

REPORT ON THE FINANCIAL STATEMENTS

2016



Report on the financial statements for the year

1. Consolidated financial statements

The Group's overall performance in 2016 was outstanding: while consolidated revenue stabilised, VINCI achieved strong growth in operating income and net income and maintained free cash flow at a high level.

The year was a very successful one in Concessions:

- VINCI Airports is now among the world's top 5 airport operators, handling 132 million passengers per year across 35 airports, thanks to strong organic growth and further expansion in Japan (airports in the Kansai region), the Dominican Republic (six airports including that of the country's capital, Santo Domingo) and France (Aéroports de Lyon);
- VINCI Highways stepped up its international expansion, winning a new contract in Colombia for the Bogotá–Girardot motorway, as part of a consortium with its partner Constructora Concreto, and acquiring Lamsac, concession-holder for a section of the Lima ring road in Peru.

In France, VINCI Autoroutes saw firm traffic growth, with heavy-vehicle traffic increasing at a faster rate as the economy recovered. The first investments began under the motorway stimulus plan agreed in 2015 and, as announced by the French president in July 2016, a new €432 million motorway investment plan was signed on 26 January 2017 with the French government.

In addition, VINCI Concessions won the contract to build and operate under concession a major bypass to the west of Strasbourg, and was named preferred bidder for the future A45 motorway connecting St Etienne with the Lyon region.

The Group also completed the bulk of the work on the South Europe Atlantic high-speed rail line connecting Tours and Bordeaux. Testing is now taking place on the new line and it is expected to come into service in July 2017.

Although business levels were down slightly in Contracting, order volumes in France grew for all three business lines (VINCI Energies, Eurovia, VINCI Construction).

Outside France, VINCI held out well, despite lower investment in oil- and commodity-producing countries, because of its geographical and business diversification. The Group completed several bolt-on acquisitions, particularly at VINCI Energies in Australia and Portugal and Eurovia in Canada and Chile.

VINCI companies continued to make adjustments in order to improve their competitiveness, and achieved wider margins.

The Group's development strategy led to an increase in net financial debt in 2016. However, its financial position remains solid, as shown by Moody's decision to upgrade its credit rating and by the successful refinancing operations it carried out in 2016 and January 2017.

1.1 Highlights of the period

1.1.1 Main changes in scope

Concessions

April:

- start of a 44-year concession to operate two airports in the Kansai region of Japan in partnership with Japanese group Orix, representing total traffic of 40.1 million passengers in 2016 (up 6.3% year-on-year);
- acquisition of Aerodom, which holds concessions for six airports in the Dominican Republic until March 2030, representing traffic of 4.7 million passengers in 2016 (up 5.6% year-on-year), including the airport serving the capital, Santo Domingo.

September: acquisition by VINCI Highways of a stake in American company TollPlus, which specialises in developing, implementing and maintaining electronic toll management and customer relations solutions.

November: acquisition by VINCI Airports, as part of a consortium with Caisse des Dépôts and Crédit Agricole Assurances, of a 60% stake in Aéroports de Lyon (ADL), which holds concessions until 31 December 2047 for Lyon Saint Exupéry airport – France's second-largest regional airport – and Lyon Bron airport, representing total traffic of 9.6 million passengers in 2016 (up 9.8% year-on-year).

December: acquisition by VINCI Highways of Peruvian company Lamsac, holder of a concession until November 2049 for the Linea Amarilla expressway in Lima (25 km), as well as PEX, operator of the related electronic toll system.

VINCI also sold its remaining stake in Indigo (formerly VINCI Park), thereby completing its withdrawal from the parking business, along with its minority stakes in project companies Locorail in Belgium and Coentunnel in the Netherlands.

Contracting

February:

- acquisition by Eurovia of Canadian company Rail Cantech, which specialises in rail works;
- acquisition by VINCI Energies of Australian company J&P Richardson, which specialises in electrical works.

July: increase in Eurovia's stake in Chilean company Bitumix CVV from 50% to 100%.

October: announcement by VINCI Energies regarding its acquisition of Novabase IMS, a leading Portuguese IT systems integrator and IT outsourcing company.

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

1.1.2 Public-private partnership contracts (PPP)

January: signature of the contract to build the A355 western Strasbourg bypass (24 km) as part of a fifty four year concession.

October: VINCI named preferred bidder for the A45 motorway that will connect St Etienne and the Lyon region.

November: thirty year concession contract won by VINCI Highways and its Colombian partner Constructora Concreto, in which VINCI holds a 20% stake, to operate 141 km of motorway between Bogotá and Girardot and build a third lane over a distance of 65 km.

