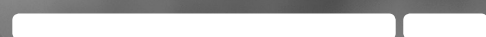




REPORT ON THE
FINANCIAL STATEMENTS
2017



Report on the financial statements for the year

1. Consolidated financial statements

VINCI's performance in 2017 was excellent.

In Contracting, there was a return to growth for both revenue and order intake in France. That was accompanied by an improvement in operating margins in the sectors that had been most badly affected by the recession. The Group also carried out a number of acquisitions to develop its international presence, particularly at VINCI Energies.

In Concessions, business remained buoyant. VINCI Autoroutes' heavy-vehicle traffic rose back to levels last seen before the 2008 crisis. VINCI Airports continued to post rapid growth in passenger numbers at all airports. Three new airports will join its concessions portfolio in 2018: Salvador (Brazil), Kobe (Japan) and Belgrade (Serbia). VINCI Highways won new contracts in Germany and Russia. Lastly, the new South Europe Atlantic high-speed rail line connecting Tours and Bordeaux came into service on 2 July 2017. This exceptional piece of infrastructure illustrates VINCI's ability to deliver major projects by using all of its expertise in synergy.

In addition, VINCI took advantage of highly favourable borrowing terms and carried out a number of refinancing transactions, which significantly reduced the cost of its debt and extended its overall maturity.

1.1 Highlights of the period

1.1.1 Main changes in scope

Concessions

In Brazil, after a tender procedure initiated by the country's National Civil Aviation Agency (ANAC), VINCI Airports was awarded the 30-year concession for Deputado Luis Eduardo Magalhães Airport in Salvador in March 2017. The contract came into force on 2 January 2018 and covers the operation, maintenance, extension and renovation of the existing terminal and runways. This airport, Brazil's ninth-largest, handled 7.7 million passengers in 2017, up 1.8% compared with 2016.

In July 2017, VINCI Airports strengthened its position in airport retail with the acquisition of a 51% stake in Lojas Francas Portugal (LFP), which is operated jointly with Dufry Group, a global leader in the airport retail sector. In 2017, LFP generated revenue of more than €230 million and it operates 31 stores located in seven of the 10 Portuguese airports operated by VINCI Airports, including Lisbon airport.

In September 2017, Kansai Airports – in which VINCI Airports and its Japanese partner Orix each own a 40% stake – signed a 42-year concession contract for the management of Kobe airport in Japan, starting on 1 April 2018. Operating this airport, which handles around 3 million passengers a year, will enable Kansai Airports to develop synergies with Kansai International Airport (KIX) and Osaka International Airport (ITM), which it already operates.

Contracting

In 2017, VINCI Energies carried out 34 acquisitions in France, Europe and North America, representing combined full-year business volume of around €1.6 billion. The main transactions were as follows:

- Novabase IMS, integrated in January 2017, is Portugal's leading information systems integrator and IT outsourcing company. It employs 400 people and generated revenue of €70 million in 2017.
- Acuntia, consolidated since August 2017, is a leading service provider in Spain's information and communication technology sector. Acuntia employs 340 staff and generated revenue of €95 million in 2017.
- Horlemann, acquired in November 2017, specialises in engineering, construction and maintenance of electrical grids, as well as lighting operations and electrical grid automation processes. It is a family-owned German company based in the Ruhr region and in the Berlin area. It generated revenue of more than €100 million in 2017 and employs 570 people.
- Infratek is a major Scandinavian player in the fields of electrical grids, public lighting and railway systems. It is also a market leader in renewable energies and the connection of charging stations for electric cars. Infratek is based in Norway, employs 1,350 people and its revenue amounted to over €340 million in 2017.
- Eitech is one of Sweden's leading specialists in electrical and engineering works for the manufacturing, infrastructure and construction sectors. It has strong local coverage with 26 sites, employs 1,200 people and generated sales of around €220 million in 2017.

The last two acquisitions above will make Scandinavia VINCI Energies' third-largest market after France and Germany in 2018.

In December 2017, VINCI Energies signed an agreement to acquire PrimeLine Utility Services, a US group specialising in engineering, construction and maintenance of electricity transmission and distribution networks, as well as telecoms infrastructure. PrimeLine Utility Services has 50 sites in 25 states across the eastern and southern United States. The company employs 2,900 people and achieved pro forma revenue of over \$530 million (around €470 million) in 2017. This acquisition represents a major step forward in VINCI Energies' expansion in North America, and is scheduled for completion in the first half of 2018.

Eurovia strengthened its presence in Germany by acquiring THG Baugesellschaft mbH, specialising in rail works, and TKP Krächan GmbH, specialising in concrete structure renovation. The two companies generated combined revenue of €26 million in 2017.

Eurovia also entered Latvia with the acquisition of Saldus Celinieks, a company specialising in roadworks, the extraction of aggregates and asphalt production. In 2017, the company generated revenue of around €30 million.

In October 2017, VINCI Construction acquired Australian company Seymour Whyte, which specialises in civil engineering, earthworks and utility networks. The company is based in Queensland, employs 475 people and generated revenue of over A\$430 million (around €285 million) in its financial year ended 30 June 2017. This acquisition strengthens VINCI Construction's presence in Oceania.

