ASF

# FINANCIAL REPORT

2016

# 2016 Annual financial report at 31 December 2016

VINCI AUTOROUTES

# Annual financial report at 31 December 2016

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# Management report as at 31 December 2016


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# 1. Key events of the period

The increase in traffic and our ongoing efforts to modernise operations have produced strong financial results. Investments under the motorway stimulus plan were made in addition to those undertaken under the concession companies' master contracts. This has made ASF group one of the leading owners of public works projects in France.

## Economic performance and investment programmes

### Traffic and revenue

The trend to increased traffic continued and rose slightly in 2016, helped along by historically low fuel prices and considerable travel to and from the Iberian peninsula. The growth rate was 3.3% for light vehicles (3.0% in 2015) and 4.3% for heavy vehicles (3.7% in 2015). Driven by this growth, revenue grew 4.8% to €3.7 billion.

Ongoing efforts to modernise operations, which improve both operational performance and service quality on the motorways, resulted in an EBITDA[1] margin on revenue of 71.9%.

### 2016 investments and financial debt

The ASF group's capital spending amounted to €605 million. In 2016 it was devoted largely to expanding and modernising the network under the concession companies' master contracts, to which were added the investments made under the motorway stimulus plan.

Excellent market conditions allowed us to lower the ASF group's cost of debt. A 10-year, €500 million bond in particular was successfully floated. At 31 December 2016, the net financial debt of the ASF group companies was €11.2 billion.

### A9

The work to build a relief motorway on the A9 at Montpellier, currently the largest road-building project in France, continued at a rapid rate. To separate local traffic from through traffic, the ASF group created a new, 12 km section of road south of Montpellier (while the old section is undergoing environmental upgrading) and broadened 13 km of the existing motorway to the east and west of the city. The opening of this new infrastructure, whose construction has involved as many as 1,500 people from 300 companies, should take place in mid-2017.

On the same line, ASF completed the widening of the Perpignan Sud-Le Boulou section and started work, as part of the motorway stimulus plan, on the last section before the French-Spanish border.

### Motorway stimulus plan

Pursuant to the protocol of 9 April 2015 signed with the French State and to the riders to the corresponding concession contracts published in the *Journal officiel* of 23 August 2015, the ASF group has introduced the motorway stimulus plan. In exchange for extending the concession arrangements of ASF and Escota, the ASF group will spend nearly €1.4 billion under this plan of which €230 million were committed at the close of 2016.

The laying of the foundation stone by the President of France at the work site of the A9 widening between Le Boulou and the Spanish border marked the operational launch of this huge investment programme. Over the ASF group network, this largely involves widening road sections on corridors connecting northern and southern Europe. It also includes improvements to the motorway's environmental impact and to mobility in these regions, such as eco-bridges and underground passages for fauna, acoustic screens and the physical protection of wetlands. Most of the work associated with these environmental improvements was undertaken during this financial year.

Pursuant to the same plan, in July 2016 the ASF group took over operations of the Toulon transit motorway from the French State and will finance the widening on this route of a section of around 7 km, in order to reduce congestion on this heavily-trafficked road.

### Motorways investment plan

In pursuing the motorway stimulus plan, the concessions scheme will again be put into action to finance a series of projects chosen by the French State in consultation with local communities to improve, in particular by extending inter-urban networks, access to heavily populated towns and the connection between the motorway and the outlying regions. This plan, announced by the French President in July and which mainly involves the creation of outer-urban interchanges and environmental improvements, was being finalised at the end of the period. The investments will be written into the new master contracts between the State and the concession companies, expected to be signed in 2017, so as to get the work under way quickly.

