VINCI

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2017

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Consolidated financial statements

Key figures

(in € millions)	2017	2016
Revenue (*)	**40,248**	**38,073**
Revenue generated in France (*)	23,680	22,418
% of revenue (*)	*58.8 %*	*58.9%*
Revenue generated outside France (*)	16,568	15,654
% of revenue (*)	*41.2 %*	*41.1%*
Operating income from ordinary activities	4,607	4,174
% of revenue (*)	*11.4 %*	*11.0%*
Recurring operating income	4,592	4,167
Operating income	4,550	4,118
Net income attributable to owners of the parent	2,747	2,505
% of revenue (*)	*6.8 %*	*6.6%*
Diluted earnings per share *(in €)*	4.91	4.48
Net income attributable to owners of the parent excluding non-recurring tax effects (**)	**2,737**	**2,376**
Diluted earnings per share excluding non-recurring tax effects *(in €)* (**)	4.89	4.24
Dividend per share *(in €)*	2.45 (***)	2.10
Cash flows from operations before tax and financing costs	**6,500**	**5,966**
Operating investments (net of disposals)	(745)	(558)
Growth investments in concessions and PPPs	(1,010)	(839)
Free cash flow (after investments and excluding non-recurring tax effects) (**)	**2,725**	**2,948**
Equity including non-controlling interests	18,383	17,006
Net financial debt	(14,001)	(13,938)

(*) 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 was limited (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. In 2016, the revaluation of the Group's deferred tax after the adoption of the 2017 Finance Act had a positive effect of €129 million on the net income attributable to owners of the parent. Non-recurring tax effects had a €200 million negative impact on 2017 free cash flow.
(***) Dividend proposed to the Shareholders' General Meeting of 17 April 2018, including an interim dividend of €0.69 per share paid on 9 November 2017.

Consolidated income statement for the period

(in € millions)	Notes	2017	2016
Revenue (*)	**1-2**	**40,248**	**38,073**
Concession subsidiaries' revenue derived from works carried out by non-Group companies		629	475
Total revenue		40,876	38,547
Revenue from ancillary activities	4	200	130
Operating expenses	4	(36,468)	(34,503)
Operating income from ordinary activities	**1-4**	**4,607**	**4,174**
Share-based payments (IFRS 2)	28	(163)	(118)
Profit/(loss) of companies accounted for under the equity method	4-10	146	69
Other recurring operating items		-	42
Recurring operating income	**4**	**4,592**	**4,167**
Non-recurring operating items	4	(41)	(49)
Operating income	**4**	**4,550**	**4,118**
Cost of gross financial debt		(537)	(551)
Financial income from cash investments		56	26
Cost of net financial debt	**5**	**(481)**	**(526)**
Other financial income and expense	6	40	(35)
Income tax expense	7	(1,271)	(1,013)
of which non-recurring tax effects (**)		*44*	*129*
Net income		**2,837**	**2,545**
Net income attributable to non-controlling interests		90	39
Net income attributable to owners of the parent (**)		**2,747**	**2,505**
Basic earnings per share *(in €)* (**)	8	4.95	4.52
Diluted earnings per share *(in €)* (**)	8	4.91	4.48

Net income attributable to owners of the parent excluding non-recurring tax effects (**)	**2,737**	**2,376**
Diluted earnings per share excluding non-recurring tax effects *(in €)* (**)	4.89	4.24

(*) 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. In 2016, the revaluation of the Group's deferred tax after the adoption of the 2017 Finance Act had a positive effect of €129 million on the net income attributable to owners of the parent.

Consolidated comprehensive income statement for the period

(in € millions)	2017 Attributable to owners of the parent	2017 Attributable to non-controlling interests	2017 Total	2016 Attributable to owners of the parent	2016 Attributable to non-controlling interests	2016 Total
Net income	**2,747**	**90**	**2,837**	**2,505**	**39**	**2,545**
Changes in fair value of cash flow and net investment hedging instruments (*)	137	1	137	33	-	33
Tax (**)	(47)	-	(47)	(12)	-	(12)
Share in net income of companies accounted for under the equity method	57	-	57	26	-	26
Currency translation differences	(335)	(11)	(346)	52	4	56
Other comprehensive income that may be recycled subsequently to net income	**(188)**	**(11)**	**(199)**	**99**	**4**	**103**
Actuarial gains and losses on retirement benefit obligations	137	1	138	(149)	-	(149)
Tax	(31)	-	(31)	31	-	31
Share in net income of companies accounted for under the equity method	(1)	-	(1)	-	-	-
Other comprehensive income that may not be recycled subsequently to net income	**105**	**1**	**106**	**(118)**	**-**	**(118)**
Total other comprehensive income recognised directly in equity	**(83)**	**(10)**	**(93)**	**(19)**	**4**	**(15)**
Total comprehensive income	**2,664**	**80**	**2,744**	**2,486**	**43**	**2,529**

(*) 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).

Consolidated balance sheet

Assets

(in € millions)	Notes	31/12/2017	31/12/2016
Non-current assets			
Concession intangible assets	12	26,539	26,691
Goodwill	9	8,600	8,113
Other intangible assets	16	417	409
Property, plant and equipment	16	4,421	4,468
Investments in companies accounted for under the equity method	10	1,573	1,505
Other non-current financial assets	11-13-17	1,102	881
Derivative financial instruments – non-current assets	25	621	721
Deferred tax assets	7	255	228
Total non-current assets		**43,527**	**43,016**
Current assets			
Inventories and work in progress	18	1,056	935
Trade and other receivables	18	12,432	11,422
Other current operating assets	18	5,035	5,099
Other current non-operating assets		58	55
Current tax assets		406	167
Other current financial assets		38	35
Derivative financial instruments – current assets	25	261	370
Cash management financial assets	24	184	154
Cash and cash equivalents	24	6,807	6,678
Total current assets		**26,276**	**24,915**
Total assets		**69,803**	**67,931**

Consolidated balance sheet

Equity and liabilities

(in € millions)	Notes	31/12/2017	31/12/2016
Equity			
Share capital	21.1	1,478	1,473
Share premium	21.1	9,886	9,463
Treasury shares	21.2	(1,751)	(1,581)
Consolidated reserves		6,509	5,549
Currency translation reserves		(276)	88
Net income attributable to owners of the parent		2,747	2,505
Amounts recognised directly in equity	21.4	(782)	(1,032)
Equity attributable to owners of the parent		**17,812**	**16,465**
Non-controlling interests	21.5	572	541
Total equity		**18,383**	**17,006**
Non-current liabilities			
Non-current provisions	19	1,053	945
Provisions for employee benefits	27	1,481	1,653
Bonds	23	14,130	12,496
Other loans and borrowings	23	2,512	3,769
Derivative financial instruments - non-current liabilities	25	288	203
Other non-current liabilities		192	135
Deferred tax liabilities	7	1,735	1,910
Total non-current liabilities		**21,391**	**21,110**
Current liabilities			
Current provisions	18	4,322	4,172
Trade payables	18	8,198	7,740
Other current operating liabilities	18	11,852	11,838
Other current non-operating liabilities		487	480
Current tax liabilities		225	190
Derivative financial instruments - current liabilities	25	114	166
Current borrowings	23	4,830	5,229
Total current liabilities		**30,029**	**29,815**
Total equity and liabilities		**69,803**	**67,931**

Consolidated cash flow statement

(in € millions)	Notes	2017	2016
Consolidated net income for the period (including non-controlling interests)		**2,837**	**2,545**
Depreciation and amortisation	4.2	2,128	2,003
Net increase/(decrease) in provisions and impairment		(4)	52
Share-based payments (IFRS 2) and other restatements		53	15
Gain or loss on disposals		(44)	(80)
Change in fair value of financial instruments		15	6
Share of profit or loss of companies accounted for under the equity method and dividends received from unconsolidated companies		(152)	(76)
Capitalised borrowing costs		(86)	(36)
Cost of net financial debt recognised	5	481	526
Current and deferred tax expense recognised	7.1	1,271	1,013
Cash flows from operations before tax and financing costs	**1**	**6,500**	**5,966**
Changes in operating working capital requirement and current provisions	18.1	(286)	23
Income taxes paid [(1)]		(1,647)	(1,213)
Net interest paid		(470)	(525)
Dividends received from companies accounted for under the equity method		184	94
Cash flows (used in)/from operating activities [(1)]	**I**	**4,280**	**4,346**
Purchases of property, plant and equipment and intangible assets		*(865)*	*(706)*
Proceeds from sales of property, plant and equipment and intangible assets		*120*	*148*
Operating investments (net of disposals)	1	(745)	(558)
Operating cash flow [(1)]	**1**	**3,535**	**3,787**
Investments in concession fixed assets (net of grants received)		*(1,055)*	*(824)*
Financial receivables (PPP contracts and others)		*45*	*(15)*
Growth investments in concessions and PPPs	1	(1,010)	(839)
Free cash flow (after investments) [(1)]	**1**	**2,525**	**2,948**
Purchases of shares in subsidiaries and affiliates (consolidated and unconsolidated)	*1-2*	*(946)*	*(2,579)*
Proceeds from sales of shares in subsidiaries and affiliates (consolidated and unconsolidated) [(2)]	*1-2*	*16*	*172*
Net effect of changes in scope of consolidation		*(7)*	*(1,039)*
Net financial investments [(3)]		(937)	(3,446)
Other [(4)]		(355)	67
Net cash flows (used in)/from investing activities	**II**	**(3,046)**	**(4,777)**
Share capital increases and decreases and repurchases of other equity instruments		443	440
Transactions on treasury shares	21.2	(647)	(562)
Non-controlling interests in share capital increases and decreases of subsidiaries		1	197
Acquisitions/disposals of non-controlling interests (without acquisition or loss of control)		(22)	(7)
Dividends paid	22	(1,248)	(1,084)
- to shareholders of VINCI SA		*(1,197)*	*(1,052)*
- to non-controlling interests		*(51)*	*(32)*
Proceeds from new long-term borrowings	23.1	4,112	2,458
Repayments of long-term borrowings	23.1	(3,258)	(2,107)
Change in cash management assets and other current financial debts		(581)	484
Net cash flows (used in)/from financing activities	**III**	**(1,200)**	**(182)**
Other changes [(5)]	IV	42	1,164
Change in net cash	**I+II+III+IV**	**75**	**551**
Net cash and cash equivalents at beginning of period		**5,628**	**5,077**
Net cash and cash equivalents at end of period	**24.1**	**5,703**	**5,628**
Change in cash management assets and other current financial debts		581	(484)
(Proceeds from)/repayment of loans		(855)	(350)
Other changes [(5)]		136	(1,219)
Change in net financial debt		**(63)**	**(1,502)**
Net financial debt at beginning of period		**(13,938)**	**(12,436)**
Net financial debt at end of period	**23**	**(14,001)**	**(13,938)**

(1) Including in 2017, a net outflow of €200 million resulting from non-recurring tax effects.
(2) Including in 2016, the residual stake in Infra Foch Topco (ex-VINCI Park), sold in September 2016.
(3) Including in 2017, the investment realised in the concession for Salvador de Bahia Airport in Brazil for €216 million, and approximately 30 acquisitions by VINCI Energies for €551 million. Including in 2016 the acquisitions of Lamsac, Aerodom and Aéroports de Lyon for €1,273 million, €411 million and €535 million respectively, along with funding provided to the company holding the concessions for Kansai airports (€149 million).
(4) Including in 2017, a €256 million shareholder loan granted to LISEA.
(5) Including the debts of companies integrated during the year on their respective acquisition dates.

Consolidated statement of changes in equity

(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
	Equity attributable to owners of the parent									
Balance at 01/01/2016	**1,471**	**9,044**	**(1,534)**	**5,024**	**2,046**	**31**	**(962)**	**15,119**	**137**	**15,256**
Net income for the period	-	-	-	-	2,505	-	-	2,505	39	2,545
Other comprehensive income recognised directly in the equity of controlled companies	-	-	-	-	-	52	(96)	(44)	4	(41)
Other comprehensive income recognised directly in the equity of companies accounted for under the equity method	-	-	-	-	-	3	23	26	-	26
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**2,505**	**54**	**(73)**	**2,486**	**43**	**2,529**
Increase in share capital	22	418	-	-	-	-	-	440	197	637
Decrease in share capital	(20)	-	507	(487)	-	-	-	-	-	-
Transactions on treasury shares	-	-	(553)	(9)	-	-	-	(562)	-	(562)
Allocation of net income and dividend payments	-	-	-	993	(2,046)	-	-	(1,052)	(32)	(1,084)
Share-based payments (IFRS 2)	-	-	-	79	-	-	-	79	-	79
Impact of acquisitions or disposals of non-controlling interests after acquisition of control	-	-	-	(28)	-	-	-	(28)	(1)	(29)
Changes in consolidation scope	-	-	-	(4)	-	1	3	-	202	202
Other	-	-	-	(20)	-	1	1	(18)	(4)	(22)
Balance at 31/12/2016	**1,473**	**9,463**	**(1,581)**	**5,549**	**2,505**	**88**	**(1,032)**	**16,465**	**541**	**17,006**
Net income for the period	-	-	-	-	2,747	-	-	2,747	90	2,837
Other comprehensive income recognised directly in the equity of controlled companies	-	-	-	-	-	(335)	197	(139)	(10)	(149)
Other comprehensive income recognised directly in the equity of companies accounted for under the equity method	-	-	-	-	-	(27)	82	55	-	55
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**2,747**	**(362)**	**279**	**2,664**	**80**	**2,744**
Increase in share capital	19	423	-	-	-	-	-	443	1	443
Decrease in share capital	(14)	-	421	(407)	-	-	-	-	-	-
Transactions on treasury shares	-	-	(592)	(55)	-	-	-	(647)	-	(647)
Allocation of net income and dividend payments	-	-	-	1,308	(2,505)	-	-	(1,197)	(51)	(1,248)
Share-based payments (IFRS 2)	-	-	-	109	-	-	-	109	-	109
Impact of acquisitions or disposals of non-controlling interests after acquisition of control	-	-	-	8	-	(2)	-	6	(5)	1
Changes in consolidation scope	-	-	-	(8)	-	2	6	-	6	6
Other	-	-	-	5	-	(1)	(35)	(32)	1	(30)
Balance at 31/12/2017	**1,478**	**9,886**	**(1,751)**	**6,509**	**2,747**	**(276)**	**(782)**	**17,812**	**572**	**18,383**

A. General policies and use of estimates

1. Basis for preparing the financial statements

Pursuant to Regulation (EC) No. 1606/2002 of 19 July 2002, VINCI's consolidated financial statements for the period ended 31 December 2017 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2017 [(*)].

The accounting policies used at 31 December 2017 are the same as those used in preparing the consolidated financial statements at 31 December 2016, except for the standards and/or amendments of standards described below, adopted by the European Union and mandatorily applicable as from 1 January 2017.

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.

The information relating to 2015, presented in the 2016 registration document D.17-0109 filed with the AMF on 24 February 2017, is deemed to be included herein.

The consolidated financial statements were adopted by the Board of Directors on 7 February 2018 and will be submitted to the Shareholders' General Meeting for approval on 17 April 2018.

New standards and interpretations applicable from 1 January 2017

No new standards applied for the first time from 1 January 2017 within the European Union. There were only a few amendments applying mandatorily to periods beginning in 2017:
- Amendments to IAS 7 "Disclosure Initiative";
- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses".

The implementation of these amendments has no material impact at Group level, except for the change in the presentation of information relating to liabilities arising from financing activities under the amendment to IAS 7. A table reconciling the opening and closing balances of the Group's main financing liabilities, distinguishing between changes arising from cash flow and non-cash flow items, is presented in Note 23 "Net financial debt".

Standards and interpretations adopted by the IASB but not yet applicable at 31 December 2017

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 2017:
- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 16 "Leases";
- Amendments to IAS 28 "Investments in Associates and Joint Ventures";
- Amendments to IFRS 2 "Classification and Measurement of Share-Based Payment Transactions";
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation";
- Annual Improvements 2014-2016;
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration";
- IFRIC 23 "Uncertainty over Income Tax Treatments".

An analysis of the impacts and practical consequences of applying these standards is under way.

IFRS 9 "Financial instruments" proposes new arrangements for classifying and measuring financial assets on the basis of the company's management method and the contractual characteristics of the financial assets.
IFRS 9 will change the Group's arrangements regarding the impairment of financial assets because it now requires a model based on expected loss. Provisions relating to hedge accounting are likely to bring into line the accounting methods and risk management policy used by the Group. IFRS 9 will come into force on 1 January 2018.
VINCI does not expect any material impact on the classification or measurement of its financial assets. The Group currently estimates that existing effective hedge relationships are in line with IFRS 9's provisions. Initial analysis of historical losses on receivables does not show any material impact. Since almost all refinancing transactions taking place before 31 December 2017 were treated as extinguishments of debt, the Group does not expect any impact to arise from the retrospective application of IFRS 9 on this point.

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

IFRS 15 "Revenue from Contracts with Customers" is the new accounting standard governing revenue recognition. It will replace IAS 11 "Construction Contracts" and IAS 18 "Revenue" and the corresponding interpretations, particularly IFRIC 15 "Agreements for the Construction of Real Estate".

The Group has completed the main work required to identify the standard's potential impact on each of its business families, i.e. Concessions, Contracting and Property. The analysis results confirm that IFRS 15 does not call into question the Group's current model for recognising revenue. As a result, the impact expected to arise from the first-time adoption of IFRS 15 is unlikely to be material.

As regards the Contracting business lines (VINCI Construction, Eurovia, VINCI Energies and VINCI Immobilier), the Group has carried out in-depth analysis of a set of contracts that represent material transactions and contract types in each business line, both in France and internationally. The analysis confirms the following conclusions:

- Revenue generated from most construction and service contracts is recognised as a single performance obligation involving the gradual transfer of control. This approach remains consistent with IFRS 15.

- To measure a contract's percentage of completion, the Group uses either a cost-based method or a method based on the physical percentage of completion (particularly at VINCI Construction). For contracts in which the measurement method corresponds to the physical percentage of completion, the introduction of IFRS 15 is unlikely to lead to the recognition of any material adjustments to opening equity.

- The latest industry conclusions as regards taking land into account when calculating the percentage of completion of off-plan sales contracts (known as "VEFA" contracts in France) support the current approach adopted by VINCI Immobilier for recognising its revenue, which includes the land component used in the percentage of completion calculation. As a result, no impact is expected.

- Contracting business lines may receive advances, which are mainly intended to secure and limit non-recovery risks in relation to work done for the customer, or are connected with legal obligations such as those arising from certain public sector contracts in France. As a result, analysis has shown that the primary objective of these advances is not to meet the funding requirements of Group subsidiaries. Lastly, advances received are consumed over relatively short timeframes. In conclusion, the Group has taken the view that the IFRS 15 provisions relating to the identification of a financial activity are not met.

In the Concessions business, the Group has not identified any impact on the method for recognising revenue from concession contracts based on the current IFRIC 12 model. Analysis confirms that there is only one performance obligation during the construction phase of the Group's concession contracts. The provisions of concession contracts have not led to the identification of any distinct performance obligation relating to infrastructure maintenance and renewal works. Those works will continue to be subject to specific provisions measured and recognised in accordance with IAS 37.

IFRS 15 will come into force on 1 January 2018. As regards the non-material impacts expected to arise from its first-time adoption, the Group will opt for the "simplified retrospective" approach, with no adjustment of the comparative period in 2017. As a result, there may be a non-material adjustment of equity on the opening balance sheet at 1 January 2018 when IFRS 15 is adopted.

In the first half of 2018, the Group will complete work to meet all new IFRS 15 requirements regarding information to be disclosed in the notes.

IFRS 16 "Leases" is leading to major changes in the way that lessees recognise leases. It will replace IAS 17, IFRIC 4, SIC 15 and SIC 27. Whereas under IAS 17 the accounting treatment of leases is based on the assessment of the transfer of risks and benefits arising from ownership of the asset, IFRS 16 requires lessees to use a single method for recognising leases, affecting the balance sheet in a similar way to finance leases. It will come into force 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 was taken into account. The obligations mentioned in Note 20.1 "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 potential impact on the Group's financial statements is still being assessed. This work is complex because of the volume of contracts to be reviewed and the decentralised nature of lease management.

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 flow. 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.

In accordance with regulation no. 2016-09 of the French accounting standards setter (Autorité des Normes Comptables Françaises), the list of companies included in the consolidation scope and equity interests in non-consolidated companies is available on VINCI's website (https://www.vinci.com/vinci.nsf/en/page/finance-regulatory-information.htm).

3. 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 financial statements for the period have been prepared with reference to the immediate environment, in particular as regards the estimates given below.

Measurement of construction contract profit or loss using the stage of completion method

For revenue and income or losses on construction contracts, the Group applies general revenue recognition rules based on the stage of completion. The stage of completion and the revenue to be recognised are determined on the basis of a large number of estimates made by monitoring the work performed and taking into account unforeseen circumstances. Adjustments may therefore be made to initial estimates throughout contracts and may materially affect future results.

Values used in impairment tests

The assumptions and estimates made to determine the recoverable amount of goodwill, intangible assets and property, plant and equipment relate in particular to the assessment of market prospects needed to estimate the cash flow, and the discount rates adopted. Any change in these assumptions could have a material effect on the recoverable amount. The main assumptions used by the Group are described in Note E.9 "Goodwill and goodwill impairment tests".

Measurement of provisions

The factors that may cause a material change in the amount of provisions are:

- the estimates made using statistical methods on the basis of expenses incurred in previous years, to determine after-sales-service provisions;
- the forecasts of expenditures on major maintenance over several years used as a basis for the provisions for obligations to maintain the condition of concession assets. These forecasts are estimated taking account of indexation clauses included in construction and civil engineering contracts (mainly the TP01, TP02 and TP09 indexes for France);
- the estimates of forecast profit or loss on construction contracts, which serve as a basis for the determination of losses on completion (see Note G.15 "Information on construction contracts");
- the discount rates used.

Measurement of fair value

The Group mainly uses fair value in measuring, on a consistent basis, the derivative instruments, cash and cash equivalents, available-for-sale financial assets, 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 loans and receivables at amortised cost) is stated in Note J.26 "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 flow 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 available-for-sale financial assets 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.

Measurement of retirement benefit obligations

The Group is involved in defined contribution and defined benefit retirement plans. Its obligations in connection with these defined benefit plans are measured using the actuarial projected unit credit method based on assumptions such as the discount rate, future increases in wages and salaries, employee turnover, mortality rates and the rate of increase of health expenses. Those obligations may therefore change if assumptions change, most of which are updated annually. Details of the assumptions used and how they are determined are given in Note K.27 "Provisions for employee benefits". The Group considers that the actuarial assumptions used are appropriate and justified in the current conditions.

Measurement of share-based payment expense

The Group recognises a share-based payment expense relating to share subscription, performance share and Group savings plans offered to employees or some of its employees. This expense is measured on the basis of actuarial calculations using estimated behavioural assumptions based on observation of past behaviour.

The main actuarial assumptions (volatility, return on shares, etc.) adopted by the Group are described for each plan in Note K.28 "Share-based payments".

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

1. Key events

1.1 Growth of Concessions

VINCI Airports

VINCI Airports maintained its growth in 2017:

- Japan: In September 2017, the consortium consisting of VINCI Airports (40%), ORIX Corporation (40%) and Kansai Airports (20%) was awarded the concession for Kobe airport in Japan for a 42-year period starting on 1 April 2018.

Kansai Airports has owned the rights to operate Kansai International Airport (KIX) and Osaka International Airport (ITM) for a 44-year period since 1 April 2016.

- Brazil: VINCI Airports has been awarded the concession for Salvador de Bahia's airport.

In July 2017, VINCI Airports signed a concession contract with ANAC, Brazil's National Civil Aviation Agency, to operate Deputado Luís Eduardo Magalhães Airport (SSA) in the city of Salvador de Bahia. The 30-year contract came into force on 2 January 2018 after a contractual transition period, and covers the extension, renovation, maintenance and operation of the existing terminal and runways.

Under the contract, the Group will pay fees to the concession grantor in return for the right to operate the concession. Payments will consist of a fixed fee and a variable portion.

- Portugal: in July 2017, VINCI Airports acquired a 51% stake in airport retail specialist Lojas Francas Portugal (see Note 2.3. "Acquisition of Lojas Francas Portugal").

1.2 Growth of Contracting

The Contracting business continued its international expansion, which included the following developments.

VINCI Energies

In 2017, VINCI Energies carried out around 30 acquisitions in France and abroad. Details of its main acquisitions can be found in Note 2.1 "Main acquisitions by VINCI Energies".

VINCI Construction

In October 2017, VINCI Construction completed the acquisition of all shares in Australian company Seymour Whyte (see Note 2.2. "Acquisition of Seymour Whyte").

2. Changes in consolidation scope

	31/12/2017			31/12/2016		
(number of companies)	**Total**	France	Foreign	**Total**	France	Foreign
Controlled companies	**1,969**	1,109	860	**1,891**	1,121	770
Joint ventures (*)	**165**	110	55	**167**	116	51
Associates (*)	**41**	20	21	**40**	21	19
Total	**2,175**	**1,239**	**936**	**2,098**	**1,258**	**840**

(*) Entities accounted for under the equity method.

The main changes during the period involved the creation or acquisition of project companies handling new concession contracts, along with acquisitions as part of the Group's development outside France, such as Seymour Whyte in Australia at VINCI Construction, and Infratek, Horlemann and Acuntia in Europe at VINCI Energies.