In January 2017, VINCI Construction acquired French company Benedetti Guelpa, enhancing the geographical coverage of VINCI Construction Terrassement's network in the French Alps region, and contributing market-leading expertise in building golf courses in France and abroad. Benedetti Guelpa's revenue amounted to €36 million in 2017.

VINCI Construction also strengthened its positions in specialist civil engineering, in October 2017, through Soletanche Freyssinet's acquisition of ConeTec, a ground analysis company in Canada, which generated 2017 revenue of around C\$50 million.

These transactions are described in the Note B2 to the consolidated financial statements ("Changes in the consolidation scope").

1.1.2 Public-private partnership contracts

In April, following contract award in February 2017, VINCI Highways finalised financing for the A7 motorway project in Germany, which involves a €441 million, 30-year public-private partnership (A-Modell) contract. The winning consortium – led by VINCI Concessions – will operate a 60 km section of motorway between the Bockenem and Göttingen interchanges. Widening works on a 29 km section will be carried out by a consortium led by Eurovia.

In April 2017, VINCI Highways opened two new sections of motorway in Greece (Corinth–Patras, 120 km, and Maliakos–Kleidi, 240 km) built by consortiums including VINCI Construction. These motorways represent total investment of €2.8 billion. They will be operated until 2038 by two concession holders, namely Olympia Odos, in which VINCI Concessions has a 30% stake, and Aegean Motorway, in which it owns a 14% stake.

In November 2017 – via its UTS subsidiary, which is 50%-owned alongside a Russian partner – VINCI Highways won a 10-year contract to operate new sections of the motorway connecting Moscow and St Petersburg, covering a total of 359 km. This contract makes VINCI Highways the sole operator of this 669 km motorway. Several sections of the motorway are under construction and are scheduled to open to traffic in 2018.

On 2 July 2017, VINCI Railways opened the 302 km South Europe Atlantic high-speed rail line connecting Tours and Bordeaux, one month ahead of the original schedule. The new line has reduced the journey time between Paris and Bordeaux to 2 hours and 4 minutes.

In January 2018, VINCI Energies won a 29-year public-private partnership contract in Germany to refurbish, extend and manage four schools in the Cologne region.

1.1.3 Commercial successes in the Contracting business

The Group won several contracts in 2017, the largest of which were as follows.

- France:

- four construction contracts awarded as part of the Grand Paris Express project, representing total orders of around €1.2 billion for Group subsidiaries, comprising:
 - the T3A section of Metro Line 15 South, between Boulogne Billancourt and Issy les Moulineaux;
 - the T3C section between Issy les Moulineaux and Villejuif;
 - the T2A section between Villejuif and Créteil;
 - the new Noisy Champs station, which will be the intersection of metro Lines 16 and 11 and RER Line A;
- a contract to roll out "fibre to the home" (FTTH) in nine French *départements*;
- a contract to modernise 180 km of overhead contact lines on RER Line C between Paris and Brétigny sur Orge on behalf of SNCF Réseau, awarded to the R² consortium, which also includes ETF (Eurovia) and Mobility (VINCI Energies);
- various contracts related to the construction of the Ariane 6 launch site at VINCI Energies.

- Outside France:

- a contract to build the first section of the RijnlandRoute in the Netherlands, as part of the Comol5 consortium;
- a 15-year contract to carry out maintenance and improvement works on 1,695 km of roads and motorways in south-west England;
- a design-build contract for a 10 km water transmission pipeline to supply the centre of Ho Chi Minh City, the economic capital of Vietnam;
- a contract to build Senegal's power grid interconnection with Guinea Conakry, Guinea Bissau and Gambia as part of the OMVG project;
- a contract to build a new 8 km section of the D1 motorway near Prešov, Eastern Slovakia;
- the initial studies and preparation phase of a design-build contract relating to civil engineering packages N1 and N2 on the London–Birmingham high-speed rail line.

1.1.4 Financing operations

New corporate financing

In 2017, VINCI took advantage of ongoing favourable market conditions and its strong credit ratings (A3 from Moody's and A- from Standard & Poor's) to refinance several of its debts, and to reduce the cost and extend the maturity of its debt.

- ASF carried out two bond issues:

- in January, a €1 billion, 10-year bond issue with an annual coupon of 1.25%;
- in April, a €500 million, nine-year bond issue with an annual coupon of 1.125%.

- In January, Aerodrom issued \$317 million of 12-year amortising bonds as part of a Rule 144A placement, as well as arranging a seven-year \$216 million bank loan.

- In February, VINCI issued \$450 million of five-year, non-dilutive, cash-settled synthetic convertible bonds with an annual coupon of 0.375%. In May and November, VINCI placed a further \$125 million and \$150 million of identical bonds respectively.

- In October, Cofiroute issued €750 million of 10-year bonds with an annual coupon of 1.125%.

- In November, Arcour, which holds the concession for the A19 Ardenay–Courtenay motorway, issued €417 million of project bonds at a fixed rate of 2.817%, amortising over 30 years. At the same time, the €191 million loan from the European Investment Bank (EIB) was maintained, and its amortisation profile and maturity were extended to match those of Arcour's bond debt.