December: inauguration of the East End Crossing (12 km) connecting Indiana with Kentucky, the first road infrastructure built by VINCI in the USA under a public-private partnership.

1.1.3 Commercial successes in the Contracting business

The most important contracts won by the Group's Contracting business in 2016 include the following.

- In France:
 - the construction contract for the western Strasbourg bypass (A355);
 - a contract to build the new CNIT-La Défense underground train station and adjacent tunnels as part of the western extension of RER line E (Eole);
 - a design-build contract for superfast fibre-optic broadband infrastructure in the administrative department of Moselle, involving the installation of almost 6,000 km of optical fibres and covering at least 140,000 homes;
 - a *suite rapide* contract for SNCF Réseau as part of its 2018-2022 French rail network renovation and modernisation programme.
- Outside France:
 - an engineering, procurement and construction (EPC) contract for three sections of onshore gas pipelines: a 185 km section in Greece and two sections totalling 215 km in Albania, as part of the TAP (Trans Adriatic Pipeline) project;
 - a contract to build a third lane of the Bogotá-Girardot motorway in Colombia in partnership with Constructora Concreto;
 - a design-build contract to renovate and widen a 32 km section of the I-85 motorway between Charlotte and Greenville in South Carolina, United States;
 - a construction contract, as part of a consortium, for the third phase of Line 3 of the Cairo metro in Egypt, comprising 17.7 km of new track and 15 stations (eight underground, five above ground and two at ground level).

Two other significant projects won by the Group that were not part of the order book at 31 December 2016 should also be mentioned:

- a very large design-build contract won by VINCI as part of a consortium, relating to an immersed road and rail tunnel between Denmark and Germany (Fehmarn Belt Fixed Link), subject to approval by the German authorities;
- a construction contract for the future A45 motorway between St Etienne and the Lyon region.

1.1.4 Financing operations

New corporate financing

VINCI took advantage of particularly favourable market conditions and its solid credit ratings to refinance several of its debts.

- April 2016: ASF took out a €390 million, seventeen year repayment loan from the European Investment Bank (EIB);
- May 2016: ASF issued €500 million of ten-year bonds with an annual coupon of 1.0%;
- September 2016: Cofiroute issued €1.3 billion of bonds split equally between two tranches with maturities of eight and a half years (annual coupon: 0.375%) and twelve years (annual coupon: 0.75%);
- January 2017:
 - ASF issued €1 billion of ten year bonds with an annual coupon of 1.25%;
 - Aerodom issued \$317 million of twelve year amortising bonds as part of a Rule 144A placement.

Debt repayments

In 2016, the Group repaid €2,088 million of debt, including €735 million of loans taken out by the ASF group from the Caisse Nationale des Autoroutes (CNA) and the European Investment Bank (EIB), two Cofiroute bond issues for €500 million and a VINCI bond issue for €500 million.

At 31 December 2016, the Group's long-term financial debt totalled €18 billion. Its average maturity was 5.0 years, and the average interest rate was 3.0% (4.6 years and 3.27% respectively at 31 December 2015).

1.2 Revenue

VINCI's 2016 consolidated revenue amounted to €38.1 billion, down 1.2% compared with 2015. The 1.8% fall in revenue on a comparable structure basis and the 1.2% negative currency effect were partly offset by a 1.9% positive impact from changes in the consolidation scope. Those changes resulted from acquisitions by VINCI Airports (Aerodom in the Dominican Republic, Aéroports de Lyon in France) and VINCI Energies (J&P Richardson in Australia, Smart Grid Energy in France) in 2016, along with the full-year impact of acquisitions made in 2015, particularly by VINCI Energies and VINCI Construction International Network.

Concessions revenue totalled €6.3 billion, up 8.5% on an actual basis and up 6.5% on a comparable structure basis. VINCI Autoroutes' revenue grew 4.9% to €5.1 billion, supported by a 3.2% increase in traffic. VINCI Airports' revenue broke through the €1 billion barrier at the consolidated level, jumping 28.6% to €1,055 million. That figure includes the contributions of Aerodom (Dominican Republic) and Aéroports de Lyon, which were consolidated for the first time in 2016. Like-for-like, VINCI Airports' revenue rose 14.2%, driven by continuing strong growth in passenger numbers. Peruvian company Lamsac, which holds the concession for a section of the Lima ring road, had little impact on the Group's 2016 revenue since its acquisition by VINCI Highways was completed in the last few days of the year.

