>	2	3	6	(10)	3	(7)	(13)	6	(7)
Comprehensive income	39	74	113	37	45	82	111	91	202
<i>of which Concessions</i>	24	46	70	32	29	61	47	49	96
<i>of which Contracting</i>	15	20	35	6	7	13	64	23	87
<i>of which VINCI Immobilier</i>	-	7	8	-	8	8	-	19	19

10.3 Commitments made in respect of associates and joint ventures

At 30 June 2018, Group funding commitments to equity-accounted companies (via capital or shareholder loans) amounted to €110 million (€126 million at 31 December 2017). These commitments relate mainly to project companies in the Concessions business including Via 40 Express, which holds the concession for the motorway between Bogotá and Girardot in Colombia, and Regina Bypass, which holds the public-private partnership contract for the motorway bypassing the city of Regina in Canada for which funding commitments amounted to €52 million and €22 million respectively at 30 June 2018 (€50 million and €22 million at 31 December 2017).

Collateral security has also been granted in the form of pledges of shares in companies accounted for under the equity method.

The net carrying amount of the shares pledged at 30 June 2018 was €27 million and included shares in WVB East End Partners (the company holding the concession for the Ohio River Bridges – East End Crossing project in the United States) for €16 million and SMTPC (the holder of the concession for the Prado Carénage road tunnel in Marseille) for €10 million.

10.4 Investment commitments given by associates and joint ventures

At 30 June 2018, the Group's share of investment commitments given by companies accounted for by the equity method amounted to €922 million (€1,004 million at 31 December 2017).

They relate mainly to projects involving infrastructure under construction in the Concessions business, including the planned new Via 40 Express motorway in Colombia (€281 million), Santiago airport in Chile (€170 million), sections 7 and 8 of the M11 motorway between Moscow and St Petersburg (€160 million), and the A7 motorway in Lower Saxony, Germany (€135 million).

The €82 million reduction in these commitments in the first half of 2018 reflects progress with works carried out as part of concession projects, particularly on the M11 motorway and Santiago airport in Chile.

11. Other non-current financial assets

<i>(in € millions)</i>	30/06/2018	31/12/2017
Amortised cost financial assets	952	830
PPP financial receivables (*)	171	177
Equity instruments	139	95
Other non-current financial assets	1,263	1,102

(*) Information relating to "PPP financial receivables" is provided in Note F.13.

Non-current financial assets measured at amortised cost

Financial assets measured at amortised cost mainly comprise receivables relating to shareholdings, such as shareholders' advances to Concessions business or PPP project companies for €708 million (€659 million at 31 December 2017).

They are presented on the asset side of the consolidated balance sheet under "Other non-current financial assets" (for the part at more than one year). The part at less than one year is included under "Other current financial assets" for €26 million at 30 June 2018 (€28 million at 31 December 2017).

During the period, the change broke down as follows:

<i>(in € millions)</i>	First half 2018	Full year 2017
Beginning of period	830	531
Acquisitions during period	89	454
Acquisitions as part of business combinations	-	11
Impairment losses	(2)	(29)
Disposals during period	(23)	(81)
Other movements and currency translation differences	58	(56)
End of period	952	830

In 2017, the increase mainly concerned the loan granted to LISEA, the concession company for the South Europe Atlantic high-speed rail line, for €256 million.

Equity instruments

Equity instruments mainly include shareholdings in subsidiaries that do not meet VINCI's minimum financial criteria for consolidation.

F. Concession and PPP contracts

12. Concession intangible assets

12.1 Breakdown of concession intangible assets

<i>(in € millions)</i>	VINCI Autoroutes	VINCI Airports	Other concessions	Total
Gross				
01/01/2017	31,625	4,168	1,950	37,743
Acquisitions during period ^(*)	661	381	235	1,277
Disposals during period	(2)	(2)	(1)	(5)
Currency translation differences	-	(152)	(167)	(319)
Changes in scope and other	15	(25)	-	(10)
Grants received	(22)	-	-	(22)
31/12/2017	32,278	4,370	2,017	38,665
Acquisitions during period ^(*)	307	73	46	427
Disposals during period	(1)	(2)	-	(3)
Currency translation differences	-	(5)	33	28
Changes in scope and other	18	1	268	288
Grants received	-	-	-	-
30/06/2018	32,602	4,438	2,364	39,404
Amortisation and impairment losses				
01/01/2017	(10,529)	(365)	(160)	(11,053)
Amortisation during period	(931)	(128)	(35)	(1,095)
Impairment losses	-	(2)	-	(2)
Reversals of impairment losses	-	1	-	1
Disposals during period	1	-	3	4
Currency translation differences	-	25	2	27
Other	(12)	12	(7)	(8)
31/12/2017	(11,471)	(458)	(197)	(12,126)
Amortisation during period	(524)	(67)	(21)	(613)
Impairment losses	-	(2)	-	(2)
Reversals of impairment losses	-	-	-	-
Disposals during period	-	-	-	-
Currency translation differences	-	(6)	(1)	(7)
Other	(7)	(1)	(1)	(8)
30/06/2018	(12,002)	(534)	(220)	(12,757)
Net				
01/01/2017	21,096	3,804	1,791	26,691
31/12/2017	20,807	3,912	1,820	26,539
30/06/2018	20,599	3,903	2,144	26,647

(*) Including capitalised borrowing costs.

In the first half of 2018, acquisitions amounted to €427 million (€498 million in the first half of 2017). They include investments by the ASF group for €198 million (€244 million in the first half of 2017), by VINCI Airports for €72 million (€50 million in the first half of 2017) and by Cofiroute for €63 million (€62 million in the first half of 2017). VINCI Autoroutes' investments included work forming part of the 2015 stimulus plan such as the widening of the A9 motorway near the Spanish border and the A63 motorway in the Basque Country.

Concession intangible assets include assets under construction for a gross amount of €1,033 million at 30 June 2018 (€2,044 million at 31 December 2017). These relate mainly to subsidiaries of VINCI Autoroutes (€890 million including €413 million for ASF, €136 million for Escota and €220 million for Cofiroute) and of VINCI Airports for €142 million. At 31 December 2017, they also included those of VINCI Highways (€895 million) relating to the second section of the Lima ring road, which came into service on 15 June 2018.

The main features of concession and PPP contracts are described in Note F. "Concession and PPP contracts" in the 2017 registration document.

12.2 Commitments made under concession contracts – intangible asset model

Contractual investment, renewal or financing obligations

<i>(in € millions)</i>	30/06/2018	31/12/2017
ASF group	1,186	1,381
Cofiroute	838	882
Belgrade airport (Serbia)	730	-
Airports Worldwide	443	-
Arcos – company holding the concession for the western Strasbourg bypass	442	452
Société concessionnaire Aéroports du Grand Ouest (Scago)	364	366
Salvador de Bahia airport (Brazil)	177	224
Lamsac (Peru)	152	167
ANA group (Portugal)	96	113
Other	62	56
Total	4,490	3,641

Contractual capital investment obligations for motorway concession companies (ASF group, Cofiroute) relate mainly to undertakings as part of multi-year master plans and the motorway stimulus plan implemented in the second half of 2015.

Progress with works by VINCI Autoroutes companies in the period led to a €251 million reduction in their commitments.

As part of its acquisitions drive, VINCI Airports signed two contracts: a concession contract to operate Nikola Tesla airport in Belgrade, Serbia, providing for payments of fixed fees by the concession holder to the grantor, and a contract to acquire shares in Airports Worldwide. At 30 June 2018, both of those contracts were still subject to the fulfilment of conditions precedent.

On 17 January 2018, France's Prime Minister announced the government's decision not to proceed with plans to build the proposed Notre-Dame-des-Landes airport. Discussions have begun with the government, as concession grantor, in order to determine and value the contractual and financial consequences of the announcement. VINCI is not currently able to determine the impact on the Group's financial statements or on its release from its investment obligations.

The above amounts do not include obligations relating to maintenance expenditure on infrastructure under concession, which is provisioned (see Note G.15.2 "Breakdown of current provisions").