In 2017, the Group secured around €4 billion of new financing with an average maturity of 9.8 years.

Debt repayments

In 2017, the Group repaid more than €3 billion of borrowings.

- The ASF group repaid €697 million of loans from the Caisse Nationale des Autoroutes (CNA) and the European Investment Bank (EIB).
- VINCI repaid €1 billion of bonds and two private placements amounting to €100 million and CHF200 million respectively.
- In November, Arcour carried out the early repayment of a bank loan totalling €382 million.
- In January, Aerodrom repaid \$518 million of external debt as part of its refinancing.

At 31 December 2017, the Group's long-term financial debt totalled €19 billion. Its average maturity was 5.7 years and the average interest rate was 2.65% (5.0 years and 3.0% respectively at 31 December 2016).

1.2 Revenue

VINCI's consolidated revenue totalled €40.2 billion in 2017, up 5.7% relative to 2016. This represents organic growth of 4.4%. The 0.6% negative impact of currency movements was more than offset by a 1.9% boost from recent acquisitions.

Concessions revenue totalled €6.9 billion, up 10.3% on an actual basis. It included the full-year contributions of Aerodrom (Dominican Republic) and Aéroports de Lyon at VINCI Airports, and of Lamsac (Peru) at VINCI Highways. On a comparable structure basis, revenue rose 5.9%.

Contracting revenue (VINCI Energies, Eurovia, VINCI Construction) was €32.8 billion, up 4.3% on an actual basis and up 3.6% like-for-like. After several years of falling revenue, particularly in France, the three Contracting business lines resumed organic growth in 2017 with increases of 2.8% at VINCI Energies, 7.0% at Eurovia and 2.2% at VINCI Construction. The 1.5% contribution from recently acquired companies fully offset the 0.7% negative currency effect, which was caused by the euro's rise against most other currencies, including sterling.

In France, revenue was €23.7 billion, up 5.6% on an actual basis and up 4.6% like-for-like, confirming the economic upturn in the Group's main market. Concessions revenue rose 7.0%, while Contracting revenue increased 4.2%. On a constant structure basis, revenue was up 4.0% in Concessions and 3.8% in Contracting.

Outside France, revenue was €16.6 billion, up 5.8% on an actual basis and 4.1% like-for-like. In 2017, 41% of total Group revenue came from outside France (47% in Contracting and 18% in Concessions).

Revenue by business line

(in € millions)	2017/2016 change				
	2017	2016		Actual	Comparable
Concessions	6,945	6,298	647	+10.3%	+5.9%
VINCI Autoroutes	5,277	5,111	166	+3.2%	+3.2%
VINCI Airports	1,409	1,055	354	+33.5%	+13.7%
Other concessions	258	131	127	+96.7%	+24.5%
Contracting	32,830	31,466	1,364	+4.3%	+3.6%
VINCI Energies	10,759	10,200	558	+5.5%	+2.8%
Eurovia	8,112	7,585	526	+6.9%	+7.0%
VINCI Construction	13,960	13,681	279	+2.0%	+2.2%
VINCI Immobilier	896	774	122	+15.7%	+15.7%
Intragroup eliminations	(423)	(466)	43		
Revenue (*)	40,248	38,073	2,175	+5.7%	+4.4%
Concession subsidiaries' works revenue	861	722	138	+19.2%	-5.1%
Intragroup eliminations	(232)	(248)	16		
Concession subsidiaries' revenue derived from works carried out by non-Group companies	629	475	154	+32.5%	-4.4%
Total revenue	40,876	38,547	2,329	+6.0%	+4.3%

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

CONCESSIONS €6,945 million (+10.3% actual; +5.9% on a comparable structure basis)

VINCI Autoroutes: revenue grew 3.2% to €5,277 million, supported by a 1.7% increase in traffic. Light-vehicle traffic remained firm, with an increase of 1.3%. The positive impact of two additional extended weekends in spring 2017 partly offset the negative effects caused by 2016 being a leap year and by higher fuel prices in 2017. Heavy-vehicle traffic rose 4.3% as a result of strong economic activity in France and Europe, Heavy vehicle traffic is now slightly higher than the previous peak seen in the end of 2007, before the financial crisis.

VINCI Airports: revenue rose sharply (+33.5%) to over €1.4 billion, partly because of the full-year contributions of airports in the Dominican Republic and Lyon. Like-for-like, VINCI Airports' revenue rose 13.7%, driven by continuing strong growth in passenger numbers. Passenger numbers across all airports managed by the Group rose 12.4% to 149 million, after a 10.0% increase in 2016. Passenger numbers at fully consolidated subsidiaries grew 14.8%, after rising 11.7% in 2016. Passenger growth was particularly strong at the airports in Portugal (16.5%) and Cambodia (25%). Passenger numbers broke new ground, rising to over 50 million in Portugal, 25 million in Lisbon, 20 million in Chile and 10 million in Lyon-Saint Exupéry and Porto.

Other concessions: revenue totalled €258 million, an increase of €127 million compared with 2016. Peruvian company Lamsac, integrated by VINCI Highways in December 2016, holds concessions for two sections of the Lima ring road (of which one is currently under construction). It contributed €85 million to VINCI Highways' revenue in 2017. MESEA, the company in charge of maintaining and operating the Tours-Bordeaux high-speed rail line, which came into service on 2 July 2017, started its operations.