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[1] *Cash flows (used in)/from operations before tax and financing costs.*

# 2. Group's activity

## 2.1. Results

### 2.1.1. Revenue

The ASF group's consolidated revenue for 2016 and 2015 breaks down as follows:

| *(in € millions)* | Year 2016 | Year 2015 | % change |
|---|---|---|---|
| **Toll revenue** | **3,617.6** | **3,438.4** | **5.2%** |
| of which ASF | 2,886.5 | 2,736.8 | 5.5% |
| of which Escota | 731.1 | 701.6 | 4.2% |
| **Fees for use of commercial premises** | **57.0** | **56.0** | **1.8%** |
| of which ASF | 49.4 | 48.7 | 1.4% |
| of which Escota | 7.6 | 7.3 | 4.1% |
| **Fees for optical fibres, telecommunications and other** | **14.9** | **24.8** | **-39.9%** |
| of which ASF | 10.8 | 10.5 | 2.9% |
| of which Escota | 4.1 | 4.3 | -4.7% |
| of which Jamaican Infrastructure Operator(*) | | 10.0 | -100.0% |
| **Revenue excluding concession companies' revenue derived from works** | **3,689.5** | **3,519.2** | **4.8%** |
| of which ASF | 2,946.7 | 2,796.0 | 5.4% |
| of which Escota | 742.8 | 713.2 | 4.2% |
| of which Jamaican Infrastructure Operator(*) | | 10.0 | -100.0% |
| **Concession companies' revenue derived from works** | **535.8** | **665.1** | **-19.4%** |
| of which ASF | 426.3 | 408.7 | 4.3% |
| of which Escota | 109.5 | 256.3 | -57.3% |
| **Total revenue** | **4,225.3** | **4,184.3** | **1.0%** |
| of which ASF | 3,373.0 | 3,204.7 | 5.3% |
| of which Escota | 852.3 | 969.5 | -12.1% |
| of which Jamaican Infrastructure Operator(*) | | 10.0 | -100.0% |

(*) *Jamaican Infrastructure Operator was sold off in early 2016 (see Note B. to the 2016 consolidated financial statements, "Change in the consolidation scope").*

Consolidated revenue for the period ended 31 December 2016 (excluding revenue from construction work) generated only by ASF and Escota was €3,689.5 million, up 5.1% compared with the period ended 31 December 2015 (€3,509.2 million).

#### Prices

The reference index for the price increase at 1 February 2016 showed an increase of 0.06%.
On this basis, and in accordance with the amendment to the concession arrangement signed on 21 August 2015 by the French State, ASF and Escota, the price increase excluding taxes at 1 February 2016 was as follows:

- for ASF: [0.85 i + 1.58], i.e. 1.627% for all classes of vehicles;
- for Escota: [0.85 i + 1.13], i.e. 1.177% for all classes of vehicles.

#### Traffic

The following factors should be taken into account when analysing changes in traffic during financial year 2016:

- one more day for light vehicle and heavy vehicle traffic than in 2015 since 2016 was a leap year;
- the price of diesel, down -3.8% on average in 2016 compared to 2015;
- fairly normal weather in 2016, but particularly sunny from August to December and not very rainy in summer, all favouring light vehicle traffic;
- continued moderate economic growth in France and Italy and strong economic growth in Spain, which stimulated heavy vehicle traffic.

Taking these factors into account, in 2016 ASF and Escota saw traffic rise 3.4% over the previous year:

- +3.3% for light vehicles which accounted for 87.0% of total traffic;
- +4.3% for heavy vehicles, which accounted for 13.0% of total traffic.

Users travelled 38,547.6 million kilometres on the ASF and Escota networks in 2016 (37,271.3 million in 2015):

| Distance travelled *(in millions of kilometres)* | Year 2016 | | | | Year 2015 | | | | Change 2016/2015 | |
|---|---|---|---|---|---|---|---|---|---|---|
| | ASF | Escota | ASF + Escota | % | ASF | Escota | ASF + Escota | % | Amount | % |
| Light vehicles | 27,005.7 | 6,529.6 | 33,535.3 | 87.0% | 26,104.4 | 6,360.7 | 32,465.1 | 87.1% | 1,070.2 | 3.3% |
| Heavy vehicles | 4,373.0 | 639.3 | 5,012.3 | 13.0% | 4,196.4 | 609.8 | 4,806.2 | 12.9% | 206.1 | 4.3% |
| **Light + heavy** | **31,378.7** | **7,168.9** | **38,547.6** | **100.0%** | **30,300.8** | **6,970.5** | **37,271.3** | **100.0%** | **1,276.3** | **3.4%** |

The annual average daily traffic on the network as a whole was 33,879 vehicles per day in 2016 compared with 32,991 vehicles per day in 2015, i.e. an increase of 2.7%.