Contracting revenue (VINCI Energies, Eurovia, VINCI Construction) was €31.5 billion, down 3.4% on an actual basis. The like-for-like decline was 3.8%, much smaller than that seen in 2015. Recently acquired companies had a positive impact (1.8%), offsetting the negative impact of exchange rate movements (1.4%) caused by the euro's rise against most other currencies, particularly sterling. Changes in the consolidation scope relate to companies acquired in 2015 and 2016, mainly at VINCI Energies (Orteng Engenharia e Sistemas in Brazil, J&P Richardson in Australia, Smart Grid Energy in France), Eurovia (Rail Cantech in Canada and Bitumix CVV in Chile) and at VINCI Construction (HEB Construction in New Zealand, Grupo Rodio Kronsa in Latin America).

In France, revenue was €22.4 billion, stable year-on-year on an actual basis but down 1.0% on a comparable structure basis, with the decline entirely due to progress on the SEA Tours-Bordeaux HSL project, which was 97% complete at end-December 2016. Concessions revenue rose 5.5%, while Contracting revenue declined 2.5%. On a constant structure basis, revenue was up 5.1% in Concessions and down 3.7% in Contracting.

Outside France, revenue fell 2.8% on an actual basis to €15.7 billion. It declined 3.0% on a comparable structure basis, excluding the negative impact of currency effects (2.8%) and the positive impact of changes in scope (3.0%). Of VINCI's total revenue, over 41% was generated outside France in 2016 (42% in 2015).

Revenue by business line

(in € millions)	2016/2015 change			
	2016	2015	Actual	Comparable
Concessions	6,298	5,804	+8.5%	+6.5%
VINCI Autoroutes	5,111	4,871	+4.9%	+4.9%
VINCI Airports	1,055	820	+28.6%	+14.2%
Other concessions	131	112	+17.0%	+17.0%
Contracting	31,466	32,570	-3.4%	-3.8%
VINCI Energies	10,200	10,180	+0.2%	-2.4%
Eurovia	7,585	7,899	-4.0%	-3.0%
VINCI Construction	13,681	14,491	-5.6%	-5.3%
VINCI Immobilier	774	707	+9.6%	+9.6%
Intragroup eliminations	(466)	(562)		
Revenue (*)	38,073	38,518	-1.2%	-1.8%
Concession subsidiaries' works revenue	722	882	-18.1%	-23.7%
Intragroup eliminations	(248)	(239)		
Concession subsidiaries' revenue derived from works carried out by non-Group companies	475	643	-26.2%	-33.8%
Total consolidated revenue	38,547	39,161	-1.6%	-2.4%

(*) Excluding concession subsidiaries' works revenue.

CONCESSIONS: €6,298 million (up 8.5% or 6.5% on a comparable structure basis)

VINCI Autoroutes: revenue grew 4.9% to €5,111 million, supported by a 3.2% increase in traffic. Light-vehicle traffic (up 3.1%) was again supported by low fuel prices and the leap-year effect. However, the impact of the extra day in February was offset by the fact that 2015 contained two additional long weekends. Heavy-vehicle traffic increased by 4.1% as economies recovered in France and Spain. In 2016, it was only 2% short of the peak reached in 2007, before the financial crisis.

VINCI Airports: revenue broke through the €1 billion barrier at the consolidated level, jumping 28.6% to €1,055 million. That figure includes the contributions of Aerodom (Dominican Republic), consolidated from April 2016, and Aéroports de Lyon, consolidated from November 2016. Like-for-like, VINCI Airports' revenue rose 14.2%, driven by continuing strong growth in passenger numbers. Passenger numbers across all airports managed by the Group rose 10% to 132.3 million after a 9.2% increase in 2015. Passenger growth at Portuguese airports remained particularly strong at 14.2%, and almost 44.5 million passengers used the 10 airports managed in Portugal.

Other concessions: revenue rose 17% to €131 million. Peruvian company Lamsac, which holds the concession for a section of the Lima ring road, had little impact on the Group's 2016 revenue since its acquisition by VINCI Highways was not completed until the last few days of the year.

CONTRACTING: €31,466 million (-3.4% actual; -3.8% on a comparable structure basis)

In France, revenue declined 2.5% to €16,749 million (down 3.7% on a constant structure basis). The decline in activity caused by progress on the SEA Tours-Bordeaux HSL project (€273 million in 2016 versus €586 million in 2015) accounted for 1.8 points of the fall in revenue.

Outside France, revenue totalled €14,717 million, down 4.3% on an actual basis. The positive effect of changes in scope (2.5%) partly offset the organic decline in revenue (3.9%) and negative currency effects (2.9%). Revenue outside France accounted for 47% of the total in the Contracting business.

VINCI Energies: €10,200 million (+0.2% actual; -2.4% on a comparable structure basis)

In France, revenue was €5,292 million, up 2.2% on an actual basis relative to 2015 or down 1.8% on a comparable structure basis, mainly due to the end of work on the GSM-R and SEA Tours-Bordeaux HSL projects.