CONTRACTING: €32,830 million (+4.3% actual; +3.6% on a comparable structure basis)

In France, revenue rose 4.2% to €17,460 million (up 3.8% on a constant structure basis).

Outside France, revenue totalled €15,370 million, up 4.4% on an actual basis. Organic growth (3.3%) and changes in scope (positive impact of 2.6%) more than offset a 1.5% negative impact from currency effects.

VINCI Energies: €10,759 million (+5.5% actual; +2.8% on a comparable structure basis)

In France, revenue rose 4.0% on an actual basis to €5,505 million (up 3.6% on a comparable structure basis). Growth in all business areas, driven by the Information and Communication Technology (ICT) sector and to a lesser extent by the Infrastructure, Service and Industry sectors, more than offset the non-recurrence of revenue following completion of the GSM-Rail project.

Outside France, revenue totalled €5,254 million (up 7.0% on an actual basis or 1.9% on a comparable structure basis). Growth on an actual basis was the result of many acquisitions in Europe, including Novabase IMS in Portugal and Acuntia and Asas in Spain. Acquisitions at the end of the year, including those of Horlemann, Eitech and Infratek, had only a limited impact on revenue in 2017. On a comparable structure basis, performance varied between countries. In Europe, business levels fell in Germany and particularly in the infrastructure business, whereas they increased in Belgium, the Netherlands, Spain, Portugal and Switzerland, and to a lesser extent in the United Kingdom. Outside Europe, business levels were supported by strong organic growth in New Zealand, Indonesia and Morocco.

Eurovia: €8,112 million (+6.9% actual; +7.0% on a comparable structure basis)

In France, revenue was €4,591 million, up 7.0% on an actual basis and up 6.8% on a comparable structure basis, reflecting both higher commodity prices and an upturn in traditional road markets after three years of decline totalling 20% between 2013 and 2016.

Outside France, revenue amounted to €3,520 million, up 6.8% on an actual basis and up 7.3% on a comparable structure basis, with performance varying between countries. In Europe, markets were buoyant in Germany, Poland and Slovakia, whereas business in the Czech Republic remained stable. Business levels rose in Canada and the United States as major contracts progressed. Business activity fell in the United Kingdom because of the more uncertain economic environment, and in Chile following historically high levels in 2016.

VINCI Construction: €13,960 million (+2.0% actual; +2.2% on a comparable structure basis)

In France, revenue was €7,364 million, up 2.7% on an actual basis and up 2.1% on a comparable structure basis. The increase was supported by an upturn in building markets, particularly in the Paris region, and in civil engineering. Business levels were buoyed by a few major projects such as La Samaritaine, the link between the south and west terminals at Orly airport, the New Coastal Highway on Reunion Island, the Aisne and Meuse dam public-private partnership and that of the La Santé prison. Projects directly or indirectly linked with the Grand Paris Express programme are still at the study and preparation phase.

Outside France, revenue amounted to €6,596 million, up 1.3% on an actual basis. The 1.5% positive impact of changes in scope, particularly the acquisition of Seymour Whyte in Australia, failed to compensate for a 2.5% negative currency effect, mainly caused by the euro's rise against sterling. Organic growth totalled 2.3%, based on strong business levels at HEB Construction in New Zealand, at Entrepose because of progress with Spiecapag's Trans Adriatic Pipeline (TAP) project in Greece and Albania, and at Soletanche Freyssinet, particularly in the Oceania and Asia. Business was stable in Africa and Central Europe at VINCI Construction International Networks. However, business levels fell in the United Kingdom in the Major Projects Division, because of the completion of several major projects (Chernobyl sarcophagus, Yamal gas storage tanks in Russia).

VINCI Immobilier: €896 million (up 15.7% on both an actual and comparable structure basis)

The French residential property market remained buoyant and VINCI Immobilier's business levels were very strong in 2017, with the number of homes reserved rising 21% to 6,630, the number of completed sales rising 48% to 6,670, and the number of homes on which construction work began rising 17% to 6,734. Commercial property saw a decline, particularly in the offices segment, after a very strong 2016. Revenue including the Group's share of joint developments totalled €1,116 million, an increase of 21%.

Revenue by geographical area

(in € millions)	2017/2016 change					
	2017	% of total	2016		Actual	At constant exchange rate
France	23,680	58.8%	22,418	1,261	+5.6%	+5.6%
United Kingdom	2,269	5.6%	2,495	(225)	-9.0%	-3.1%
Germany	2,726	6.8%	2,689	38	+1.4%	+1.4%
Central and Eastern Europe	1,849	4.6%	1,611	238	+14.8%	+12.9%
Rest of Europe	3,333	8.3%	2,877	457	+15.9%	+16.5%
Europe excluding France	10,178	25.3%	9,671	507	+5.2%	+6.8%
Americas	2,671	6.6%	2,491	180	+7.2%	+8.1%
Africa	1,345	3.3%	1,319	27	+2.0%	+3.6%
Russia, Asia Pacific and Middle East	2,373	5.9%	2,173	200	+9.2%	+10.1%
International excluding Europe	6,390	15.9%	5,983	407	+6.8%	+7.8%
Total International	16,568	41.2%	15,654	914	+5.8%	+7.2%
Revenue	40,248	100.0%	38,073	2,175	+5.7%	+6.3%

1.3 Operating income from ordinary activities/operating income

Operating income from ordinary activities (Ebit) rose 10.4% to €4,607 million (€4,174 million in 2016). Ebit margin was 11.4%, up from 11.0% in 2016.