The number of payment transactions rose by 3.3% to 743.1 million transactions in 2016 (719.5 million in 2015).
The use of automatic payment lanes increased by 3.4% to 742.5 million transactions in 2016 (718.4 million in 2015).

The proportion of transactions made on automatic lanes reached 99.9% in 2016 (99.8% in 2015).

Breakdown of ASF and Escota transactions by collection method:

| Type of transaction *(in millions)* | Year 2016 | Year 2015 | Change 2016/2015 | 2016 breakdown | 2015 breakdown |
|---|---|---|---|---|---|
| **Manual payments** | **0.6** | **1.1** | **-45.5%** | **0.1%** | **0.2%** |
| Automatic payments | 365.5 | 366.5 | -0.3% | 49.2% | 50.9% |
| ETC payments | 377.0 | 351.9 | 7.1% | 50.7% | 48.9% |
| **Sub-total automatic and ETC** | **742.5** | **718.4** | **3.4%** | **99.9%** | **99.8%** |
| **Total** | **743.1** | **719.5** | **3.3%** | **100.0%** | **100.0%** |

There were 2,213,613 subscribers to the light vehicle tag payment system for the two companies at 31 December 2016, making 2,703,764 tags in circulation (compared with 1,933,556 subscribers and 2,357,608 tags at 31 December 2015).

| | 31/12/2016 | | | 31/12/2015 | | | Change 2016/2015 | |
|---|---|---|---|---|---|---|---|---|
| | ASF | Escota | ASF + Escota | ASF | Escota | ASF + Escota | Amount | % |
| Number of customers | 1,961,946 | 251,667 | 2,213,613 | 1,688,330 | 245,226 | 1,933,556 | 280,057 | 14.5% |
| Number of tags | 2,346,502 | 357,262 | 2,703,764 | 2,010,798 | 346,810 | 2,357,608 | 346,156 | 14.7% |

## Revenue from tolls

Toll revenue breaks down by payment method as follows:

| | Year 2016 | | | Year 2015 | | | Change 2016/2015 | |
|---|---|---|---|---|---|---|---|---|
| Revenue *(in € millions)* | ASF | Escota | ASF + Escota | ASF | Escota | ASF + Escota | Amount | % |
| Immediate payment | 205.9 | 89.1 | 295.0 | 217.8 | 93.4 | 311.2 | (16.2) | -5.2% |
| Account subscribers | 15.7 | 134.2 | 149.9 | 8.0 | 130.7 | 138.7 | 11.2 | 8.1% |
| ETC payments | 1,557.2 | 283.4 | 1,840.6 | 1,426.3 | 256.5 | 1,682.8 | 157.8 | 9.4% |
| Bank cards | 980.7 | 196.4 | 1,177.1 | 949.6 | 191.6 | 1,141.2 | 35.9 | 3.1% |
| Charge cards | 125.8 | 27.7 | 153.5 | 133.8 | 29.1 | 162.9 | (9.4) | -5.8% |
| Onward-invoiced expenses | 1.2 | 0.3 | 1.5 | 1.3 | 0.3 | 1.6 | (0.1) | -6.3% |
| **Toll revenue** | **2,886.5** | **731.1** | **3,617.6** | **2,736.8** | **701.6** | **3,438.4** | **179.2** | **5.2%** |

Toll revenue rose by 5.2% to €3,617.6 million in 2016 (€3,438.4 million in 2015).

This change was due to the combined effect of the following two main factors:
- effect of traffic: +3.4%;
- effect of prices and rebates: +1.8%.

## Revenue from commercial premises

Revenue from commercial premises was up 1.8% to €57.0 million in 2016 (€56.0 million in 2015).

## Revenue from the rental of optical fibres, pylons and other items

Revenue only from ASF and Escota's rental of optical fibre and pylons was €14.9 million in 2016, up 0.7% on 2015 (€14.8 million).

### 2.1.2. Operating income

Operating income was up 10.3% (or €189.9 million) to €2,027.5 million in 2016 (€1,837.6 million in 2015).