Outside France, revenue totalled €4,909 million, down 1.9% on an actual basis or 2.9% on a comparable structure basis. In Europe, revenue fell in Germany, mainly because of an intentional reduction in ICT (information and communication technology) business levels, and in Central Europe. However, it recovered significantly in Southern Europe and there was strong growth in Belgium and the Netherlands. Outside Europe, the integration of J&P Richardson in Australia, along with good performances in Morocco, New Zealand and Indonesia, only partly offset declines in the Oil & Gas and energy infrastructure markets.

Eurovia: €7,585 million (-4.0% actual; -3.0% on a comparable structure basis)

In France, revenue was €4,289 million, down 4.3% on both an actual and comparable structure basis. The completion of work on the SEA Tours-Bordeaux HSL project accounted for 2.7 points of the fall in revenue. The conventional roadworks business stabilised (down just 0.4% in 2016), after sharp falls in the two previous years (down 10% in 2015 and down 9% in 2014).

Outside France, revenue totalled €3,296 million, down 3.5% on an actual basis. Revenue was down 1.2% on a comparable structure basis, although situations varied widely between countries. Revenue fell slightly in Canada while growing in the United States because of work on major contracts and in Chile. In Europe, good performances in the United Kingdom and Germany offset the decline in Central Europe caused by the phasing of European investment and financing programmes.

VINCI Construction: €13,681 million (-5.6% actual; -5.3% on a comparable structure basis)

In France, revenue was €7,168 million, down 4.8% on both an actual and comparable structure basis. As well as the end of works on the SEA high-speed rail line project, the decline was caused by the ongoing difficult economic situation in France, the timing of major project phases and the gradual build-up of new business, particularly in civil engineering.

Outside France, revenue came in at €6,512 million, down 6.5% on an actual basis. On a comparable structure basis, revenue fell 5.9%, due to factors including lower capital expenditure in African oil-producing countries at Sogea-Satom. On the plus side, business levels rose in the United Kingdom and at Entrepouse, particularly due to the start of the TAP (Trans Adriatic Pipeline) project in Greece and Albania.

VINCI Immobilier: €774 million (up 9.6% on both an actual basis and a comparable structure basis)

Boosted by the momentum in France's residential market, VINCI Immobilier's business levels were very strong in 2016, with the number of homes reserved rising more than 30% to 5,485. In commercial property, activity was supported by historically low interest rates and abundant liquidity. Managed revenue ^(*), including the Group's share of joint developments, rose 11.3% to €0.9 billion.

Revenue by geographical area

(in € millions)	2016/2015 change				
	2016	% of total	2015	Actual	At constant exchange rates
France	22,418	58.9%	22,414	+0.0%	+0.0%
United Kingdom	2,495	6.6%	2,679	-6.9%	+4.4%
Germany	2,689	7.1%	2,703	-0.5%	-0.5%
Central and Eastern Europe	1,611	4.2%	1,884	-14.5%	-13.7%
Rest of Europe	2,877	6.2%	2,699	+6.6%	+7.3%
Europe excluding France	9,671	25.4%	9,965	-2.9%	+0.3%
Americas	2,491	6.5%	2,364	+5.4%	+8.3%
Africa	1,319	3.5%	1,479	-10.9%	-8.6%
Russia, Asia Pacific and Middle East	2,173	5.7%	2,295	-5.3%	-4.5%
International excluding Europe	5,983	15.7%	6,139	-2.5%	-0.6%
Total International	15,654	41.1%	16,104	-2.8%	+0.0%
Revenue ^(*)	38,073	100.0%	38,518	-1.2%	+0.0%

^(*) Excluding concession subsidiaries' works revenue.

^(*) Excluding implementation of IFRS 11, amount integrating revenue contribution from co-development operations in order to reflect economic activity of VINCI Immobilier.

1.3 Operating income from ordinary activities/operating income

Operating income from ordinary activities (Ebit) rose 11.1% to €4,174 million in 2016 (€3,758 million in 2015).

Ebit margin rose from 9.8% in 2015 to 11.0% in 2016 due to higher margins in Contracting business lines and higher Ebit in Concessions.