Collateral security connected with the financing of concessions

Some concession operating companies have given collateral security to guarantee the financing of their investments in infrastructure under concession. This collateral security breaks down as follows:

<i>(in € millions)</i>	Amount	Start date	End date
Lamsac	713	2016	2037
Arcour	667	2008	2047
Aerodom	358	2017	2029
Aéroports de Lyon (ADL)	225	2016	2033
Gefyra	217	1997	2029
Other concession operating companies	15		

13. PPP financial receivables (controlled companies)

13.1 Movements during the period and maturity schedule

PPP financial receivables related to concession and PPP contracts managed by the Group are presented on the consolidated balance sheet, for their part at more than one year, under the "Other non-current financial assets" item (see Note E.11 "Other non-current financial assets"). The part at less than one year of PPP financial receivables is included in the balance sheet under "Other current financial assets". At 30 June 2018, it amounted to €8 million (€10 million at 31 December 2017).

During the period, the change in PPP financial receivables broke down as follows:

<i>(in € millions)</i>	First half 2018	Full year 2017
Beginning of period	177	215
Acquisitions during period	5	11
Impairment losses	-	-
Redemptions	(11)	(49)
Other movements and currency translation differences	1	-
End of period	171	177

In 2017, payments of PPP financial receivables mainly concerned the public-private partnership contract for the creation of the new building for France's Institute for Radiological Protection and Nuclear Safety (IRSN) in the Hauts de Seine region of France, which was held by PPP Prisme, a subsidiary of VINCI Construction.

13.2 Commitments made under concession and PPP contracts – financial asset and/or bifurcated model

Contractual investment, renewal or financing obligations

Under their concession and PPP contracts, certain Group subsidiaries undertake to make investments. Where the financial asset or bifurcated model applies, they receive a guarantee of payment from the concession grantor in return for their investment commitment.

At 30 June 2018, investment undertakings with respect to contracts under the financial asset or bifurcated models amounted to €51 million (€52 million at 31 December 2017). They relate to the public-private partnership for the La Cotinière fishing port at Saint Pierre d'Oléron at VINCI Construction.

Collateral security connected with the financing of PPPs

Some companies have given collateral security to guarantee the financing of their investments relating to infrastructure under concession. This collateral amounted to €154 million at 30 June 2018 (€156 million at 31 December 2017), including Caraibus in Martinique for €70 million, Park Azur in Nice for €36 million and MMArena (Le Mans stadium) for €32 million.

Commitments made under concession and PPP contracts of companies accounted for under the equity method

The commitments made under concession and PPP contracts by companies accounted for under the equity method are presented in Note E.10.3 "Commitments made in respect of associates and joint ventures".

G. Other balance sheet items and business-related commitments

14. Property, plant and equipment

<i>(in € millions)</i>	Concession operating fixed assets	Land	Constructions and investment property	Plant, equipment and fixtures	Total
Gross					
31/12/2017	4,169	905	1,201	7,141	13,416
30/06/2018	4,210	966	1,369	7,446	13,991
Depreciation and impairment losses					
31/12/2017	(2,804)	(333)	(645)	(5,213)	(8,996)
30/06/2018	(2,912)	(337)	(654)	(5,429)	(9,333)
Net					
31/12/2017	1,365	572	556	1,928	4,421
30/06/2018	1,298	629	715	2,017	4,658

Property, plant and equipment included assets under construction for €471 million at 30 June 2018 (€313 million at 31 December 2017).

At 30 June 2018, assets acquired under finance leases amounted to €131 million (€127 million at 31 December 2017). They relate mainly to plant and equipment used in operations. The debts relating to these assets are shown in Note I.20.1 "Detail of long-term financial debt by business".

15. Working capital requirement and current provisions

15.1 Change in working capital requirement

<i>(in € millions)</i>	30/06/2018	30/06/2017	31/12/2017	Changes 30/06/2018 - 31/12/2017	
				Changes in operating WCR	Other changes (*)
Inventories and work in progress (net)	1,139	946	1,056	147	(64)
Trade and other receivables	12,868	11,638	12,432	396	41
Other current operating assets	5,349	4,823	5,035	210	103
Inventories and operating receivables	19,357	17,407	18,523	753	81
Trade payables	(7,707)	(7,345)	(8,198)	481	11
Other current operating liabilities	(11,855)	(11,014)	(11,852)	133	(135)
Trade and other operating payables	(19,562)	(18,359)	(20,051)	613	(124)
Working capital requirement (excluding current provisions)	(205)	(952)	(1,528)	1,366	(43)
Current provisions	(4,181)	(4,065)	(4,322)	169	(29)
<i>of which part at less than one year of non-current provisions</i>	<i>(198)</i>	<i>(188)</i>	<i>(208)</i>	-	10
Working capital requirement (including current provisions)	(4,386)	(5,017)	(5,849)	1,535	(72)

(*) Mainly currency translation differences and changes in consolidation scope.

15.2 Breakdown of current provisions

Changes in current provisions reported in the balance sheet for the first half of 2018 and full-year 2017 were as follows:

<i>(in € millions)</i>	Opening	Provisions taken	Provisions used	Other reversals	Changes in consolidation scope and miscellaneous	Change in the part at less than one year	Currency translation differences	Closing
01/01/2017	4,053	1,524	(1,291)	(171)	52	18	(13)	4,172
Obligation to maintain the condition of concession assets	812	128	(96)	(14)	4	-	(8)	827
After-sales service	386	192	(155)	(18)	3	-	(3)	406
Losses on completion and construction project liabilities	1,265	847	(740)	(47)	21	-	(10)	1,336
Disputes	505	202	(110)	(50)	(4)	-	(1)	541
Restructuring costs	42	11	(14)	(10)	1	-	-	30
Other current liabilities	920	362	(268)	(56)	27	-	(11)	974
Reclassification of the part at less than one year	241	-	-	-	(4)	(29)	-	208
31/12/2017	4,172	1,741	(1,383)	(195)	48	(29)	(33)	4,322
Obligation to maintain the condition of concession assets	827	58	(47)	-	4	-	1	843
After-sales service	406	39	(44)	(6)	1	-	(1)	396
Losses on completion and construction project liabilities	1,336	487	(556)	(10)	28	-	(2)	1,283
Disputes	541	41	(65)	(18)	6	-	(1)	505
Restructuring costs	30	5	(7)	(2)	3	-	-	29
Other current liabilities	974	97	(125)	(17)	(1)	-	(1)	927
Reclassification of the part at less than one year	208	-	-	-	(16)	7	-	198
30/06/2018	4,322	727	(843)	(53)	26	7	(4)	4,181

Current provisions relating to the operating cycle consist mainly of provisions in respect of construction contracts and provisions for the obligation to maintain the condition of concession assets. Such provisions are intended to cover the expenses to be incurred by motorway concession operating companies for road repairs, bridges, tunnels and hydraulic infrastructure. They mainly concern the ASF group for €384 million (€379 million at 31 December 2017) and Cofiroute for €246 million (€240 million at 31 December 2017).

Provisions also include expenses to be incurred by airport concession companies (maintenance and repairs to runways, traffic lanes and other paved surfaces) for €174 million (€177 million at 31 December 2017) including €69 million for the ANA group (€69 million at 31 December 2017).

Provisions for other current liabilities include provisions for worksite restoration and removal costs for €172 million (€194 million at 31 December 2017).

16. Non-current provisions

Changes in other non-current provisions reported in the balance sheet (excluding employee benefits) were as follows in the first half of 2018 and 2017:

<i>(in € millions)</i>	Opening	Provisions taken	Provisions used	Other reversals not used	Changes in consolidation scope and miscellaneous	Change in the part at less than one year	Currency translation differences	Closing
01/01/2017	949	195	(129)	(91)	39	(18)	(1)	945
Financial risks	643	27	(34)	(2)	52	-	-	685
Other liabilities	543	174	(105)	(30)	-	-	(6)	576
Reclassification of the part at less than one year	(241)	-	-	-	4	29	-	(208)
31/12/2017	945	201	(140)	(32)	56	29	(6)	1,053
Financial risks	685	1	(31)	-	58	-	-	713
Other liabilities	576	35	(40)	(13)	(4)	-	(2)	551
Reclassification of the part at less than one year	(208)	-	-	-	16	(7)	-	(198)
30/06/2018	1,053	36	(72)	(13)	69	(7)	(2)	1,065

Provisions for financial risks

Provisions for financial risks include the Group's share of the negative net equity of companies accounted for under the equity method. That negative net equity results from the measurement of interest rate derivative instruments (cash flow hedges) at fair value in the financial statements of the companies concerned.

Provisions for other liabilities

Provisions for other liabilities, not directly linked to the operating cycle, include provisions for disputes and arbitration, some of which are described in Note K.27 "Note on litigation". These amounted to €551 million at 30 June 2018 (€576 million at 31 December 2017), including €369 million at more than one year (€384 million at 31 December 2017).