Revenue (excluding construction revenue) was up 4.8%, while operating charges (excluding construction charges) fell 0.8%, which was mainly attributable to a decrease in depreciation expense as a result of the extension of the ASF and Escota concessions.

The significant changes in operating expenses were thus the following:

- a 30.3% rise (€51.7 million) in "**external services**": €222.1 million in 2016 (€170.4 million in 2015) mainly attributable to the new Exceptional Voluntary Contribution and the increase in expenses related to infrastructure maintenance;
- a 4.4% drop (€31.2 million) in "**depreciation and amortisation expense**": €670.3 million for 2016 (€701.5 million for 2015), largely as a result of the extension of the concession contracts (€49.6 million), which was offset by the road openings in 2016;
- a 5.3% increase (€26.1 million) in "**taxes and levies**": €514.5 million in 2016 (€488.4 million in 2015);
- an increase of €23.2 million in "**Net provision expense**": €24.0 million of profit in 2016 (€0.8 million of profit in 2015), resulting primarily from changes made to the index for calculating the provision for the obligation to maintain the condition of concession assets;
- a decrease of 1.8% (€5.5 million) in "**employment costs**": €306.5 million in 2016 (€312.0 million in 2015);
- a decrease of 8.2% (€2.1 million) in "**purchases consumed**": €23.5 million in 2016 (€25.6 million in 2015).

### 2.1.3. Cost of net financial debt and other financial income and expense

The cost of net financial debt fell 14.9% (€58.5 million) from €392.6 million in 2015 to €334.1 million in 2016 (see Note D.4. "Cost of net financial debt" to the 2016 consolidated financial statements).

Other financial income and expense, down by €2.6 million, resulted in net income of €13.4 million in 2016 compared with net income of €16.0 million in 2015 (see Note D5. "Other financial income and expense" to the 2016 consolidated financial statements).

### 2.1.4. Income tax

Income tax, including current and deferred tax, was €563.5 million for 2016, down 0.4% compared with the 2015 figure of €565.7 million. This reduction was basically attributable to the elimination in 2016 of the 10.7% surtax on profits and the impact on deferred taxes of a lowering of the corporate tax rate from 33.33% to 28.00% starting in 2020 (see Note D.6. "Income tax expenses" to the 2016 consolidated financial statements).

### 2.1.5. Net income

Net income attributable to owners of the parent was up 27.8% to €1,141.8 million in 2016 (€893.1 million in 2015).

Earnings per share amounted to €4.943 in 2016 compared with €3.867 in 2015.

The portion attributable to non-controlling interests was €1.5 million in 2016, down €0.7 million largely due to the disposals at the start of the financial year (see Note B. "Change in the consolidation scope" to the 2016 consolidated financial statements).

## 2.2. Investments

ASF and Escota made investments totalling €605.4 million in 2016, compared with €747.9 million in 2015, a decrease of €142.5 million:

| | Year 2016 | | | Year 2015 | | | |
|---|---|---|---|---|---|---|---|
| Type of investment (in € millions) | ASF | Escota | ASF + Escota | ASF | Escota | ASF + Escota | % Change 2016/2015 |
| Construction of new sections(*) | 27.8 | | 27.8 | 21.0 | 162.9 | 183.9 | -84.9% |
| Supplementary investments on motorways in service(*) | 436.6 | 101.3 | 537.9 | 420.1 | 111.3 | 531.4 | 1.2% |
| Operating tangible fixed assets(*) | 26.9 | 12.8 | 39.7 | 22.5 | 10.1 | 32.6 | 21.8% |
| **Total** | **491.3** | **114.1** | **605.4** | **463.6** | **284.3** | **747.9** | **-19.1%** |

(*) *Including capitalised production, borrowing costs, grants and financial investments.*

These investments related mainly to:

### New sections

**A64 – Briscous/Bayonne – Mousserolles (former RD1) (11 km)**

The RD1 was reclassified for motorway use by a decree published on 9 January 2015.
By 31 December 2016 all the construction necessary to open the motorway was finished.