Operating income from ordinary activities/operating income

(in € millions)	2016	% of revenue (*)	2015	% of revenue (*)	2016/2015 change
Concessions	2,953	46.9%	2,576	44.4%	+14.7%
VINCI Autoroutes	2,588	50.6%	2,350	48.2%	+10.1%
VINCI Airports	368	34.8%	289	35.3%	+27.1%
Other concessions	(3)		(64)		
Contracting	1,153	3.7%	1,100	3.4%	+4.8%
VINCI Energies	581	5.7%	568	5.6%	+2.2%
Eurovia	243	3.2%	233	3.0%	+4.1%
VINCI Construction	330	2.4%	299	2.1%	+10.4%
VINCI Immobilier	53	6.8%	56	7.9%	-5.4%
Holding companies	15	-	26	0.0%	-
Operating income from ordinary activities (Ebit)	4,174	11.0%	3,758	9.8%	+11.1%
Share-based payments (IFRS 2)	(118)	-	(95)	-	-
Income/(loss) of companies accounted for under the equity method	69	-	89	-	-
Other recurring operating items	42	-	36	-	-
Recurring operating income	4,167	+10.9%	3,788	+9.8%	+10.0%
Non-recurring operating items	(49)	-	(73)	-	-
Operating income	4,118	10.8%	3,715	9.6%	+10.9%

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.

The contribution from **Concessions** rose 14.7% to €2,953 million (46.9% of revenue) as opposed to €2,576 million (44.4% of revenue) in 2015.

At VINCI Autoroutes, Ebit amounted to €2,588 million, up 10.1% relative to the 2015 figure of €2,350 million. Ebit margin rose from 48.2% in 2015 to 50.6% in 2016, driven by higher business volumes, a firm grip on operating expenses and the full-year impact of depreciation and amortisation periods being extended following the implementation of the motorway stimulus plan agreed in 2015.

VINCI Airports' Ebit rose 27% to €368 million (€289 million in 2015) due to good performance at the main airports managed by the Group, particularly in Portugal and Cambodia, along with the boost from integrating Aerodrom. Ebit margin fell slightly from 35.3% in 2015 to 34.8% in 2016 following the Aéroports de Lyon integration.

In **Contracting**, Ebit amounted to €1,153 million, up 4.8% relative to the 2015 figure of €1,100 million. It equalled 3.7% of revenue compared with 3.4% in 2015. The three Contracting business lines (VINCI Energies, Eurovia, VINCI Construction) improved their performance despite highly competitive market conditions in France and abroad, and particularly in countries heavily exposed to oil and commodity prices. That good overall performance resulted from productivity efforts that have been in place for several years now, along with a selective policy when it comes to accepting new business.

At VINCI Energies, Ebit was €581 million, up 2.2% relative to 2015 (€568 million). Ebit margin improved from 5.6% in 2015 to 5.7% in 2016, reflecting solid performance both in France and internationally.

At Eurovia, Ebit rose 4.1% from €233 million in 2015 to €243 million in 2016, while Ebit margin increased from 3.0% in 2015 to 3.2% in 2016. Margins stabilised in France, but improved in Germany, the United Kingdom, North America and Chile.

At VINCI Construction, Ebit was €330 million, up 10.4% relative to 2015 (€299 million). Ebit margin increased from 2.1% in 2015 to 2.4% in 2016. VINCI Construction UK returned to breakeven, offsetting the smaller contribution from Sogea-Satom and the impact of completing the SEA high-speed rail line project.

VINCI Immobilier: Ebit totalled €53 million, with Ebit margin of 6.8%. Excluding the impact of settling an old dispute in 2015, Ebit rose more than 20%.

Recurring operating income was €4,167 million, equal to 10.9% of revenue (€3,788 million and 9.8% in 2015). This item takes into account the following factors:

- share-based payment expense, which reflects the benefits granted to employees under the Group savings plans, performance share plans, amounting to €118 million (€95 million in 2015);
- the Group's share in the income or loss of companies accounted for under the equity method, which was positive at €69 million (€89 million in 2015);
- other recurring operating items, producing €42 million of income (€36 million in 2015).

Recurring operating income by business line

<i>(in € millions)</i>	2016	% of revenue ^(*)	2015	% of revenue ^(*)	2016/2015 change
Concessions	3,031	48.1%	2,627	45.3%	+15.4%
VINCI Autoroutes	2,629	51.4%	2,341	48.1%	+12.3%
VINCI Airports	443	42.0%	320	39.0%	+38.4%
Other concessions	(42)		(34)		
Contracting	1,055	3.4%	1,067	3.3%	-1.1%
VINCI Energies	542	5.3%	538	5.3%	+0.8%
Eurovia	240	3.2%	237	3.0%	+1.1%
VINCI Construction	273	2.0%	292	2.0%	-6.5%
VINCI Immobilier	68	8.8%	69	9.7%	-0.5%
Holding companies	13	-	26	-	-
Recurring operating income	4,167	10.9%	3,788	9.8%	+10.0%

^(*) Excluding concession subsidiaries' works revenue.