17. Other contractual obligations of an operational nature and other commitments made and received

17.1 Other contractual obligations of an operational nature

<i>(in € millions)</i>	30/06/2018	31/12/2017
Operating leases	1,422	1,237
Purchase and capital expenditure obligations ^(*)	456	387

(*) Excluding capital investment obligations related to concession and PPP contracts (see Note F "Concession and PPP contracts").

Operating lease commitments at 30 June 2018 comprised €993 million for property (€807 million at 31 December 2017) and €429 million for movable items (€430 million at 31 December 2017). The increase in commitments under property contracts relates mainly to the development of Ovelia's programmes (serviced residences for seniors) after VINCI Immobilier took control of that company in January 2018.

Purchase and capital expenditure obligations relate mainly to Eurovia for its quarrying rights, VINCI Energies and VINCI Immobilier.

17.2 Other commitments made and received

<i>(in € millions)</i>	30/06/2018	31/12/2017
Collateral security	43	44
Other commitments made (received)	344	277

Collateral security (mortgages and collateral for finance) may be given in addition to commitments in connection with concession and PPP contracts. This relates mainly to VINCI Energies and Eurovia.

The Group's off-balance sheet commitments are subject to specific reporting at each full-year and half-year closing. They are presented according to the activity to which they relate, in the corresponding notes.

Accordingly, the commitments made and received by the Group in connection with concession contracts, construction contracts and items connected with unrecognised retirement benefit obligations are shown in the following notes:

- E.10.3 "Commitments made in respect of associates and joint ventures";
- F.12.2 "Commitments made under concession contracts – intangible asset model";
- F.13.2 "Commitments made under concession and PPP contracts – financial asset and/or bifurcated model";
- J.24 "Provisions for employee benefits".

Commitments made and received by the Group in connection with construction contracts and are detailed in Note G.15.2 of the 2017 registration document.

H. Equity

18. Information on equity

Capital management policy

In the first half of 2018, VINCI continued its policy of purchasing its own shares under the programme approved by the Shareholders' General Meeting held on 20 April 2017 and the new programme approved by the Shareholders' General Meeting of 17 April 2018, for a period of 18 months and relating to a maximum amount of purchases of €2 billion at a maximum share price of €120. In the first half of 2018, 5,687,408 shares were bought at an average price of €83.31, for a total of €474 million.

On 25 June 2018, VINCI signed a share purchase agreement with an authorised intermediary, expiring on 26 September 2018, for a variable number of shares up to a maximum amount of €140 million. At 30 June 2018, liabilities under that agreement, presented under "Other current financial liabilities", amounted to €140 million.

Treasury shares (see Note H.18.2 "Treasury shares") are allocated to financing external growth transactions and to covering performance share plans and the employer contributions to international employee share ownership plans. They may also be cancelled.

VINCI's employee savings policy aims to make it easier for Group employees to become shareholders. At 30 June 2018, over 50% of the Group's employees were VINCI shareholders, through unit funds invested in VINCI shares. Since those funds own 9.18% of the company's shares, the Group's current and former employees form its largest group of shareholders.

Neither the Group's consolidated equity nor the equity of parent company VINCI SA is subject to any external constraints in the form of financial covenants.

18.1 Share capital

At 30 June 2018, the parent company's share capital was represented by 596,363,168 ordinary shares of €2.5 nominal value each.

The changes in the number of shares during the period were as follows:

	30/06/2018	31/12/2017
Number of shares at beginning of period	591,216,948	589,305,520
Increases in share capital	5,146,220	7,648,416
Cancelled treasury shares		(5,736,988)
Number of shares at end of period	596,363,168	591,216,948
Number of shares issued and fully paid	596,363,168	591,216,948
Nominal value of one share (in €)	2.5	2.5
Treasury shares held directly by VINCI	40,789,099	36,317,368
<i>of which shares allocated to cover performance share plans and employee share ownership plans</i>	<i>11,626,144</i>	<i>7,154,413</i>

18.2 Treasury shares

Changes in treasury shares were as follows:

	30/06/2018	31/12/2017
Number of shares at beginning of period	36,317,368	34,685,354
Purchases of shares	5,687,408	8,573,859
Allocation of 2014 performance shares to employees		(944,799)
Allocation of 2015 performance shares to employees	(935,763)	(1,600)
Allocation of 2016 performance shares to employees		(4,600)
Allocation of 2017 performance shares to employees		(1,500)
Employer contribution in connection with the Castor International plan	(279,914)	(252,358)
Cancelled treasury shares		(5,736,988)
Number of shares at end of period	40,789,099	36,317,368

At 30 June 2018, the total number of treasury shares held was 40,789,099. These were recognised as a deduction from consolidated equity for €2,161 million.

A total of 11,626,144 shares are allocated to covering long-term incentive plans and employee share ownership transactions and 29,162,955 shares are intended to be used as payment in external growth transactions or to be sold.

18.3 Amounts recognised directly in equity

The main amounts recognised directly in equity are as follows:

(in € millions)	30/06/2018			31/12/2017		
	Attributable to owners of the parent	Attributable to non-controlling interests	Total	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Hedging costs						
Reserve at beginning of period ^(*)	(3)	-	(3)	-	-	-
Gross reserve before tax effect at balance sheet date	I	-	-	-	-	-
Cash flow hedge and net investment hedges						
Reserve at beginning of period ^(*)	(589)	-	(590)	(847)	(1)	(848)
Changes in fair value of companies accounted for under the equity method	17	-	17	115	-	115
Other changes in fair value in the period	(43)	-	(43)	74	1	75
Fair value items recognised in profit or loss	24	-	24	63	-	63
Changes in consolidation scope and miscellaneous	(23)	-	(23)	-	-	-
Gross reserve before tax effect at balance sheet date	II	(614)	(614)	(596)	-	(596)
<i>of which gross reserve relating to companies accounted for under the equity method</i>		(532)	(532)	(551)	-	(551)
Total gross reserve before tax effects (items that may be recycled to income)	I+II	(614)	(614)	(596)	-	(596)
Associated tax effect		164	164	159	-	159
Reserve net of tax (items that may be recycled to income)	III	(449)	(450)	(437)	-	(437)
Equity instruments^(*)						
Reserve at beginning of period		1	1	3	-	3
Reserve net of tax at end of period	IV	1	1	1	-	1
Actuarial gains and losses on retirement benefit obligations						
Reserve at beginning of period		(346)	(345)	(458)	-	(458)
Actuarial gains and losses recognised in the period		(23)	(23)	136	1	137
Associated tax effect		6	6	(31)	-	(31)
Changes in consolidation scope and miscellaneous		(6)	(6)	7	-	7
Reserve net of tax at end of period	V	(369)	(368)	(346)	-	(345)
Total reserve net of tax (items that may not be recycled to income)	IV+V	(367)	(367)	(345)	-	(345)
Total amounts recognised directly in equity	III+IV+V	(817)	(817)	(782)	-	(782)

(*) Amounts adjusted in accordance with the change in accounting methods related to the first-time adoption on 1 January 2018 of IFRS 9 "Financial Instruments", described in Note A.4. "Available-for-sale financial assets" under IAS 39 are now classified under "Equity instruments" for those evaluated at fair value through OCI.

The amounts recorded directly in equity relate to cash flow hedging transactions (negative effect of €609 million), net investment hedging transactions (negative effect of €5 million) and actuarial gains and losses on retirement benefit obligations (negative effect of €23 million). Transactions relating to the hedging of interest rate risk have a negative effect of €607 million, comprising:

- a negative effect of €532 million relating to companies accounted for under the equity method, mainly relating to LISEA (negative effect of €331 million) and other companies managing infrastructure projects on a PPP or concession basis;
- a negative effect of €75 million concerning VINCI SA (positive effect of €42 million) and fully consolidated subsidiaries, including VINCI Autoroutes (negative effect of €89 million).

These transactions are described in Note J.25.1.2 "Cash flow hedges" in the 2017 registration document.

19. Dividends

VINCI paid the final dividend in respect of 2017 in cash on 26 April 2018 for an amount of €974 million.