Other changes relate mainly to legal restructuring within the Group.

2.1 Main acquisitions by VINCI Energies

Acquisition of Infratek

In December 2017, VINCI Energies completed the acquisition of Infratek.
Infratek is a major player in Norway, Sweden and Finland, operating 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.
The purchase price was €183 million, and goodwill was provisionally measured at €190 million on the date the VINCI Energies took control.
Infratek has been fully consolidated in VINCI's consolidated financial statements since 31 December 2017.

Acquisition of Horlemann

In November 2017, VINCI Energies completed the acquisition of Horlemann.
Horlemann is based in the Ruhr region and in the Berlin area of Germany. It specialises in engineering, construction and maintenance of electrical grids, as well as lighting operations and electrical grid automation processes.
The purchase price was €109 million, and provisional goodwill was measured at €83 million on the date VINCI Energies took control.
Horlemann has been fully consolidated in VINCI's consolidated financial statements since 1 December 2017.

Provisional determination of acquired Infratek and Horlemann assets and liabilities at the date of acquiring control

(in € millions)	Infratek	Horlemann
Fair value of assets and liabilities acquired		
Intangible assets and property, plant and equipment	8	5
Other non-current financial assets	9	-
Deferred tax assets	4	-
Total non-current assets	**21**	**5**
Trade and other operating receivables, inventories and work in progress	89	27
Cash and cash equivalents	24	9
Total current assets	**112**	**36**
Bond debt and other financial debt	65	1
Deferred tax liabilities	4	-
Total non-current liabilities	**69**	**1**
Current borrowings	5	-
Trade payables and other current liabilities	67	14
Total current liabilities	**71**	**14**
Net assets acquired	**(7)**	**26**
Acquisition-date fair value of the total consideration transferred	**183**	**109**
Provisional goodwill	**190**	**83**

Provisional goodwill, as shown in the table above, represents the future economic benefits that VINCI expects to derive from the acquisition of these companies. It was allocated to the VINCI Energies Scandinavia operating segment for Infratek and the VINCI Energies Germany operating segment for Horlemann.

Because of Infratek's acquisition date, its contribution to VINCI's revenue, operating income from ordinary activities and net income in 2017 was not material.
For full-year 2017, Infratek's revenue, operating income from ordinary activities and net income, on the basis of the same assumptions as those retained at the acquisition date, would have been €341 million, €15 million and €8 million respectively (unaudited figures).

Horlemann made an €8 million contribution to VINCI's revenue, a €0.6 million contribution to its operating income from ordinary activities and a €0.4 million contribution to its net income in 2017.
For full-year 2017, Horlemann's revenue, operating income from ordinary activities and net income, on the basis of the same assumptions as those retained at the acquisition date, would have been €102 million, €10 million and €7 million respectively (unaudited figures).

Acquisition of Acuntia

In July 2017, VINCI Energies completed the acquisition of Acuntia.
Acuntia is a leading Spanish player in the information and communication technologies sector.
Most of its business is in Spain, but it is also developing its activities in several countries in the Americas, Europe, Asia and Africa.
The purchase price was €58 million, and goodwill was provisionally measured at €66 million on the date VINCI Energies took control.
Acuntia has been fully consolidated in VINCI's consolidated financial statements since 1 August 2017.

2.2 Acquisition of Seymour Whyte

On 23 October 2017, VINCI Construction International Network finalised the acquisition of all shares in Seymour Whyte, which is based in Queensland, Australia. Seymour Whyte operates in the civil engineering, earthworks and utility networks sectors.
Seymour Whyte has been fully consolidated in VINCI's consolidated financial statements since 1 November 2017.

The purchase price was €49 million, and provisional goodwill was measured at €56 million on the date control was obtained.
Provisional goodwill represents the future economic benefits that VINCI expects to derive from the acquisition of Seymour Whyte.

Seymour Whyte contributed €58 million to VINCI's revenue in 2017. Its contributions to the Group's 2017 operating income from ordinary activities and net income were not material.
Full-year 2017 revenue, on the basis of the same assumptions as those retained at the acquisition date, would have been €302 million (unaudited).

2.3 Acquisition of Lojas Francas Portugal

In July 2017, VINCI Airports strengthened its position in airport retail with the acquisition of a 51% stake in Lojas Francas Portugal from TAG GER, a subsidiary of Portugal's national airline TAP. Lojas Francas Portugal currently operates 31 stores located in seven of the 10 Portuguese airports operated by VINCI Airports, including Lisbon Airport. VINCI Airports controls Lojas Francas Portugal jointly with Dufry Group, the world leader in airport retail. Lojas Francas Portugal has been accounted for under the equity method in the Group's consolidated financial statements since July 2017.

2.4 Acquisitions and disposals in previous periods

The main acquisitions in 2016 concerned VINCI Highways (Lamsac), VINCI Airports (Aerodom and Aéroports de Lyon) and VINCI Energies (J&P Richardson Industries Pty Limited).
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 2016 were not adjusted materially in 2017. At 31 December 2017, the allocation of acquisition prices resulted in the recognition of goodwill amounting to €253 million for Aerodom, €241 million for Lamsac, €234 million for Aéroports de Lyon and €54 million for J&P Richardson Industries Pty Limited.

In September 2016, VINCI also completed the sale of its remaining 24.6% stake in Infra Foch Topco (the holding company that owns Indigo, formerly known as VINCI Park) to Ardian Infrastructure and Crédit Agricole Assurances.

Details of these transactions are provided in Note B.2. "Changes in consolidation scope" of the 2016 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), which each consist of business lines, and the stand-alone business line VINCI Immobilier.

Concessions

- VINCI Autoroutes: motorway concessions in France (ASF, Escota, Cofiroute, Arcour and Arcos).
- VINCI Airports: airport concessions in Portugal, France, Cambodia, Chile, the Dominican Republic, Japan and Brazil.
- 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 non-residential) and civil engineering infrastructure, specialised civil engineering, water and pipeline infrastructure and major projects.

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

1.1 Information by business

The data below is for the Concessions business and each Contracting business line separately and is stated before elimination, at their own level, of transactions with the rest of the Group.

2017

		Contracting						
(in € millions)	Concessions	VINCI Energies	Eurovia	VINCI Construction	Total	VINCI Immobilier and holding companies	Eliminations	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**
Operating income	**3,270**	**548**	**292**	**323**	**1,163**	**117**	**-**	**4,550**
Cash flow statement								
Cash flows from operations before tax and financing costs	**4,710**	**627**	**455**	**547**	**1,629**	**162**	**-**	**6,500**
% of revenue (*)	*67.8%*	*5.8%*	*5.6%*	*3.9%*	*5.0%*	*-*	*-*	*16.2%*
Depreciation and amortisation	*1,462*	*119*	*236*	*306*	*661*	*5*	*-*	*2,128*
Operating investments (net of disposals)	(47)	(127)	(251)	(320)	(697)	-	-	(745)
Operating cash flow	**3,013**	**373**	**109**	**(143)**	**339**	**182**	**-**	**3,535**
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**
of which investments in companies accounted for under the equity method	*1,054*	*7*	*108*	*290*	*405*	*115*	*-*	*1,573*
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.

2016

		Contracting						
(in € millions)	Concessions	VINCI Energies	Eurovia	VINCI Construction	Total	VINCI Immobilier and holding companies	Eliminations	Total
Income statement								
Revenue (*)	**6,298**	**10,200**	**7,585**	**13,681**	**31,466**	**774**	**(466)**	**38,073**
Concession subsidiaries' works revenue	722	-	-	-	-	-	(248) (**)	475
Total revenue	7,020	10,200	7,585	13,681	31,466	774	(713)	38,547
Operating income from ordinary activities	**2,953**	**581**	**243**	**330**	**1,153**	**68**	**-**	**4,174**
% of revenue (*)	*46.9%*	*5.7%*	*3.2%*	*2.4%*	*3.7%*	-	-	*11.0%*
Recurring operating income	**3,031**	**542**	**240**	**273**	**1,055**	**82**	**-**	**4,167**
Operating income	**3,066**	**494**	**239**	**237**	**970**	**82**	**-**	**4,118**
Cash flow statement								
Cash flows from operations before tax and financing costs	**4,302**	**626**	**416**	**539**	**1,581**	**83**	**-**	**5,966**
% of revenue (*)	*68.3%*	*6.1%*	*5.5%*	*3.9%*	*5.0%*	-	-	*15.7%*
Depreciation and amortisation	*1,335*	*113*	*230*	*320*	*664*	*4*	-	*2,003*
Operating investments (net of disposals)	(26)	(96)	(216)	(219)	(530)	(2)	-	(558)
Operating cash flow	**2,842**	**418**	**132**	**83**	**633**	**312**	**-**	**3,787**
Growth investments in concessions and PPPs	(822)	2	2	(21)	(17)	-	-	(839)
Free cash flow (after investments)	**2,019**	**420**	**134**	**62**	**617**	**312**	**-**	**2,948**
Balance sheet								
Capital employed at 31/12/2016	**29,354**	**2,590**	**795**	**79**	**3,465**	**764**	**-**	**33,583**
of which investments in companies accounted for under the equity method	*1,006*	*7*	*106*	*269*	*383*	*117*	-	*1,505*
Net financial surplus (debt)	**(28,515)**	**(420)**	**159**	**1,133**	**872**	**13,704**	**-**	**(13,938)**

(*) 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

2017

(in € millions)	Concessions VINCI Autoroutes	VINCI Airports	VINCI Highways and other concessions	Total
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**
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**
% of revenue (*)	*73.0%*	*57.3%*	*19.8%*	*67.8%*
Depreciation and amortisation	*1,184*	*235*	*44*	*1,462*
Operating investments (net of disposals)	(16)	(8)	(23)	(47)
Operating cash flow	**2,346**	**629**	**39**	**3,013**
Growth investments in concessions and PPPs	(702)	(169)	(175)	(1,045)
Free cash flow (after investments Free cash flow (after investments and excluding non-recurring tax effects)	**1,769**	**459**	**(135)**	**2,093**
Balance sheet				
Capital employed at 31/12/2017	**21,319**	**5,783**	**2,502**	**29,605**
of which investments in companies accounted for under the equity method	*14*	*923*	*117*	*1,054*
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.

2016

(in € millions)	Concessions VINCI Autoroutes	 VINCI Airports	 VINCI Highways and other concessions	Total
Income statement				
Revenue (*)	**5,111**	**1,055**	**131**	**6,298**
Concession subsidiaries' works revenue	679	43	-	722
Total revenue	5,790	1,098	132	7,020
Operating income from ordinary activities	**2,588**	**368**	**(3)**	**2,953**
% of revenue (*)	*50.6%*	*34.8%*	*-2.0%*	*46.9%*
Recurring operating income	**2,629**	**443**	**(42)**	**3,031**
Operating income	**2,629**	**443**	**(6)**	**3,066**
Cash flow statement				
Cash flows from operations before tax and financing costs	**3,710**	**563**	**29**	**4,302**
% of revenue (*)	*72.6%*	*53.3%*	*22.0%*	*68.3%*
Depreciation and amortisation	*1,146*	*177*	*12*	*1,335*
Operating investments (net of disposals)	(9)	(7)	(9)	(26)
Operating cash flow	**2,259**	**434**	**149**	**2,842**
Growth investments in concessions and PPPs	(686)	(127)	(9)	(822)
Free cash flow (after investments)	**1,573**	**306**	**140**	**2,019**
Balance sheet				
Capital employed at 31/12/2016	**21,598**	**5,655**	**2,101**	**29,354**
of which investments in companies accounted for under the equity method	-	*918*	*87*	*1,006*
Net financial surplus (debt)	**(22,309)**	**(4,295)**	**(1,910)**	**(28,515)**

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

2. Breakdown of revenue by geographical area

Accounting policies

Consolidated revenue of the Concessions business is recognised in accordance with IAS 18 "Revenue" and IAS 11 "Construction Contracts". The method for recognising revenue under concession contracts is explained in Note F "Concession and PPP contracts". This revenue consists of:

- tolls for the use of motorway infrastructure operated under concession, revenue from airport service concessions, and ancillary income such as fees for the use of commercial installations, rental of telecommunications infrastructure and advertising space; and
- revenue in respect of the construction of new infrastructure under concession recognised on a stage of completion basis in accordance with IAS 11, corresponding to works carried out by companies outside the Group.

Consolidated revenue of the Contracting business (VINCI Energies, Eurovia and VINCI Construction) is recognised in accordance with IAS 11. It includes the total of the work, goods and services generated by the consolidated subsidiaries pursuing their main activity and the revenue for construction work on infrastructure under concession. The method for recognising revenue under construction contracts is explained in Note G.15 "Information on construction contracts".

In the French property sector, revenue arising on lots sold is recognised as the property development proceeds (in accordance with IFRIC 15 "Agreements for the Construction of Real Estate" and statutory provisions relating to off-plan sales).

(in € millions)	2017	%	2016	%
France	**23,680**	**58.8%**	**22,418**	**58.9%**
United Kingdom	2,269	5.6%	2,495	6.6%
Germany	2,726	6.8%	2,689	7.1%
Central and Eastern Europe (*)	1,849	4.6%	1,611	4.2%
Portugal	862	2.1%	701	1.8%
Other European countries	2,471	6.1%	2,176	5.7%
Europe (**)	**33,858**	**84.1%**	**32,089**	**84.3%**
of which European Union	*33,000*	*82.0%*	*31,291*	*82.2%*
North America	1,461	3.6%	1,471	3.9%
Central and South America	1,210	3.0%	1,020	2.7%
Africa	1,345	3.3%	1,319	3.5%
Russia, Asia Pacific and Middle East	2,373	5.9%	2,173	5.7%
International excluding Europe	**6,390**	**15.9%**	**5,983**	**15.7%**
International excluding France	**16,568**	**41.2%**	**15,654**	**41.1%**
Revenue (***)	**40,248**	**100.0%**	**38,073**	**100.0%**

(*) Albania, Belarus, Bosnia-Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Serbia, Slovakia, Slovenia and Ukraine.
(**) Including the eurozone for €29,011 million (72% of total revenue) in 2017 and for €27,218 million (71.5% of total revenue) in 2016
(***) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies, which amounted to €629 million in 2017 (€475 million in 2016).

Revenue arising outside France amounted to €16,568 million in 2017, up 5.8% compared with 2016. It accounted for 41.2% of revenue excluding concession subsidiaries' revenue derived from works carried out by non-Group companies (41.1% in 2016).

3. Detail of capital employed and breakdown by geographical area

Reconciliation between capital employed and the balance sheet

(in € millions)	Note	31/12/2017	31/12/2016
Capital employed – Assets			
Concession intangible assets	12	26,539	26,691
- Deferred tax on business combination fair value adjustments		(1,697)	(1,975)
Goodwill, gross	9	8,818	8,346
Other intangible assets		417	409
Property, plant and equipment	16	4,421	4,468
Investments in companies accounted for under the equity method	10	1,573	1,505
Other non-current financial assets	11-13-17	1,723	1,602
- Derivative financial instruments (non-current assets)	23-25	(621)	(721)
Inventories and work in progress	18	1,056	935
Trade and other receivables	18	12,432	11,422
Other current operating assets	18	5,035	5,099
Other current non-operating assets		58	55
Current tax assets		406	167
Capital employed – Liabilities			
Current provisions	18	(4,322)	(4,172)
Trade payables	18	(8,198)	(7,740)
Other current operating liabilities	18	(11,852)	(11,838)
Other current non-operating liabilities		(487)	(480)
Current tax liabilities		(225)	(190)
Total capital employed		**35,075**	**33,583**

Capital employed by geographical area

(in € millions)	31/12/2017	31/12/2016
France	26,841	25,876
Germany	311	184
United Kingdom	140	202
Portugal	2,641	2,656
Other European countries	1,126	766
Total Europe	**31,058**	**29,685**
North America	474	441
Central and South America	3,116	3,072
Africa	(104)	(33)
Russia, Asia, Pacific and Middle East	530	419
Total capital employed	**35,075**	**33,583**

Capital employed in the eurozone at 31 December 2017 was €30,703 million and made up almost 88% of the total (€29,453 million and 88% of the total in 2016).

D. Main income statement items

4. Operating income

Accounting policies

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 recurring operational performance excluding the impact of non-recurring transactions and events during the period. It is obtained by adding the impacts associated with share-based payments (IFRS 2), income/losses from companies accounted for under the equity method and other recurring operating income and expense to operating income from ordinary activities.

Goodwill impairment losses and other material non-recurring operating items, including gains or losses on the disposal of shares and the impact of remeasuring equity interests at fair value when changes of control take place, are recognised under **operating income**. Operating income is therefore obtained by adding income and expenses regarded as non-recurring to recurring operating income.

(in € millions)	2017	2016
Revenue (*)	**40,248**	**38,073**
Concession subsidiaries' revenue derived from works carried out by non-Group companies	629	475
Total revenue	40,876	38,547
Revenue from ancillary activities (**)	200	130
Purchases consumed	(8,626)	(8,074)
External services	(5,342)	(4,989)
Temporary staff	(1,039)	(999)
Subcontracting (including concession operating companies' construction costs)	(8,293)	(7,869)
Taxes and levies	(1,106)	(1,088)
Employment costs	(9,916)	(9,557)
Other operating income and expense on activity	72	59
Depreciation and amortisation	(2,128)	(2,003)
Net provision expense	(89)	15
Operating expenses	**(36,468)**	**(34,503)**
Operating income from ordinary activities	**4,607**	**4,174**
% of revenue (*)	*11.4%*	*11.0%*
Share-based payments (IFRS 2)	(163)	(118)
Profit/(loss) of companies accounted for under the equity method	146	69
Other recurring operating items	-	42
Recurring operating income	**4,592**	**4,167**
Goodwill impairment losses	(4)	(52)
Impact from changes in scope and gain/(loss) on disposals of shares	(12)	34
Other non-recurring operating items	(25)	(31)
Total non-recurring operating items	*(41)*	*(49)*
Operating income	**4,550**	**4,118**

(*) Excluding concession subsidiaries' revenue derived from works carried out by non-Group companies.
(**) Revenue from ancillary activities mainly comprises rental income, sales of equipment, materials and merchandise, study work and fees other than those generated by concession operators.

Other recurring operating items include financial income from shareholder loans and advances granted by the Group to certain associates. In 2016, they included the impact of changes in indexation clauses used to measure provisions for obligations to maintain the condition of infrastructure under concession.

In 2017, non-recurring operating items mainly consisted of restructuring charges in France. In 2016, they included the gain on selling the remaining interest in Infra Foch Topco (the holding company that owns Indigo, formerly known as VINCI Park), restructuring costs in France and impairment of goodwill mainly concerning VINCI Energies' activities in Brazil.

4.1 Employment costs

(in € millions)	Note	2017	2016
Wages and salaries - I		**(9,723)**	**(9,391)**
Of which wages and salaries		*(7,172)*	*(6,907)*
Of which employer social contributions		*(2,000)*	*(1,964)*
Of which contributions to defined contribution plans	27.1	*(552)*	*(520)*
Profit-sharing and incentive plans - II		**(193)**	**(166)**
Total (I+II)		**(9,916)**	**(9,557)**

In 2017, the average full-time equivalent headcount rose 4.8% compared with 2016.

	2017	2016
Average number of employees (in full-time equivalent)	**192,282**	**183,539**
of which managers	*37,620*	*35,731*
of which other employees	*154,662*	*147,808*

4.2 Other operating income and expense from ordinary activities

(in € millions)	2017	2016
Net gains or losses on disposal of property, plant and equipment and intangible assets	68	62
Share in operating income or loss of joint operations	24	22
Other	(20)	(25)
Total	**72**	**59**

4.3 Depreciation and amortisation

Depreciation and amortisation break down as follows:

(in € millions)	2017	2016
Concession intangible assets	(1,095)	(1,088)
Intangible assets	(48)	(39)
Property, plant and equipment	(985)	(876)
Depreciation and amortisation	**(2,128)**	**(2,003)**

5. Cost of net financial debt

Accounting policies

The cost of net financial debt includes:

- the cost of gross financial debt, which includes the interest expense calculated at the effective interest rate, and gains and losses on interest rate derivatives allocated to gross financial debt whether designated as hedges for accounting purposes or not; and
- financial income from investments, which comprises the return on investments of cash and cash equivalents measured at fair value through profit and loss.

The cost of net financial debt amounted to €481 million in 2017 compared with €526 million in 2016, a decrease of €45 million year-on-year. The improvement resulted mainly from a lower average interest rate on long-term debt after refinancing took place at interest rates lower than those of the maturing borrowings. The lower interest rate widely offset the higher average outstanding amount of debt resulting from acquisitions carried out in 2016 and 2017, particularly Aerodom in the Dominican Republic and Lamsac in Peru.

The cost of net financial debt in 2017 can be analysed as follows:

(in € millions)	2017	2016
Financial liabilities at amortised cost	(653)	(676)
Financial assets and liabilities at fair value through profit and loss	56	25
Derivatives designated as hedges: assets and liabilities	114	132
Derivatives at fair value through profit and loss: assets and liabilities	1	(7)
Total cost of net financial debt	**(481)**	**(526)**

The "Derivatives designated as hedges: assets and liabilities" item breaks down as follows:

(in € millions)	2017	2016
Net interest on derivatives designated as fair value hedges	177	201
Change in value of derivatives designated as fair value hedges	(214)	(95)
Change in value of the adjustment to fair value hedged financial debt	214	95
Reserve recycled through profit or loss in respect of cash flow hedges	(63)	(69)
Ineffective portion of cash flow hedges	-	-
Gains and losses on derivative instruments allocated to net financial debt	**114**	**132**

6. Other financial income and expense

Accounting policies

Other financial income and expense comprises mainly discounting effects, the impact of capitalised borrowing costs, foreign exchange gains and losses relating to financial items and changes in the value of derivatives not allocated to hedging interest rate or exchange rate risk.
Capitalised borrowing costs relate to infrastructure under concession and are included during the construction period in the value of those assets. They are determined as follows:

- to the extent that funds are borrowed specifically for the purpose of constructing an asset, the borrowing costs eligible for capitalisation on that asset are the actual borrowing costs incurred during the period less any investment income arising from the temporary investment of those borrowings;
- when borrowing is not intended to finance a specific project, the interest eligible for capitalisation on an asset is determined by applying a capitalisation rate to the expenditure on that asset. This capitalisation rate is equal to the weighted average of the costs of borrowing funds for construction work, other than those specifically intended for the construction of given assets.

This does not relate to the construction of concession assets accounted for using the financial asset model (see Note F.13 "PPP financial receivables").

Other financial income and expense break down as follows:

(in € millions)	2017	2016
Effect of discounting to present value	(35)	(66)
Borrowing costs capitalised	86	36
Foreign exchange gains and losses	(11)	(6)
Total other financial income and expense	**40**	**(35)**

The effect of discounting to present value relates to provisions for retirement benefit obligations for €23 million in 2017 (€33 million in 2016) and to provisions for the obligation to maintain the condition of concession assets for €6 million in 2017 (€21 million in 2016).

The increase in capitalised borrowing costs is mainly related to the concession company Lamsac in Peru (€56 million), which completed the second section of the Linea Amarilla ring road in Lima in 2017. These capitalised borrowing costs also related to the ASF group for €19 million (€27 million in 2016) and Arcos for €10 million (€7 million in 2016).

7. Income tax expense

Accounting policies

Income tax is computed in accordance with the tax legislation in force in the countries where the income is taxable.

In accordance with IAS 12, deferred tax is recognised on the temporary differences between the carrying amount and the tax base of assets and liabilities. It is calculated using the latest tax rates enacted or substantively enacted at the accounts closing date. The effects of a change in the tax rate from one period to another are recognised in the income statement in the period in which the change occurs, except where they relate to transactions recognised under other comprehensive income or directly in equity.

Deferred tax relating to share-based payments (IFRS 2) is taken to income to the extent that the deductible amount does not exceed the fair value of plans established according to IFRS 2.

Whenever subsidiaries have distributable reserves, a deferred tax liability is recognised in respect of the probable distributions that will be made in the foreseeable future. Moreover, shareholdings in associates and certain joint ventures give rise to recognition of a deferred tax liability in respect of all the differences between the carrying amount and the tax base of the shares.

Net deferred tax is determined on the basis of the tax position of each entity or group of entities included in the tax group under consideration and is shown under assets or liabilities for its net amount per tax jurisdiction. Deferred tax is reviewed at each balance sheet date to take account in particular of the impact of changes in tax law and the prospect of recovery. Deferred tax assets are only recognised if their recovery is probable. Deferred tax assets and liabilities are not discounted.

7.1 Breakdown of net tax expense

(in € millions)	2017	2016
Current tax	(1,537)	(1,312)
Deferred tax	265	299
of which temporary differences	*249*	*322*
of which losses carried forward	*17*	*(23)*
Total	**(1,271)**	**(1,013)**
of which non-recurring tax effects	*44*	*129*
Total excluding non-recurring tax effects	(1,315)	(1,142)

The net tax expense for the period, excluding non-recurring tax effects, comprises:

- a tax expense recognised by French subsidiaries for €972 million (€914 million in 2016), including €949 million at VINCI SA, the lead company in the tax consolidation group that comprises 961 subsidiaries (€884 million in 2016);
- a tax expense of €343 million for foreign subsidiaries (€228 million in 2016).