Non-recurring operating items produced an expense of €49 million in 2016, comprising:

- a €34 million positive impact from changes in scope and gains on disposals of shares, including the capital gain on the disposal of the Group's remaining stake in Indigo (formerly VINCI Park);
- goodwill impairment losses of €52 million, arising mainly from VINCI Energies' business in Brazil;
- other non-recurring operating items with a net negative impact of €31 million, including restructuring charges at VINCI Construction.

After taking account of both recurring and non-recurring items, operating income was €4,118 million in 2016, up 10.9% relative to the 2015 figure of €3,715 million.

1.4 Net income

Consolidated net income attributable to owners of the parent was €2,505 million in 2016, up €460 million compared with 2015 (€2,046 million). The figure includes a €129 million net positive impact from non-recurring changes in deferred tax, particularly following the adoption of France's 2017 Finance Act, which provides for the corporate income tax rate to be reduced from 33.33% to 28% for all companies from 2020. Excluding that impact, net income attributable to owners of the parent was €2,376 million (6.2% of revenue), up 16.2% or €330 million relative to 2015.

Earnings per share (after taking account of dilutive instruments and excluding non-recurring changes in deferred tax) amounted to €4.24, up 15.8% from the 2015 figure of €3.66.

Net income attributable to owners of the parent, by business line

<i>(in € millions)</i>	2016	2015	2016/2015 change
Concessions	1,664	1,295	+28.5%
VINCI Autoroutes	1,412	1,100	+28.4%
VINCI Airports	249	202	+23.2%
Other concessions and holding companies	3	(6)	
Contracting	680	682	-0.4%
VINCI Energies	326	373	-12.6%
Eurovia	160	146	+9.7%
VINCI Construction	194	164	+18.4%
VINCI Immobilier	43	41	+5.7%
Holding companies	(10)	27	
Net income attributable to owners of the parent excluding non-recurring changes in deferred tax	2,376	2,046	+16.2%
Non-recurring changes in deferred tax	129	-	
Net income attributable to owners of the parent	2,505	2,046	+22.5%

The cost of net financial debt was €526 million in 2016 (€557 million in 2015). The evolution reflects a reduction in the cost of the Group's gross long-term debt, since the refinancing of the ASF group's and Cofiroute's debt was achieved at interest rates below the average interest rates of the debts being repaid. That improvement was partly offset by lower income on surplus cash, due to both lower interest rates and lower cash levels. In 2016, the average interest rate on long-term gross financial debt was 3.16% (3.51% in 2015).

Other financial income and expense resulted in a net expense of €35 million, compared with €24 million in 2015.

This figure includes the cost of discounting retirement benefit obligations and provisions for the obligation to maintain the condition of concession intangible assets in an amount of €66 million (€49 million in 2015), and a €36 million gain relating to capitalised borrowing costs on current concession investments (gain of €23 million in 2015).

Tax expense, excluding non-recurring changes in deferred tax, totalled €1,142 million, giving an effective tax rate of 32.7%, compared with an expense of €1,055 million and 34.6% in 2015. The increase in tax expense reflects higher income both in France and abroad. The reduction in the effective tax rate was mainly due to the scrapping of the 10.7% corporate income surtax in France, which took the overall rate to 38% in 2015.

Earnings attributable to non-controlling interests totalled €39 million (€34 million in 2015).

1.5 Cash flow from operations

Cash flow from operations before tax and financing costs (Ebitda) totalled €5,966 million in 2016, up 5.3% relative to the 2015 figure of €5,664 million. It represented 15.7% of revenue in 2016 (14.7% in 2015).

Ebitda in the Concessions business rose 9.4% to €4,302 million (€3,933 million in 2015). It represented 68.3% of revenue (67.8% of revenue in 2015).

VINCI Autoroutes' Ebitda increased 5.3% to €3,710 million (€3,522 million in 2015) and Ebitda margin improved to 72.6% (72.3% in 2015).

VINCI Airports' Ebitda came in at €563 million (€412 million in 2015), with Ebitda margin rising to 53.3% (50.2% in 2015).

Ebitda in the **Contracting** business grew to €1,581 million (€1,565 million in 2015). Ebitda margin increased from 4.8% in 2015 to 5.0% in 2016.

Cash flow from operations (Ebitda) by business line

(in € millions)	2016	% of revenue (*)	2015	% of revenue (*)	2016/2015 change
Concessions	4,302	68.3%	3,933	67.8%	+9.4%
VINCI Autoroutes	3,710	72.6%	3,522	72.3%	+5.3%
VINCI Airports	563	53.3%	412	50.2%	+36.8%
Other concessions	29	22.0%	-		
Contracting	1,581	5.0%	1,565	4.8%	+1.1%
VINCI Energies	626	6.1%	597	5.9%	+4.9%
Eurovia	416	5.5%	432	5.5%	-3.6%
VINCI Construction	539	3.9%	536	3.7%	+0.5%
VINCI Immobilier	53	6.9%	55	7.8%	-4.1%
Holding companies	30		111		
Total Ebitda	5,966	15.7%	5,664	14.7%	+5.3%

(*) Excluding concession subsidiaries' works revenue.