### Widening and capacity improvement

**A9 – Perpignan South/Le Boulou: widening to three-lane dual carriageway (17 km)**
The three-lane dual carriageway was opened on 1 July 2016, almost six months ahead of the schedule in the master contract.

**A9 – Le Boulou/Le Perthus widening to three-lane dual carriageway (9 km)**
All preliminary official authorisations were obtained.

The large scale construction work began in September 2016 with lane reductions, slip roads and the start of grading.

Progress on the project is in line with contractual objectives for widening this section before 23 February 2020.

**A9 – Relief motorway for the A9 at Montpellier (24 km)**
Under the 2012-2016 master plan, the entry into service of the relief A9 at Montpellier is due prior to 31 December 2017.

Work on the Lez-Lironde viaduct was completed in late October 2016. The large scale earthworks have been completed.

In parallel, work on the old A9 motorway continues (bridges/tunnels and acoustic screens) including new landscaping and façade covers.

The building for the Montpellier 2 toll station was completed. Construction on the building at the future Baillargues station is approaching completion.

All work continues to progress significantly ahead of the established schedule.

**A61 – Widening to three-lane dual carriageway: phase 1 (35 km)**
It has been decided that the three-lane dual carriageway section between the A61/A66 junction and the Port Lauragais service station and the section between the no. 25 Lézignan interchange and the A61/A9 junction will open to the public 60 months after the declaration of public utility.

The official applications (conservation of habitats of protected species) for the two sections are being put together and the preliminary project analysis has begun.

The archaeological preventive measure was begun in August 2016 and the pre-project engineering for each of the two sections, A66/Port Lauragais and Lézignan/A9, is under way.

Preliminary work was started as of October 2016, and the notices for bidding on the major contracts were published.

**A63 – Ondres/Biriatou: widening to three-lane dual carriageway (39 km)**
The large scale work, begun in the autumn of 2014, continues, in keeping with the aim of completing the upgrade of the Biriatou/Biarritz section to a three-lane dual carriageway by 9 July 2018, in line with contractual commitments.

**A63 – Saint-Geours-de-Maremne/Ondres widening to three-lane dual carriageway (27 km)**
The three-lane dual carriageway section of the A63 between Ondres and Saint-Geours-de-Maremne is scheduled to open 48 months after the declaration of public utility, i.e. on 25 February 2020.

The two major contracts for large scale work are in the awards phase, with an objective of starting construction early in 2017.

**Escota's investments related in particular to:**
- final works on the Borne Romaine tunnel on the A8 motorway (between Nice and La Turbie) which was opened on 18 October 2016;
- the creation of special heavy vehicle areas on the A8 motorway;
- the modernisation programme for all network stations;
- widening to three-lane dual carriageway of the Pas De Trets/Pont de l'étoile section of the A52 motorway.

As a reminder, Escota made a payment of €163.0 million in 2015 on signing the motorway stimulus plan.

## 2.3. Financing

ASF contracted the following financing in 2016:
- on 28 April 2016, a loan agreement for €390 million, maturing in 2033, with the European Investment Bank (EIB), to finance some of the investments required for the relief motorway for the A9 at Montpellier;
- on 13 May 2016, a bond issue under its EMTN (Euro Medium Term Note) programme for €500 million, maturing in May 2026, with a 1.0% coupon.

In addition, in May 2016 ASF extended its €1.7 billion revolving credit facility with a new maturity set for May 2021.

## 2.4. Balance sheet

**Total non-current net assets** decreased by €96.1 million to €12,777.7 million at 31 December 2016 (€12,873.8 million at 31 December 2015).

This reduction is due primarily to the negative net change in non-current derivative assets of €14.3 million and investments in property, plant and equipment and intangible assets of €77.3 million. In 2016, the increase in depreciation and amortisation (€670.3 million) was significantly higher than the gross amount of construction and operating assets acquired (€605.4 million).

In addition, this change also reflects a €5.0 million reduction in investments in companies accounted for under the equity method as a result of the disposal of TransJamaican Highway in early 2016.

**Total current assets** increased by €140.0 million to €748.5 million at 31 December 2016 (€608.5 million at 31 December 2015) largely as a result of increases of €59.8 million in cash and cash equivalents, of €58.6 million in current operating and non-operating assets, of €19.3 million in trade and other receivables and of €6.5 million in current derivative instrument assets. This increase was in part offset by a €3.6 million fall in financial assets for cash management.