Non-recurring tax effects with a positive impact of €44 million in 2017 (€129 million in 2016) break down as follows:

- a €292 million charge with respect to the surtax equal to 30% of French corporate income tax for companies with revenue of more than €3 billion, taking the Group's corporate tax rate to 44.43% in 2017;
- the recognition of €164 million of receivables from the French government, consisting of expected rebates of payments made in respect of the 3% dividend tax that was rendered invalid by France's Constitutional Council in November 2017;
- €172 million of income in 2017 following the revaluation of deferred tax pursuant to France's 2018 Finance Act and 2017 Amended Finance Act, under which the corporate income tax rate is set to fall to 25% by 2022;
- in 2016, income of €129 million was recognised, in particular due to the revaluation of the Group's deferred tax position at 31 December 2016 following the adoption of the 2017 Finance Act in France, which provided for a reduction in the corporate income tax rate from 33.33% to 28% for all companies from 2020.

7.2 Effective tax rate

The Group's effective tax rate, excluding non-recurring tax effects, was 33.2% in 2017 compared with 32.7% in 2016.

The effective tax rate for 2017 is slightly lower than the theoretical tax rate of 34.43% in force in France, because of some foreign subsidiaries being taxed at rates lower than the French rate. The difference between the tax calculated using the standard tax rate in force in France and the amount of tax effectively recognised in the period can be analysed as follows:

(in € millions)	2017	2016
Income before tax and income/(loss) of companies accounted for under the equity method	3,962	3,489
Theoretical tax rate in France	34.4%	34.4%
Theoretical tax expense expected	**(1,364)**	**(1,201)**
Impact of taxes due on income taxed at a lower rate in France	8	8
Tax rate differential on foreign income	124	94
Impact of tax loss carryforwards and other temporary differences that are not recognised or that have previously been subject to limitation	(5)	(3)
Goodwill impairment losses	(1)	(17)
Permanent differences and other	(76)	(22)
Tax expense recognised excluding non-recurring tax effects	**(1,315)**	**(1,142)**
Effective tax rate excluding non-recurring tax effects (*)	**33.2%**	**32.7%**
Non-recurring tax effects	44	129
Effective tax rate (*)	**32.1%**	**29.0%**

(*) Excluding the Group's share of companies accounted for under the equity method.

7.3 Breakdown of deferred tax assets and liabilities

		Changes			
(in € millions)	31/12/2017	Profit or loss	Equity	Other	31/12/2016
Deferred tax assets					
Losses carried forward	371	20	(18)	-	368
Temporary differences on retirement benefit obligations	324	(26)	(38)	(6)	394
Temporary differences on provisions	602	26	(4)	9	572
Temporary differences on financial instruments	81	25	(32)	-	89
Temporary differences related to finance leases	23	3	-	-	20
Other	374	32	(28)	(55)	424
Netting of deferred tax assets and liabilities by tax jurisdiction	(1,054)	-	-	89	(1,144)
Total deferred tax assets before impairment	**721**	**80**	**(120)**	**37**	**724**
Impairment	(466)	2	22	6	(497)
Total deferred tax assets after impairment	**255**	**82**	**(99)**	**43**	**228**
Deferred tax liabilities					
Remeasurement of assets (*)	(2,196)	305	36	(23)	(2,514)
Temporary differences related to finance leases	(27)	(5)	-	-	(22)
Temporary differences on financial instruments	(46)	(19)	1	4	(33)
Other	(520)	(98)	10	53	(485)
Netting of deferred tax assets and liabilities by tax jurisdiction	1,054	-	-	(89)	1,144
Total deferred tax liabilities	**(1,735)**	**183**	**48**	**(55)**	**(1,910)**
Net deferred tax	**(1,480)**	**265**	**(51)**	**(12)**	**(1,683)**

(*) Including measurement at fair value of the assets and liabilities of ASF, Lamsac, Aéroports de Lyon and ANA at date of first consolidation: €1,050 million, €213 million, €161 million and €121 million respectively at 31 December 2017.

Deferred tax assets whose recovery is not probable are written down. They amounted to €466 million at 31 December 2017 (€497 million at 31 December 2016), including €414 million outside France (€441 million at 31 December 2016).

8. Earnings per share

Accounting policies

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 potentially dilutive effect of all equity instruments issued by the company, in particular 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 accordance with this standard, plans of which the stock market price is greater than the average price during the period are excluded from the diluted earnings per share calculation.

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

The table below shows the reconciliation between basic and diluted earnings per share:

	2017			2016		
	Average number of shares	**Net income** *(in € millions)*	**Earnings per share** *(in €)*	**Average number of shares**	**Net income** *(in € millions)*	**Earnings per share** *(in €)*
Total shares	**592,838,481**			**593,324,563**		
Treasury shares	(38,254,966)			(38,549,755)		
Basic earnings per share	**554,583,515**	**2,747**	**4.95**	**554,774,808**	**2,505**	**4.52**
Subscription options	838,180			1,601,098		
Group savings plan	226,266			239,709		
Performance shares	3,988,482			3,121,007		
Diluted earnings per share	**559,636,443**	**2,747**	**4.91**	**559,736,622**	**2,505**	**4.48**

E. Investments in other companies

9. Goodwill and goodwill impairment tests

Accounting policies

Goodwill is the excess of the cost of a business combination over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of acquisition, recognised on first consolidation.
Goodwill in fully consolidated subsidiaries is recognised under goodwill in consolidated assets. Goodwill relating to companies accounted for under the equity method is included in the line item "Investments in companies accounted for under the equity method".
Goodwill is not amortised but is tested for impairment at least annually and when there is an indication that an impairment loss has arisen. If a goodwill impairment loss is thus recognised, the difference between its carrying amount and its recoverable amount is charged irreversibly to operating income in the period.
Negative goodwill is recognised directly in profit or loss in the year of acquisition.

Following adoption of IFRS 3 Amended, an option is available to measure non-controlling interests on the acquisition date either at fair value (the full goodwill method) or for the portion of the net assets acquired that they represent (the partial goodwill method). The choice can be made for each business combination.

9.1 Main goodwill items

Changes in the period were as follows:

(in € millions)	31/12/2017	31/12/2016
Net at beginning of period	**8,113**	**7,296**
Goodwill recognised during the period	608	870
Impairment losses	(4)	(52)
Entities no longer consolidated	-	(3)
Currency translation differences	(120)	(1)
Other movements	3	3
Net at end of period	**8,600**	**8,113**

The increase in goodwill in 2017 year was mainly due to the recognition of provisional goodwill related to acquisitions during the year, including:

- VINCI Energies: Infratek in Scandinavia (€190 million), Horlemann in Germany (€83 million), Acuntia in Spain (€66 million) and Novabase IMS in Portugal (€34 million);
- VINCI Construction: Seymour Whyte in Australia (€55 million).

In 2016, the main changes related to the acquisitions of Aerodom (Dominican Republic) and Aéroports de Lyon by VINCI Airports, and of Lamsac (Peru) by VINCI Highways.

The main items of goodwill at 31 December 2017 were as follows:

	31/12/2017			31/12/2016
(in € millions)	**Gross**	**Impairment losses**	**Net**	**Net**
VINCI Energies France	2,353	-	2,353	2,336
ASF and its subsidiaries	1,935	-	1,935	1,935
VINCI Airports	969	-	969	1,004
VINCI Energies Germany	625	-	625	537
VINCI Energies Benelux	312	-	312	264
VINCI Energies Scandinavia	268	-	268	81
VINCI Highways	246	-	246	265
Entrepose	201	-	201	201
Soletanche Bachy	171	-	171	171
VINCI Energies Switzerland	155	-	155	133
VINCI Energies Australia – New Zealand	147	-	147	158
Nuvia	128	-	128	133
ETF	108	-	108	108
VINCI Construction UK	148	(68)	80	83
Other goodwill	1,053	(151)	902	707
Total	**8,818**	**(219)**	**8,600**	**8,113**

9.2 Goodwill impairment tests

Accounting policies

In accordance with IAS 36 "Impairment of Assets", the goodwill and other non-financial assets of cash-generating units (CGUs) were tested for impairment losses at 31 December 2017.

CGUs are identified in line with operational reporting. Their recoverable amounts are based on a value in use calculation. Values in use are determined by discounting the forecast operating cash flow before tax (operating income plus depreciation and amortisation plus/minus the change in non-current provisions minus operating investments plus/minus the change in operating working capital requirement) at the rates below.

For concessions, forecast cash flow is determined across the length of contracts by applying a variable discount rate, determined for each period depending on the debt to equity ratio of the entity in question.

For the other CGUs, projected cash flow is generally established for a five-year period on the basis of management forecasts. At the end of that period, a terminal value is determined by capitalising the final year's projected cash flow to infinity, and that value is discounted to present value.

Goodwill was tested for impairment losses using the following assumptions:

		Parameters of the model applied to cash flow forecasts				Impairment losses recognised in the period	
				Discount rates			
(in € millions)	Carrying amount of goodwill 31/12/2017	Growth rate (years n+1 to n+5)	Growth rate (terminal value)	31/12/2017	31/12/2016	2017	2016
VINCI Energies France	2,353	1.7%	1.0%	7.7%	8.7%	-	
ASF and its subsidiaries	1,935	(*)	(*)	8.1%	8.0%	-	-
VINCI Airports	969	(*)	(*)	9.3%	9.0%	-	-
VINCI Energies Germany	625	2.7%	1.0%	7.2%	6.4%	-	-
VINCI Energies Benelux	312	2.5%	1.0%	7.5%	7.8%	-	-
VINCI Highways	246	(*)	(*)	8.9%	n/a	-	-
Entrepose	201	6.1%	1.5%	9.2%	9.3%	-	-
Soletanche Bachy	171	3.5%	1.5%	9.3%	9.5%	-	-
VINCI Energies Switzerland	155	2.0%	1.0%	5.0%	5.4%	-	-
Other goodwill	1,634	-7% to 10%	1% to 6%	6.8% to 17.2%	7.5% to 16.1%	(4)	(52)
Total	**8,600**					**(4)**	**(52)**

(*) For concessions, cash flow projections are determined over the length of concession contracts.
The average revenue growth rate for the ASF group (ASF and Escota), based on the residual periods of contracts, is 1.6%.
The overall average revenue growth used for VINCI Airports is 3.9%.
The overall average revenue growth used for VINCI Highways is 7.7%.

Sensitivity of the value in use of cash-generating units to the assumptions made

The following table shows the sensitivity of enterprise value to the assumptions made for the main goodwill items:

Sensitivity to discount and perpetual growth rates and to cash flow

	Sensitivity to rates				Sensitivity to cash flows	
	Discount rate for cash flows		Perpetual growth rate for cash flows		Change in forecast operating cash flows (before tax)	
(in € millions)	0.5%	-0.5%	0.5%	-0.5%	5.0%	-5.0%
VINCI Energies France	(391)	453	362	(312)	290	(290)
ASF and its subsidiaries	(1,006)	1,069	(*)	(*)	1,260	(1,260)
VINCI Airports	(580)	638	(*)	(*)	520	(520)
VINCI Energies Germany	(176)	207	169	(143)	120	(120)
VINCI Energies Benelux	(64)	75	60	(52)	46	(46)
VINCI Highways	(192)	211	(*)	(*)	140	(140)
Entrepose	(35)	40	31	(28)	27	(27)
Soletanche Bachy	(158)	179	138	(122)	133	(134)
VINCI Energies Switzerland	(90)	115	101	(78)	41	(41)

(*) Forecasts of cash flow are determined over the residual periods of the concession contracts.

These sensitivity calculations show that a change of 50 basis points in the assumptions for discount and perpetual growth rates or a +/-5% change in projected operating cash flow would not have a material impact on the results of impairment tests or, therefore, on the Group's consolidated financial statements at 31 December 2017.

10. Investments in companies accounted for under the equity method: associates and joint ventures

Accounting policies

Investments in companies accounted for under the equity method are initially recognised at the cost of acquisition, including any goodwill arising, and acquisition costs. Their carrying amount is then increased or decreased to recognise the Group's share of the entity's profits or losses after the date of acquisition. Whenever losses are greater than the value of the Group's net investment in the equity-accounted company, those losses are not recognised unless the Group has entered into a commitment to recapitalise the company or provide it with funding. The share of the negative net equity of companies accounted for under the equity method arising from decreases in the fair value of financial hedging instruments may therefore be presented under provisions for financial risks.

If there is an indication that an impairment loss has arisen, the investment's recoverable amount is tested in a way similar to that described in Note E.9.2 "Goodwill impairment tests". Impairment losses shown by these impairment tests are recognised as a deduction from the carrying amount of the corresponding investments.

In order to present business lines' operational performance in the best way possible, the income or loss of companies accounted for under the equity method is reported on a specific line between the "Operating income from ordinary activities" and "Recurring operating income" lines.

10.1 Movements during the period

	2017			2016		
(in € millions)	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Value of shares at beginning of period	**1,083**	**423**	**1,505**	**1,187**	**217**	**1,404**
of which Concessions	*686*	*320*	*1,006*	*762*	*109*	*871*
of which Contracting	*393*	*83*	*476*	*421*	*88*	*508*
of which VINCI Immobilier	*4*	*20*	*24*	*4*	*20*	*25*
Increase in share capital of companies accounted for under the equity method	11	32	43	9	167	176
Group share of profit or loss for the period	118	29	146	55	14	69
Group share of other comprehensive income for the period	(7)	62	55	13	12	26
Dividends paid	(77)	(106)	(184)	(36)	(58)	(94)
Changes in consolidation scope and other	(4)	(43)	(47)	(118)	(10)	(127)
Reclassifications (*)	4	51	54	(27)	80	53
Value of shares at end of period	**1,127**	**446**	**1,573**	**1,083**	**423**	**1,505**
of which Concessions	*722*	*333*	*1,054*	*686*	*320*	*1,006*
of which Contracting	*403*	*87*	*490*	*393*	*83*	*476*
of which VINCI Immobilier	*2*	*27*	*29*	*4*	*20*	*24*

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

At 31 December 2017, the Group's interests in associates included, for the Concessions business, the stake in the Aéroports de Paris group (€701 million) and, for the Contracting business, the stake in the CFE group (€221 million).
Changes in 2017 mainly related to VINCI Airports' acquisition of Lojas Francas de Portugal SA and VINCI Energies' disposal of Ceritex.

Impacts included 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 is as follows:

	2017			2016		
(in € millions)	**Associates**	**Joint ventures**	**Total**	**Associates**	**Joint ventures**	**Total**
Net income	**118**	**29**	**146**	**55**	**14**	**69**
of which Concessions	*41*	*(7)*	*34*	*31*	*18*	*49*
of which Contracting	*77*	*17*	*94*	*24*	*(21)*	*3*
of which VINCI Immobilier	*-*	*19*	*19*	*-*	*16*	*16*
Other comprehensive income	(7)	62	55	13	12	26
of which Concessions	*6*	*56*	*62*	*7*	*20*	*26*
of which Contracting	*(13)*	*6*	*(7)*	*6*	*(7)*	*(1)*
Comprehensive income	**111**	**91**	**202**	**68**	**26**	**94**
of which Concessions	*47*	*49*	*96*	*38*	*38*	*76*
of which Contracting	*64*	*23*	*87*	*30*	*(28)*	*2*
of which VINCI Immobilier	*-*	*19*	*19*	*-*	*16*	*16*

The revenue of companies accounted for under the equity method breaks down as follows (data reflecting the Group's share):

	2017			2016		
(in € millions)	**Associates**	**Joint ventures**	**Total**	**Associates**	**Joint ventures**	**Total**
Revenue (*)	**1,376**	**2,019**	**3,395**	**1,302**	**1,711**	**3,012**
of which Concessions	*792*	*981*	*1,772*	*763*	*654*	*1,417*
of which Contracting	*583*	*808*	*1,391*	*536*	*897*	*1,433*
of which VINCI Immobilier	*2*	*231*	*232*	*3*	*160*	*163*

(*) Excluding works revenue related to concession activities.

In accordance with IAS 28, the Group's recognition of its share of losses at associates and joint ventures is limited to its liabilities. At 31 December 2017, losses thus unrecognised amounted to €125 million (€89 million at 31 December 2016).

The main features of concession and PPP contracts are given in Note F.14 "Concession and PPP contracts of companies accounted for under the equity method". The list of companies accounted for under the equity method is available on the Group's website (https://www.vinci.com/vinci.nsf/en/page/finance-regulatory-information.htm).

10.3 Commitments made in respect of associates and joint ventures

At 31 December 2017, Group funding commitments to equity-accounted companies (via capital or subordinated loans) amounted to €126 million (€333 million at 31 December 2016). They relate mainly to companies in the Concessions business, including Via 40 Express – the company holding the concession for the motorway between Bogotá and Girardot in Colombia – for which funding commitments amounted to €50 million at 31 December 2017 (€138 million at 31 December 2016).

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 31 December 2017 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.

After the payment of shareholder contributions to LISEA in June 2017, real and personal security interests granted by the Group (in the form of €135 million of cash deposits and a €113 million bank investment guarantee) were released.

10.4 Investment commitments given by associates and joint ventures

At 31 December 2017, the Group's share of investment commitments given by these companies amounted to €1,004 million (€1,142 million at 31 December 2016).
These commitments relate mainly to projects involving infrastructure under construction in the Concessions business, the Via 40 Express motorway between the cities of Bogotá and Girardot in Colombia (€270 million), sections 7 and 8 of the M11 motorway between Moscow and St Petersburg (€209 million), Santiago airport in Chile (€200 million) and the new section of the A7 motorway in Germany (€145 million).

The €138 million decrease in these commitments during the year was due to progress with works carried out on projects, such as the Regina bypass and the completion of the SEA high-speed rail line, partly offset by new investment commitments on projects recently won by the Group, particularly in Germany and Colombia.

10.5 Controlled subsidiaries' transactions with associates and joint ventures

The financial statements include certain commercial transactions between controlled subsidiaries and associates and joint ventures. The main transactions are as follows:

	31/12/2017			31/12/2016		
(in € millions)	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Revenue	386	759	**1,144**	410	838	**1,248**
Trade receivables	58	113	**170**	110	105	**215**
Purchases	3	33	**36**	4	27	**30**
Trade payables	1	5	**6**	1	8	**9**

11. Available-for-sale financial assets

Accounting policies

At the balance sheet date, available-for-sale securities are measured at their fair value. The fair value of shares in listed companies is determined on the basis of the stock market price at the relevant balance sheet date. For unlisted securities, if their fair value cannot be determined reliably, the securities continue to be measured at their original cost, i.e. their cost of acquisition plus transaction costs.

Changes in fair value are recognised in other comprehensive income.

Whenever there is an objective indication that such an asset is impaired, the corresponding loss is recognised in profit or loss and may not be reversed.

- For securities quoted on an active market, a long-lasting or material decline in fair value below their cost is an objective indication of their impairment. The factors considered by the Group in assessing the long-lasting or material nature of a decline in fair value are generally the following:
  - the impairment loss is long-lasting whenever the closing stock market price has been lower than the cost of the security for more than 18 months;
  - the impairment loss is material whenever, at the balance sheet date, there has been a 30% fall in the current market price compared with the cost of the financial asset.
- For unlisted securities, the factors considered are the decrease in value of the share of equity held and the absence of prospects for generating profits.

At 31 December 2017, available-for-sale assets included the unlisted shareholdings of subsidiaries that do not meet VINCI's minimum financial criteria for consolidation. They are presented on the asset side of the consolidated balance sheet under "Other non-current financial assets" along with "PPP financial receivables" and "Loans and receivables":

(in € millions)	31/12/2017	31/12/2016
Available-for-sale financial assets	95	134
PPP financial receivables (*)	177	215
Loans and receivables (*)	830	531
Other non-current financial assets	**1,102**	**881**

(*) Information relating to "PPP financial receivables" is provided in Note F.13 and information relating to "Loans and receivables" is provided in Note H.17.

During the period, the change in available-for-sale financial assets broke down as follows:

(in € millions)	2017	2016
Beginning of period	**134**	**96**
Acquisitions during period	16	54
Acquisitions as part of business combinations	-	1
Fair value adjustment recognised in equity	-	-
Impairment losses	(8)	(6)
Disposals during period	(3)	(1)
Other movements and currency translation differences	(45)	(10)
End of period	**95**	**134**

F. Concession and PPP contracts

Accounting policies

Under the terms of IFRIC 12 "Service Concession Arrangements", a concession operator has 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: revenue is recognised on a stage of completion basis in accordance with IAS 11;
- an operating and maintenance activity in respect of concession assets: revenue is recognised in accordance with IAS 18.

In return for its activities, the operator receives remuneration from:

- **users: the intangible asset model applies.** The operator has a right to receive tolls (or other forms of payment) from users in consideration for the financing and construction of the infrastructure. The intangible asset model also applies whenever the concession grantor remunerates the concession operator based on the extent of use of the infrastructure by users, but with no guarantees as to the amounts that will be paid to the operator (under a simple "pass through" or "shadow toll" agreement).

Under this model, the right to receive toll payments (or other forms of payment) is recognised in the concession operator's balance sheet under "Concession intangible assets", net of any investment grants received. This right corresponds to the fair value of the asset under concession plus the borrowing costs capitalised during the construction phase. It is amortised over the term of the arrangement in a manner that reflects the pattern in which the concession asset's economic benefits are consumed by the entity, starting from the entry into service of the asset.

This treatment applies to most of the infrastructure concessions, in particular VINCI Autoroutes' concessions in France, the main airports managed by VINCI Airports and certain bridges and tunnels.

The motorway concession companies ASF, Cofiroute, Escota, Arcour and Arcos, along with most of the Group's airport concession companies, use the straight-line method for amortising concession intangible assets.

- **the grantor: the financial asset model applies.** The operator has an unconditional contractual right to receive payments from the concession grantor, irrespective of the amount of use made of the infrastructure.

Under this model, the operator recognises a financial asset, attracting interest, in its balance sheet, in consideration for the services it provides (design and construction). Such financial assets are recognised in the balance sheet under "Other financial assets", in an amount corresponding to the fair value of the infrastructure on first recognition and subsequently at amortised cost. The receivable is settled by means of the grantor's payments received. The income calculated on the basis of the effective interest rate is recognised under operating income (revenue from ancillary activities).

In the case of **bifurcated models**, the operator is remunerated partly by users and partly by the grantor. The part of the investment that is covered by an unconditional contractual right to receive payments from the grantor (in the form of grants or rental) is recognised as a financial receivable up to the amount guaranteed. The unguaranteed balance, of which the amount is dependent on the extent of use of the infrastructure, is recognised under "Concession intangible assets".

12. Concession intangible assets

12.1 Breakdown of concession intangible assets

(in € millions)	VINCI Autoroutes	VINCI Airports	Other concessions	Total
Gross				
01/01/2016	**31,020**	**2,695**	**206**	**33,921**
Acquisitions during period (*)	713	104	4	822
Disposals during period	(3)	(2)	(2)	(7)
Currency translation differences	-	58	(2)	55
Changes in scope and other	(58)	1,314	1,745	3,001
	31,673	**4,168**	**1,950**	**37,791**
Grants received	(48)	-	-	(48)
31/12/2016	**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)
	32,299	**4,370**	**2,017**	**38,686**
Grants received	(22)	-	-	(22)
31/12/2017	**32,278**	**4,370**	**2,017**	**38,665**
Amortisation and impairment losses				
01/01/2016	**(9,602)**	**(250)**	**(154)**	**(10,006)**
Amortisation during period	(980)	(101)	(7)	(1,088)
Impairment losses	-	(9)	-	(9)
Reversals of impairment losses	-	1	-	1
Disposals during period	-	-	2	2
Currency translation differences	-	(6)	-	(6)
Other	54	1	(2)	53
31/12/2016	**(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)**
Net				
01/01/2016	**21,418**	**2,444**	**52**	**23,915**
31/12/2016	**21,096**	**3,804**	**1,791**	**26,691**
31/12/2017	**20,807**	**3,912**	**1,820**	**26,539**

(*) Including capitalised borrowing costs.

In 2017, acquisitions totalled €993 million (€822 million in 2016).
They include investments by the ASF group for €456 million (€489 million in 2016), by Cofiroute for €119 million (€94 million in 2016), by VINCI Highways for €177 million and by VINCI Airports for €97 million (€104 million in 2016). The ASF group's investments included work related to the motorway stimulus plan, work to widen the A63 motorway in the Basque Country and the completion of widening work on the A9 motorway near Montpellier, which came into service in April 2017. VINCI Highways' investments correspond to construction works on the second section of the Línea Amarilla expressway in Lima, carried out by Lamsac in Peru.

Concession intangible assets include assets under construction for €2,044 million at 31 December 2017 (€1,742 million at 31 December 2016). These relate to VINCI Autoroutes subsidiaries for €1,047 million (including ASF for €645 million, Escota for €129 million and Cofiroute for €180 million), VINCI Highways subsidiaries for €895 million and VINCI Airports subsidiaries for €102 million.