Dividends paid by VINCI SA to its shareholders in respect of 2017 and 2016 break down as follows:

	2017	2016
Dividend per share (in €)		
Interim dividend	0.69	0.63
Final dividend	1.76	1.47
Net total dividend	2.45	2.10
Amount of dividend (in € millions)		
Interim dividend	384	350
Final dividend	974	813
Net total dividend	1,358	1,163

I. Financing and financial risk management

20. Net financial debt

At 30 June 2018, net financial debt, as defined by the Group, stood at €16.7 billion, up €2.7 billion compared with 31 December 2017. It breaks down as follows:

Analysis by accounting heading	(in € millions)	30/06/2018			31/12/2017		
		Non-current	Current (*)	Total	Non-current	Current (*)	Total
	Bonds	(14,529)	(1,983)	(16,512)	(14,130)	(1,427)	(15,558)
	Other bank loans and other financial debt	(2,795)	(251)	(3,046)	(2,415)	(1,180)	(3,595)
	Finance lease debt restated	(112)	(39)	(151)	(97)	(33)	(130)
	Long-term financial debt (**)	(17,436)	(2,274)	(19,709)	(16,642)	(2,641)	(19,282)
Financial liabilities at amortised cost	Commercial paper	-	(2,098)	(2,098)	-	(998)	(998)
	Other current financial liabilities	-	(183)	(183)	-	(30)	(30)
	Bank overdrafts	-	(1,204)	(1,204)	-	(1,105)	(1,105)
	Financial current accounts, liabilities	-	(80)	(80)	-	(58)	(58)
	I - Gross financial debt	(17,436)	(5,838)	(23,274)	(16,642)	(4,830)	(21,472)
	<i>of which impact of fair value hedges</i>	<i>(373)</i>	<i>(3)</i>	<i>(376)</i>	<i>(435)</i>	<i>(7)</i>	<i>(442)</i>
Financial assets at amortised cost	Loans and collateralised financial receivables	-	-	-	-	-	-
	Financial current accounts, assets	-	34	34	-	41	41
	Cash management financial assets	-	139	139	-	142	142
Financial assets at fair value through profit and loss	Cash equivalents	-	2,444	2,444	-	2,658	2,658
	Cash	-	3,553	3,553	-	4,150	4,150
	II - Financial assets	-	6,170	6,170	-	6,991	6,991
Derivatives	Derivative financial instruments – liabilities	(276)	(77)	(353)	(288)	(114)	(402)
	Derivative financial instruments – assets	550	232	782	621	261	882
	III - Derivative financial instruments	274	156	429	334	146	480
	Net financial debt	I+II+III	(17,162)	488	(16,674)	(16,308)	2,307
	<i>Net financial debt breaks down by business as follows:</i>						
	<i>Concessions</i>	<i>(25,821)</i>	<i>(819)</i>	<i>(26,640)</i>	<i>(25,474)</i>	<i>(1,671)</i>	<i>(27,145)</i>
	<i>Contracting</i>	<i>(4,090)</i>	<i>2,082</i>	<i>(2,008)</i>	<i>(3,219)</i>	<i>3,695</i>	<i>477</i>
	<i>Holding companies and VINCI Immobilier</i>	<i>12,749</i>	<i>(775)</i>	<i>11,973</i>	<i>12,384</i>	<i>282</i>	<i>12,667</i>

(*) The current part includes accrued interest not matured.

(**) Including the part at less than one year.

Derivative financial instruments that are not designated as hedges for accounting purposes are reported as “Derivative financial instruments – current assets” or “Derivative financial instruments – current liabilities”, whatever their maturity dates.

Change in net financial debt

(in € millions)	Opening	Cash flows	Ref.	"Non-cash" changes					Total "non-cash"	Ref.	Closing
				Changes in consolidati on scope	Exchange rate effect	Changes in fair value	Other changes				
Bonds	(14,130)	(1,642)	(3)	-	(37)	57	1,223	1,243	(4)	(14,529)	
Other loans and borrowings	(2,512)	98	(3)	(386)	(23)	-	(85)	(494)	(4)	(2,907)	
Current borrowings	(4,830)	641	-	(151)	(7)	(23)	(1,468)	(1,649)	-	(5,838)	
<i>of which the part at less than one year of long-term debts</i>	<i>(2,316)</i>	<i>1,641</i>	<i>(3)</i>	<i>(29)</i>	<i>(2)</i>	<i>(23)</i>	<i>(1,326)</i>	<i>(1,381)</i>	<i>(4)</i>	<i>(2,056)</i>	
<i>of which current financial debts at inception</i>	<i>(1,085)</i>	<i>(1,112)</i>	<i>(2)</i>	<i>(14)</i>	<i>(7)</i>	-	<i>(140)</i>	<i>(162)</i>	<i>(4)</i>	<i>(2,359)</i>	
<i>of which accrued interest on bank debts</i>	<i>(325)</i>	<i>108</i>	<i>(4)</i>	<i>(1)</i>	-	-	-	<i>(2)</i>	<i>(4)</i>	<i>(219)</i>	
<i>of which bank overdrafts</i>	<i>(1,105)</i>	<i>5</i>	<i>(1)</i>	<i>(106)</i>	<i>3</i>	-	<i>(1)</i>	<i>(104)</i>	<i>(1)</i>	<i>(1,204)</i>	
Loans and collateralised financial receivables	-	(1)	(4)	1	-	-	-	1	(4)	-	
Cash management financial assets	184	(33)	-	15	2	-	6	24	-	174	
<i>of which cash management financial assets (excluding accrued interest)</i>	<i>184</i>	<i>(34)</i>	<i>(2)</i>	<i>15</i>	<i>2</i>	-	<i>6</i>	<i>23</i>	<i>(4)</i>	<i>173</i>	
<i>of which accrued interest on cash management assets</i>	-	-	<i>(4)</i>	-	-	-	-	-	<i>(4)</i>	<i>1</i>	
Cash and cash equivalents	6,807	(877)	(1)	122	14	1	(71)	66	(1)	5,997	
Derivative financial instruments	480	(24)	-	(4)	27	(49)	-	(27)	-	429	
<i>of which fair value of derivatives</i>	<i>357</i>	<i>1</i>	<i>(3)</i>	<i>(4)</i>	<i>27</i>	<i>(49)</i>	-	<i>(26)</i>	<i>(4)</i>	<i>332</i>	
<i>of which accrued interest on derivatives</i>	<i>123</i>	<i>(25)</i>	<i>(4)</i>	-	-	-	-	-	<i>(4)</i>	<i>98</i>	
Net financial debt	(14,001)	(1,838)	(5)	(403)	(24)	(14)	(394)	(836)	(5)	(16,674)	

Cash flow during the period (negative effect of €1.8 billion) resulted in an increase in commercial paper outstanding and a decrease in cash and cash equivalents, with new bond issues covering repayments of long-term debt. "Non-cash" changes included the inclusion of PrimeLine at VINCI Energies (€306 million), the impact of fully consolidating Gefyra, the company holding the concession for the Rion-Antirion bridge in Greece (€179 million) and liabilities related to a VINCI share buy-back mandate entered into on 25 June 2018 (€140 million).

The table below reconciles changes in net financial debt with the cash flow statement.

Reconciliation of net financial debt with financing flows shown in the cash flow statement

(in € millions)	Ref.	30/06/2018
Change in net cash	(1)	(911)
Change in cash management assets and other current financial debts	(2)	(1,146)
(Proceeds from)/repayment of loans	(3)	97
Other changes	(4)	(714)
Change in net financial debt	(5)	(2,673)

20.1 Detail of long-term financial debt by business

The breakdown of net long-term financial debt (including the part at less than one year) by business at 30 June 2018 was as follows:

(in € millions)	30/06/2018				31/12/2017			
	Concessions	Contracting	Holding companies and VINCI Immobilier	Total	Concessions	Contracting	Holding companies and VINCI Immobilier	Total
Bonds	(14,684)	-	(1,828)	(16,512)	(13,669)	(66)	(1,823)	(15,558)
Other bank loans and other financial debt	(2,694)	(100)	(251)	(3,046)	(3,503)	(98)	6	(3,595)
Finance lease debt	(21)	(130)	-	(151)	(16)	(114)	-	(130)
Long-term financial debt	(17,400)	(230)	(2,080)	(19,709)	(17,188)	(278)	(1,816)	(19,282)

At 30 June 2018, long-term net financial debt amounted to €19.7 billion, up €427 million compared with the 31 December 2017 figure of €19.3 billion. The change results from the following transactions:

- bond issues carried out by ASF as part of its EMTN programme, i.e. in January it issued €1 billion of bonds maturing in January 2030 and in June it issued €700 million of bonds maturing in June 2028, both issues paying an annual coupon of 1.375%;
- in March, the arrangement of a \$300 million bilateral credit facility by VINCI with a term of 5 years;
- repayments by ASF, in March, of its last remaining loans from the Caisse Nationale des Autoroutes (CNA) for €750 million (bearing interest at 4.5%) and, in June, of its bilateral credit facility for €100 million;
- repayment by Cofiroute of €600 million of bonds (paying a coupon of 5.25%) in April and, in March, of a €75 million EIB loan (bearing interest at a fixed rate of 5.08%).