**Equity** increased by €178.4 million to stand at €118.8 million at 31 December 2016 (compared with negative €59.6 million at 31 December 2015). This change resulted mainly from positive net income in 2016 (including the portion of non-controlling interests) of €1,143.3 million less interim dividend payments of €978.4 million and changes in amounts recognised directly in equity of €16.7 million.

**Total non-current liabilities** were €11,213.7 million at 31 December 2016 (€11,346.6 million at 31 December 2015), a decrease of €132.9 million. This was mainly due to net reductions of €74.9 million in bonds in issue and other loans and borrowings, of €41.7 million in non-current derivative instrument liabilities and of €24.5 million in deferred tax liabilities.

This decrease was offset in part by increases of €3.2 million in employee-benefit and other provisions and €5.0 million in other non-current liabilities.

**Total current liabilities** amounted to €2,193.7 million at 31 December 2016, down €1.6 million from 31 December 2015 (€2,195.3 million). This decrease was due principally to current financial debt (down €48.8 million), current provisions (down €42.5 million), trade payables (down €27.1 million) and current derivatives liabilities (down €5.6 million) but was partially offset by an increase in other current operating and non-operating liabilities of €96.1 million and in current income taxes payable of €26.3 million.

After taking account of these various items, **the Group's net financial debt** at 31 December 2016 amounted to €11,195.1 million, compared with €11,414.5 million at 31 December 2015, a decrease of €219.4 million.

## 2.5. Cash flows

The Group's statement of cash flows shows **a closing net balance of cash and cash equivalents** of €98.0 million, up €59.8 million from the opening balance of €38.2 million.

This change breaks down as follows:

- **operating cash flow before tax and financing costs** came to €2,651.5 million in 2016, up 5.2% from 2015 (€2,520.0 million). As a proportion of revenue, cash flow from operations before tax and financing costs rose from 71.6% in 2015 to 71.9% in 2016;
- **cash flows from operating activities**, after the change in the working capital requirement and current provisions, taxes and interest paid, were up 4.3% to €1,697.7 million in 2016 (€1,628.4 million in 2015);
- **(negative) net cash flows used in investing activities** amounted to €522.6 million in 2016, down 23.4% compared with 2015 (€682.2 million);
- **net cash flows used in financing activities** represented an outflow of €1,119.0 million in 2016 compared with an outflow of €977.9 million in 2015. These flows comprise dividends paid to ASF shareholders (€977.0 million), long-term borrowings in the amount of €890.0 million, the repayment of long-term borrowings and lines of credit for a total of €985.0 million and a €45.6 million negative impact from cash management assets and other current financial debts.

# 3. Main transactions with related parties

The main transactions with related parties are detailed in Note K.23. "Transactions with related parties" to the 2016 annual consolidated financial statements.

# 4. Risk factors

Since toll revenue accounts for virtually all the revenue from operating concessions, the main risks for the ASF group relate in particular to traffic or infrastructure usage and users' acceptance of tolls and prices. Traffic levels may also be affected by fuel prices.

Details of the main financial risks are given in Note I.19. "Financial risk management" to the 2016 consolidated financial statements.

# 5. Parent company financial statements

## 5.1. Revenue

ASF's revenue (excluding construction revenue) amounted to €2,946.7 million in 2016, up 5.4% compared with 2015 (€2,796.0 million).

## 5.2. Net income

ASF's net income fell 7.4% to €1,086.8 million in 2016 (from €1,173.7 million in 2015).

This includes dividends of €196.5 million received from its Escota subsidiary in 2016 (€480.1 million in 2015).