12.2 Main features of concession and PPP contracts – intangible asset model

The main features of contracts for concession and PPP contracts operated by controlled subsidiaries are as follows:

	Control and regulation of prices by concession grantor	Remuneration paid by	Grant or guarantee from concession grantor	Residual value	Concession end date
VINCI Autoroutes					
ASF group					
ASF 2,737 km of toll motorways (France)	Pricing law as defined in the concession contract. Price increases subject to agreement by grantor	Users	Nil	Infrastructure returned to grantor for no consideration at end of contract unless purchased before term by the grantor on the basis of the economic value	2036
Escota 471 km of toll motorways (France)	Pricing law as defined in the concession contract. Price increases subject to agreement by grantor	Users	Nil	Infrastructure returned to grantor for no consideration at end of contract unless purchased before term by the grantor on the basis of the economic value	2032
Cofiroute					
Intercity network 1,100 km of toll motorways (France)	Pricing law as defined in the concession contract. Price increases subject to agreement by grantor	Users	Nil	Infrastructure returned to grantor for no consideration at end of contract unless purchased before term by the grantor on the basis of the economic value	2034
A86 Duplex 11 km toll tunnel west of Paris (France)	Pricing law as defined in the concession contract. Price increases subject to agreement by grantor	Users	Nil	Infrastructure returned to grantor for no consideration at end of contract unless purchased before term by the grantor on the basis of the economic value	2086
Arcour					
A19 101 km of toll motorways (France)	Pricing law as defined in the concession contract. Price increases subject to agreement by grantor	Users	Investment grant	Infrastructure returned to grantor for no consideration at end of contract	2070
Arcos					
A355 24 km of toll motorways (France)	Pricing law as defined in the concession contract. Price increases subject to agreement by grantor	Users	Nil	Infrastructure returned to grantor for no consideration at end of contract unless purchased before term by the grantor on the basis of the economic value	2070
VINCI Highways					
Lamsac Linea Amarilla: 25 km toll expressway in Lima (Peru)	Pricing law as defined in the concession contract. Price increases subject to agreement by grantor	Users	Nil	Infrastructure returned to grantor for no consideration at end of contract	2049
VINCI Airports					
ANA Group 10 airports in Portugal	Regulated air tariffs; unregulated non-air revenue	Users, airlines	Nil	Infrastructure returned to grantor for no consideration at end of contract	2063
Cambodia Airports Phnom Penh, Siem Reap and Sihanoukville airports (Cambodia)	Pricing law as defined in the concession contract. Price increases subject to agreement by grantor	Users, airlines	Nil	Infrastructure returned to grantor for no consideration at end of contract	2040
Société Concessionnaire Aéroports du Grand Ouest Nantes Atlantique and Saint-Nazaire airports in France	Regulated air tariffs. Unregulated non-air revenue	Users, airlines	Investment grant agreed under the concession contract for the construction of the new airport	Infrastructure returned to grantor for no consideration at end of contract	2065
Aerodom Six airports in Dominican Republic	Regulated air tariffs. Unregulated non-air revenue	Users, airlines	Nil	Infrastructure returned to grantor for no consideration at end of contract	2030
Aéroports de Lyon Lyon Saint-Exupéry and Lyon Bron airports	Regulated air tariffs. Unregulated non-air revenue	Users, airlines	Nil	Infrastructure returned to grantor for no consideration at end of contract	2047
Salvador de Bahia Airport in Brazil Deputado Luís Eduardo Magalhães airport	Regulated air tariffs. Unregulated non-air revenue	Users, airlines	Nil	Infrastructure returned to grantor for no consideration at end of contract	2047

	Control and regulation of prices by concession grantor	Remuneration paid by	Grant or guarantee from concession grantor	Residual value	Concession end date
Other concessions					
Consortium Stade de France 80,000 seats	Nil	Ticketing, stadium rental and miscellaneous revenue	Investment grant + compensation for absence of resident club (currently suspended)	Infrastructure returned to grantor for no consideration at end of contract	2025

12.3 Commitments made under concession contracts – intangible asset model

Contractual investment, renewal or financing obligations

(in € millions)	31/12/2017	31/12/2016
ASF group	1,381	1,716
Cofiroute	882	985
Arcos – company holding the concession for the western Strasbourg bypass	452	523
Grand Ouest airports concession company	366	366
Salvador de Bahia airport in Brazil	224	-
Lamsac	167	136
ANA Group	113	166
Aéroports de Lyon (ADL)	14	85
Other	42	19
Total	**3,641**	**3,997**

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 2017 led to a €509 million reduction in their commitments.
SCAGO's investment commitments at 31 December 2017 related to the construction of a new airport at Notre-Dame-des-Landes (see Note N.32.2 "Concession for the Grand Ouest airport").
The concession contract for Salvador de Bahia airport in Brazil includes renovation work on the airport terminal and existing runways, totalling €224 million.

The above amounts do not include obligations relating to maintenance expenditure on infrastructure under concession, for which provisions are set aside (see Note H.18.3 "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. These break down as follows:

(in € millions)	Amount	Start date	End date
Lamsac	705	2016	2037
Arcour	640	2008	2047
Aerodom	358	2016	2029
Aéroports de Lyon (ADL)	225	2016	2032
Other concession operating companies	11		

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.

Changes in PPP financial receivables during the period and their breakdown by maturity are as follows:

(in € millions)	2017	2016
Beginning of period	**215**	**202**
Acquisitions during period	11	35
Redemptions	(49)	(20)
Other movements and currency translation differences	-	(1)
End of period	**177**	**215**
Of which:		
Between 1 and 5 years	*36*	*76*
Over 5 years	*141*	*140*

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 is held by PPP Prisme, a subsidiary of VINCI Construction.

The part at less than one year of PPP financial receivables is included in the balance sheet under "Other current financial assets". At 31 December 2017, it amounted to €10 million (€16 million at 31 December 2016).

13.2 Main features of concession and PPP contracts – financial asset and/or bifurcated model

The main features of concession and PPP contracts operated by controlled subsidiaries (financial asset and/or bifurcated model) are as follows:

	Control and regulation of prices by concession grantor	Remuneration paid by	Grant or guarantee from concession grantor	Residual value	Concession end date	IFRIC 12 accounting model
Caraibus:						
Bus rapid transit system (Martinique)	Annual fee paid by grantor (with no traffic level risk)	Grantor	Nil	Infrastructure returned to grantor for no consideration at end of contract	2035	Financial asset
MMArena						
Le Mans stadium (France)	Pricing schedule approved by grantor	Ticketing + miscellaneous revenue	Investment grant and operating grant (in the absence of a resident club)	Infrastructure returned to grantor for no consideration at end of contract	2043	Bifurcated: intangible asset and financial asset
Park Azur						
Car rental firm business complex at Nice - Côte d'Azur airport (France)	Rent paid by car rental companies as set out in the concession contract and guaranteed by the grantor	Grantor and car rental companies Sale of photovoltaic electricity	Investment grant and operating grant	Infrastructure returned to grantor for no consideration at end of contract	2040	Bifurcated: intangible asset and financial asset

13.3 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, 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 31 December 2017, the Group's investment commitments with respect to concession and PPP contracts under the financial asset or bifurcated models amounted to €52 million (€4 million at 31 December 2016). The increase was mainly the result of 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 €156 million at 31 December 2017 (€71 million at 31 December 2016), including Caraibus in Martinique for €71 million, Park Azur in Nice for €36 million and MMArena (Le Mans stadium) for €33 million.

14. Concession and PPP contracts of companies accounted for under the equity method

14.1 Main features of concession and PPP contracts of companies accounted for under the equity method

The features of the main or new concession or public-private partnership contracts operated by companies accounted for under the equity method are shown below:

	Control and regulation of prices by concession grantor	Remuneration paid by	Grant or guarantee from concession grantor	Residual value	Concession end date	IFRIC 12 accounting model
Motorway and road infrastructure (including bridges and tunnels) outside France						
A5 Malsch–Offenburg A-Modell 60 km to be renovated, including 41.5 km to be widened to 2x3 lanes (Germany)	Inflation-linked price increases based on the 2009 toll level (excluding increases decided by the grantor). Effect of environmental regulations on prices (with traffic level risk)	Heavy vehicle users through the tolls levied by the grantor	Nil	Infrastructure returned to grantor for no consideration at end of contract	2039	Intangible asset
A7 Göttingen–Bockenen A-Modell 60 km to be renovated, including 29 km to be widened to 2x3 lanes (Germany)	Annual fee paid by grantor (with no traffic level risk)	Grantor	Investment grant	Infrastructure returned to grantor for no consideration at end of contract	2047	Financial asset
Moscow–St Petersburg motorway section 1 First section (43.2 km) of M11 motorway between Moscow and St Petersburg (Russia)	Pricing law as defined in the concession contract. Price increases possible subject to a price limit (with traffic level risk)	Users	Investment grant	Infrastructure returned to grantor for no consideration at end of contract	2040	Intangible asset
Moscow–St Petersburg motorway sections 7 and 8 Sections 7 and 8 (138 km) of M11 motorway between Moscow and St Petersburg (Russia)	Annual fee paid by grantor (with no traffic level risk)	Grantor	Investment grant	Infrastructure returned to grantor for no consideration at end of contract	2041	Financial asset
Olympia Odos Toll motorway connecting Elefsina, Corinth and Patras (Greece)	Pricing law as defined in the concession contract. Price increases possible subject to a price limit (with traffic level risk)	Users	Investment grant	Infrastructure returned to grantor for no consideration at end of contract	2038	Intangible asset
Via Express 40 Toll motorway connecting Bogotá and Girardot (141 km including construction of a third lane over 65 km; Colombia)	Pricing law as defined in the concession contract. Price increases subject to a price limit (with traffic level risk)	Users	Nil	Infrastructure returned to grantor for no consideration at end of contract	2042	Intangible asset
Granvia (R1 Expressway) (Slovakia)	Annual fee paid by grantor (with no traffic level risk)	Grantor	Nil	Infrastructure returned to grantor for no consideration at end of contract	2041	Financial asset
Ohio River Bridges East End Crossing Bridge over the Ohio River and access tunnel (USA)	Annual fee paid by grantor (with no traffic level risk)	Grantor	Investment grant	Infrastructure returned to grantor for no consideration at end of contract	2051	Financial asset
Regina Bypass 61 km dual carriageway around Regina (Canada)	Annual fee paid by grantor (with no traffic level risk)	Grantor	Investment grant	Infrastructure returned to grantor for no consideration at end of contract	2049	Financial asset
Hounslow Rehabilitation and maintenance of roadways, traffic signs and lighting (UK)	Fee paid by grantor (with no traffic level risk)	Grantor	Investment grant	Infrastructure returned to grantor for no consideration at end of contract	2037	Financial asset
Isle of Wight Rehabilitation and maintenance of roadways, traffic signs and lighting (UK)	Annual fee paid by grantor (with no traffic level risk)	Grantor	Investment grant	Infrastructure returned to grantor for no consideration at end of contract	2038	Financial asset

	Control and regulation of prices by concession grantor	Remuneration paid by	Grant or guarantee from concession grantor	Residual value	Concession end date	IFRIC12 accounting model
Airports						
Kansai Airports Kansai, Osaka and Kobe airports (Japan)	Regulated air tariffs; unregulated non-air revenue (with traffic level risk)	Users, airlines	Nil	Infrastructure returned to grantor for no consideration at end of contract	2060	Intangible asset
Santiago-Arturo Merino Benítez Airport (Chile)	Pricing law as defined in the concession contract. Price increases possible subject to a price limit (with traffic level risk)	Users, airlines	Nil	Infrastructure returned to grantor for no consideration at end of contract	2035	Intangible asset
Railway infrastructure						
South Europe Atlantic high-speed rail line (SEA HSL) High-speed rail link between Tours and Bordeaux (302 km) (France)	Inflation-linked price increases (with traffic level risk)	Pricing law as defined in the concession contract (on the basis of train kilometre and slot kilometre)	Investment grant paid by the concession grantor and local authorities	Infrastructure returned to grantor for no consideration at end of contract	2061	Bifurcated model: intangible asset and financial asset

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

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

G. Construction contracts (VINCI Energies, Eurovia, VINCI Construction)

15. Information on construction contracts

Accounting policies

The Group recognises construction contract income and expenses using the stage of completion method defined by IAS 11. For VINCI Construction, the stage of completion is usually determined on a physical basis. For the other business lines (Eurovia and VINCI Energies), it is determined on the basis of the percentage of total costs incurred to date.
If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion regardless of the stage of completion, based on the best estimates of income, including, if need be, any rights to additional revenue or claims if these are probable and can be reliably estimated. Provisions for losses on completion are shown under liabilities.
Part payments received under construction contracts before the corresponding work has been carried out are recognised under liabilities under advances and payments on account received.

15.1 Financial information on construction contracts

Costs incurred net of intermediate invoicing plus profits recognised less losses recognised are determined on a contract-by-contract basis. If for a given contract this amount is positive, it is shown on the line "Construction contracts in progress – assets". If negative, it is shown on the line "Construction contracts in progress – liabilities".

(in € millions)	31/12/2017	31/12/2016
Balance sheet data		
Advances and payments on account received	(729)	(797)
Construction contracts in progress – assets	2,617	2,474
Construction contracts in progress – liabilities	(2,724)	(2,819)
Construction contracts in progress – net	**(107)**	**(345)**
Total income and expenses to date recognised on contracts in progress		
Costs incurred plus profits recognised less losses recognised to date	51,342	51,024
Less invoices issued	(51,449)	(51,369)
Construction contracts in progress – net	**(107)**	**(345)**

15.2 Commitments made and received in connection with construction contracts

The Group manages an order book. In accepting orders, it makes commitments to carry out work or render services. In connection with these contracts, the Group makes and receives guarantees (personal sureties).
The amount of the guarantees given below consists mainly of guarantees on works contracts, issued by financial institutions or insurers.
Moreover, Group companies benefit from guarantees issued by financial institutions at the request of the joint contractors or subcontractors (guarantees received).

	31/12/2017		31/12/2016	
(in € millions)	Guarantees given	Guarantees received	Guarantees given	Guarantees received
Performance guarantees and performance bonds	5,441	839	5,051	772
Retentions	3,631	543	3,447	560
Deferred payments to subcontractors and suppliers	1,691	530	1,582	495
Bid bonds	186	-	212	-
Total	**10,949**	**1,912**	**10,292**	**1,828**

Whenever events such as late completion or disputes about the execution of a contract make it likely that a liability covered by a guarantee will materialise, a provision is taken in respect of that liability.

In general, under the rules in force, any risk of loss in connection with performance of a commitment given by VINCI or its subsidiaries would result in a provision being recognised in the Group's financial statements. VINCI therefore considers that the off-balance sheet commitments above are unlikely to have a material impact on the Group's financial position or net assets.

VINCI also grants after-sales service warranties covering several years in its normal course of business. These warranties lead to provisions estimated either on a statistical basis having regard to past experience or on an individual basis in the case of any major problems identified. These commitments are therefore not included in the above table.

Moreover, in connection with the construction of the South Europe Atlantic high-speed rail line between Tours and Bordeaux, the Group has provided a joint and several guarantee and an independent first demand guarantee in favour of concession company LISEA under which the Group guarantees contract performance by the design and construction joint venture (GIE COSEA). GIE COSEA has also provided retention money on behalf of LISEA: it remains in force until the end of a one-year period after acceptance of the infrastructure.

Joint and several guarantees covering unconsolidated partnerships (SNCs, Economic Interest Groupings, etc.)

Part of VINCI's construction and roadworks business is conducted through unincorporated joint venture partnerships (SEPs), in line with industry practice. In partnerships, partners are legally jointly and severally liable for that entity's debts to non-Group companies, without limit. In this context, the Group may set up crossed counter guarantees with its partners.

Whenever the Group is aware of a particular risk relating to a joint venture partnership's activity, a provision is taken if this risk gives rise to an obligation for the Group that can only be extinguished through an outflow of resources.

The amount shown under off-balance sheet commitments in respect of joint and several guarantees is the Group's share of the liabilities of the partnerships in question less equity and financial debt (loans or current account advances) due to partners. That amount was €60 million at 31 December 2017 (€49 million at 31 December 2016), as opposed to total commitments of €141 million at 31 December 2017 (€129 million at 31 December 2016).

Given the quality of its partners, the Group considers that the risk of its guarantee being invoked in respect of these commitments is negligible.

H. Other balance sheet items and business-related commitments

16. Property, plant and equipment and other intangible assets

16.1 Property, plant and equipment

Accounting policies

Items of property, plant and equipment are recorded at their acquisition or production cost net of investment grants received, less cumulative depreciation and any impairment losses. They are not revalued. They also include concession operating assets that are not controlled by the grantor but that are necessary for operation of the concession such as buildings intended for use in the operation, equipment for toll collection, signage, data transmission and video surveillance equipment, vehicles and other equipment.

Depreciation is generally calculated on a straight-line basis over the period of use of the asset. Accelerated depreciation may sometimes be used when it appears more appropriate to the conditions under which the asset is used.
For certain complex assets comprising several components, in particular buildings and constructions, each component of the asset is depreciated over its own period of use. To reflect the consumption of economic benefits associated with the asset, quarries are depreciated as materials are extracted (volumes extracted during the period are compared with the estimated total volume of deposits to be extracted from the quarry over its useful life).
Investment property is property held to earn rentals or for capital appreciation. It is recorded at its acquisition cost less cumulative depreciation and any impairment losses.

The main periods of use of the various categories of items of property, plant and equipment are as follows:

Constructions:	
- Structure	Between 20 and 50 years
- General technical installations	Between 5 and 20 years
Site equipment and technical installations	Between 3 and 12 years
Vehicles	Between 3 and 5 years
Fixtures and fittings	Between 8 and 10 years
Office furniture and equipment	Between 3 and 10 years

Depreciation commences as from the date when the asset is ready to enter service.

Assets acquired under finance leases are recognised as non-current assets whenever the effect of the lease is to transfer to the Group substantially all the risks and rewards incidental to ownership of these assets, with recognition of a corresponding financial liability. Assets held under finance leases are depreciated over their period of use.

(in € millions)	Concession operating fixed assets	Land	Constructions and investment property	Plant, equipment and fixtures	Total
Gross					
01/01/2016	**3,577**	**863**	**1,152**	**6,953**	**12,545**
Acquisitions as part of business combinations	352	2	8	48	411
Other acquisitions during period	138	16	154	508	816
Disposals during period	(31)	(15)	(59)	(647)	(751)
Currency translation differences	14	-	(3)	3	14
Changes in scope and other	2	6	(95)	18	(68)
31/12/2016	**4,052**	**873**	**1,158**	**6,883**	**12,966**
Acquisitions as part of business combinations	-	10	11	146	167
Other acquisitions during period	149	15	214	594	972
Disposals during period	(56)	(10)	(49)	(461)	(576)
Currency translation differences	(25)	4	(5)	(114)	(140)
Changes in scope and other	49	14	(128)	93	27
31/12/2017	**4,169**	**905**	**1,201**	**7,141**	**13,416**
Depreciation and impairment losses					
01/01/2016	**(2,291)**	**(291)**	**(617)**	**(5,105)**	**(8,304)**
Depreciation during period	(225)	(17)	(48)	(586)	(876)
Impairment losses	-	(12)	(3)	(2)	(17)
Reversals of impairment losses	-	2	13	3	17
Disposals during period	26	5	39	594	664
Currency translation differences	(1)	1	1	(5)	(4)
Other movements	(7)	(1)	(7)	38	23
31/12/2016	**(2,497)**	**(314)**	**(624)**	**(5,063)**	**(8,498)**
Depreciation during period	(339)	(18)	(49)	(579)	(985)
Impairment losses	-	(2)	(2)	(7)	(10)
Reversals of impairment losses	-	3	4	3	10
Disposals during period	54	5	30	432	521
Currency translation differences	5	(4)	1	77	79
Other movements	(27)	(3)	(6)	(77)	(113)
31/12/2017	**(2,804)**	**(333)**	**(645)**	**(5,213)**	**(8,996)**
Net					
01/01/2016	**1,286**	**572**	**534**	**1,849**	**4,241**
31/12/2016	**1,555**	**559**	**534**	**1,820**	**4,468**
31/12/2017	**1,365**	**572**	**556**	**1,928**	**4,421**

Property, plant and equipment includes assets under construction for €313 million at 31 December 2017 (€248 million at 31 December 2016).

At 31 December 2017, assets acquired under finance leases amounted to €127 million (€102 million at 31 December 2016). They relate mainly to plant and equipment used in operations. The debts relating to these assets are shown in Note J.23.1 "Detail of long-term financial debt".

At 31 December 2017, the breakdown of property, plant and equipment by business was as follows:

		Contracting					
(in € millions)	Concessions	VINCI Energies	Eurovia	VINCI Construction	Total	VINCI Immobilier and holding companies	Total
Concession operating fixed assets	1,363	-	-	2	2	-	1,365
Land	3	51	452	64	567	2	572
Constructions and investment property	9	130	209	200	539	8	556
Plant, equipment and fixtures	64	255	751	853	1,860	4	1,928
Total at 31 December 2017	**1,439**	**436**	**1,412**	**1,120**	**2,968**	**14**	**4,421**
Total at 31 December 2016	**1,620**	**410**	**1,340**	**1,086**	**2,836**	**12**	**4,468**

16.2 Other intangible assets

Accounting policies
Other purchased intangible assets are measured at cost less amortisation and any cumulative impairment losses. Quarrying rights are amortised as materials are extracted (volumes extracted during the period are compared with the estimated total volume of deposits to be extracted from the quarry over its useful life) in order to reflect the decline in value due to depletion. Other intangible assets are amortised on a straight-line basis over their useful life.

At 31 December 2017, other intangible assets amounted to €417 million (€409 million at 31 December 2016). They include patents and licences for €212 million (€215 million at 31 December 2016), software for €68 million (€69 million at 31 December 2016) and other intangible assets for €137 million (€125 million at 31 December 2016).

Amortisation recognised during the period totalled €48 million (€39 million in 2016).

16.3 Impairment losses on property, plant and equipment and intangible assets

Accounting policies
Impairment tests are performed on property, plant and equipment and intangible assets where evidence of an impairment loss arises. For intangible assets with an indefinite useful life and construction work in progress, a test is performed at least annually and whenever there is an indication of an impairment loss.

Assets to be tested for impairment losses are grouped within cash-generating units (CGUs) that correspond to homogeneous groups of assets that generate identifiable cash inflows from their use.
In accordance with IAS 36, the criteria adopted to assess indications that an impairment loss has arisen are either external (e.g. a material change in market conditions) or internal (e.g. a material reduction in revenue), without distinction.

The Group did not recognise any material impairment losses on property, plant and equipment or intangible assets in either 2017 or 2016.

17. Loans and receivables

Accounting policies

When first recognised, loans and receivables are recognised at their fair value less the directly attributable transaction costs. At each balance sheet date, these assets are measured at their amortised cost using the effective interest method.

If there is an objective indication of an impairment loss affecting these loans and receivables, an impairment loss is recognised at the balance sheet date. That loss 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), and is recognised in profit or loss. It may be reversed if the recoverable amount increases subsequently and if this favourable change can objectively be linked to an event arising after recognition of the impairment loss.

Loans and receivables at amortised cost mainly comprise receivables relating to shareholdings, including shareholders' advances to Concessions business or PPP project companies for €659 million (€328 million at 31 December 2016). 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 of loans and receivables is included under "Other current financial assets" for €28 million at 31 December 2017 (€19 million at 31 December 2016).

Changes in loans and receivables at amortised cost during the period and their breakdown by maturity are as follows:

(in € millions)	2017	2016
Beginning of period	**531**	**644**
Acquisitions during period	454	214
Acquisitions as part of business combinations	11	-
Impairment losses	(29)	(15)
Disposals during period	(81)	(215)
Other movements and currency translation differences	(56)	(97)
End of period	**830**	**531**
Of which:		
Between 1 and 5 years	*337*	*294*
Over 5 years	*494*	*238*

For 2017, the "Acquisitions during period" item includes the loan granted to LISEA, the concession company for the South Europe Atlantic high-speed rail line for €256 million (excluding accrued interest not matured).

18. Working capital requirement and current provisions

Accounting policies

Trade receivables are current financial assets and are initially measured at their fair value, which is generally their nominal value, unless the effect of discounting is material. At each balance sheet date, trade receivables are measured at their amortised cost less any impairment losses taking account of any likelihood of non-recovery.
An estimate of the likelihood of non-recovery is made at each balance sheet date and an impairment loss is recognised if necessary. The likelihood of non-recovery is assessed in the light of payment delays and guarantees obtained.
Trade payables correspond to current financial liabilities and are initially measured at their fair value, which is usually their nominal value, unless the effect of discounting is material.

Inventories and work in progress are recognised at their cost of acquisition or of production by the entity. At each balance sheet date, they are measured at the lower of cost and net realisable value.