Maturity of debts

At 30 June 2018, the weighted average maturity of the Group's long-term financial debt was 6.3 years (5.7 years at 31 December 2017). The average maturity was 6.7 years in Concession subsidiaries, 3.0 years for holding companies and VINCI Immobilier, and 2.4 years in Contracting.

20.2 Credit ratings and financial covenants

Credit ratings

On 27 March 2018, credit rating agency Standard & Poor's raised its outlook on the Group from stable to positive.

At 30 June 2018, the Group's credit ratings were as follows:

	Agency	Rating		
		Long term	Outlook	Short term
VINCI SA	Standard & Poor's	A-	Positive	A2
	Moody's	A3	Stable	P1
ASF	Standard & Poor's	A-	Positive	A2
	Moody's	A3	Stable	P1
Cofiroute	Standard & Poor's	A-	Positive	A2

Financial covenants

Some financing agreements involving VINCI and its main subsidiaries include early repayment clauses applicable in the event of non-compliance with financial ratios. The characteristics of the covenants associated with the financing agreements in place at 30 June 2018 remain unchanged relative to 31 December 2017. They are described in Notes J.23.3 "Credit ratings and financial covenants" and J.24.2 "Other available resources" in the 2017 registration document.

The relevant ratios were all met at 30 June 2018.

21. Net cash managed and available resources

At 30 June 2018, the Group's available resources amounted to €8.6 billion, including €2.6 billion of net cash managed and €6 billion of unused confirmed bank credit facilities due to expire in 2021.

21.1 Net cash managed

Net cash managed, which includes in particular cash management financial assets and commercial paper issued, breaks down as follows:

<i>(in € millions)</i>	30/06/2018			Total
	Concessions	Contracting	Holding companies and VINCI Immobilier	
Cash equivalents	71	223	2,149	2,444
Marketable securities and mutual funds (UCITS)	-	1	956	957
Negotiable debt securities with an original maturity of less than 3 months ^(*)	71	223	1,193	1,487
Cash	449	2,199	904	3,553
Bank overdrafts	(1)	(1,060)	(144)	(1,204)
Net cash and cash equivalents	520	1,362	2,910	4,792
Cash management financial assets	71	69	-	139
Marketable securities and mutual funds (UCITS) ^(**)	-	15	-	15
Negotiable debt securities and bonds with an original maturity of less than 3 months	9	41	-	50
Negotiable debt securities and bonds with an original maturity of more than 3 months	62	12	-	73
Commercial paper issued	-	-	(2,098)	(2,098)
Other current financial liabilities	(16)	(26)	(140)^(***)	(183)
Balance of cash management current accounts	612	765	(1,422)	(45)
Net cash managed	1,186	2,169	(750)	2,606

(*) Including term deposits, interest earning accounts and certificates of deposit.

(**) Short-term investments in UCITS units that do not meet the criteria to be designated as cash equivalents as defined by IAS 7.

(***) Current financial liability linked to the share buy-back programme, due in September 2018 (see Note H.18).

<i>(in € millions)</i>	31/12/2017			Total
	Concessions	Contracting	Holding companies and VINCI Immobilier	
Cash equivalents	80	287	2,291	2,658
Marketable securities and mutual funds (UCITS)	27	1	1,070	1,098
Negotiable debt securities with an original maturity of less than 3 months ^(*)	53	286	1,220	1,560
Cash	728	2,235	1,186	4,150
Bank overdrafts	(1)	(1,011)	(93)	(1,105)
Net cash and cash equivalents	808	1,511	3,384	5,703
Cash management financial assets	67	75	-	142
Marketable securities and mutual funds (UCITS) ^(**)	-	8	-	8
Negotiable debt securities and bonds with an original maturity of less than 3 months	5	50	-	55
Negotiable debt securities and bonds with an original maturity of more than 3 months	62	18	-	80
Commercial paper issued	-	-	(998)	(998)
Other current financial liabilities	(9)	(20)	-	(30)
Balance of cash management current accounts	(96)	2,206	(2,126)	(17)
Net cash managed	770	3,772	260	4,801

(*) Including term deposits, interest earning accounts and certificates of deposit.

(**) Short-term investments in UCITS units that do not meet the criteria to be designated as cash equivalents as defined by IAS 7.

The investment vehicles used by the Group are money market UCITS, interest earning accounts, term deposits and negotiable debt securities (certificates of deposit generally with a maturity of less than three months). They are measured and recognised at their fair value.

Net cash is managed with limited risk to capital. The performance and the risks associated with these investments of net cash are monitored regularly through a report detailing the yield of the various assets on the basis of their fair value and analysing the associated level of risk.

At 30 June 2018, net cash managed by VINCI SA amounted to €208 million, arising mainly from the cash surpluses transferred upwards from French subsidiaries through a cash pooling system. VINCI Finance International, a wholly owned subsidiary of VINCI SA that centralises the cash surpluses of foreign subsidiaries, managed cash investments of €471 million at 30 June 2018.

This centralisation enables the management of financial resources to be optimised at Group level and the risks relating to the counterparties and investment vehicles used to be better managed.

Other subsidiaries' cash investments are managed in a decentralised manner while complying with the guidelines and instructions issued by VINCI, which define in particular the investment vehicles and the counterparties authorised. The investments amounted to €2 billion at 30 June 2018, including €0.6 billion for the Concessions business and €1.4 billion for the Contracting business.

21.2 Other available resources

Revolving credit facilities

VINCI, ASF and Cofiroute each have a revolving credit facility due to expire in May 2021. At 30 June 2018, none of those credit facilities was being used.

The amounts authorised and used, and the maturities of the credit lines of VINCI and its subsidiaries are as follows:

<i>(in € millions)</i>	Amounts authorised at 30/06/2018	Maturity		
		Within 1 year	Between 1 and 5 years	After 5 years
VINCI: syndicated facility	3,830	-	3,830	-
ASF: syndicated facility	1,670	-	1,670	-
Cofiroute: syndicated facility	500	-	500	-
Total	6,000	-	6,000	-

Commercial paper

VINCI has a €3 billion commercial paper programme rated A2 by Standard & Poor's and P1 by Moody's. At 30 June 2018, VINCI SA had made use of its programme in an amount of €2.1 billion.

22. Financial risk management

The Group's policies and procedures for managing financial risk are identical to those described in Note J.25 "Financial risk management" in the 2017 registration document. Transactions to set up or unwind hedging instruments during the first-half period did not materially alter VINCI's exposure to potential financial risks.

The main risks – interest rate risk, foreign exchange risk, credit and counterparty risk and equity risk – are described in paragraphs 25.1, 25.2, 25.3 and 25.4 respectively of the 2017 registration document.

23. Book and fair value of financial instruments by accounting category

The method of measuring the fair value of financial assets and liabilities was not altered in the first half of 2018.

The following table shows the carrying amount and fair value of financial assets and liabilities in the balance sheet by accounting category as defined in IFRS 9:

30/06/2018	Accounting categories							Fair value			
	Derivatives at fair value through profit and loss	Derivatives designated as hedges	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through other comprehensive income	Financial assets at amortised cost	Financial liabilities at amortised cost	Total net book value of the class	Level 1: quoted prices and cash	Level 2: internal model using observable factors	Level 3: internal model using non-observable factors	Fair value of the class
Balance sheet headings and classes of instrument											
Equity instruments	-	-	135	4	-	-	139	1	-	139	139
Financial assets at amortised cost and PPP	-	-	-	-	1,124	-	1,124	-	1,124	-	1,124
I - Non-current financial assets (*)	-	-	135	4	1,124	-	1,263	1	1,124	139	1,263
II - Derivative financial instruments – assets	193	589	-	-	-	-	782	-	782	-	782
Cash management financial assets	-	-	139	-	-	-	139	15	124	-	139
Financial current accounts, assets	-	-	-	-	34	-	34	34	-	-	34
Cash equivalents	-	-	2,444	-	-	-	2,444	957	1,487 (**)	-	2,444
Cash	-	-	3,553	-	-	-	3,553	3,553	-	-	3,553
III - Current financial assets	-	-	6,136	-	34	-	6,170	4,559	1,611	-	6,170
Total assets	193	589	6,271	4	1,158	-	8,215	4,560	3,517	139	8,215
Bonds						(16,512)	(16,512)	(15,943)	(1,280)	-	(17,223)
Other bank loans and other financial debt						(3,046)	(3,046)	-	(3,114)	-	(3,114)
Finance lease debt						(151)	(151)	-	(151)	-	(151)
IV - Long-term financial debt	-	-	-	-	-	(19,709)	(19,709)	(15,943)	(4,546)	-	(20,489)
V - Derivative financial instruments – liabilities	(165)	(188)	-	-	-	-	(353)	-	(353)	-	(353)
Other current financial liabilities						(2,280)	(2,280)	-	(2,280)	-	(2,280)
Financial current accounts - liabilities						(80)	(80)	(80)	-	-	(80)
Bank overdrafts						(1,204)	(1,204)	(1,204)	-	-	(1,204)
VI - Current financial liabilities	-	-	-	-	-	(3,564)	(3,564)	(1,284)	(2,280)	-	(3,564)
Total liabilities	(165)	(188)	-	-	-	(23,274)	(23,626)	(17,227)	(7,179)	-	(24,406)
Total	28	401	6,271	4	1,158	(23,274)	(15,412)	(12,667)	(3,662)	139	(16,191)

(*) See Notes E.11 and F.13.

(**) Mainly comprising certificates of deposit, term deposits and interest bearing accounts.

The table below shows the carrying amount and fair value of financial assets and liabilities as reported at 31 December 2017 by accounting category as defined by IAS 39:

31/12/2017	Accounting categories ⁽¹⁾							Fair value			
	Financial instruments at fair value through profit and loss	Derivatives designated as hedges	Financial assets measured at fair value	Available-for-sale financial assets	Loans and receivables	Financial liabilities at amortised cost	Total net book value of the class	Level 1: quoted prices and cash	Level 2: internal model using observable factors	Level 3: internal model using non-observable factors	Fair value of the class
Balance sheet headings and classes of instrument											
Available-for-sale financial assets	-	-	-	95	-	-	95	1	-	94	95
Loans and financial receivables incl. PPP	-	-	-	-	1,007	-	1,007	-	1,007	-	1,007
I - Non-current financial assets⁽²⁾	-	-	-	95	1,007	-	1,102	1	1,007	94	1,102
II - Derivative financial instruments - assets	235	647	-	-	-	-	882	-	882	-	882
Cash management financial assets	-	-	142	-	-	-	142	8	135	-	142
Financial current accounts, assets	-	-	41	-	-	-	41	41	-	-	41
Cash equivalents	-	-	2,658	-	-	-	2,658	1,098	1,560 ⁽³⁾	-	2,658
Cash	-	-	4,150	-	-	-	4,150	4,150	-	-	4,150
III - Current financial assets	-	-	6,991	-	-	-	6,991	5,296	1,695	-	6,991
Total assets	235	647	6,991	95	1,007	-	8,975	5,297	3,584	94	8,975
Bonds	-	-	-	-	-	(15,558)	(15,558)	(15,147)	(1,339)	-	(16,486)
Other bank loans and other financial debt	-	-	-	-	-	(3,595)	(3,595)	(785) ⁽⁴⁾	(2,892)	-	(3,676)
Finance lease debt	-	-	-	-	-	(130)	(130)	-	(130)	-	(130)
IV - Long-term financial debt	-	-	-	-	-	(19,282)	(19,282)	(15,932)	(4,360)	-	(20,292)
V - Derivative financial instruments - liabilities	(201)	(201)	-	-	-	-	(402)	-	(402)	-	(402)
Other current financial liabilities	-	-	-	-	-	(1,027)	(1,027)	-	(1,027)	-	(1,027)
Financial current accounts - liabilities	-	-	-	-	-	(58)	(58)	(58)	-	-	(58)
Bank overdrafts	-	-	-	-	-	(1,105)	(1,105)	(1,105)	-	-	(1,105)
VI - Current financial liabilities	-	-	-	-	-	(2,190)	(2,190)	(1,163)	(1,027)	-	(2,190)
Total liabilities	(201)	(201)	-	-	-	(21,472)	(21,874)	(17,095)	(5,790)	-	(22,884)
Total	34	446	6,991	95	1,007	(21,472)	(12,899)	(11,798)	(2,206)	94	(13,909)

(1) The Group holds no held-to-maturity financial assets.

(2) See Notes E.11 et F.13.

(3) Mainly comprising certificates of deposit, term deposits and interest bearing accounts.

(4) Listed price of loans issued by CNA.

“Loans and financial receivables including PPP” have been reclassified under “Financial assets at amortised cost and financial receivables (PPP)” as part of the adoption of IFRS 9. “Available-for-sale assets” have been reclassified under “Equity instruments”. Equity instruments are presented under “Financial assets measured at fair value through profit and loss” or “Financial assets measured at fair value through equity” depending on the recognition method used on the transition date.

J. Employee benefits and share-based payments

24. Provisions for employee benefits

24.1 Provisions for retirement benefit obligations

At 30 June 2018, provisions for retirement benefit obligations amounted to €1,476 million (including €1,429 million at more than one year) compared with €1,439 million at 31 December 2017 (including €1,391 million at more than one year). They comprise provisions for lump sums on retirement and provisions for obligations for supplementary retirement benefits. The increase in the first half of 2018 mainly corresponds to the actuarial gains and losses caused by changes in actuarial assumptions, particularly the fall in discount rates in the eurozone and United Kingdom. The part at less than one year of these provisions (€47 million at 30 June 2018 and €48 million at 31 December 2017) is reported under "Other current non-operating liabilities".

The expense recognised for the first half of 2018 in respect of retirement benefit obligations is half the forecast expense for 2018 determined on the basis of actuarial assumptions at 31 December 2017 and in accordance with IAS 19.

Details of benefits enjoyed by Group employees are provided in Note K.27.1 "Provisions for retirement benefit obligations" in the 2017 registration document.

24.2 Other employee benefits

Provisions for other employee benefits mainly include long-service bonuses and jubilee bonuses. At 30 June 2018, these provisions amounted to €104 million (€102 million at 31 December 2017).

25. Share-based payments

The expense relating to employee benefits has been assessed at €79 million for the first half of 2018 (€57 million in the first half of 2017), including €54 million in respect of performance share plans (€40 million in the first half of 2017) and €25 million in respect of employee savings plans in France and other countries (€18 million in the first half of 2017).

The features of the various plans in progress are described below.

25.1 Performance shares

Information on changes in performance share plans currently in force

	30/06/2018	31/12/2017
Number of shares granted subject to performance conditions at beginning of period	5,407,402	4,236,319
Shares granted	2,349,324	2,325,383
Shares acquired by beneficiaries	(935,763)	(952,499)
Shares cancelled	(100,043)	(201,801)
Number of shares granted subject to performance conditions not vested at end of period	6,720,920	5,407,402

Information on the features of the performance share plans currently in force

Plan	Plan granted on 17/04/2018	Plan granted on 19/04/2017	Plan granted on 14/04/2016	Plan granted on 14/04/2015
Original number of beneficiaries	2,947	2,537	2,051	1,846
Vesting date of the shares granted	4/17/2021	4/20/2020	4/19/2019	4/14/2018
End of conservation period for shares acquired	N/A	N/A	N/A	N/A
Number of shares granted subject to performance conditions	2,349,324	2,325,383	2,249,676	1,036,658
Shares cancelled	-	(66,183)	(131,180)	(98,795)
Shares acquired by beneficiaries	-	(1,500)	(4,600)	(937,863)
Number of shares granted subject to performance conditions at end of period	2,349,324	2,257,700	2,113,896	-

On 7 February 2018, VINCI's Board of Directors decided to grant definitively to beneficiaries of the 14 April 2015 long-term incentive plan (1,641 employees) 100% of the performance shares originally allotted, i.e. 937,863 shares, after the performance conditions were met.

On 17 April 2018, VINCI's Board of Directors decided to set up a new long-term performance share plan involving conditionally allotting performance shares (2,349,324 shares) to 2,947 employees. The shares granted will only vest definitively after a period of three years. Vesting is subject to beneficiaries being employed by the Group until the end of the vesting period, and to performance conditions in respect of the performance shares.

The performance conditions are as follows:

- an internal criterion (80% weighting) consisting of the ratio at 31 December 2020 of return on capital employed (ROCE) to the average weighted average cost of capital (WACC), with each of those indicators calculated as an average over the previous three years (2018, 2019 and 2020). This ratio must be equal to or greater than 1.1 for all performance shares granted to vest.