Operating income from ordinary activities/operating

					2017/2016 change	
(in € millions)	2017	% of revenue ^(*)	2016	% of revenue ^(*)		Actual
Concessions	3,251	46.8%	2,953	46.9%	298	+10.1%
VINCI Autoroutes	2,685	50.9%	2,588	50.6%	97	+3.8%
VINCI Airports	563	39.9%	368	34.8%	195	+53.0%
Other concessions	3	-	(3)	-	6	-
Contracting	1,260	3.8%	1,153	3.7%	107	+9.3%
VINCI Energies	615	5.7%	581	5.7%	34	+5.9%
Eurovia	301	3.7%	243	3.2%	58	+23.7%
VINCI Construction	344	2.5%	330	2.4%	15	+4.4%
VINCI Immobilier	72	8.0%	53	6.8%	19	+36.0%
Holding companies	24	-	15	-	9	-
Operating income from ordinary activities (Ebit)	4,607	11.4%	4,174	11.0%	433	+10.4%
Share-based payments (IFRS 2)	(163)	-	(118)	-	(45)	-
Income/(loss) of companies accounted for under the equity method	146	-	69	-	77	-
Other recurring operating items	-	-	42	-	(42)	-
Recurring operating income	4,592	11.4%	4,167	10.9%	424	+10.2%
Non-recurring operating items	(41)	-	(49)	-	8	-
Operating income	4,550	11.3%	4,118	10.8%	432	+10.5%

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' revenue from works done by non-Group companies.

The contribution from **Concessions** rose 10.1% to €3,251 million (46.8% of revenue) due to solid business volumes and a firm grip on operating expenses.

At VINCI Autoroutes, Ebit amounted to €2,685 million, up 3.8% relative to the 2016 figure of €2,588 million. Ebit margin rose from 50.6% in 2016 to 50.9% in 2017, driven by higher business volumes and good control over operating expenses, partly offset by the increase in depreciation and amortisation charges, particularly following the opening of the relief motorway for the A9 near Montpellier in May 2017.

VINCI Airports' Ebit was €563 million (39.9% of revenue), up 53% compared with the 2016 figure of €368 million (34.8% of revenue). The increase reflects the full-year integration of airports in the Dominican Republic and Lyon, and earnings growth at the Group's existing airports, particularly those in Portugal and Cambodia.

In the **Contracting** business, Ebit was €1,260 million, up 9.3% relative to 2016 (€1,153 million). It equalled 3.8% of revenue compared with 3.7% in 2017.

At VINCI Energies, Ebit was €615 million, up 5.9% relative to 2016 (€581 million). Ebit margin remained high at 5.7%, reflecting a solid performance both in France and internationally.

At Eurovia, Ebit rose almost 24% from €243 million in 2016 to €301 million in 2017. Eurovia's Ebit margin improved from 3.2% in 2016 to 3.7% in 2017. Margins improved in France, supported by more favourable economic conditions, as well as in Central Europe, the United Kingdom and United States, offsetting a slight decline in earnings in Canada and Chile.

At VINCI Construction, Ebit was €344 million, up 4.4% relative to 2016 (€330 million). Ebit margin improved slightly from 2.4% in 2016 to 2.5% in 2017, despite ongoing pressure in certain sectors, particularly those exposed to oil. Margins improved steadily at VINCI Construction France following reorganisation work carried out in the last two years, and there was good performance at HEB Construction in New Zealand.

VINCI Immobilier: Ebit was €72 million and Ebit margin was 8.0%, up from €53 million and 6.8% respectively in 2016. The improvement was driven by firm growth in business levels and fees, and higher operating margins in both residential and commercial property.

Recurring operating income was €4,592 million, equal to 11.4% of revenue (€4,167 million and 10.9% in 2016). Recurring operating income takes into account the following factors:

- Share-based payment expense, which reflects the benefits granted to employees under the Group savings plans and performance share plans, amounting to €163 million (€118 million in 2016);
- Other recurring operating items (including the Group's share in the income or loss of companies accounted for under the equity method), which were positive at €147 million (€111 million in 2016).