18.1 Change in working capital requirement

(in € millions)	31/12/2017	31/12/2016	Changes	
			Changes in operating WCR	Other changes (*)
Inventories and work in progress (net)	1,056	935	108	14
Trade and other receivables	12,432	11,422	794	215
Other current operating assets	5,035	5,099	(149)	84
Inventories and operating receivables (I)	**18,523**	**17,456**	**754**	**313**
Trade payables	(8,198)	(7,740)	(402)	(56)
Other current operating liabilities	(11,852)	(11,838)	89	(104)
Trade and other operating payables (II)	**(20,051)**	**(19,578)**	**(313)**	**(160)**
Working capital requirement (excluding current provisions) (I + II)	**(1,528)**	**(2,122)**	**441**	**153**
Current provisions	**(4,322)**	**(4,172)**	**(155)**	**5**
of which part at less than one year of non-current provisions	*(208)*	*(241)*	*29*	*4*
Working capital requirement (including current provisions)	**(5,849)**	**(6,294)**	**286**	**158**

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

18.2 Current operating assets and liabilities

Current operating assets and liabilities break down as follows:

(in € millions)		31/12/2017	Maturity				
			Within 1 year				
			1 to 3 months	3 to 6 months	6 to 12 months	Between 1 and 5 years	After 5 years
Inventories and work in progress (net)		1,056	392	326	75	203	60
Trade and other receivables		12,432	10,430	853	727	366	56
Other current operating assets		5,035	4,150	480	213	182	10
Inventories and operating receivables	**I**	**18,523**	**14,972**	**1,659**	**1,015**	**751**	**126**
Trade payables		(8,198)	(7,258)	(602)	(144)	(193)	(2)
Other current operating liabilities		(11,852)	(10,009)	(716)	(472)	(515)	(140)
Trade and other operating payables	**II**	**(20,051)**	**(17,268)**	**(1,318)**	**(616)**	**(707)**	**(142)**
Working capital requirement connected with operations	**I + II**	**(1,528)**	**(2,295)**	**341**	**399**	**44**	**(16)**

(in € millions)		31/12/2016	Maturity				
			Within 1 year				
			1 to 3 months	3 to 6 months	6 to 12 months	Between 1 and 5 years	After 5 years
Inventories and work in progress (net)		935	404	65	87	377	2
Trade and other receivables		11,422	9,667	634	708	407	6
Other current operating assets		5,099	4,259	333	217	271	20
Inventories and operating receivables	**I**	**17,456**	**14,329**	**1,032**	**1,012**	**1,055**	**28**
Trade payables		(7,740)	(7,025)	(272)	(172)	(269)	(2)
Other current operating liabilities		(11,838)	(10,108)	(607)	(604)	(424)	(95)
Trade and other operating payables	**II**	**(19,578)**	**(17,133)**	**(879)**	**(776)**	**(693)**	**(97)**
Working capital requirement connected with operations	**I + II**	**(2,122)**	**(2,804)**	**153**	**236**	**362**	**(69)**

Breakdown of trade receivables

Trade receivables and allowances were as follows:

(in € millions)	31/12/2017	31/12/2016
Trade receivables invoiced	6,882	6,578
Allowances against trade receivables	(521)	(504)
Trade receivables, net	**6,361**	**6,074**

At 31 December 2017, trade receivables between six and 12 months past due amounted to €525 million (compared with €466 million at 31 December 2016). €58 million of impairment has been recognised in consequence (€62 million at 31 December 2016). Receivables more than one year past due amounted to €346 million (€406 million at 31 December 2016) and impairment of €239 million has been recognised in consequence (€271 million at 31 December 2016).

18.3 Breakdown of current provisions

Accounting policies

Current provisions are provisions directly linked to each business line's own operating cycle, whatever the expected time of settlement of the obligation. They are recognised in accordance with IAS 37. They also include the part at less than one year of provisions not directly linked to the operating cycle.

These provisions are recognised at their present value. The effect of discounting provisions is recognised under "Other financial income and expense".

Provisions are taken for contractual obligations to maintain the condition of concession assets, principally by the motorway concession operating companies to cover the expense of major road repairs (surface courses, restructuring of slow lanes, etc.), bridges, tunnels and hydraulic infrastructure. They also include expenses to be incurred by airport concession companies (repairs to runways, traffic lanes and other paved surfaces). Provisions are calculated on the basis of maintenance expense plans spanning several years, which are updated annually. These expenses are reassessed on the basis of appropriate indexes (mainly the TP01, TP02 and TP09 indexes in France). Provisions are also taken whenever recognised signs of defects are encountered on identified infrastructure.

Provisions for after-sales service cover Group entities' commitments under statutory warranties relating to completed projects, in particular the 10-year warranty on building projects in France. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically identified events.

Provisions for losses on completion of contracts and construction project liabilities are set aside mainly when end-of-contract projections, based on the most likely estimated outcome, indicate a loss, and those covering work yet to be carried out in respect of completed projects under completion warranties.

Provisions for disputes connected with operations relate mainly to disputes with customers, subcontractors, joint contractors or suppliers.

Restructuring provisions include the cost of plans and measures for which there is a commitment whenever these have been announced before the period end.

Provisions for other current liabilities comprise mainly provisions for other risks related to operations.

Changes in current provisions reported in the balance sheet were as follows in 2017 and 2016:

(in € millions)	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
01/01/2016	**3,844**	**1,526**	**(1,251)**	**(137)**	**68**	**(16)**	**20**	**4,053**
Obligation to maintain the condition of concession assets	744	105	(60)	(7)	28	-	3	812
After-sales service	387	122	(103)	(14)	(1)	-	(5)	386
Losses on completion and construction project liabilities	1,266	692	(672)	(33)	18	-	(6)	1,265
Disputes	532	179	(146)	(49)	(9)	-	(2)	505
Restructuring costs	51	25	(27)	(9)	2	-	-	42
Other current liabilities	847	401	(283)	(59)	18	-	(3)	920
Reclassification of the part at less than one year	227	-	-	-	(4)	18	-	241
31/12/2016	**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**

At 31 December 2017, contractual obligations to maintain the condition of concession assets mainly comprised €379 million for the ASF group (€368 million at 31 December 2016), €240 million for Cofiroute (€234 million at 31 December 2016), and €177 million for airport concessions (€189 million at 31 December 2016) including €69 million for the ANA group (€74 million at 31 December 2016).
Provisions for other current liabilities include provisions for worksite restoration and removal costs for €194 million (€163 million at 31 December 2016).

19. Non-current provisions

Accounting policies

Non-current provisions are recognised whenever, at the balance sheet date, the Group has a legal or constructive present obligation towards non-Group companies arising from a past event, whenever it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation and whenever a reliable estimate can be made of the amount of the obligation. These provisions are measured at their present value, corresponding to the best estimate of the outflow of resources required to settle the obligation.

The part at less than one year of other employee benefits is reported under "Other current non-operating liabilities". The part at less than one year of provisions not directly linked to the operating cycle is reported under "Current provisions".

Detail of non-current provisions

Changes in other non-current provisions reported in the balance sheet (excluding employee benefits) were as follows in 2017 and 2016:

(in € millions)	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
01/01/2016	**956**	**194**	**(153)**	**(16)**	**(48)**	**16**	**1**	**949**
Financial risks	644	58	(29)	(7)	(22)	-	-	643
Other liabilities	532	138	(100)	(83)	57	-	-	543
Reclassification of the part at less than one year	(227)	-	-	-	4	(18)	-	(241)
31/12/2016	**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**

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 M "Note on litigation". These amounted to €576 million at 31 December 2017 (€543 million at 31 December 2016), including €384 million at more than one year (€352 million at 31 December 2016).

20. Other contractual obligations of an operational nature and other commitments given and received

Other contractual obligations of an operational nature and commitments given and received break down as follows:

20.1 Other contractual obligations of an operational nature

(in € millions)	31/12/2017	31/12/2016
Operating leases	1,237	1,230
Purchase and capital expenditure obligations (*)	387	459

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

Operating lease commitments amounted to €1,237 million at 31 December 2017 (€1,230 million at 31 December 2016). Of this, €807 million was for property (€778 million at 31 December 2016) and €430 million for movable items (€452 million at 31 December 2016).
Purchase and capital expenditure obligations, excluding those connected with concession contracts, relate mainly to Eurovia for its quarrying rights, VINCI Energies and VINCI Immobilier. The decline in 2017 was mainly due to funds advanced by VINCI Immobilier in relation to the Testimonio II project in Monaco.

The breakdown by maturity of contractual obligations is as follows:

		Payments due by period		
(in € millions)	Total	Within 1 year	Between 1 and 5 years	After 5 years
Operating leases	1,237	426	673	138
Purchase and capital expenditure obligations (*)	387	239	97	51

(*) Excluding capital investment obligations related to concession and PPP contracts.

20.2 Other commitments made and received

(in € millions)	31/12/2017	31/12/2016
Collateral security	44	31
Other commitments made (received)	277	394

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 reduction in other commitments given relates in particular to the release of guarantees given for the Matmut Atlantique stadium in Bordeaux after final acceptance of the project took place.

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.12.3 "Commitments made under concession contracts – intangible asset model";
- F.13.3 "Commitments made under concession and PPP contracts – financial asset and/or bifurcated model";
- G.15.2 "Commitments made and received in connection with construction contracts";
- K.27.1 "Provisions for retirement benefit obligations".

I. Equity

21. Information on equity

Capital management policy

In 2017, VINCI continued its purchases of own shares under the programme approved by the Shareholders' General Meeting held on 19 April 2016, and under the new programme approved by the Shareholders' General Meeting of 20 April 2017, for a period of 18 months and relating to a maximum amount of purchases of €2 billion at a maximum share price of €90. In 2017, 8,573,859 shares were bought at an average price of €75.23, for a total of €645 million.

Treasury shares (see Note I.21.2 "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.

On 15 December 2017, VINCI SA cancelled 5,736,988 treasury shares for €421 million.

VINCI's employee savings policy aims to make it easier for Group employees to become shareholders. At 31 December 2017, over 50% of the Group's employees were VINCI shareholders through unit funds invested in VINCI shares. Since those funds own 8.81% 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.

21.1 Share capital

At 31 December 2017, the parent company's share capital was represented by 591,216,948 ordinary shares of €2.5 nominal value each.

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

	31/12/2017	31/12/2016
Number of shares at beginning of period	**589,305,520**	**588,453,075**
Increases in share capital	7,648,416	8,852,445
Cancelled treasury shares	(5,736,988)	(8,000,000)
Number of shares at end of period	**591,216,948**	**589,305,520**
Number of shares issued and fully paid	591,216,948	589,305,520
Nominal value of one share *(in €)*	2.5	2.5
Treasury shares held directly by VINCI	36,317,368	34,685,354
of which shares allocated to covering performance share plans and employee share ownership plans	*7,154,413*	*5,522,399*

The changes in capital during 2016 and 2017 break down as follows:

	Increases (reductions) in share capital *(in €)*	Share premiums arising on contributions or mergers *(in €)*	Number of shares representing the share capital
01/01/2016	**1,471,132,688**	**9,147,651,909**	**588,453,075**
Group savings plan	14,890,160	312,952,787	5,956,064
Exercise of share subscription options	7,240,952	105,358,398	2,896,381
Cancelled treasury shares	(20,000,000)		(8,000,000)
31/12/2016	**1,473,263,800**	**9,565,963,094**	**589,305,520**
Group savings plan	14,623,400	358,172,600	5,849,360
Exercise of share subscription options	4,497,640	65,231,103	1,799,056
Cancelled treasury shares	(14,342,470)		(5,736,988)
Other operations		(138,935)	
31/12/2017	**1,478,042,370**	**9,989,227,862**	**591,216,948**

21.2 Treasury shares

Accounting policies

Treasury shares held by the Group are booked as a deduction from equity at their cost of acquisition. Any gains or losses connected with the purchase, sale or cancellation of treasury shares are recognised directly in equity without affecting the income statement.

Changes in treasury shares were as follows:

	31/12/2017	31/12/2016
Number of shares at beginning of period	**34,685,354**	**34,195,347**
Purchases of shares	8,573,859	8,699,360
Allocation of 2014 performance shares to employees	(944,799)	
Allocation of 2015 performance shares to employees	(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	(252,358)	(209,353)
Cancelled treasury shares	(5,736,988)	(8,000,000)
Number of shares at end of period	**36,317,368**	**34,685,354**

At 31 December 2017, the total number of treasury shares held was 36,317,368. These were recognised as a deduction from consolidated equity for €1,751 million.
A total of 7,154,413 shares are allocated to covering long-term incentive plans and employee share ownership transactions and 29,162,955 are intended to be used as payment in external growth transactions or to be sold.

21.3 Distributable reserves and statutory reserve

At 31 December 2017, VINCI SA's distributable reserves amounted to €28.7 billion (€29.4 billion at 31 December 2016) and its statutory reserve to €150 million (€150 million at 31 December 2016).

21.4 Amounts recognised directly in equity

		31/12/2017			31/12/2016		
(in € millions)		Attributable to owners of the parent	Attributable to non-controlling interests	Total	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Available-for-sale financial assets							
Reserve at beginning of period		**3**	**-**	**3**	**2**	**-**	**2**
Gross reserve before tax effect at balance sheet date	**I**	**1**	**-**	**1**	**3**	**-**	**3**
Cash flow and net investment hedges							
Reserve at beginning of period		**(847)**	**(1)**	**(848)**	**(916)**	**-**	**(916)**
Changes in fair value of companies accounted for under the equity method		115	-	115	36	-	36
Other changes in fair value in the period		74	1	75	(35)	-	(36)
Items recognised in profit or loss		63	-	63	69	-	69
Changes in consolidation scope and miscellaneous		-	-	-	(1)	-	(1)
Gross reserve before tax effect at balance sheet date	**II**	**(596)**	**-**	**(596)**	**(847)**	**(1)**	**(848)**
of which gross reserve relating to companies accounted for under the equity method		*(551)*	-	*(551)*	*(666)*	-	*(666)*
Total gross reserve before tax effects (items that may be recycled to income)	**I+II**	**(595)**	**-**	**(595)**	**(845)**	**(1)**	**(845)**
Associated tax effect		159	-	159	270	-	271
Reserve net of tax (items that may be recycled to income)	**III**	**(436)**	**-**	**(436)**	**(574)**	**(1)**	**(575)**
Actuarial gains and losses on retirement benefit obligations							
Reserve at beginning of period		**(458)**	**-**	**(458)**	**(344)**	**-**	**(344)**
Actuarial gains and losses recognised in the period		136	1	137	(149)	-	(149)
Associated tax effect		(31)	-	(31)	31	-	31
Changes in consolidation scope and miscellaneous		7	-	7	4	-	4
Reserve net of tax at end of period (items that may not be recycled to income)	**IV**	**(346)**	**-**	**(345)**	**(458)**	**-**	**(458)**
Total amounts recognised directly in equity	**III+IV**	**(782)**	**-**	**(782)**	**(1,032)**	**(1)**	**(1,033)**

The amounts recorded directly in equity relate to actuarial gains and losses on retirement benefit obligations, net investment hedging transactions (positive effect of €36 million) and cash flow hedging transactions (negative effect of €632 million).
Transactions relating to the hedging of interest rate risk have a negative effect of €637 million, comprising:

- a negative effect of €85 million concerning fully consolidated subsidiaries, including VINCI Autoroutes (negative effect of €106 million) and VINCI SA (positive effect of €50 million). The maturity schedule relating to the reclassification of these amounts in income is presented in Note J.25.1.2 "Interest rate risk management – cash flow hedges";
- a negative effect of €552 million relating to companies accounted for under the equity method, mainly relating to LISEA (negative effect of €336 million) and other companies handling infrastructure projects on a PPP or concession basis.

These transactions are described in Note J.25.1.2 "Cash flow hedges".

21.5 Non-controlling interests

At 31 December 2017, non-controlling interests amounted to €572 million (€541 million at 31 December 2016).

22. Dividends

The dividend paid by VINCI SA to its shareholders in respect of 2017 and 2016 breaks 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	383	350
Final dividend	977 (*)	813
Net total dividend	**1,360**	**1,163**

(*) Estimate based on the number of shares giving rights to a dividend at 28 January 2018, i.e. 555,027,161 shares.

VINCI paid the final dividend in respect of 2016 on 27 April 2017 and an interim dividend in respect of 2017 on 9 November 2017.

The Shareholders' Ordinary General Meeting of 17 April 2018 will be asked to approve the overall dividend that will be paid in respect of 2017 (see Note N.31 "Appropriation of 2017 net income").

J. Financing and financial risk management

23. Net financial debt

Accounting policies

Bonds, other loans and financial debt are recognised at amortised cost using the effective interest method. The effective interest rate is determined after taking account of redemption premiums and issuance expenses. Under this method, the interest expense is measured actuarially and reported under the cost of gross financial debt.

The economic benefit of a loan at a significantly below-market rate of interest, which is the case in particular for project finance granted by public sector organisations, is treated as a government grant and recognised as a reduction of the debt and the related investments, in accordance with IAS 20.

Certain financing contracts provide for early redemption options, for amounts that are always close to the amortised cost of the financial liabilities that are recognised as a result. Consequently, the Group does not recognise any derivative financial instrument separately from the original contracts.

The part at less than one year of borrowings is included in "Current borrowings".

At 31 December 2017, net financial debt, as defined by the Group, stood at €14.0 billion, up €63 million compared with 31 December 2016. It breaks down as follows:

Analysis by accounting heading	*(in € millions)*	Note	31/12/2017 Non-current	31/12/2017 Current (*)	31/12/2017 Total	31/12/2016 Non-current	31/12/2016 Current (*)	31/12/2016 Total
Financial liabilities at amortised cost	Bonds	23.1	(14,130)	(1,427)	(15,558)	(12,496)	(1,606)	(14,102)
	Other bank loans and other financial debt	23.1	(2,415)	(1,180)	(3,595)	(3,717)	(893)	(4,610)
	Finance lease debt	23.1	(97)	(33)	(130)	(52)	(26)	(78)
	Long-term financial debt (**)		**(16,642)**	**(2,641)**	**(19,282)**	**(16,264)**	**(2,526)**	**(18,790)**
	Commercial paper	24.2	-	(998)	(998)	-	(1,491)	(1,491)
	Other current financial liabilities	24.1	-	(30)	(30)	-	(79)	(79)
	Bank overdrafts	24.1	-	(1,105)	(1,105)	-	(1,051)	(1,051)
	Financial current accounts, liabilities	24.1	-	(58)	(58)	-	(83)	(83)
	I - Gross financial debt		**(16,642)**	**(4,830)**	**(21,472)**	**(16,264)**	**(5,229)**	**(21,494)**
	of which impact of fair value hedges		*(435)*	*(7)*	*(442)*	*(651)*	*(4)*	*(655)*
Loans and receivables	Loans and collateralised financial receivables		-	-	-	-	-	-
	Financial current accounts, assets	24.1	-	41	41	-	30	30
Financial assets at fair value through profit and loss	Cash management financial assets	24.1	-	142	142	-	124	124
	Cash equivalents	24.1	-	2,658	2,658	-	3,421	3,421
	Cash	24.1	-	4,150	4,150	-	3,257	3,257
	II - Financial assets		**-**	**6,991**	**6,991**	**-**	**6,832**	**6,832**
Derivatives	Derivative financial instruments – liabilities	25	(288)	(114)	(402)	(203)	(166)	(369)
	Derivative financial instruments – assets	25	621	261	882	721	370	1,091
	III - Derivative financial instruments		**334**	**146**	**480**	**519**	**204**	**723**
	Net financial debt (I+II+III)		**(16,308)**	**2,307**	**(14,001)**	**(15,745)**	**1,807**	**(13,938)**
	Net financial debt breaks down by business as follows:							
	Concessions		*(25,474)*	*(1,671)*	*(27,145)*	*(26,749)*	*(1,766)*	*(28,515)*
	Contracting		*(3,219)*	*3,695*	*477*	*(2,696)*	*3,568*	*872*
	Holding companies and VINCI Immobilier		*12,384*	*282*	*12,667*	*13,700*	*5*	*13,704*

(*) The current part includes accrued interest not matured.
(**) Including the part at less than one year.

Change in net financial debt:

(in € millions)	Opening	Cash flows	Ref.	"Non-cash" changes: Changes in consolidation scope	Exchange rate effect	Changes in fair value	Other changes	Total "non-cash"	Ref.	Closing
Bonds	(12,496)	(3,079)	(3)	(65)	161	212	1,136	1,444	(4)	(14,130)
Other loans and borrowings	(3,769)	252	(3)	(22)	36	-	992	1,006	(4)	(2,512)
Current borrowings	(5,229)	2,513		(101)	76	2	(2,090)	(2,114)		(4,830)
of which the part at less than one year of long-term debts	*(2,144)*	*1,952*	*(3)*	*(9)*	*28*	*2*	*(2,145)*	*(2,123)*	*(4)*	*(2,316)*
of which current financial debts at inception	*(1,653)*	*618*	*(2)*	*(81)*	*35*	-	*(4)*	*(50)*	*(4)*	*(1,085)*
of which accrued interest on bank debts	*(382)*	*56*	*(4)*	-	-	-	-	-	*(4)*	*(325)*
of which bank overdrafts	*(1,051)*	*(114)*	*(1)*	*(11)*	*12*	-	*58*	*60*	*(1)*	*(1,105)*
Cash management financial assets	154	(37)		73	(7)	-	-	66		184
of which cash management financial assets (excluding accrued interest)	*154*	*(37)*	*(2)*	*73*	*(7)*	-	-	*66*	*(4)*	*184*
of which accrued interest on cash management assets	-	-	*(4)*	-	-	-	-	-	*(4)*	-
Cash and cash equivalents	6,678	153	(1)	129	(92)	-	(60)	(23)	(1)	6,807
Derivative financial instruments	723	7		-	(54)	(196)	-	(250)		480
of which fair value of derivatives	*587*	*20*	*(3)*	-	*(54)*	*(196)*	-	*(250)*	*(4)*	*357*
of which accrued interest on derivatives	*135*	*(13)*	*(4)*	-	-	-	-	-	*(4)*	*123*
Net financial debt	**(13,938)**	**(192)**	**(5)**	**14**	**119**	**18**	**(22)**	**129**	**(5)**	**(14,001)**

Cash flow during the period related to net financial debt (negative effect of €192 million) resulted mainly from issues and redemptions of long-term debt (detailed in Note 23.1 "Detail of long-term financial debt by business") and the fall in commercial paper outstanding, offset by currency effects (positive effect of €119 million), particularly on unhedged debts. Other changes included the reclassification of the non-current portion of long-term financial debt as current debts.

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.	2017
Change in net cash	(1)	75
Change in cash management assets and other current financial debts	(2)	581
(Proceeds from)/repayment of loans	(3)	(855)
Other changes	(4)	136
Change in net financial debt	(5)	(63)

23.1 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 31 December 2017 was as follows:

	31/12/2017				31/12/2016			
(in € millions)	Concessions	Contracting	Holding companies and VINCI Immobilier	Total	Concessions	Contracting	Holding companies and VINCI Immobilier	Total
Bonds	(13,669)	(66)	(1,823)	(15,558)	(11,470)	-	(2,632)	(14,102)
Other bank loans and other financial debt	(3,503)	(98)	6(*)	(3,595)	(4,506)	(112)	8(*)	(4,610)
Finance lease debt	(16)	(114)	-	(130)	(2)	(76)	-	(78)
Long-term financial debt	**(17,188)**	**(278)**	**(1,816)**	**(19,282)**	**(15,978)**	**(188)**	**(2,624)**	**(18,790)**

(*) Net of arrangement commissions relating to the undrawn VINCI syndicated credit facility, recognised as a reduction in debt.

At 31 December 2017, long-term financial debt amounted to €19.3 billion, up €492 million relative to 31 December 2016 (€18.8 billion). The increase was due mainly to the following transactions:

- in October 2017, Cofiroute carried out a €750 million bond issue as part of its EMTN (Euro Medium Term Notes) programme, maturing in October 2027 and with a coupon of 1.125%;
- ASF carried out two bond issues as part of its EMTN programme, i.e. in January 2017 it issued €1 billion of bonds maturing in January 2027 and paying an annual coupon of 1.25%, and in April 2017 it issued €500 million of bonds maturing in April 2026 and paying an annual coupon of 1.125%.
ASF repaid a €532 million CNA loan bearing interest at 5.25% in January 2017, and the €138 million CNA/EIB loan bearing interest at 6.15% in April 2017;
- in November 2017, Arcour issued €417 million of bonds repayable over 30 years, with a coupon of 2.817%, to refinance a €382 million bank loan;
- in January 2017, Aerodom issued $317 million of 12-year amortising bonds as part of a Rule 144A placement, paying an annual coupon of 6.75% per year, and a $216 million bank loan repayable over seven years, to refinance a $518 million bond issue paying a coupon of 9.75%;
- in February 2017, VINCI SA issued $450 million of five-year cash-settled convertible bonds, followed by a $125 million tap issue in May 2017 and a $150 million tap issue in November 2017. Those issues took place at 100%, 108.625% and 111.85% of par respectively. The bonds are redeemable at par (if not converted) and pay a coupon of 0.375%. Alongside these issues, VINCI acquired options of the same maturity in order to hedge all of the risk relating to the conversion option. Together, these transactions enabled the Group to benefit from US-dollar financing at yields to maturity of 2.11%, 1.58% and 1.91% respectively. The option components of convertible bonds and hedging instruments are recognised under derivative instruments. Given their connection with the bonds issued, hedging instruments are presented as a deduction from gross financial debt when calculating net financial debt, and their cash impact is presented under "Proceeds from new long-term borrowings" in the cash flow statement.

In January 2017, VINCI redeemed a €100 million Euribor-linked private placement; in February 2017, it redeemed €1 billion of bonds paying a coupon of 4.125%; and in December 2017, it redeemed SFr200 million of bonds paying a coupon of 2.125%.