1.6 Other cash flows

The net change in operating working capital requirement and current provisions resulted in a cash inflow of €23 million in 2016, compared with an inflow of €307 million in 2015, which included exceptional client receipts at the end of the year.

Net interest paid amounted to €525 million in 2016 (€534 million in 2015).

Income taxes paid rose €172 million to €1,213 million (€1,041 million in 2015), reflecting increased income and France's decision to stop dividend-related expenses being tax-deductible as part of tax consolidation arrangements in France.

Cash flow from operating activities (*) was €4,346 million, down 3.9% or €176 million from the 2015 figure of €4,522 million.

After accounting for operating investments net of disposals of €558 million (€624 million in 2015), operating cash flow (**) was €3,787 million, down 2.8% compared with the 2015 figure of €3,898 million.

Growth investments in concessions and PPPs totalled €839 million in 2016 (€903 million in 2015). They included €686 million invested by VINCI Autoroutes in France (€784 million in 2015), and €127 million invested by VINCI Airports (€109 million in 2015).

Free cash flow before financial investments amounted to €2,948 million (€2,995 million in 2015), including €2,019 million generated by Concessions and €617 million by Contracting (€1,464 million and €1,122 million respectively in 2015).

Financial investments, net of disposals and other investment flows, resulted in a net cash outflow of almost €3.4 billion, including the net debt of acquired companies. The investments include VINCI Airports' acquisitions of Aerodom in the Dominican Republic (€0.8 billion), Aéroports de Lyon in France (€0.7 billion) and Kansai Airports in Japan (€0.2 billion), VINCI Highways' acquisition of Lamsac in Peru (€1.8 billion), VINCI Energies' acquisitions in Australia and France and Eurovia's acquisitions in Canada and Chile. Those transactions were partly offset by the disposal of the Group's remaining stake in Indigo (formerly VINCI Park) for €0.2 billion.

In 2015, financial investments, net of disposals and other investment flows, had resulted in a net cash outflow of €0.4 billion, including the net debt of acquired companies. The investments that year included VINCI Energies' acquisition of Orteng Engenharia e Sistemas in Brazil, VINCI Construction International Network's acquisition of HEB Construction in New Zealand and the purchase of a 20% stake in Constructora Concreto in Colombia.

(*) 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.

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

Dividends paid in 2016 totalled €1,084 million (€1,044 million in 2015). This includes €1,052 million paid by VINCI SA, comprising the final dividend in respect of 2015 (€703 million) and the interim dividend in respect of 2016 paid in November 2016 (€349 million). The remainder includes dividends paid to non-controlling shareholders by subsidiaries not wholly owned by the Group.

Capital increases resulted in the creation of 8.9 million new shares and totalled €440 million in 2016, including €328 million relating to Group savings plans and €113 million relating to the exercise of stock options.

To eliminate the dilutive effect of these operations, VINCI purchased 8.7 million shares in the market through its share buy-back programme for a total investment of €561 million at an average price of €64.46 per share. After 8 million shares were cancelled in December 2016, treasury shares amounted to 5.9% of the total capital at 31 December 2016 (5.8% at 31 December 2015).

As a result of these cash flows, there was a €1,502 million increase in net financial debt in 2016, taking the total to €13,938 million at 31 December 2016. That figure reflects long-term gross financial debt of €18,067 million (€16,557 million at 31 December 2015) and managed net cash of €4,129 million (€4,121 million at 31 December 2015).

1.7 Balance sheet and net financial debt

Consolidated non-current assets amounted to €40.3 billion at 31 December 2016 (€36.7 billion at 31 December 2015), including €31.0 billion in the Concessions business (€27.6 billion at 31 December 2015) and €9.0 billion in the Contracting business (€9.0 billion at 31 December 2015). After taking account of a net working capital surplus (attributable mainly to the Contracting business) of €6.7 billion, up €0.2 billion compared with 31 December 2015, capital employed was €33.6 billion at 31 December 2016 (€30.1 billion at end-2015). Capital employed in the Concessions business amounted to €29.4 billion, or 87% of the total as in 2015.

The Group's consolidated equity was €17.0 billion at 31 December 2016, up €1.7 billion from the €15.3 billion figure at 31 December 2015. It includes €0.5 billion relating to non-controlling interests.

Consolidated net financial debt was €13.9 billion at 31 December 2016 (€12.4 billion at 31 December 2015).