Recurring operating income by business line

(in € millions)	Change 2017/2016					
	2017	% of revenue ^(*)	2016	% of revenue ^(*)	Value	Actual %
Concessions	3,270	47.1%	3,031	48.1%	240	+ 7.9%
VINCI Autoroutes	2,676	50.7%	2,629	51.4%	47	+ 1.8%
VINCI Airports	589	41.8%	443	42.0%	146	+ 32.8%
Other concessions	6	-	(42)	-	48	-
Contracting	1,208	3.7%	1,055	3.4%	153	+ 14.5%
VINCI Energies	566	5.3%	542	5.3%	23	+ 4.3%
Eurovia	287	3.5%	240	3.2%	47	+ 19.7%
VINCI Construction	356	2.5%	273	2.0%	83	+ 30.4%
VINCI Immobilier	89	10.0%	68	8.8%	21	+ 30.7%
Holding companies	23	-	13	-	10	-
Recurring operating income	4,592	11.4%	4,167	10.9%	424	+ 10.2%

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

Non-recurring operating items produced an expense of €41 million in 2017, comprising:

- a €12 million negative impact from changes in scope, including earn-out payments and acquisition fees at VINCI Energies, compared with a €34 million positive impact in 2016, including the disposal gain on the Group's remaining stake in Indigo (formerly VINCI Park);
- Goodwill impairment losses of €4 million, as opposed to €52 million in 2016 relating mainly to VINCI Energies' activities in Brazil;
- Other non-recurring operating items with a net negative impact of €25 million, including restructuring charges at VINCI Construction (negative impact of €31 million in 2016).

Operating income was €4,550 million in 2017, up 10.5% relative to the 2016 figure of €4,118 million.

1.4 Net income

Consolidated net income attributable to owners of the parent was €2,747 million (6.8% of revenue) in 2017, up 9.7% or €242 million compared with 2016 (€2,505 million). Excluding non-recurring tax effects in 2016 and 2017, the figure was €2,737 million, up 15.2% compared with the adjusted 2016 net income figure of €2,376 million.

In 2017, non-recurring tax effects on net income attributable to owners of the parent were limited (positive impact of €10 million). Those effects resulted from the following tax measures adopted in France's 2017 Amended Finance Act and 2018 Finance Act: the surtax equal to 30% of corporate income tax for companies with revenue of over €3 billion (negative impact of €292 million), the rebate of the 3% dividend tax (positive impact of €164 million) 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 (positive impact of €138 million, as opposed to €129 million in 2016).

Earnings per share, after taking account of dilutive instruments, amounted to €4.91, up 9.7% compared with 2016 (€4.48). Excluding non-recurring tax effects, earnings per share rose 15.2% to €4.89 (€4.24 in 2016).

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

	2017/2016 change			
(in € millions)	2017	2016		Actual
Concessions	1,689	1,664	25	+1.5%
VINCI Autoroutes	1,325	1,412	(87)	-6.2%
VINCI Airports	345	249	96	+38.6%
Other concessions and holding companies	19	3	17	-
Contracting	793	680	114	+16.7%
VINCI Energies	361	326	36	+10.9%
Eurovia	216	160	56	+34.8%
VINCI Construction	216	194	23	+11.6%
VINCI Immobilier	61	43	17	+40.7%
Holding companies	205	119	86	-
Net income attributable to owners of the parent	2,747	2,505	242	+9.7%
Of which non-recurring tax effects	10	129	(119)	-
Net income attributable to owners of the parent excluding non-recurring tax effects	2,737	2,376	361	+15.2%

The cost of net financial debt was €481 million in 2017 (€526 million in 2016). The reduction was due to a sharp fall in the cost of the Group's gross long-term debt following refinancing operations at lower rates than those of debts repaid in 2016. The improvement was partly offset by an increase in the average amount of outstanding debt, including the full-year impact of integrating Lamsac, and a slight fall in interest income from surplus cash. In 2017, the average interest rate on long-term gross financial debt was 2.68% (3.16% in 2016).

Other financial income and expense resulted in net income of €40 million, compared with a net expense of €35 million in 2016. 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 €35 million (€66 million in 2016);
- an €86 million gain relating to capitalised borrowing costs on current concession investments, higher than the 2016 gain of €36 million following the integration of Lamsac;
- a foreign exchange loss totalling €11 million in 2017, compared with €6 million in 2016.

Tax expense, excluding non-recurring tax effects, totalled €1,315 million, compared with an adjusted expense of €1,142 million in 2016. The increase was because of higher profits both inside and outside France. Tax measures adopted in France in late 2017 had a positive impact of €44 million, breaking down as follows:

- a €292 million charge with respect to the surtax equal to 30% of corporate income tax for companies with revenue of more than €3 billion, pursuant to France's 2017 Amended Finance Act;
- The recognition of €164 million of government receivables, consisting of expected rebates of payments made in respect of the 3% dividend tax after it was annulled by France's Constitutional Council;
- €172 million of income following the revaluation of deferred tax pursuant to France's 2017 and 2018 Finance Acts, under which the corporate income tax rate is set to fall from 33.33% to 25% in 2022.

Earnings attributable to non-controlling interests amounted to €90 million (€39 million in 2016) and related mainly to shares in Aéroports de Lyon and Cambodia Airports that the Group does not own.

Adjusted for non-recurring tax effects, the effective tax rate was 33.2% in 2017 (32.7% in 2016).

1.5 Cash flow from operations

Cash flow from operations before tax and financing costs (Ebitda) totalled €6,500 million in 2017, up 9.0% relative to the 2016 figure of €5,966 million. Ebitda margin was 16.2%, up 50 basis points. That improvement was driven by progress at VINCI Autoroutes and VINCI Airports.