Details of the Group's main financial debts are given in the tables below:

Concessions

				31/12/2017			31/12/2016	
(in € millions)	**Currency**	**Contractual interest rate**	**Maturity**	**Capital remaining due**	**Carrying amount**	**of which accrued interest**	**Capital remaining due**	**Carrying amount**
Bonds I				**13,061**	**13,669**	**262**	**10,653**	**11,470**
ASF group				**8,293**	**8,863**	**202**	**6,792**	**7,517**
of which:								
ASF 2011 bond issue	EUR	4.0 %	September 2018	500	511	5	500	519
ASF 2009 bond issue and supplement	EUR	7.4 %	March 2019	970	1,038	56	970	1,049
ASF 2010 bond issue and supplement	EUR	4.1 %	April 2020	650	717	19	650	739
ASF 2007 bond issue	EUR	5.6 %	July 2022	1,575	1,781	44	1,575	1,824
ASF 2013 bond issue	EUR	2.9 %	January 2023	700	765	19	700	782
ASF 2014 bond issue	EUR	3.0 %	January 2024	600	613	17	600	612
ASF 2016 bond issue	EUR	1.0 %	May 2026	500	489	3	500	495
ASF 2017 bond issue	EUR	1.1 %	April 2026	500	501	4	-	-
ASF 2017 bond issue	EUR	1.3 %	January 2027	1,000	1,002	12	-	-
Cofiroute				**3,759**	**3,802**	**60**	**3,011**	**3,089**
of which:								
2003 bond issue	EUR	5.3 %	April 2018	600	622	21	600	626
2006 bond issue and supplement in 2007	EUR	5.0 %	May 2021	1100	1,177	33	1,100	1,194
2016 bond issue	EUR	0.4 %	February 2025	650	645	2	650	645
2016 bond issue	EUR	0.8 %	September 2028	650	607	2	650	614
2017 bond issue	EUR	1.1 %	October 2027	750	742	2	-	-
Arcour				**417**	**414**	**-**		
of which Arcour 2017	EUR	2.8 %	November 2047	417	414	-	-	-
VINCI Airports				**264**	**254**	**-**	**491**	**497**
of which Aerodom 2012	USD	9.8 %	January 2017 (1)	-	-	-	491	497
of which Aerodom 2017	USD	6.8 %	March 2029	264	254	-	-	-
Other concessions				**328**	**337**	**-**	**359**	**367**
of which Lamsac 2012	PEN	inflation	June 2037	234	244	-	256	264
of which Lamsac 2012	PEN	8.6 %	June 2037	94	93	-	104	103
Other bank loans and other financial debt II				**3,556**	**3,503**	**36**	**4,491**	**4,506**
ASF group				**1,593**	**1,575**	**27**	**2,290**	**2,321**
CNA loans				***750***	***770***	**26**	**1,282**	**1,339**
of which:								
ASF and Escota - CNA 2002	EUR	5.3 %	January 2017	-	-	-	532	558
ASF - CNA 2004 to 2005	EUR	4.5 %	March 2018	750	770	26	750	782
CNA/EIB loans				**-**	**-**	**-**	**138**	**129**
EIB loans				***743***	***708***	**1**	**771**	**757**
Credit facilities				***100***	***97***	**-**	**100**	**96**
Cofiroute				**844**	**844**	**7**	**897**	**900**
Arcour				**191**	**171**	**-**	**580**	**560**
of which Arcour 2008	EUR	E6M	November 2017 (2)	-	-	-	387	386
VINCI Airports				**747**	**733**	**2**	**599**	**598**
of which ADL group (Aéroports de Lyon)				324	323	1	321	319
of which Aerodom	USD	Lib3M	March 2024	177	164	-	-	-
Other concessions				**181**	**179**	**-**	**125**	**127**
Finance lease debt III				**16**	**16**	**-**	**2**	**2**
Long-term financial debt I+II+III				**16,633**	**17,188**	**299**	**15,146**	**15,978**

(1) Renegotiated in January 2017 – initial maturity date in November 2019.
(2) Renegotiated in November 2017 – initial maturity date in March 2018.

Holdings companies

(in € millions)	31/12/2017 Currency	Contractual interest rate	Maturity	Capital remaining due	Carrying amount	of which accrued interest	31/12/2016 Capital remaining due	Carrying amount
Bonds I				**1,876**	**1,823**	**26**	**2,484**	**2,632**
VINCI SA				**1,876**	**1,823**	**26**	**2,484**	**2,632**
of which:								
2011 bond issue and supplement in 2012	EUR	4.1 %	February 2017	-	-	-	1,000	1,038
2012 bond issue	EUR	3.4 %	March 2020	750	794	19	750	806
Bond issue and supplement in 2017 (*)	USD	0.4 %	February 2022	653	562	1	-	-
Other bank loans and other financial debt II				**-**	**(6)**	**-**	**-**	**(8)**
VINCI SA (**)				-	(6)	-	-	(8)
Long-term financial debt I+II				**1,876**	**1,816**	**26**	**2,484**	**2,624**

(*) Corresponding to non-dilutive convertible bonds.
(**) Net of arrangement commissions relating to the undrawn VINCI syndicated credit facility, recognised as a reduction in debt.

Breakdown of long-term financial debt by currency

At 31 December 2017, 89% of the Group's long-term financial debt was denominated in euros. Debts in foreign currency of companies of which the functional currency is the euro (mainly VINCI and ASF) have been hedged at their time of issue and do not generate any exposure to exchange rate risk. Generally, the Group's activities in foreign countries are financed in the local currency.

23.2 Net financial debt maturity schedule

On the basis of interest rates at 31 December 2017, the Group's debt and associated interest payments break down as follows, by maturity date:

(in € millions)	31/12/2017 Carrying amount	Capital and interest payments	Within 1 year	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Bonds						
Capital	(15,558)	(15,012)	(1,132)	(1,317)	(5,102)	(7,461)
Interest payments	-	(2,759)	(508)	(455)	(941)	(855)
Other bank loans and other financial debt						
Capital	(3,595)	(3,654)	(1,142)	(408)	(606)	(1,498)
Interest payments	-	(299)	(82)	(40)	(95)	(83)
Finance lease debt			-			
Capital	(130)	(129)	(32)	(27)	(42)	(28)
Interest payments	-	(8)	(3)	(2)	(2)	(1)
Long-term financial debt	**(19,282)**	**(21,860)**	**(2,899)**	**(2,248)**	**(6,788)**	**(9,926)**
Commercial paper	(998)	(998)	(998)	-	-	-
Other current financial liabilities	(30)	(30)	(30)	-	-	-
Bank overdrafts	(1,105)	(1,105)	(1,105)	-	-	-
Financial current accounts, liabilities	(58)	(58)	(58)	-	-	-
Financial debt I	**(21,472)**	**(24,050)**	**(5,088)**	**(2,248)**	**(6,788)**	**(9,926)**
Financial assets II	**6,991** (*)					
Derivative financial instruments – liabilities	(402)	97	32	14	60	(9)
Derivative financial instruments – assets	882	915	218	179	374	144
Derivative financial instruments III	**480**	**1,012**	**250**	**193**	**434**	**135**
Net financial debt I+II+III	**(14,001)**					

(*) Of which €6.9 billion at less than three months, consisting mainly of €2.7 billion of cash equivalents and €4.1 billion of cash (see Note J.24.1 "Net cash managed").

At 31 December 2017, the average maturity of the Group's long-term financial debt was 5.7 years (5 years at 31 December 2016). The average maturity was 6.1 years in Concession subsidiaries, 2.3 years for the Contracting business and 3.2 years for holding companies and VINCI Immobilier.

23.3 Credit ratings and financial covenants

Credit ratings

At 31 December 2017, the Group's credit ratings were as follows (unchanged relative to 31 December 2016):

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

Financial covenants

Some financing agreements include early repayment clauses applicable in the event of non-compliance with financial ratios. The main clauses are described below:

(in € millions)	Finance agreements	Ratios (*)	Thresholds	Ratios at 31/12/2017
ASF	CNA (Caisse Nationale des Autoroutes) loans	Consolidated net financial debt/Consolidated Ebitda	< or = 7	3.7
		Consolidated Ebitda/Consolidated financing costs	> 2.2	9.4

(*) Ebitda = gross operating income defined as the difference between operating income and operating expenses excluding depreciation, amortisation and provisions.

The above ratios were all met at 31 December 2017.

Some finance agreements entered into by Group entities provide that a change in control of the borrower may constitute a case for mandatory early redemption or trigger a demand for early repayment.

24. Net cash managed and available resources

Accounting policies

Cash and cash equivalents comprise current accounts at banks and short-term liquid investments subject to negligible risks of fluctuations of value. Cash equivalents include money market UCITS and certificates of deposit with maturities not exceeding three months at the origin. Bank overdrafts are not included in cash and are reported under current financial liabilities. Changes in the fair value of these instruments are recognised directly in profit or loss.

"Cash management financial assets" comprises investments in money market securities and bonds, and units in UCITS, made with a short-term management objective, that do not satisfy the IAS 7 criteria for recognition as cash. They are measured and recognised at their fair value. Changes in value are recognised in profit or loss.

Purchases and sales of cash management financial assets are recognised at their transaction date.

At 31 December 2017, the Group's available resources amounted to €10.8 billion, including €4.8 billion net cash managed and €6 billion of available, confirmed medium-term bank credit facilities expiring in May 2021.

24.1 Net cash managed

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

	31/12/2017			
(in € millions)	Concessions	Contracting	Holding companies and VINCI Immobilier	Total
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.

(in € millions)	31/12/2016 Concessions	Contracting	Holding companies and VINCI Immobilier	Total
Cash equivalents	**243**	**345**	**2,834**	**3,421**
Marketable securities and mutual funds (UCITS)	64	4	1,998	2,067
Negotiable debt securities with an original maturity of less than 3 months (*)	178	341	835	1,354
Cash	**347**	**1,712**	**1,198**	**3,257**
Bank overdrafts	**-**	**(559)**	**(492)**	**(1,051)**
Net cash and cash equivalents	**589**	**1,498**	**3,540**	**5,628**
Cash management financial assets	**55**	**68**	**-**	**124**
Marketable securities and mutual funds (UCITS) (**)	-	13	-	13
Negotiable debt securities and bonds with an original maturity of less than 3 months	1	45	-	46
Negotiable debt securities and bonds with an original maturity of more than 3 months	54	11	-	66
Commercial paper issued	**-**	**-**	**(1,491)**	**(1,491)**
Other current financial liabilities	**(11)**	**(68)**	**(1)**	**(79)**
Balance of cash management current accounts	**(1,385)**	**2,132**	**(799)**	**(52)**
Net cash managed	**(751)**	**3,631**	**1,249**	**4,129**

(*) 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 31 December 2017, net cash managed by VINCI SA amounted to €1.6 billion, 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 that centralises the cash surpluses of foreign subsidiaries, managed investments and cash of €0.8 billion at 31 December 2017. 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 €2.5 billion at 31 December 2017, including €0.9 billion for the Concessions business and €1.6 billion for the Contracting business.

24.2 Other available resources

Revolving credit facilities

VINCI, ASF and Cofiroute each have a revolving credit facility due to expire in May 2021.
At 31 December 2017, none of those credit facilities was being used.

The amounts authorised and maturities of the credit facilities of VINCI and its subsidiaries are as follows:

(in € millions)	Amounts used at 31/12/2017	Amounts authorised at 31/12/2017	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**	**-**

The ASF syndicated credit facility includes an early repayment clause applicable in the event of non-compliance with the following financial ratios:

(in € millions)	Finance agreements	Ratios	Threshold	Ratios at 31/12/2017
ASF	Syndicated credit facility	Consolidated net financial debt (*)/Consolidated cash flow from operations before tax and financing costs + dividends received from companies accounted for under the equity method	< or = 7	3.8
		Consolidated cash flow from operations before tax and financing costs + dividends received from companies accounted for under the equity method/Consolidated financing costs	> or = 2.2	9.3

(*) Excluding derivatives designated as cash flow hedges.

Commercial paper

At 31 December 2017, VINCI had a €3 billion commercial paper programme rated A2 by Standard & Poor's and P1 by Moody's.
At 31 December 2017, €1 billion had been issued under that programme.

25. Financial risk management

Accounting policies

The Group uses derivative financial instruments to hedge its exposure to market risks (mainly interest rates and foreign currency exchange rates). Most interest rate and foreign currency exchange rate derivatives used by VINCI are designated as hedging instruments. Hedge accounting is applicable in particular if the conditions provided for in IAS 39 are satisfied:

- at the time of setting up the hedge, there is a formal designation and documentation of the hedging relationship;
- the effectiveness of the hedging relationship must be demonstrated from the outset and at each balance sheet date, prospectively and retrospectively.

Changes in fair value from one period to the next are recognised differently depending on whether they are designated as:

- a fair value hedge of an asset or a liability or of an unrecognised firm commitment;
- a cash flow hedge; or
- a hedge of a net investment in a foreign entity.

A fair value hedge enables the exposure to the risk of a change in the fair value of a financial asset, a financial liability or unrecognised firm commitment to be hedged.
Changes in the fair value of the hedging instrument are recognised in profit or loss for the period. The change in value of the hedged item attributable to the hedged risk is recognised symmetrically in profit or loss for the period (and adjusts the carrying amount of the hedged item). Except for the ineffective portion of the hedge, these two revaluations offset each other within the same line items in the income statement.

A cash flow hedge allows exposure to variability in future cash flow associated with an existing asset or liability, or a highly probable forecast transaction, to be hedged.
Changes in the fair value of the derivative financial instrument are recognised as other comprehensive income, under equity for the effective portion and in profit or loss for the period for the ineffective portion. Cumulative gains or losses in equity are taken to profit or loss under the same line item as the hedged item – i.e. under operating income and expenses for cash flow from operations and under financial income and expense otherwise – when the hedged cash flow affects profit or loss.
If the hedging relationship is disqualified because it is no longer considered effective, the cumulative gains or losses in respect of the derivative instrument are retained in equity and recognised symmetrically with the cash flow hedged. If the future cash flow is no longer expected, the gains and losses previously recognised in equity are taken to profit or loss.

A hedge of a net investment denominated in a foreign currency hedges the exchange rate risk relating to the net investment in a consolidated foreign subsidiary. The effective portion of the changes in the value of the derivative instrument is recorded in equity under currency translation differences and the portion considered as ineffective is recognised in profit or loss.
The change in the value of the hedging instrument recognised in "Currency translation differences" is reversed through profit or loss when the foreign entity in which the initial investment was made leaves the Group.

Derivative financial instruments that are not designated as hedging instruments are reported in the balance sheet at fair value and changes in their fair value are recognised in profit or loss.

Management rules

VINCI has implemented a system to manage and monitor the financial risks to which it is exposed, principally interest rate risk.

In accordance with the rules laid down by the Group's Finance Department, the responsibility for identifying, measuring and hedging financial risks lies with the operational entity in question. On the other hand, derivative financial instruments are normally managed by the Group Finance Department on behalf of the subsidiaries in question.

Treasury committees, in which the Group's Finance Department and the concerned companies participate, analyse the main exposures regularly and decide on management strategies for the entities that have the most material exposure to financial risks (VINCI SA, ASF, Cofiroute, VINCI Finance International).

In order to manage its exposure to market risks, the Group uses derivative financial instruments, which are recognised in the balance sheet at their fair value.

At the balance sheet date, the fair value of derivative financial instruments breaks down as follows:

		31/12/2017	31/12/2016
(in € millions)	Note	Fair value (*)	Fair value (*)
Interest rate derivatives: fair value hedges	25.1.2	547	788
Interest rate derivatives: cash flow hedges	25.1.2	(63)	(116)
Interest rate derivatives not designated as hedges	25.1.3	39	39
Interest rate derivatives		**522**	**712**
Foreign currency exchange rate derivatives: fair value hedges	25.2	(40)	13
Foreign currency exchange rate derivatives: cash flow hedges	25.2	-	(1)
Foreign currency exchange rate derivatives: hedges of net foreign investments	25.2	2	(3)
Foreign currency exchange rate derivatives not designated as hedges	25.2	(4)	4
Foreign currency exchange rate derivatives		**(42)**	**13**
Other derivatives		**-**	**(1)**
Total derivative financial instruments		**480**	**723**

(*) Fair value includes interest accrued but not matured of €123 million at 31 December 2017 and €135 million at 31 December 2016.

25.1 Interest rate risk

Interest rate risk is managed within the Group, making a distinction between the Concessions business, the Contracting business and holding companies as their respective financial profiles are not the same.

For concession operating subsidiaries, interest rate risk is managed with two timescales: the long term, aiming to ensure and maintain the concession's economic equilibrium, and the short term, with an objective of limiting the earnings impact of the average cost of debt depending on the situation in financial markets.
Over the long term, the objective is to change over time the breakdown between fixed and floating rate debt depending on the debt level (measured by the ratio of net debt to cash flow from operations before tax and financing costs), with a greater proportion at fixed rate when the level of debt is high.
As regards Contracting activities and holding companies, they have a structural net cash surplus. For these activities, the objective is to ensure that the risks connected with financial assets and financial liabilities are well matched.

To hedge its interest rate risk, the Group uses derivative financial instruments in the form of options or swaps of which the start may be deferred. These derivatives may be designated as hedges for accounting purposes or not, in accordance with the IFRSs.

25.1.1 Long-term financial debt before and after interest rate hedging and sensitivity to interest rate risk

Long-term financial debt before and after interest rate hedging

The table below shows the breakdown at 31 December 2017 of long-term debt between fixed rate, capped floating rate or inflation-linked debt, and the part at floating rate before and after taking account of hedging derivative financial instruments:

	Breakdown between fixed and floating rate before hedging										
	Fixed rate			Inflation-linked			Floating rate			Total	
(in € millions)	Debt	*Proportion*	Rate	Debt	*Proportion*	Rate	Debt	*Proportion*	Rate	Debt	Rate
Concessions	14,417	*87%*	3.61%	425	*3%*	7.56%	1,703	*10%*	1.29%	16,545	3.47%
Contracting	192	*69%*	2.71%	-	-	-	85	*31%*	4.96%	277	3.40%
Holding companies	1,594	*86%*	2.59%	-	-	-	250	*14%*	0.29%	1,844	2.27%
Total at 31/12/2017	**16,202**	***87%***	**3.50%**	**425**	***2%***	**7.56%**	**2,038**	***11%***	**1.32%**	**18,665**	**3.35%**
Total at 31/12/2016	**14,931**	***84%***	**4.17%**	**442**	***2%***	**8.36%**	**2,411**	***14%***	**0.66%**	**17,785**	**3.80%**

	Breakdown between fixed and floating rate after hedging										
	Fixed rate			Inflation-linked			Floating rate			Total	
(in € millions)	Debt	*Proportion*	Rate	Debt	*Proportion*	Rate	Debt	*Proportion*	Rate	Debt	Rate
Concessions	7,959	*48%*	4.05%	225	*1%*	10.21%	8,361	*51%*	0.87%	16,545	2.79%
Contracting	192	*69%*	2.71%	-	-	-	85	*31%*	4.98%	277	3.40%
Holding companies	649	*35%*	1.84%	-	-	-	1,195	*65%*	1.06%	1,844	1.34%
Total at 31/12/2017	**8,799**	***47%***	**3.86%**	**225**	***1%***	**10.21%**	**9,641**	***52%***	**0.93%**	**18,665**	**2.65%**
Total at 31/12/2016	**9,188**	***52%***	**4.09%**	**243**	***1%***	**10.32%**	**8,354**	***47%***	**1.32%**	**17,785**	**3.00%**

Sensitivity to interest rate risk

VINCI is exposed to the risk of fluctuations in interest rates, given:

- the cash flow connected with net floating rate financial debt;
- fixed rate financial instruments, recognised on the balance sheet at fair value through profit and loss;
- derivative financial instruments that are not designated as hedges. These mainly comprise net call option positions of which the maximum loss over the life of the transaction is equal to the premium paid.

On the other hand, fluctuations in the value of derivatives designated as cash flow hedges are recognised directly in equity and have no effect on profit or loss (for the effective portion).

The analysis below has been prepared assuming that the amount of the financial debt and derivatives at 31 December 2017 remains constant over one year. The consequence of a variation in interest rates of 25 basis points at the balance sheet date would be an increase or decrease of equity and pre-tax income for the amounts shown below. For the purpose of this analysis, the other variables are assumed to remain constant.

	31/12/2017			
	Income		Equity	
(in € millions)	Impact of sensitivity calculation +25 bp	Impact of sensitivity calculation -25 bp	Impact of sensitivity calculation +25 bp	Impact of sensitivity calculation -25 bp
Floating rate debt after hedging (accounting basis)	(25)	25	-	-
Floating rate assets after hedging (accounting basis)	-	-	-	-
Derivatives not designated as hedges for accounting purposes	-	-	-	-
Derivatives designated as cash flow hedges	-	-	210	(210)
Total	**(25)**	**25**	**210**	**(210)**

25.1.2 Description of hedging transactions

Fair value hedges

At the balance sheet date, details of the instruments designated as fair value hedges (receive fixed/pay floating interest rate swaps only) were as follows:

		Receive fixed/pay floating interest rate swap				
(in € millions)	Fair value	Notional amount	Within 1 year	Between 1 and 2 years	Between 3 and 5 years	After 5 years
31/12/2017	547	9,036	444	1,352	2,605	4,636
31/12/2016	788	8,641	1,774	444	2,559	3,864

These transactions relate mainly to the fixed rate bond issues by ASF, VINCI SA and Cofiroute.

Cash flow hedges

The Group is exposed to fluctuations in interest rates on its floating rate debt and may set up receive floating/pay fixed interest rate swaps designated as cash flow hedges to hedge this risk.

The Group has thus set up interest rate swaps that serve to render interest payments on floating rate debt fixed ("certain" cash flow hedging). Contractual cash flow relating to swaps is paid symmetrically with the hedged interest payment flows. The amount deferred in equity is recognised in profit or loss in the period in which the interest payment cash flow affects profit or loss.

The Group has also set up swaps with a deferred start in 2020 at VINCI Finance International concerning the future financing of the concession company for the western Strasbourg bypass, with maturities of up to 2037. These serve to fix the interest payments on future issues of debt considered as highly probable. At 31 December 2017, the portfolio of these swaps had a negative fair value of €1 million.

At 31 December 2017, details of the instruments designated as cash flow hedges were as follows:

	31/12/2017					
(in € millions)	Fair value	Notional amount	Within 1 year	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Receive floating/pay fixed interest rate swaps	(63)	854	10	11	372	460
Total interest rate derivatives designated for accounting purposes as cash flow hedges	**(63)**	**854**	**10**	**11**	**372**	**460**
Of which hedging of contractual cash flows	*(62)*	*561*	*10*	*11*	*370*	*169*
Of which hedging of highly probable forecast cash flows (*)	*(1)*	*293*	-	-	*2*	*291*

(*) Receive floating/pay fixed interest rate swaps.

(in € millions)	31/12/2016 Fair value	Notional amount	Within 1 year	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Receive floating/pay fixed interest rate swaps	(116)	1,154	51	520	492	91
Total interest rate derivatives designated for accounting purposes as cash flow hedges	**(116)**	**1,154**	**51**	**520**	**492**	**91**
Of which hedging of contractual cash flows	*(108)*	*1,002*	*51*	*520*	*340*	*91*
Of which hedging of highly probable forecast cash flows (*)	*(8)*	*152*	*-*	*-*	*152*	*-*

(*) Receive floating/pay fixed interest rate swaps.

The following table shows the periods in which the Group expects the amounts recorded in equity at 31 December 2017 for the instruments designated as cash flow hedges to have an impact on profit or loss:

	31/12/2017				
		Amount recycled in profit or loss			
(in € millions)	Amount recorded in equity of controlled companies	Within 1 year	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Total interest rate derivatives designated for accounting purposes as cash flow hedges	**(86)**	**(35)**	**(17)**	**(7)**	**(26)**
Of which hedging of contractual cash flow	*(65)*	*(17)*	*(12)*	*(15)*	*(22)*
Of which hedging of highly probable forecast cash flow	*(20)*	*(18)*	*(5)*	*8*	*(5)*

25.1.3 Description of non-hedging transactions

(in € millions)	31/12/2017 Fair value	Notional amount	Within 1 year	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Interest rate swaps	39	1,000	-	1,000	-	-
Total	**39**	**1,000**	**-**	**1,000**	**-**	**-**

(in € millions)	31/12/2016 Fair value	Notional amount	Within 1 year	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Interest rate swaps	39	1,000	-	-	1,000	-
Total	**39**	**1,000**	**-**	**-**	**1,000**	**-**

These transactions are mainly swaps with short maturities and mirror swaps (symmetrical positions that generate no risk of fluctuation of fair value in the income statement).

25.2 Management of foreign currency exchange rate risk

Nature of the Group's risk exposure

VINCI's foreign currency risk management policy consists of hedging the transactional risk connected with operations.
72% of VINCI's revenue is generated in the eurozone. Contracts outside the eurozone are generally carried out in the local currency in respect of local subsidiaries' activities, and to a large extent in euros and dollars in the case of major export projects. The Group's exposure to currency risk is therefore limited.
VINCI's foreign currency risk management policy consists of hedging the transactional risk connected with subsidiaries' commercial flows denominated in currencies other than their functional currency. Such flows are small compared with the Group's consolidated revenue.
In some cases, the Group also hedges its asset-related exchange rate risk related to its foreign currency investments by matching the currency of part of its debt with the currency in which the assets generate cash flow. Asset-related exchange rate hedging decisions are taken by the subsidiaries concerned in conjunction with the Group Finance Department depending on the value of the net asset in the Group's financial statements, the predictability of the volume and timeframe of the foreign currency cash flow generated, and the economic terms of the foreign currency borrowings concerned.

Analysis of foreign currency exchange rate risk

The principal foreign exchange risk exposure was as follows at 31 December 2017:

(in € millions)	31/12/2017				
Currency	**USD (US dollar)**	**GBP (Pound sterling)**	**EGP (Egyptian pound)**	**CAD (Canadian dollar)**	**UAH (Ukrainian hryvnia)**
Closing rate	1.1993	0.8872	21.3309	1.5039	33.7318
Exposure	67	51	9	16	(8)
Hedging	(25)	(42)	-	(10)	-
Net position	**42**	**9**	**9**	**6**	**(8)**

Given a residual exposure on some assets that have not been designated as hedges, a 10% appreciation of foreign currencies against the euro would have a positive impact on pre-tax earnings of €3 million.