For the Concessions business, including its holding companies, net financial debt stood at €28.5 billion, up €5.0 billion relative to 31 December 2015 (€23.6 billion). The Contracting business showed a net cash surplus of €0.9 billion, down €0.2 billion over the year. The holding companies posted a net financial surplus of €14.0 billion, up €3.6 billion relative to 31 December 2015. That surplus includes €14.1 billion of intragroup financing.

The ratio of net financial debt to equity was 0.8 at 31 December 2016 (0.8 at 31 December 2015). The net financial debt-to-Ebitda ratio stood at 2.3 at the end of 2016 (2.2 at 31 December 2015).

Group liquidity amounted to €10.1 billion at 31 December 2016 (€10.1 billion at 31 December 2015). The liquidity figure comprises €4.1 billion of managed net cash and €6.0 billion of unused confirmed bank credit facilities. During 2016, the expiry dates of those facilities were extended until 2021.

Net financial surplus (debt)

<i>(in € millions)</i>	31/12/2016	of which external	Net financial debt/Ebitda	31/12/2015	of which external	Net financial debt/Ebitda	2016/2015 change
Concessions	(28,515)	(14,827)	x6.6	(23,551)	(13,228)	x6	(4,964)
VINCI Autoroutes	(22,309)	(13,706)	x6	(20,247)	(12,971)	x5.7	(2,062)
VINCI Concessions	(6,206)	(1,121)	x10.5	(3,303)	(257)	x8	(2,903)
Contracting	872	1,311		1,034	1,465		(161)
VINCI Immobilier and holding companies	13,704	(422)		10,081	(673)		3,624
Total	(13,938)	(13,938)	x2.3	(12,436)	(12,436)	x2.2	(1,502)

1.8 Return on capital

Definitions

- Return on equity (ROE) is net income for the current period attributable to owners of the parent, divided by equity excluding non-controlling interests at the previous year end.
- Net operating income after tax is recurring operating income less the theoretical tax expense.
- Return on capital employed (ROCE) is net operating income after tax, excluding non-recurring items, divided by the average capital employed at the opening and closing balance sheet dates for the financial year in question.

Return on equity (ROE)

The Group's ROE was 15.7% in 2016, compared with 13.9% in 2015.

<i>(in € millions)</i>	2016	2015
Equity excluding non-controlling interests at previous year end	15,119	14,743
Group net income attributable to owners of the parent excluding non-recurring changes in deferred tax	2,376	2,046
ROE	15.7%	13.9%

Return on capital employed (ROCE)

ROCE (*) was 9.0% in 2016 (8.5% in 2015).

<i>(in € millions)</i>	2016	2015
Capital employed at previous year end	30,132	30,568
Capital employed at this year end	33,583	30,132
Average capital employed	31,857	30,350
Recurring operating income	4,167	3,788
Theoretical tax (**)	(1,303)	(1,218)
Net operating income after tax	2,865	2,570
ROCE (*)	9.0%	8.5%

(*) Based on the effective rate for the period, excluding the 3% tax on dividends paid and excluding non-recurring changes in deferred tax in 2016.

2. Parent company financial statements

VINCI SA's parent company financial statements show revenue of €13 million for 2016, compared with €12 million in 2015, consisting mainly of services invoiced by the holding company to subsidiaries.

The parent company's net income was €4,745 million in 2016, compared with €7,126 million in 2015. This includes €4,504 million of dividends received from Group subsidiaries (€6,876 million in 2015).

Expenses referred to in Article 39.4 of the French General Tax Code amounted to €73,206 in 2016.

Note B.9 to the parent company financial statements contains the disclosures relating to suppliers' payment terms required by France's LME Act on modernising the country's economy and Article L.441-6-1 of the French Commercial Code.

3. Dividends

VINCI's Board of Directors has decided to propose to the Shareholders' General Meeting on 20 April 2017 that the amount of the dividend for 2016 be set at €2.10 per share (€1.84 per share in 2015).

Since an interim dividend of €0.63 per share was paid in November 2016, the final dividend payment on 27 April 2017 (ex-date: 25 April 2017) would be €1.47 per share if approved.

Year	2013			2014			2015		
Type	Interim	Final	Total	Interim	Final	Total	Interim	Final	Total
Amount per share	€0.55	€1.22	€1.77	€1.00 (*)	€1.22	€2.22	€0.57	€1.27	€1.84
Number of qualifying shares	561,249,183	557,617,902		555,003,211	552,009,233		555,134,112	552,837,088	
Aggregate amount paid (in € millions)	309	680		555	673		316	702	
Tax allowance applicable to individual shareholders	40%	40%		40%	40%		40%	40%	

(*) Including a special dividend of €0.45.



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