Ebitda in **Concessions** rose 9.5% to €4,710 million (€4,302 million in 2016). It equalled 67.8% of revenue (68.3% in 2016) and 72% of total Group Ebitda (the same as in 2016).

VINCI Autoroutes' Ebitda increased 3.8% to €3,850 million (€3,710 million in 2016), in line with revenue, and Ebitda margin improved to 73.0% (72.6% in 2016).

Ebitda at VINCI Airports rose 44% to €808 million (€563 million in 2016), due to a good performance in Portugal and Cambodia and the full-year impact of Aerodrom and Aéroports de Lyon. Ebitda margin rose to 57.3% from 53.3% in 2016.

Contracting's Ebitda rose to €1,629 million (€1,581 million in 2016). Ebitda margin was stable at 5.0%.

Cash flow from operations (Ebitda) by business line

	2017/2016 change					
(in € millions)	2017	% of revenue ^(*)	2016	% of revenue ^(*)		Actual
Concessions	4,710	67.8%	4,302	68.3%	408	+9.5%
VINCI Autoroutes	3,850	73.0%	3,710	72.6%	141	+3.8%
VINCI Airports	808	57.3%	563	53.3%	245	+43.5%
Other concessions	51	19.8%	29	22.0%	22	-
Contracting	1,629	5.0%	1,581	5.0%	48	+3.0%
VINCI Energies	627	5.8%	626	6.1%	1	+0.1%
Eurovia	455	5.6%	416	5.5%	39	+9.3%
VINCI Construction	547	3.9%	539	3.9%	8	+1.5%
VINCI Immobilier	71	8.0%	53	6.9%	18	+34.4%
Holding companies	91	-	30	-	61	-
Total	6,500	16.2%	5,966	15.7%	535	+9.0%

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

1.6 Other cash flows

The net change in the operating working capital requirement and current provisions resulted in an outflow of €286 million in 2017 as opposed to an inflow of €23 million in 2016. The year-on-year change results from an increase in trade receivables due mainly to higher business levels, particularly in France at VINCI Construction and Eurovia, and land purchases at VINCI Immobilier.

Tax payments increased by €435 million to €1,647 million (€1,213 million in 2016) and included a net outflow of €200 million with respect to non-recurring tax effects in 2017 (payment on account in December with respect to the surtax based on corporate income tax, and partial rebate of the 3% dividend tax).

Net interest paid amounted to €470 million (€525 million in 2016), in line with movements in the cost of net financial debt.

Cash flow from operating activities ^(**) was €4,280 million, down 1.5% or €66 million from the 2016 figure of €4,346 million.

After accounting for operating investments net of disposals of €745 million, up 33% relative to 2016 (€558 million), operating cash flow ^(***) was €3,535 million, down 6.7% or €252 million compared with the 2016 figure of €3,787 million.

Growth investments in concessions and PPPs totalled €1,010 million in 2017 (€839 million in 2016). This figure includes €702 million invested by VINCI Autoroutes in France (€686 million in 2016), €169 million invested by VINCI Airports, mainly in Lyon and Cambodia (€127 million in 2016) and €177 million invested by Lamsac for the construction of the second section of Lima ring road in Peru.

Free cash flow, before financial investments and excluding non-recurring tax effects, amounted to €2,725 million (€2,948 million in 2016), including €2,093 million generated by Concessions (compared with €2,019 million in 2016) and €374 million by Contracting (€617 million in 2016). It amounted to €2,525 million including non-recurring tax effects.

Financial investments, net of disposals and other investment flows ^(****), resulted in a net cash outflow of around €1.3 billion. They include acquisitions made by the Contracting business (€0.6 billion, mainly at VINCI Energies), VINCI Airports' acquisition of Salvador airport in Brazil (€0.2 billion) and the financing of LISEA, which holds the concession for the SEA high-speed rail line (€0.3 billion).

In 2016, financial investments amounted to almost €3.4 billion. They included the acquisitions of Lamsac in Peru (€1.8 billion) by VINCI Highways, along with VINCI Airports' acquisitions of Aerodom in the Dominican Republic, Aéroports de Lyon in France and airports in the Kansai region of Japan for a total of €1.7 billion.

Dividends paid in 2017 totalled €1,248 million (€1,084 million in 2016). This includes €1,197 million paid by VINCI SA, comprising the final dividend in respect of 2016 (€813 million) and the interim dividend in respect of 2017 paid in November 2017 (€383 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 7.6 million new shares and totalled €443 million in 2017, including €373 million relating to Group savings plans and €70 million relating to the exercise of stock options.

^(**) 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).

^(****) Including the net debt of acquired companies.

To eliminate the dilutive effect of these operations, VINCI purchased 8.6 million shares in the market through its share buy-back programme for a total investment of €645 million at an average price of €75.23 per share. After 5.7 million shares were cancelled in December 2017, treasury shares amounted to 6.1% of the total capital at 31 December 2017 (5.9% at 31 December 2016).

As a result of these cash flows, net financial debt increased by almost €0.1 billion in 2017, taking the total to €14.0 billion at 31 December 2017.