Detail of foreign currency exchange rate derivatives

Transactions in exchange rate derivatives carried out by the Group, partly to hedge its financial transactions, break down as follows:

	31/12/2017					
(in € millions)	Fair value	Notional amount	Within 1 year	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Currency swaps (incl. cross currency swaps)	(40)	335	-	-	191	144
Fair value hedges	**(40)**	**335**	**-**	**-**	**191**	**144**
Currency swaps (incl. cross currency swaps)	-	14	14	-	-	-
Cash flow hedges	**-**	**14**	**14**	**-**	**-**	**-**
Currency swaps (incl. cross currency swaps)	2	684	293	57	296	37
Forward foreign exchange transactions	-	3	3	-	-	-
Hedges of net foreign investments	**2**	**687**	**297**	**57**	**296**	**37**
Currency swaps (incl. cross currency swaps)	(4)	365	365	-	-	-
Forward foreign exchange transactions	-	3	3	-	-	-
Foreign currency exchange rate derivatives not designated as hedges for accounting purposes	**(4)**	**368**	**368**	**-**	**-**	**-**
Total foreign currency exchange rate derivatives	**(42)**	**1,403**	**679**	**57**	**487**	**181**

(in € millions)	Fair value	Notional amount	31/12/2016 Within 1 year	Between 1 and 2 years	Between 3 and 5 years	After 5 years
Currency swaps (incl. cross currency swaps)	13	388	162	-	-	226
Fair value hedges	**13**	**388**	**162**	**-**	**-**	**226**
Currency swaps (incl. cross currency swaps)	(1)	11	11	-	-	-
Cash flow hedges	**(1)**	**11**	**11**	**-**	**-**	**-**
Currency swaps (incl. cross currency swaps)	(3)	971	645	26	100	200
Forward foreign exchange transactions	-	2	2	-	-	-
Hedges of net foreign investments	**(3)**	**973**	**647**	**26**	**100**	**200**
Currency swaps (incl. cross currency swaps)	5	556	556	-	-	-
Forward foreign exchange transactions	(1)	25	25	-	-	-
Foreign currency exchange rate derivatives not designated as hedges for accounting purposes	**4**	**581**	**581**	**-**	**-**	**-**
Total foreign currency exchange rate derivatives	**13**	**1,953**	**1,400**	**26**	**100**	**426**

25.3 Management of credit and counterparty risk

VINCI is exposed to credit risk in the event of default by its customers and to counterparty risk in respect of its investments of cash (mainly credit balances at banks, negotiable debt securities, term deposits and marketable securities), subscription to derivatives, commitments received (sureties and guarantees received), unused authorised credit facilities, and financial receivables.

The Group has set up procedures to manage and limit credit risk and counterparty risk.

Trade receivables

Approximately a third of consolidated revenue is generated with public sector or quasi-public sector customers. Moreover, VINCI considers that the concentration of credit risk connected with trade receivables is limited because of the large number of customers and the fact that they are geographically dispersed. No customer accounts for more than 10% of VINCI's revenue. In export markets, the risk of non-payment is generally covered by appropriate insurance policies (Coface, documentary credits and other insurance). Trade receivables are broken down in Note E.18.2 "Breakdown of trade receivables".

Financial instruments (cash investments and derivatives)

Financial instruments (cash investments and derivatives) are set up with financial institutions that meet the Group's credit rating criteria. The Group has also set up a system of counterparty limits to manage its counterparty risk. Maximum risk amounts by counterparty are defined taking account of their credit ratings attributed by Standard & Poor's and Moody's. The limits are regularly monitored and updated on the basis of a consolidated quarterly reporting system.
The Group Finance Department also distributes instructions to subsidiaries laying down the authorised limits by counterparty, the list of authorised UCITS (French subsidiaries) and the selection criteria for money market funds (foreign subsidiaries).

The measurement of the fair value of derivative financial instruments carried by the Group includes a "counterparty risk" component for derivatives carried as assets and a "credit risk" component for derivatives carried as liabilities. Credit risk is measured using standard mathematical models for market participants. At 31 December 2017, adjustments recognised with respect to counterparty risk and own credit risk were not material.

Netting agreements relating to derivative financial instruments

At 31 December 2017 and in accordance with IAS 32, the Group's financial assets and liabilities (including derivative financial instruments) are not netted on the balance sheet, except where the Group has netting agreements. In the event of default by the Group or the financial institutions with which it has contracted, these agreements provide for netting between the fair values of assets and liabilities arising from derivative financial instruments presented in the consolidated balance sheet.
The table below sets out the Group's net exposure arising from these netting agreements:

	31/12/2017			31/12/2016		
(in € millions)	Fair value of derivatives recognised on the balance sheet (*)	Impact of netting agreements	Total	Fair value of derivatives recognised on the balance sheet (*)	Impact of netting agreements	Total
Derivative financial instruments – assets	882	(277)	605	1,091	(211)	880
Derivative financial instruments – liabilities	(402)	277	(125)	(369)	211	(157)
Net derivative instruments	**480**		**480**	**723**		**723**

(*) Gross amounts as stated on the Group's consolidated balance sheet.

25.4 Management of other risks

Equity risk

At 31 December 2017, the Group held 36,317,368 VINCI shares (representing 6.14% of the share capital) acquired at average price of €48.21. Increases or decreases of the stock market price of these treasury shares have no impact on the Group's consolidated profit or loss or equity.

Regarding assets to cover retirement benefit obligations, a breakdown by asset type is given in Note K.27.1 "Provisions for retirement benefit obligations".

After issues of non-dilutive convertible bonds, VINCI is exposed to the risk of changes in their redemption value, which depends on VINCI's share price. To protect against an increase in the redemption value caused by a rise in the share price, the Group has taken out options with the same maturity. Together, all of these transactions mean that VINCI is not exposed to any risks in relation to treasury shares.

Commodity risks

Most of the Group's revenue arises either from contracts that include price revision clauses or under short-term contracts. The risks associated with an increase in commodity prices are therefore generally limited.

For major contracts with no price revision clauses, the commodity risks are analysed on a case-by-case basis and managed in particular by negotiating firm price agreements with suppliers and/or through cash-and-carry deals and/or hedging derivatives based on commodity indexes.

Eurovia has set up a policy to manage bitumen price risks through short-maturity hedging derivatives (swaps of less than three months on average). This policy applies to small contracts in France with an average length of less than three months and which do not include price revision clauses.

VINCI uses little unprocessed raw material, other than the aggregates produced and used by Eurovia. In 2017, approximately 32% of Eurovia's aggregates came from Group quarries.

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

The following table shows the carrying amount and the fair value of financial assets and liabilities in the balance sheet by accounting category as defined in IAS 39:

31/12/2017	Accounting categories (1)							Fair value			
Balance sheet headings and classes of instrument	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
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	**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	**(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, F.13 and H.17.
(3) Mainly comprising certificates of deposit, term deposits and interest bearing accounts.
(4) Listed price of loans issued by CNA.

The method of measuring the fair value of financial assets and liabilities was not altered in 2017.

31/12/2016	Accounting categories [1]							Fair value			
Balance sheet headings and classes of instrument	Financial instruments at fair value through profit and	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**
Available-for-sale financial assets	-	-	-	134	-	-	134	1	-	134	134
Loans and financial receivables incl. PPP	-	-	-	-	747	-	747	-	747	-	747
I - Non-current financial assets [2]	**-**	**-**	**-**	**134**	**747**	**-**	**881**	**1**	**747**	**134**	**881**
II - Derivative financial	**202**	**890**	**-**	**-**	**-**	**-**	**1,091**	**-**	**1,091**	**-**	**1,091**
Cash management financial assets	-	-	124	-	-	-	124	13	111	-	124
Financial current accounts, assets	-	-	30	-	-	-	30	30	-	-	30
Cash equivalents			3,421				3,421	2,067	1,354 [3]	-	3,421
Cash			3,257				3,257	3,257	-	-	3,257
III - Current financial assets	**-**	**-**	**6,832**	**-**	**-**	**-**	**6,832**	**5,367**	**1,465**	**-**	**6,832**
Total assets	**202**	**890**	**6,832**	**134**	**747**	**-**	**8,805**	**5,368**	**3,303**	**134**	**8,805**
Bonds	-	-	-	-	-	(14,102)	(14,102)	(13,835)	(1,062)	-	(14,897)
Other bank loans and other financial debt	-	-	-	-	-	(4,610)	(4,610)	(1,383) [4]	(3,333)	-	(4,717)
Finance lease debt	-	-	-	-	-	(78)	(78)	-	(78)	-	(78)
IV - Long-term financial debt	**-**	**-**	**-**	**-**	**-**	**(18,790)**	**(18,790)**	**(15,218)**	**(4,473)**	**-**	**(19,692)**
V - Derivative financial	**(158)**	**(210)**	**-**	**-**	**-**	**-**	**(368)**	**-**	**(369)**	**-**	**(369)**
Other current financial liabilities	-	-	-	-	-	(1,570)	(1,570)	-	(1,570)	-	(1,570)
Financial current accounts, liabilities	-	-	-	-	-	(83)	(83)	(83)	-	-	(83)
Bank overdrafts	-	-	-	-	-	(1,051)	(1,051)	(1,051)	-	-	(1,051)
VI - Current financial liabilities	**-**	**-**	**-**	**-**	**-**	**(2,704)**	**(2,704)**	**(1,133)**	**(1,570)**	**-**	**(2,704)**
Total liabilities	**(158)**	**(210)**	**-**	**-**	**-**	**(21,494)**	**(21,862)**	**(16,351)**	**(6,412)**	**-**	**(22,764)**
Total	**43**	**680**	**6,832**	**134**	**747**	**(21,494)**	**(13,057)**	**(10,984)**	**(3,109)**	**134**	**(13,959)**

(1) The Group holds no held-to-maturity financial assets.
(2) See Notes E.11, F.13 and H.17.
(3) Mainly comprising certificates of deposit, term deposits and interest bearing accounts.
(4) Listed price of loans issued by CNA.

K. Employee benefits and share-based payments

27. Provisions for employee benefits

At 31 December 2017, the part at more than one year of provisions for employee benefits broke down as follows:

(in € millions)	Note	31/12/2017	31/12/2016
Provisions for retirement benefit obligations	27.1	1,391	1,558
Long-term employee benefits	27.2	91	96
Total provisions for employee benefits		**1,481**	**1,653**

27.1 Provisions for retirement benefit obligations

Accounting policies

Provisions are taken on the liabilities side of the consolidated balance sheet for obligations connected with defined benefit retirement plans for both current and former employees (people who have retired and those with deferred rights). These provisions are determined using the projected unit credit method on the basis of actuarial valuations made at each annual balance sheet date. The actuarial assumptions used to determine the obligations vary depending on the economic conditions of the country or monetary zone in which the plan is operated. Each plan's obligations are recognised separately.

Under IAS 19, for defined benefit plans financed under external management arrangements (i.e. pension funds or insurance policies), the surplus or shortfall of the fair value of the assets compared with the present value of the obligations is recognised as an asset or liability in the consolidated balance sheet. That recognition is subject to asset ceiling rules and minimum funding requirements set out in IFRIC 14.

The expense recognised under operating income or loss in each period comprises the current service cost and the effects of any change, reduction or winding up of the plan. The accretion impact recognised on the actuarial liability and interest income on plan assets are recognised under other financial income and expenses. Interest income from plan assets is calculated using the discount rate used to calculate obligations with respect to defined benefit plans.

The impacts of remeasuring net liabilities (or assets as the case may be) relating to defined benefit pension plans are recorded under other comprehensive income. They comprise:

- actuarial gains and losses on obligations resulting from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and that which has actually occurred);
- plan asset outperformance/underperformance (i.e. the difference between the effective return on plan assets and the return calculated using the discount rate applied to the actuarial liability); and
- changes in the asset ceiling effect.

At 31 December 2017, provisions for retirement benefit obligations comprised provisions for lump sums on retirement and provisions with respect to obligations for supplementary retirement benefits.

(in € millions)	31/12/2017	31/12/2016
At more than one year	1,391	1,558
At less than one year (*)	48	50
Total provisions for retirement benefit obligations	**1,439**	**1,608**

(*) The part of provisions for retirement benefit obligations that matures within less than one year is shown under "Other current non-operating liabilities".

The VINCI Group's main supplementary retirement benefit obligations relate to defined benefit plans, which have the following characteristics:

- For French subsidiaries, these are contractual lump sums paid on retirement (generally based on a percentage of final salary, depending on the employee's length of service and applicable collective agreements), supplementary defined benefit retirement plans of which some of the Group's employees, retired employees and officers are members, and a specific obligation in respect of VINCI's Vice-Chairman and Senior Director.

Some plans, of which several Group executives are members, are pre-financed through two insurance policies taken out with Cardif (BNP Paribas group) and one policy taken out with Allianz. These policies involve active management with reference to composite indexes, and aim to achieve a good balance between the expected return on investments and the associated risks. Sufficient liquidity, in view of the timescale of plan liabilities, is maintained so that pensions and other one-off payments can be met.

- To cover the liabilities of VINCI's UK subsidiaries and those of Etavis in Switzerland, plans are funded through independent pension funds.

In the UK, defined benefit plans for certain Group employees and former employees give rise to benefits that are mainly based on final salaries. They also provide benefits in the event of death and disability.

At 31 December 2017, 4,537 people, including 2,285 retired people, were covered by the plans. Most plans are now closed to new members. The average duration of the plans is 18 years.
The investment strategy for plan assets is defined by the trustees representing the pension funds. Contribution schedules and the plan's level of funding are determined by the employer and the trustee, based on three-yearly actuarial valuations. Contribution schedules are intended to cover future service costs and any deficit arising from vested rights.
In Switzerland, plans for the Group's employees and former employees (2,248 people at 31 December 2017, of which over 90% are active) are "cash balance" pension plans that guarantee their members a minimum return on their contributions. They provide benefits in the event of death or disability, along with a pension when members stop working. Plans are open to new members. Their duration is around 18 years.

- For German subsidiaries, there are several internal plans within the Group, including so-called "direct promises" plans. These plans provide members with pensions along with death and disability benefits. At 31 December 2017, 9,861 individuals were covered by the plans, including 5,806 retired people, 2,359 people working for Group subsidiaries and 1,696 people who were generally still working but no longer working for the Group. Most of the plans were closed at 31 December 2017. Their average duration is 13 years.

Commitments relating to lump-sum payments on retirement for manual construction workers, which are met by contributions to an outside multi-employer insurance fund (CNPO), are considered as being under defined contribution plans and are therefore recognised as an expense as and when contributions are payable.

The retirement benefit obligations covered by provisions recognised in the balance sheet are calculated using the following assumptions:

	Eurozone		United Kingdom		Switzerland	
Assumptions	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**	**31/12/2017**	**31/12/2016**
Discount rate	1.75%	1.20% - 1.85%	2.60%	2.25% - 2.85%	0.75%	0.20%
Inflation rate	1.60%	1.60%	2.25% - 3.25%(*)	2.20% - 3.20%	1.30%	1.20%
Rate of salary increases	1.60% - 4.00%	1.60% - 4.00%	2.00% - 4.50%	2.00% - 4.10%	1.80%	1.70%
Rate of pension increases	0.80% - 1.60%	0.80% - 1.60%	2.50% - 5.00%	2.10% - 5.00%	N/A	N/A

(*) Inflation rates: CPI 2.25%; RPI 3.25%.

Discount rates have been determined by geographical area on the basis of the yields on private sector bonds with a rating of AA and whose maturities correspond to the plans' expected cash flow.
The other local actuarial assumptions (economic and demographic assumptions) are set on the basis of the specific features of each of the countries in question.
Plan assets are valued at their fair value at 31 December 2017. The book value at 31 December 2017 is used for assets invested with insurance companies.
On the basis of the actuarial assumptions referred to above, details of the retirement benefit obligations, provisions recognised in the balance sheet, and the retirement benefit expenses recognised in 2017 are provided below.

Result of actuarial valuations in the period

Breakdown by type of obligation

(in € millions)		31/12/2017 Lump sums paid on retirement in France	31/12/2017 Pensions, supplementary pensions and other	31/12/2017 Total	31/12/2016 Lump sums paid on retirement in France	31/12/2016 Pensions, supplementary pensions and other	31/12/2016 Total
Actuarial liability from retirement benefit obligations		775	1,937	2,712	823	1,976	2,799
Plan assets at fair value		48	1,263	1,311	49	1,143	1,192
Deficit (or surplus)		**727**	**674**	**1,401**	**774**	**833**	**1,607**
Provision recognised under liabilities on the balance sheet	**I**	**727**	**712**	**1,439**	**774**	**834**	**1,608**
Overfunded plans recognised under assets on the balance sheet	II	-	14	14	-	-	-
Asset ceiling effect (IFRIC 14) (*)	III	-	24	24	-	1	1
Total	**I-II-III**	**727**	**674**	**1,401**	**774**	**834**	**1,607**

(*) Effect of asset ceiling rules and minimum funding requirements.

The proportion of obligations relating to retired beneficiaries was around 30% at 31 December 2017.

Breakdown by country

(in € millions)		31/12/2017 France	Germany	United Kingdom	Switzerland	Other countries	Total
Actuarial liability from retirement benefit obligations		1,014	442	764	336	155	2,712
Plan assets at fair value		165	7	640	360	140	1,311
Deficit (or surplus)		**850**	**435**	**124**	**(23)**	**16**	**1,401**
Provision recognised under liabilities on the balance sheet	**I**	**853**	**435**	**124**	**2**	**26**	**1,439**
Overfunded plans recognised under assets on the balance sheet	II	3	-	-	1	10	14
Asset ceiling effect (IFRIC 14) (*)	III	-	-	-	23	1	24
Total	**I-II-III**	**850**	**435**	**124**	**(23)**	**16**	**1,401**

(*) Effect of asset ceiling rules and minimum funding requirements.

(in € millions)		31/12/2016 France	Germany	United Kingdom	Switzerland	Other countries	Total
Actuarial liability from retirement benefit obligations		1,069	493	781	364	92	2,799
Plan assets at fair value		155	7	638	328	64	1,192
Deficit (or surplus)		**914**	**486**	**143**	**37**	**27**	**1,607**
Provision recognised under liabilities on the balance sheet	**I**	**914**	**486**	**143**	**37**	**28**	**1,608**
Overfunded plans recognised under assets on the balance sheet	II	-	-	-	-	-	-
Asset ceiling effect (IFRIC 14) (*)	III	-	-	-	-	1	1
Total	**I-II-III**	**914**	**486**	**143**	**37**	**27**	**1,607**

(*) Effect of asset ceiling rules and minimum funding requirements.

Change in actuarial liability and plan assets

(in € millions)		2017	2016
Actuarial liability from retirement benefit obligations			
At beginning of period		**2,799**	**2,671**
of which obligations covered by plan assets		*1,648*	*1,617*
Current service cost		77	73
Actuarial liability discount cost		44	62
Past service cost (plan changes and curtailments)		(27)	(13)
Plan settlements		(2)	(1)
Actuarial gains and losses recognised in other comprehensive income		(106)	214
of which impact of changes in demographic assumptions		*(19)*	*(39)*
of which impact of changes in financial assumptions		*(95)*	*275*
of which experience gains and losses		*9*	*(22)*
Benefits paid to beneficiaries		(111)	(113)
Employee contributions		11	10
Business combinations		85	8
Disposals of companies and other assets		2	3
Currency translation differences		(60)	(116)
At end of period	**I**	**2,712**	**2,799**
of which obligations covered by plan assets		*1,649*	*1,648*
Plan assets			
At beginning of period		**1,192**	**1,197**
Interest income during period		22	30
Actuarial gains and losses recognised in other comprehensive income (*)		57	65
Plan settlements		(1)	-
Benefits paid to beneficiaries		(43)	(50)
Contributions paid to funds by the employer		40	38
Contributions paid to funds by employees		11	10
Business combinations		87	-
Disposals of companies and other assets		(1)	(1)
Currency translation differences		(54)	(97)
At end of period	**II**	**1,311**	**1,192**
Deficit (or surplus)	**I-II**	**1,401**	**1,607**

(*) Experience gains and losses corresponding to the observed difference between the actual return on plan assets and a nominal return based on the discount rate for the actuarial liability.

In 2017, the recognised past service cost includes positive impacts related to the alteration of pension conversion rates in Switzerland.

Actuarial gains recognised during the period were mainly due to the rise in discount rates in the eurozone and Switzerland. The good performance of plan assets, particularly in Switzerland, the UK and France, led to the recognition of an actuarial gain on assets in 2017.

In 2017, the amount stated in the "Business combinations" item concerned VINCI Energies' acquisitions of Infratek in Scandinavia and Redtoo in Switzerland.

VINCI estimates the payments to be made in 2018 in respect of retirement benefit obligations at €78 million, comprising €52 million of benefits to be paid to retired employees or beneficiaries (benefits not covered by plan assets), and €26 million of contributions to be paid to fund managing bodies.
Pension funds are also likely to pay €48 million of benefits to retired employees or their beneficiaries. Since those benefits are pre-funded, they will have no impact on the Group's cash position.

Change in provisions for retirement benefit obligations during the period

(in € millions)	2017	2016
Provisions for retirement benefit obligations recognised under liabilities on the balance sheet		
At beginning of period	**1,608**	**1,475**
Total charge recognised with respect to retirement benefit obligations	72	96
Actuarial gains and losses recognised in other comprehensive income	(163)	149
Benefits paid to beneficiaries by the employer	(68)	(63)
Contributions paid to funds by the employer	(40)	(38)
Business combinations & disposals of companies	(2)	8
Plan assets and asset ceiling effect (IFRIC 14)	38	(1)
Currency translation differences	(6)	(19)
At end of period	**1,439**	**1,608**

Breakdown of expenses recognised in respect of defined benefit plans

(in € millions)	2017	2016
Current service cost	(77)	(73)
Actuarial liability discount cost	(44)	(62)
Interest income on plan assets	22	30
Past service cost (plan changes and curtailments)	27	13
Impact of plan settlements and other	(1)	(4)
Total	**(72)**	**(96)**

Breakdown of plan assets by country and type of investment

The breakdown of plan assets by type of investment is as follows:

	31/12/2017				
	United Kingdom	Switzerland	France	Other countries	Weighted average
Breakdown of plan assets					
Equities	34%	33%	23%	38%	32%
Bonds	35%	41%	33%	38%	37%
Property	6%	18%	2%	1%	9%
Money market securities	2%	8%	1%	0%	4%
Other	23%	0%	40%	23%	19%
Total	100%	100%	100%	100%	100%
Plan assets *(in € millions)*	**640**	**360**	**165**	**147**	**1,311**
Plan assets by country *(% of total)*	**49%**	**27%**	**13%**	**11%**	**100%**

	31/12/2016				
	United Kingdom	Switzerland	France	Other countries	Weighted average
Breakdown of plan assets					
Equities	30%	30%	28%	39%	30%
Bonds	43%	42%	61%	38%	45%
Property	13%	19%	4%	1%	13%
Money-market securities	2%	9%	1%	0%	4%
Other	12%	0%	6%	23%	9%
Total	100%	100%	100%	100%	100%
Plan assets *(in € millions)*	**638**	**328**	**155**	**71**	**1,192**
Plan assets by country *(% of total)*	**54%**	**27%**	**13%**	**6%**	**100%**

At 31 December 2017, the amount of plan assets listed on active markets (fair value level 1 as defined by IFRS 13) was €998 million (€994 million at 31 December 2016). During the period, the actual rate of return on plan assets was 7.5% in the UK, 8.3% in Switzerland and 4.5% in France.

Sensitivity analysis

For all post-employment benefit plans for Group employees (lump sums paid on retirement, pensions and supplementary pensions), a 0.5 point fall in the discount rate would increase the actuarial liability by around 8%.

For all pension and supplementary pension plans in force within the Group, a 0.5 point increase in long-term inflation rates would increase the value of obligations by some 5%.

For pension and supplementary pension plans in Switzerland and the UK, sensitivity to mortality rates is calculated based on a one-year reduction in the age of each beneficiary. Applying this assumption increases the corresponding obligation by around 3%.

Expenses recognised in respect of defined contribution plans

In some countries, and more especially in France and Spain, the Group contributes to basic state pension plans, for which the expense recognised is the amount of the contributions called by the state bodies. Basic state pension plans are considered as being defined contribution plans.

The amounts taken as an expense in the period in respect of defined contribution plans (excluding basic state plans) totalled €552 million in 2017 (€520 million in 2016). These amounts include the contributions paid in France to the external multi-employer fund (CNPO) in respect of obligations in regard to lump sums paid on retirement to construction workers.

27.2 Other employee benefits

Provisions for other employee benefits mainly include long-service bonuses and jubilee bonuses.
At 31 December 2017, they amounted to €102 million, including €12 million for the part at less than one year (€110 million including €14 million for the part at less than one year at 31 December 2016).

Long-service bonuses and jubilee bonuses have been calculated using the following actuarial assumptions:

	31/12/2017	31/12/2016
Discount rate	1.75%	1.20%
Inflation rate	1.60%	1.60%
Rate of salary increases	1.60% - 2.60%	1.60% - 2.60%

28. Share-based payments

Accounting policies

The measurement and recognition methods for share subscription plans, the Plans d'Epargne Groupe (Group savings plans) and performance share plans, are defined by IFRS 2 "Share-based Payment". The granting of share options, performance shares and offers to subscribe to Group savings plans in France and abroad represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by VINCI. Because such transactions do not give rise to monetary transactions, the benefits granted in this way are recognised as expenses in the period in which the rights are acquired, with a corresponding increase in equity. Benefits are measured by an external actuary on the basis of the fair value, at the grant date, of the equity instruments granted.