If the ratio is between 1 and 1.1, the number of performance shares that vest will be reduced in proportion and no shares will vest if the ratio is equal to or less than 1.

- an external criterion (20% weighting) consisting of the difference, at 31 December 2020, between:
 - the average total return on VINCI shares over a three-year period (2018, 2019 and 2020), and
 - the average total return for a shareholder investing in the CAC 40 index over a three-year period (2018, 2019 and 2020).

Total shareholder returns include dividends.

The difference must be equal to or greater than +10% for all performance shares granted to vest.

If the difference is between +10% and -10%, the number of performance shares that vest will be reduced in proportion and no shares will vest if the difference is equal to or less than -10%.

Fair value of the performance share plans

The fair value of the performance shares has been calculated by an external actuary at the respective grant dates of the shares on the basis of the following characteristics and assumptions:

	2018 plan	2017 plan	2016 plan	2015 plan
Price of VINCI share on date plan was announced (in €)	81.23	73.99	66.18	56.45
Fair value of performance share at grant date (in €)	64.12	61.20	56.17	47.22
Fair value compared with share price at grant date	78.94%	82.71%	84.87%	83.65%
Original maturity (in years) – vesting period	3 years	3 years	3 years	3 years
Risk-free interest rate (*)	-0.32%	-0.29%	-0.41%	-0.15%

(*) Three-year government bond yield in the eurozone.

25.2 Group savings plans

VINCI's Board of Directors defines the conditions for subscribing to Group savings plans in accordance with the authorisations granted to it by the Shareholders' General Meeting.

Group savings plans – France

In France, VINCI issues new shares reserved for employees three times a year at a subscription price that includes a 5% discount against the average stock market price over 20 trading days before the Board of Directors meeting that set the subscription price. Subscribers also benefit from an employer contribution with an annual maximum of €3,500 per person. The benefits granted in this way to Group employees are recognised in profit or loss and are valued in accordance with IFRS 2 on the basis of the following assumptions:

- length of subscription period: four months;
- length of period during which funds are frozen: five years.

The estimated number of shares subscribed to at the end of the subscription period is calculated based on a linear regression method applied to historical observations of the plans between 2006 and 2017, taking account of the cost of restrictions on the availability of units in the savings fund.

As certain restrictions apply to the sale or transfer of shares acquired by employees under these plans, the fair value of the benefit to the employee takes account of the fact that the shares acquired cannot be freely disposed of for five years. The opportunity cost of the frozen shares subscribed to is estimated from the point of view of a third party holding a diversified portfolio and prepared to acquire the frozen shares in return for a discount, which should correspond to the return demanded by a purchaser on own funds allocated to hedge against market risk over the period in which the shares are frozen (five years). The market risk is assessed on an annual basis applying a value-at-risk approach.

	Second four-month period of 2018 (2 May – 14 August 2018)
Group savings plans – France	
Anticipated return from VINCI shares	4.72%
Subscription price (in €)	82.22
Share price at date of Board of Directors' meeting	83.62
Historical volatility of the VINCI share price	19.51%
Estimated number of shares subscribed	383,806
Estimated number of shares issued (subscriptions plus employer contribution)	538,556

Group savings plan – international

In the first half of 2018, in accordance with authorisations given to the Board of Directors by the Shareholders' General Meeting, VINCI initiated new savings plans for the employees of certain foreign subsidiaries. The plans cover 31 countries in 2018.

The main characteristics of these plans are as follows:

- subscription period: from 21 May to 8 June 2018 (seven successive periods between March and September 2018 in the UK);
- employer contribution consisting of bonus shares, with delivery deferred for three years where possible, or with immediate delivery but a three-year vesting period;
- no lock-up period beyond the three-year vesting period for bonus shares.

Castor International 2018 plan (excluding the UK)

Subscription price <i>(in €)</i>	84.50
Closing share price on the last day of the subscription period <i>(in €)</i>	84.32
Anticipated dividend pay-out rate	2.34%
Fair value of bonus shares on the last day of the subscription period <i>(in €)</i>	78.66

K. Other notes

26. Related party transactions

The Group's transactions with related parties mainly concern:

- remuneration and similar benefits paid to members of the governing and management bodies;
- transactions with companies over which VINCI exercises significant influence or joint ventures over which VINCI has joint control.

Transactions with related parties are undertaken at market prices.

There was no material change in the first half of 2018 in the nature of transactions conducted by the Group with its related parties from those at 31 December 2017, which were referred to in Note E.10.5 "Controlled subsidiaries' transactions with associates and joint ventures" and Note L.29 "Related-party transactions" in the 2017 registration document.

27. Note on litigation

The companies comprising the VINCI Group are sometimes involved in litigation arising from their activities. The related risks are assessed by VINCI and the subsidiaries involved on the basis of their knowledge of the cases, and provisions are taken in consequence as appropriate.

The main legal, administrative or arbitration proceedings that were in progress on or had ended by 30 June 2018 were as follows:

- In relation to the compensation claim commenced by SNCF in March 2011 following the decision handed down on 21 March 2006 by the Conseil de la Concurrence^(*) (French competition authority), which penalised several companies for collusion in relation to civil engineering works at the Magenta and Saint Lazare Condorcet stations in Paris (EOLE project), the VINCI Group companies reached a settlement with SNCF in March 2016 for the purpose of ending SNCF's claim against them. On 8 March 2016, the Paris Administrative Court noted the reciprocal discontinuance of proceedings and waiver of rights of action between SNCF Mobilités and all VINCI Group companies involved in these proceedings, and dismissed SNCF's claim in respect of the other companies concerned. After SNCF appealed against that decision, the proceedings continued between SNCF and the companies outside the Group, which had nevertheless had recourse to the Group companies concerned as guarantors. In a decision on 29 December 2017, the Paris Administrative Appeal Court dismissed SNCF's claim and SNCF appealed against that decision to the Conseil d'Etat. In view of the current situation, the VINCI Group considers that this dispute will not have a material effect on its financial situation.
- In a judgment handed down on 17 December 2013, the Paris Regional Court declared time-barred and inadmissible a claim by the Région Île de France for compensation for the harm it purportedly suffered because of the anti-competitive practices penalised by the Conseil de la Concurrence^(*) (French competition authority) on 9 May 2007 in relation to the programme to refurbish schools in the Paris region between 1989 and 1996. After that judgment, on 16 November 2015, the *tribunal des conflits* (jurisdiction court) declared the ordinary courts not competent to decide the dispute between the region and various construction companies. More than two years after the jurisdiction court's decision, the region made 88 applications to the Paris Administrative Court relating to 88 school refurbishment contracts, claiming €293 million of damages from 14 companies – including several Group companies – and 11 individuals. The Group takes the view that these proceedings, whose origin dates back more than 20 years and which concerns a claim that was already found to be time-barred in 2013, represent a contingent liability whose impact it is unable to measure.
- The Czech Republic's roads and motorways department (RMD) has made several claims against Eurovia CS, a Eurovia subsidiary based in the Czech Republic, as well as several other non-Group companies. These claims concern works carried out between 2003 and 2007 in building the D47 motorway. In late 2012, the RMD commenced arbitration and legal proceedings challenging (i) the inflation coefficients used in revising the price of works and (ii) the payment of various sums for what RMD alleges was defective work affecting the roads and engineering structures that were built. As regards the claims relating to inflation coefficients, all awards made under arbitration decisions have been much smaller than those sought by RMD. Regarding the other claims, relating mainly to defective work, the RMD is currently claiming CZK3.22 billion, of which Eurovia CS's share would be around 75%. Repairs have been carried out since the start of 2014, costing substantially less than that amount, and technical assessments are under way on the worksite. In view of the current situation, the Group considers that this dispute will not have a material effect on its financial situation.

^(*) Now known as the Autorité de la Concurrence.

- Soletanche Bachy France had submitted a request for arbitration to the International Chamber of Commerce after Aqaba Container Terminal (ACT) terminated a contract for the construction of an extension to a container terminal in the port of Aqaba in Jordan. The company was disputing the grounds for terminating the contract, and was claiming \$10 million in damages. ACT contended that it had valid grounds for terminating the contract and that it had incurred additional costs in completing the works, and was counter-claiming \$44 million in damages. The arbitration tribunal, in an arbitration award dated 30 August 2017, rectified by two rectifications dated 28 September 2017 and 1 May 2018, dismissed the company's claim and ordered it to pay ACT \$38.3 million plus \$9.1 million of legal expenses. The company has appealed against that decision in the English courts. Other proceedings are on foot in the French and Jordanian courts following enforcement actions against the joint contractors. Given the provisions it has set aside, the Group considers, in view of the current situation, that this dispute will not have any material effect on its financial situation.