1.7 Balance sheet and net financial debt

Consolidated non-current assets amounted to €41.2 billion at 31 December 2017 (€40.3 billion at 31 December 2016), including €31.1 billion in the Concessions business (€31.0 billion at 31 December 2016) and €9.6 billion in the Contracting business (€9.0 billion at 31 December 2016). After taking account of a net working capital surplus (attributable mainly to the Contracting business) of €6.1 billion, down €0.6 billion compared with 31 December 2016, capital employed was €35.1 billion at 31 December 2017 (€33.6 billion at end-2016). Capital employed in the Concessions business was €29.6 billion, making up 84% of the Group total (87% at 31 December 2016).

The Group's consolidated equity was €18.4 billion at 31 December 2017, up €1.4 billion from the €17.0 billion figure at 31 December 2016. It includes €0.6 billion relating to non-controlling interests.

Consolidated net financial debt was €14.0 billion at 31 December 2017 (€13.9 billion at 31 December 2016). That figure reflects long-term gross financial debt of €18.8 billion (€18.1 billion at 31 December 2016) and managed net cash of €4.8 billion (€4.1 billion at 31 December 2016). For the Concessions business, including its holding companies, net financial debt stood at €27.1 billion, down €1.4 billion relative to 31 December 2016 (€28.5 billion). The Contracting business showed a net cash surplus of €0.5 billion, down €0.4 billion over the year. The holding companies posted a net financial surplus of €13.0 billion, down €1.0 billion relative to 31 December 2016. Of that surplus, €12.5 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 0.8 at 31 December 2017 (0.8 at 31 December 2016). The financial debt-to-Ebitda ratio stood at 2.2 at the end of 2017 (2.3 at 31 December 2016).

Group liquidity amounted to €10.8 billion at 31 December 2017 (€10.1 billion at 31 December 2016). The liquidity figure comprises €4.8 billion of managed net cash and €6.0 billion of unused confirmed bank credit facilities expiring in 2021.

Net financial surplus (debt)

(in € millions)	31/12/2017	of which external	Net financial debt/Ebitda	31/12/2016	of which external	Net financial debt/Ebitda	2017/2016 change
Concessions	(27,145)	(15,890)	x5.8	(28,515)	(14,827)	x6.6	1,370
VINCI Autoroutes	(20,954)	(15,088)	x5.4	(22,309)	(13,706)	x6	1,356
VINCI Concessions	(6,191)	(803)	x7.2	(6,206)	(1,121)	x10.5	15
Contracting	477	1,281	-	872	1,273	-	(395)
VINCI Immobilier and holding companies	12,667	608	-	13,704	(385)	-	(1,037)
Total	(14,001)	(14,001)	x2.2	(13,938)	(13,938)	x2.3	(63)

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 profit after tax (NOPAT) is recurring operating income less theoretical tax based on the effective rate for the period, excluding the 3% dividend tax and excluding non-recurring tax effects;
- 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 16.6% in 2017, compared with 15.7% in 2016.

<i>(in € millions)</i>	2017	2016
Equity excluding non-controlling interests at previous year end	16,465	15,119
Group net income attributable to owners of the parent excluding non-recurring tax effects	2,737	2,376
ROE	16.6%	15.7%

Return on capital employed (ROCE)

ROCE was 9.3% in 2017 (9.0% in 2016).

<i>(in € millions)</i>	2017	2016
Capital employed at previous year end	33,583	30,132
Capital employed at this year end	35,075	33,583
Average capital employed	34,329	31,857
Recurring operating income	4,592	4,167
Theoretical tax ^(*)	(1,398)	(1,303)
NOPAT	3,193	2,865
ROCE	9.3%	9.0%

^(*) Based on the effective rate for the period, excluding the 3% dividend tax and excluding non-recurring tax effects in 2016 and 2017.

2. Parent company financial statements

VINCI's parent company financial statements show revenue of €12 million for 2017, compared with €13 million in 2016, consisting mainly of services invoiced by the holding company to subsidiaries.

The parent company's net income was €469 million in 2017, compared with €4,745 million in 2016. The 2017 figure includes €141 million of dividends received from Group subsidiaries (€4,504 million in 2016).

Expenses referred to in Article 39.4 of the French General Tax Code amounted to €66,854 in 2017.

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 17 April 2018 that the amount of the dividend for 2017 be set at €2.45 per share (€2.10 per share in 2016).

Since an interim dividend of €0.69 per share was paid in November 2017, the final dividend payment on 26 April 2018 (ex-date: 24 April 2018) would be €1.76 per share if approved.

Year	2014			2015			2016		
Type	Interim	Final	Total	Interim	Final	Total	Interim	Final	Total
Amount per share	€1.00 ^(*)	€1.22	€2.22	€0.57	€1.27	€1.84	€0.63	€1.47	€2.10
Number of qualifying shares	555,003,211	552,009,233		555,134,112	552,837,088		555,300,376	553,209,901	
Aggregate amount paid (in € millions)	555	673		316	702		350	813	
Tax allowance applicable to individual shareholders	40%	40%		40%	40%		40%	40%	

(*) Including a special dividend of €0.45.



1, cours Ferdinand-de-Lesseps
92851 Rueil-Malmaison Cedex – France
Tél. : +33 1 47 16 35 00
Fax : +33 1 47 51 91 02
www.vinci.com