Benefits granted under share option plans, performance share plans and Group savings plans are implemented as decided by VINCI's Board of Directors after approval by the Shareholders' General Meeting, and are not, in general, systematically renewed. As their measurement is not directly linked to the business lines' operations, VINCI has considered it appropriate not to include the corresponding expense in operating income from ordinary activities, which is an indicator of business lines' performance, but to report it on a separate line, labelled "Share-based payment expense (IFRS 2)", in recurring operating income.

28.1 Share subscription options

Options to subscribe to shares have been granted to certain Group employees and senior executives. For some of these plans, definitive vesting of those options was conditional on performance conditions (stock market performance or financial criteria) being met. The fair value of options, calculated by an external actuary, is determined at the grant date using the Monte Carlo valuation model. That model takes account of the impact of the market performance condition if applicable. It allows a large number of scenarios to be modelled, by including in particular the valuation of assumptions about beneficiaries' behaviour on the basis of historical observations.
No new share subscription option plans were set up in 2017 or 2016.
No expense relating to share subscription option plans was recognised in 2017 or 2016.

Movements in the number and weighted average exercise prices of share subscription options were as follows in 2017:

	31/12/2017		31/12/2016	
	Options	**Average exercise** *(in €)*	**Options**	**Average exercise** *(in €)*
Options in circulation at beginning of period	**2,780,519**	**39.15**	**5,704,701**	**39.00**
Options exercised	(1,799,056)		(2,896,381)	
Options cancelled	(26,805)		(27,801)	
Options in circulation at end of period	**954,658**	**39.94**	**2,780,519**	**39.15**
of which exercisable options	*954,658*		*2,780,519*	

Options exercised in 2017 and remaining to be exercised at 31 December 2017

Share subscription option plans	Number of options exercised in 2017	Number of options remaining to be exercised at 31/12/2017	Exercise price *(in €)*
VINCI 2010	917,710	-	36.70
VINCI 2011	352,154	185,296	43.70
VINCI 2012	529,192	769,362	39.04
Total	**1,799,056**	**954,658**	**39.94 (*)**

(*) Based on the number of options remaining to be exercised at 31/12/2017.

28.2 Performance shares

Performance shares subject to vesting conditions have been granted to certain Group employees and senior executives. As these are plans under which the final vesting of the shares may be dependent on the realisation of financial criteria, the number of performance shares measured at fair value in the calculation of the IFRS 2 expense is adjusted for the impact of the change in the likelihood of the financial criteria being met.

Information on changes in performance share plans currently in force

	31/12/2017	31/12/2016
Number of shares granted subject to performance conditions at beginning of period	**4,236,319**	**2,031,364**
Shares granted	2,325,383	2,249,676
Shares acquired by beneficiaries	(952,499)	-
Shares cancelled	(201,801)	(44,721)
Number of shares granted subject to performance conditions not vested at end of period	**5,407,402**	**4,236,319**

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

	Plan granted on 20/04/2017	Plan granted on 19/04/2016	Plan granted on 14/04/2015	Plan granted on 15/04/2014
Original number of beneficiaries	2,537	2,051	1,846	1,850
Vesting date of the shares granted	20/04/2020	19/04/2019	14/04/2018	15/04/2017
Number of shares granted subject to performance conditions	**2,325,383**	**2,249,676**	**1,036,658**	**1,027,651**
Shares cancelled	(38,550)	(89,590)	(67,975)	(81,177)
Shares acquired by beneficiaries	(1,500)	(4,600)	(2,100)	(946,474)
Number of shares granted subject to performance conditions at end of period	**2,285,333**	**2,155,486**	**966,583**	**-**

On 7 February 2017, VINCI's Board of Directors decided to grant definitively to beneficiaries of the 15 April 2014 long-term incentive plan 100% of the performance shares originally allotted, i.e. 946,474 shares, after the performance and presence conditions were met (1,661 employees).

On 20 April 2017, VINCI's Board of Directors decided to set up a new long-term performance share plan involving conditionally allotting performance shares (2,325,383 shares) to 2,537 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 2019 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 (2017, 2018 and 2019).
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 2019, between:
  - the average total return on VINCI shares, over a three-year period (2017, 2018 and 2019), and
  - the average total return for a shareholder investing in the CAC 40 index over a three-year period (2017, 2018 and 2019).

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:

	2017 plan	2016 plan	2015 plan	2014 plan
Price of VINCI share on date plan was announced *(in €)*	73.99	66.18	56.45	52.61
Fair value of performance share at grant date *(in €)*	61.20	56.17	47.22	44.88
Fair value compared with share price at grant date	82.71%	84.87%	83.65%	85.31%
Original maturity (in years) – vesting period	3 years	3 years	3 years	3 years
Risk-free interest rate (*)	-0.29%	-0.41%	-0.15%	0.28%

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

An expense of €90 million was recognised in 2017 in respect of performance share and long-term incentive plans for which vesting is in progress (April 2017, April 2016 and April 2015 plans), compared with €62 million in 2016 (April 2016, April 2015 and April 2014 plans).

28.3 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 €2,500 per person until 31 December 2017. After 1 January 2018, the maximum employer contribution enjoyed by employees when subscribing to the Group Savings Plans – France will be increased to €3,500. 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 2016, 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.

	2017		
Group Savings Plans – France	**First four-month period of 2018 (1 January – 30 April 2018)**	**Third four-month period of 2017 (1 September – 31 December 2017)**	**Second four-month period of 2017 (1 May – 31 August 2017)**
Anticipated return from VINCI shares	4.44%	4.27%	4.90%
Subscription price *(in €)*	76.42	73.34	62.46
Share price at date of Board of Directors' meeting *(in €)*	80.61	78.01	65.22
Historical volatility of the VINCI share price	19.87%	20.14%	22.24%
Estimated number of shares subscribed	1,433,895	387,665	408,186
Estimated number of shares issued (subscriptions plus employer contribution)	2,003,215	517,924	532,480

	2016		
Group Savings Plans – France	**First four-month period of 2017 (1 January – 30 April 2017)**	**Third four-month period of 2016 (1 September – 31 December 2016)**	**Second four-month period of 2016 (1 May – 31 August 2016)**
Anticipated return from VINCI shares	4.53%	4.63%	4.92%
Subscription price *(in €)*	63.92	60.86	56.62
Share price at date of Board of Directors' meeting *(in €)*	66.88	63.69	60.29
Historical volatility of the VINCI share price	23.32%	25.01%	24.95%
Estimated number of shares subscribed	1,751,230	431,588	508,309
Estimated number of shares issued (subscriptions plus employer contribution)	2,267,875	572,903	662,327

Group savings plan – international

In 2017, in accordance with authorisations given to the Board of Directors by the Shareholders' General Meeting, VINCI initiated a new savings plan for the employees of certain foreign subsidiaries. Known as Castor International, the plan covered 30 countries in 2017: Australia, Austria, Bahrain, Belgium, Brazil, Cambodia, Canada, Chile, Czech Republic, Dominican Republic, Germany, Hong Kong, Indonesia, Luxembourg, Malaysia, Mexico, Morocco, Netherlands, New Zealand, Poland, Portugal, Romania, Singapore, Slovakia, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom and United States.

The main characteristics of these plans are as follows:

- subscription period: from 22 May to 9 June 2017 (seven successive periods between March and September 2017 in the UK);
- employer contribution consisting of bonus shares with delivery deferred for three years – where possible – or immediate delivery but a three-year vesting period;
- no lock-up period beyond the three-year vesting period for bonus shares.

Castor International plan (excluding the UK)	2017	2016	2015	2014
Subscription price *(in €)*	77.67	64.90	55.65	54.16
Closing share price on the last day of the subscription period *(in €)*	78.01	64.67	55.47	56.38
Anticipated dividend pay-out rate	2.32%	2.55%	3.35%	3.40%
Fair value of bonus shares on the last day of the subscription period *(in €)*	72.83	59.97	50.24	51.00

The aggregate expense recognised in 2017 for the Group as a whole in respect of employee savings plans inside and outside France amounted to €72 million versus €56 million in 2016.

L. Other notes

29. 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.

29.1 Remuneration and similar benefits paid to members of the governing and management bodies

The remuneration of the Group's company officers is determined by the Board of Directors following proposals from the Remuneration Committee.

The table below shows the remuneration and similar benefits, on a full-year basis, granted by VINCI SA and the companies that it controls to persons who, at the balance sheet date are (or, during the period, have been), members of the Group's governing bodies and Executive Committee. The corresponding amounts have been recognised and expensed in 2017 and 2016 as follows:

	Members of governing bodies and the Executive Committee	
(in € thousands)	**2017**	**2016**
Remuneration	12,189	12,091
Employer social contributions	8,885	8,086
Post-employment benefits	2,114	2,486
Termination benefits	688	-
Share-based payments (*)	9,763	7,884
Directors' fees	1,250	1,080

(*) This amount is determined in accordance with IFRS 2 and as described in Note K.28 "Share-based payments".

The variable portion of remuneration and similar benefits relating to 2017 is an estimate, for which a provision has been taken in the period.

The aggregate amount of retirement benefit obligations (contractual lump sums payable on retirement and supplementary defined benefit plans) in favour of members of the Group's governing bodies and Executive Committee amounted to €79 million at 31 December 2017 (€75 million at 31 December 2016).

29.2 Other related parties

Financial information on companies accounted for under the equity method is given in Note E.10.2 "Aggregated financial information".
Qatar Holding LLC owned 3.8% of VINCI at 31 December 2017. VINCI Construction Grands Projets (49%) and Qatari Diar Real Estate Investment Company (QD, 51%) jointly own Qatari Diar VINCI Construction (QDVC), which is accounted for under the equity method. This company's corporate object is the development of construction activities in Qatar and international markets. It generated revenue of €775 million in 2017.
Group companies can also carry out work for principals in which QD may have a shareholding.
Lastly, the Group has normal but non-material business relations with companies in which members of the VINCI Board of Directors are senior executives or directors.

30. Statutory Auditors' fees

As recommended by the AMF, this table includes only fully consolidated companies.

	DELOITTE 2017				KPMG 2017			
(in € millions)	Statutory auditor (Deloitte & Associés)	Network	Total Deloitte	%	Statutory auditor (KPMG Audit IS)	Network	Total KPMG	%
Certification, half-year limited review of statutory and consolidated financial information								
VINCI SA	0.4	-	0.4	4%	0.4	-	0.4	4%
Fully consolidated subsidiaries	4.5	3.3	7.8	82%	4.9	3.2	8.1	78%
Subtotal	**4.9**	**3.3**	**8.2**	**86%**	**5.2**	**3.2**	**8.4**	**81%**
Services other than certification of accounts (*)								
VINCI SA	0.1	-	0.1	1%	0.5	-	0.5	4%
Fully consolidated subsidiaries	0.3	0.9	1.2	13%	0.6	0.8	1.5	14%
Subtotal	**0.4**	**0.9**	**1.3**	**14%**	**1.1**	**0.8**	**1.9**	**19%**
Total	**5.3**	**4.3**	**9.5**	**100%**	**6.3**	**4.0**	**10.3**	**100%**

(*) Services other than certification of accounts include services required by regulation and those provided at the request of controlled entities (contractual audits, comfort letters, audit certificates, agreed procedures, consulting and works connected with changes in accounting standards, acquisition due diligences, audits of procedures and IT and tax services without impact on statutory auditors independency).

M. 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 31 December 2017 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 (1) (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 Region Île-de-France's for compensation for the harm it purportedly suffered because of the anti-competitive practices penalised by the Conseil de la Concurrence (1) (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 schools 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.

• Soletanche Bachy France had submitted a request for arbitration to the International Chamber of Commerce after ACT (Aqaba Container Terminal) terminated a contract for the construction of an extension to a container terminal in the port of Aqaba in Jordan. Soletanche Bachy 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, dismissed Soletanche Bachy's claim and ordered it to pay ACT $41.8 million plus $9.1 million of legal expenses. Soletanche Bachy has appealed against that decision in the English courts. 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. Freyssinet Canada is claiming C$11 million for wrongful termination and PIC is claiming C$193 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.

(1) Now known as the Autorité de la Concurrence.

• There are several disputes between Consortium Stade de France (CSDF), which operates the Stade de France, and the sporting federations that use the stadium. On 13 June 2013, the French Rugby Federation (Fédération Française de Rugby or 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. A hearing relating to the dispute took place on 23 November 2017. 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. A hearing relating to the dispute took place on 5 December 2017 and judgment was reserved until 27 March 2018. The French Football Federation (Fédération Française de Football or FFF) also commenced proceedings against CSDF before the Paris regional court on 1 September 2015, seeking a ruling that the stadium provision agreement formed on 3 September 2010 and for a period expiring on 28 April 2025 was void. After the FFF failed to make submissions, the claim was struck out on 12 September 2017, and so the dispute lapsed on that date.

In addition, the FFF commenced proceedings against the French state before the Paris administrative court on 21 September 2015 seeking an order forcing the state to terminate the concession contract formed with CSDF. Through an order made in December 2016, the administrative court noted that FFF had discontinued its claim, and so that dispute also lapsed on that date.
In view of the current situation, the Group considers that these disputes should not have a material effect on its financial situation.

There are no other governmental, judicial or arbitration proceedings, including any proceedings known to the Company, pending or with which it is threatened, that are likely to have, or have had in the last 12 months, a material effect on the financial situation or profitability of the Company and/or Group.

N. Post-balance sheet events

31. Appropriation of 2017 net income

The Board of Directors finalised the consolidated financial statements for the year ended 31 December 2017 on 7 February 2018. These financial statements will only become definitive when approved by the Shareholders' General Meeting. A Resolution will be put to the Shareholders' Ordinary General Meeting of 17 April 2018 for the payment of a dividend of €2.45 per share in respect of 2017. Taking account of the interim dividend already paid on 9 November 2017 (€0.69 per share), this would result in a final dividend of €1.76 per share to be paid on 26 April 2018 (ex-date: 24 April 2018).

32. Other post-balance sheet events

32.1 ASF bond issue as part of its EMTN programme

On 10 January 2018, as part of its EMTN programme, ASF issued €1 billion of bonds due to mature in January 2030 paying a coupon of 1.375%.

32.2 Concession for the Grand Ouest airport

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 now 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 make a reliable estimate of its impact on the Group's financial statements.

O. 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 Amended, 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 consolidated financial statements

Year ended 31 December 2017

To VINCI's Shareholders' General Meeting,

1. Opinion

In accordance with our appointment as Statutory Auditors by your Shareholders' General Meeting, we have audited the accompanying consolidated financial statements of VINCI for the year ended 31 December 2017.

In our opinion, the consolidated financial statements for the year give a true and fair view of the financial position, the assets and liabilities, and the results of the group formed by the persons and entities included in the consolidation, in accordance with the International Financial Reporting Standards as endorsed by the European Union.

The opinion formulated above is consistent with the content of our report to the Audit Committee.

2. Basis of our opinion

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the information that we collected provides a sufficient and appropriate basis for our opinion.

Our responsibilities under those standards are stated in the "Responsibilities of the Statutory Auditors in relation to auditing the consolidated financial statements" section of this report.

Independence

We conducted our audit in accordance with the independence rules applicable to us between 1 January 2017 and the date on which we issued our report, and in particular we did not provide any services forbidden by Article 5, paragraph 1 of Regulation (EU) No 537/2014 or by the code of conduct of the Statutory Auditors' profession in France.

3. Justification of our assessments – Key audit matters

As required by Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters, relating to what were, in our professional judgment, the main risks of material misstatement in relation to our audit of the year's consolidated financial statements, and our responses to those risks.

Those assessments were made in the context of our audit of the consolidated financial statements taken as a whole and in the formation of our opinion stated above. We express no opinion on items of the consolidated financial statements taken in isolation.

Long-term construction contracts and measurement of losses on completion and provisions for project risks

Notes A.3, G.15 and H.18.3 to the consolidated financial statements

Description of the risk

VINCI's Contracting business accounts for more than 80% of VINCI's consolidated revenue, and most of the revenue in that business comes from long-term construction contracts.

Construction contract income and expenses are recognised using the stage-of-completion method defined by the appropriate accounting standard.

If the estimate of the final outcome of a contract indicates a loss, a provision is made for the loss on completion regardless of the stage of completion, based on the best estimates of income, including, if need be, any rights to additional revenue or claims if these are probable and can be reliably estimated. Provisions for losses on completion and project risks are shown under liabilities in an amount of €1,336 million at 31 December 2017.

The stage of completion and the revenue to be recognised are calculated on the basis of a large number of completion estimates made by monitoring the work performed and taking into account unforeseen circumstances. Adjustments may therefore be made to initial estimates throughout the life of the contracts and may materially affect results.

Determining these completion estimates and any adjustments that may become necessary during the performance of projects and operations is a key audit matter, given the amounts involved and the high level of judgment required on the part of the entities' operational departments.

Audit work performed

We selected projects on the basis of their size, technical complexity and geographical location, and for each selected project, we:

• checked that the estimated revenue on completion was consistent with contracts and supplementary agreements signed;

• checked that the risks of delays and cost overruns related to the performance of works were properly taken into account, along with estimates of completion costs, and reviewed the contingencies included in the budget and the extent to which disputes were covered;

• checked that, if a project is expected to be loss-making on completion, a provision is set aside for the loss on completion including, if need be, any rights to additional revenue or claims if these are probable and can be reliably estimated.

Measurement of goodwill and concession intangible assets, along with interests in concession companies accounted for under the equity method

Notes A.3, E.9, E.10 and H.16.3 to the consolidated financial statements

Description of the risk

Goodwill and concession intangible assets had material net carrying amounts at 31 December 2017, i.e. €8,600 million and €26,539 million respectively, together equal to 50% of total assets. Those assets may present a risk of impairment losses arising from internal or external factors, such as a deterioration in performance, changes in the economic environment, adverse market conditions, movements in traffic levels and changes in legislation or regulations.

The Group is also exposed to a risk of impairment losses in respect of infrastructure operated by concession companies over which the Group has joint control or significant influence. Interests in those concession companies amounted to €1,054 million at 31 December 2017.

The Group carries out impairment tests on goodwill, concession intangible assets and interests in concession companies accounted for under the equity method where there is an indication that an impairment loss has arisen. The recoverable amount is based on a value in use calculation, which is itself based on discounted future cash flow forecasts.

Determining the recoverable amount of these assets and any impairment losses to be recognised is a key audit matter, given the importance of estimates and the level of judgment required by Management regarding the operational performance and future traffic assumptions, long-term growth rates and discount rates used, and the sensitivity of the measurement to certain assumptions.

Audit work performed

For cash-generating units and concession intangible assets that are material or present what we regard as a substantial specific risk of impairment losses, we:

• checked the relevance of the approach used to determine the cash-generating units on which the asset value tests were carried out;

• familiarised ourselves with the way in which those value tests were carried out;

• assessed whether the main assumptions were reasonable, particularly regarding changes in operational performance and traffic levels, long-term growth rates and discount rates used, including by comparing those rates with our internal databases.

As regards goodwill, we assessed the appropriateness of information provided in the notes to the consolidated financial statements on the determination of underlying assumptions and sensitivity analyses in view of the appropriate accounting standard.

Provisions for liabilities and litigation

Notes H.18.3, H.19 and M to the consolidated financial statements.

Description of the risk

The Group's companies are sometimes involved in litigation arising from their activities.

Provisions may, as the case may be, be set aside for these liabilities and litigation in accordance with the appropriate accounting standard, and the liabilities and litigation are assessed by VINCI and the subsidiaries concerned based on their knowledge of the matters.

Provisions for litigation (€541 million at 31 December 2017), other current liabilities (€974 million at 31 December 2017) and other non-current liabilities (€576 million at 31 December 2017) represented a total amount of €2,091 million at 31 December 2017.

Determining and measuring the recognised provisions for liabilities and litigation is a key audit matter given the amounts involved, the importance of estimates and the level of judgment required by management in determining those provisions, as regards the likely outcome of the corresponding liabilities and litigation.

Audit work performed
To obtain an understanding of existing liabilities and litigation and the related matters of judgment, we held discussions with the Group's departments, business lines and main subsidiaries. For each of the main liabilities and items of litigation identified, we:

- familiarised ourselves with the procedures used by the Group when measuring the corresponding provisions;
- corroborated the amount of provisions recognised with the lawyers' replies to our requests for information;
- carried out a critical review of internal analyses relating to the probability and possible impact of each liability and item of litigation, examining the available information relating to the proceedings (correspondence, claims, judgments, notifications etc.). In particular, we used our professional judgment to assess the positions adopted by Management, to see where they fell within risk assessment ranges, and the consistency of those positions over time.

We assessed the appropriateness of information provided in the notes to the consolidated financial statements regarding the main items of litigation identified.

4. Verification of information relating to the Group provided in the management report

We also verified, in accordance with the professional standards applicable in France and as required by law, the information concerning the Group presented in the management report by the Board of Directors.
We have no comments to make as to its fair presentation and its consistency with the consolidated financial statements.

5. Information resulting from other statutory and regulatory obligations

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of VINCI by shareholders in the Shareholders' General Meeting of 23 June 1989, taking into account mergers and acquisitions of firms since that date.
At 31 December 2017, KPMG Audit IS and Deloitte et Associés were in their 29th consecutive year as the company's Statutory Auditors.

6. Responsibilities of management and persons involved in corporate governance in relation to the consolidated financial statements

Management is responsible for preparing consolidated financial statements that present a true and fair view, in accordance with IFRSs as endorsed by the European Union, and for setting up the internal controls it deems necessary for preparing consolidated financial statements that do not contain any material misstatements, whether due to fraud or error.
When preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, for presenting in those statements any necessary information relating to its status as a going concern, and for applying the accounting concept of going concern, except where there is a plan to liquidate the Company or discontinue its operations.
The Audit Committee is responsible for monitoring the process of preparing the financial information and for monitoring the effectiveness of internal control and risk management systems, and internal audit systems as the case may be, as regards procedures relating to the preparation and treatment of accounting and financial information.
The consolidated financial statements have been approved by the Board of Directors.

7. Responsibilities of the Statutory Auditors as regards auditing the consolidated financial statements

Audit objective and procedure

Our responsibility is to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements, taken as a whole, are free of material misstatement. Reasonable assurance means a high level of assurance, although there is no guarantee that an audit conducted in accordance with professional standards will systematically detect all material misstatements. Misstatements may arise from fraud or error, and are regarded as material when they can reasonably be expected, individually or together, to influence the economic decisions that users of the financial statements take on the basis of those statements.
As stated by Article L.823-10-1 of the French Commercial Code, our audit assignment does not involve guaranteeing the viability of your Company or the quality of its management.
When conducting an audit in accordance with professional standards in France, Statutory Auditors use their professional judgment throughout the audit. In addition:

- they identify and assess the risks that the consolidated financial statements contain material misstatements, whether through fraud or error, define and implement audit procedures to address those risks, and collect information that they regard as sufficient and appropriate as the basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, because fraud may involve collusion, falsification, voluntary omissions, false statements or the circumvention of internal controls;
- they familiarise themselves with the internal controls relevant to the audit, in order to define audit procedures appropriate to the situation in hand, and not in order to express an opinion on the effectiveness of internal control;
- they assess the appropriateness of accounting policies adopted and the reasonableness of accounting estimates made by management, along with information about those estimates provided in the consolidated financial statements;

- they assess whether management has applied appropriately the going concern convention and, based on information collected, whether or not there is a material uncertainty arising from events or circumstances likely to call into question the Company's ability to continue as a going concern. That assessment is based on information collected until the date of the auditors' report, although it should be borne in mind that subsequent circumstances or events may call into question the Company's status as a going concern. If the auditors conclude that there is a material uncertainty, they draw the attention of those reading their report to information provided in the consolidated financial statements in relation to that uncertainty or, if that information is not provided or is not relevant, they certify the financial statements with reservations or refuse to certify them;
- they assess the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying operations and events so that they give a true and fair view;
- regarding financial information relating to persons or entities included in the scope of consolidation, they collect the information that they regard as sufficient and appropriate to express an opinion on the consolidated financial statements. The auditors are responsible for managing, supervising and conducting the audit of the consolidated financial statements and for the opinion expressed on those financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee that includes the extent of audit work and the schedule of work performed, along with the conclusions arising from our work. We also make it aware, as the case may be, of any material internal control weaknesses that we have identified regarding procedures for preparing and treating accounting and financial information.

The information in the report to the Audit Committee includes what we regard as the main risks of material misstatements with respect to the audit of the year's consolidated financial statements, and which are therefore the key audit matters. It is our role to describe those points in the present report.

We also provide the Audit Committee with the declaration provided for by Article 6 of Regulation (EU) No 537/2014 confirming our independence, within the meaning of the rules applicable in France, as determined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the code of conduct of the statutory audit profession in France. As the case may be, we discuss with the Audit Committee any risks to our independence and the safeguard measures applied.

The Statutory Auditors
Paris La Défense and Neuilly sur Seine, 9 February 2018

KPMG Audit IS

Jay Nirsimloo Philippe Bourhis

Deloitte & Associés

Sami Rahal Marc de Villartay

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

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