- In 2011, Freyssinet Canada undertook to make prefabricated beams for PIC under a contract worth C\$23 million. Prefabrication work started in 2012 but was suspended in 2013 because the project owner took the view that the beams were defective. PIC terminated the supply contract, resulting in legal proceedings before the Superior Court of Ontario. In those proceedings, Freyssinet Canada is claiming C\$11 million for wrongful termination and PIC is claiming C\$189 million from Freyssinet Canada and several Soletanche Freyssinet group companies for the replacement of the beams and losses arising from the alleged defects.

In view of the current situation, the Group considers that this dispute is unlikely to have a material effect on its financial situation.

- There are two disputes between Consortium Stade de France (CSDF), which operates the Stade de France, and the French Rugby Federation (Fédération Française de Rugby or FFR), which uses the stadium.

On 13 June 2013, the FFR commenced proceedings against CSDF before the Paris regional court (Tribunal de Grande Instance de Paris) on the grounds of "significant contractual imbalance" in the rights and obligations arising from the 15-year stadium provision agreement formed on 26 April 1995. The FFR claimed that the purported imbalance caused it harm, which it now quantifies at €183 million in its main claim, corresponding to the amount it claims was wrongly received by CSDF. The FFR's claim was dismissed through a judgment handed down on 8 February 2018.

The FFR is also claiming, in separate proceedings before the Bobigny regional court, €2.3 million in damages for various types of purported commercial harm arising in particular from the cancellation of a match. On 27 March 2018, the court declared that FFR's claim was inadmissible and ordered it to pay €2.1 million to the CSDF. The FFR has not appealed against these judgments.

In view of the current situation, the Group considers that these disputes should not have a material effect on its financial situation.

To the Company's knowledge, there are no other judicial, administrative or arbitration proceedings that are likely to have, or have had since the publication of the consolidated financial statements for the year ended 31 December 2017, a material effect on the business, financial performance, net assets or financial situation of the Company or Group.

28. Post-balance sheet events

28.1 Increase in the upper limit of the commercial paper programme

On 9 July 2018, VINCI increased the upper limit of its commercial paper programme (Negotiable European Commercial Paper - NEU CP) from €3 billion to €5 billion.

L. Other consolidation rules and methods

Intragroup transactions

Reciprocal operations and transactions relating to assets, liabilities, income and expenses between companies that are fully consolidated are eliminated in the consolidated financial statements.

Where a fully consolidated Group entity carries out a transaction with a joint venture or associate that is accounted for under the equity method, income and losses resulting from the transaction are only recognised in the Group's consolidated financial statements to the extent of the interest owned by third parties in the joint venture or associate.

Translation of the financial statements of foreign companies and establishments

In most cases, the functional currency of companies and establishments is their local currency.

The financial statements of foreign companies of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated at the closing rate for balance sheet items and at the average rate for the period for income statement items. Any resulting translation differences are recognised under other comprehensive income. Goodwill relating to foreign entities forms part of the assets acquired and is therefore denominated in the company's functional currency and translated at the exchange rate in force at the balance sheet date.

Foreign currency transactions

Transactions in foreign currency are translated into euros at the exchange rate at the transaction date.

Assets and monetary liabilities denominated in foreign currencies are translated at the closing rate. Foreign exchange gains and losses are recognised in income.

Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign currency exchange rate derivatives qualifying as hedges of net investments in foreign subsidiaries are recorded under currency translation differences in equity.

Business combinations

Under IFRS 3, the cost of a business combination is the fair value, at the date of exchange, of the assets given, liabilities assumed, and/or equity instruments issued by the acquirer in exchange for control of the acquiree. Contingent price adjustments are included in the cost of the business combination and are measured at fair value at each balance sheet date. From the acquisition date, any subsequent changes to this fair value resulting from events after control was acquired are recognised in profit or loss.

Expenses that are directly attributable to the acquisition, such as professional fees for due diligence and other related fees, are expensed as they are incurred. They are presented in the "Impact of changes in scope and gain/(loss) on disposals of shares" item on the income statement.

Non-controlling interests in the acquiree, where they give their holders present ownership interests in the entity (voting rights, a share of earnings, etc.) and entitle them to a proportionate share of net assets in the event of liquidation, are measured either at their share of the acquiree's net identifiable assets, or at their fair value. This option is applied on a case-by-case basis for each acquisition.

On the date control is acquired, the cost of acquisition is allocated by recognising the identifiable assets acquired and liabilities assumed from the acquiree at their fair value at that date, except for tax assets and liabilities and employee benefits, which are measured according to their reference standard (IAS 12 and IAS 19 respectively) and asset groups classified as held for sale, which are recognised under IFRS 5 at their fair value less costs to sell. The positive difference between the cost of acquisition and the fair value of the identifiable assets and liabilities acquired constitute goodwill. Where applicable, goodwill can include a portion of the fair value of non-controlling interests if the full goodwill method has been selected. The Group has 12 months from the date of acquisition to finalise the accounting for business combinations.

In the case of a business combination achieved in stages, previously acquired shareholdings in the acquiree are measured at fair value at the date of acquisition of control. Any resulting gain or loss is recognised in profit or loss.

Transactions between shareholders, acquisitions and disposals of non-controlling interests after acquisition of control

In accordance with IFRS 10, acquisitions or disposals of non-controlling interests, with no impact on control, are considered as transactions with the Group's shareholders. The difference between the consideration paid to increase the percentage shareholding in an already-controlled entity and the supplementary share of equity thus acquired is recorded under equity attributable to owners of the parent. Similarly, a decrease in the Group's percentage interest in an entity that continues to be controlled is booked in the accounts as a transaction between shareholders, with no impact on profit or loss. Professional fees and other costs relating to acquisitions and disposals of non-controlling interests that have no impact on control, and any associated tax effects, are recorded under equity. Cash flow related to transactions between shareholders are presented under cash flow (used in)/from financing activities in the consolidated cash flow statement.

Put options granted to non-controlling shareholders

Put options (options to sell) granted to the non-controlling shareholders of certain Group subsidiaries are recognised under other non-current liabilities for the present value of the exercise price of the option and as a corresponding reduction of consolidated equity (non-controlling interest and equity attributable to equity holders of the parent for the surplus, if any).

**Report
of the Statutory
Auditors
on the
2018 half-year
financial
information**

Report of the Statutory Auditors on the 2018 half-year financial information

For the period from 1 January 2018 to 30 June 2018

To the Shareholders,

In compliance with the assignment entrusted to us by your General Meeting and in accordance with the requirements of Article L.451-1-2 III of the French Monetary and Financial Code ("Code Monétaire et Financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of VINCI for the period from 1 January 2018 to 30 June 2018,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I - Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for accounting and financial matters, and applying analytical and other review procedures.

A review is substantially smaller in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we would draw your attention to Note A.4 to the condensed half-yearly consolidated financial statements, which sets out changes in accounting methods relating to the adoption of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" from 1 January 2018.

II – Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

The Statutory Auditors

Paris La Défense and Neuilly sur Seine, 26 July 2018

KPMG Audit IS

Deloitte & Associés

Jay Nirsimloo

Philippe Bourhis

Sami Rahal

Marc de Villartay

This is a free translation into English of the report of the statutory auditors on the half-year financial information issued in French and is provided solely for the convenience of English-speaking readers. This report includes information relating to the specific verification of information given in the Group's half-year management report.

This report should be read in conjunction with, and is construed in accordance with, French law and professional standards applicable in France.

**Statement
by the person responsible
for the
half-year financial
report**

Statement by the person responsible for the half-year financial report

"I certify that, to the best of my knowledge, the condensed half-year financial statements presented in the half-year financial report have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the operations of the Company and of the Group formed by the companies included in the consolidated financial statements, and that the management report for the half-year period (featuring on pages 2 to 12) faithfully presents the important events that have occurred during the first six months of the financial year, their impact on the half-year financial statements, the main transactions between related parties and a description of the main risks and uncertainties in respect of the remaining six months of the financial year."

Xavier Huillard

Chairman and Chief Executive Officer of VINCI

R E A L
S U C C E S S
I S T H E
S U C C E S S
Y O U S H A R E

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