# Consolidated financial statements as at 31 December 2016


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# FINANCIAL STATEMENTS

## Consolidated income statement for the period

| *(in € millions)* | Note | 2016 | 2015 |
|---|---|---|---|
| **Revenue[1]** | **C.2.** | **3,689.5** | **3,519.2** |
| Concession companies' revenue derived from works | | 535.8 | 665.1 |
| Total revenue | | 4,225.3 | 4,184.3 |
| Revenue from ancillary activities | | 39.0 | 37.5 |
| Operating expenses | D.3. | (2,261.3) | (2,376.4) |
| **Operating income from ordinary activities** | **D.3.** | **2,003.0** | **1,845.4** |
| Share-based payments (IFRS 2) | J.22. | (4.7) | (4.1) |
| Income/(loss) of companies accounted for under the equity method | | (3.7) | (4.0) |
| Other ordinary operating items | | 31.3 | 0.3 |
| **Ordinary net operating income** | **D.3.** | **2,025.9** | **1,837.6** |
| Consolidation scope effect | | 1.6 | |
| **Operating income** | **D.3.** | **2,027.5** | **1,837.6** |
| Cost of gross financial debt | | (334.4) | (393.0) |
| Financial income from cash investments | | 0.3 | 0.4 |
| **Cost of net financial debt** | **D.4.** | **(334.1)** | **(392.6)** |
| Other financial income and expense | D.5. | 13.4 | 16.0 |
| Income taxes | D.6. | (563.5) | (565.7) |
| *of which impact of changes in the deferred tax legislation [2]* | | *26.2* | |
| **Net income** | | **1,143.3** | **895.3** |
| Net income attributable to non-controlling interests | | 1.5 | 2.2 |
| **Net income attributable to owners of the parent** | | **1,141.8** | **893.1** |
| **Earnings per share - attributable to owners of the parent, including non-current changes in deferred tax[2]** | **D.7.** | | |
| Earnings per share (in €)[2] | | 4,943 | 3,867 |
| Diluted earnings per share (in €)[2] | | 4,943 | 3,867 |
| **Net income - attributable to owners of the parent - excluding non-current changes in deferred tax[2]** | | **1,115.6** | **893.1** |

(1) *Excluding concession companies' revenue derived from works.*

(2) *The Group's deferred tax at 31 December 2016 was reassessed in the light of the recent legislative changes, specifically adoption of the 2017 Finance Act in France, which provides for a reduction of corporation tax from 33.33% to 28.00% for all companies starting 2020. The impact on the net income attributable to owners of the parent is €26.2 million (i.e. €0.113 per share). Not taking this impact into account, the diluted earnings per share would be €4.830.*

# Consolidated comprehensive income statement for the period

| *(in € millions)* | Note | 2016<br>Attributable to owners of the parent | <br>Attributable to non-controlling interests | <br>Total | 2015<br>Attributable to owners of the parent | <br>Attributable to non-controlling interests | <br>Total |
|---|---|---|---|---|---|---|---|
| **Net income** | | **1,141.8** | **1.5** | **1,143.3** | **893.1** | **2.2** | **895.3** |
| Financial instruments: changes in fair value | | 29.5 | | 29.5 | 56.0 | | 56.0 |
| of which: | | | | | | | |
| *Available-for-sale financial assets* | | *(0.4)* | | *(0.4)* | *0.6* | | *0.6* |
| *Cash flow hedges[(1)]* | | *29.9* | | *29.9* | *55.4* | | *55.4* |
| Translation differences | | (1.4) | | (1.4) | 0.6 | | 0.6 |
| Tax[(2)] | | (11.1) | | (11.1) | (20.8) | | (20.8) |
| **Other comprehensive income that can be recycled in net income at a later date** | **H.15.2.** | **17.0** | | **17.0** | **35.8** | | **35.8** |
| Actuarial gains and losses on retirement benefit obligations | | (0.2) | | (0.2) | 0.5 | | 0.5 |
| Tax | | (1.5) | | (1.5) | (0.2) | | (0.2) |
| **Other comprehensive income that cannot be recycled in net income at a later date** | **H.15.2.** | **(1.7)** | | **(1.7)** | **0.3** | | **0.3** |
| **All other comprehensive income recognised directly in equity** | **H.15.2.** | **15.3** | **0.0** | **15.3** | **36.1** | **0.0** | **36.1** |
| **Total comprehensive income** | | **1,157.1** | **1.5** | **1,158.6** | **929.2** | **2.2** | **931.4** |

(1) *Changes in the fair value of cash flow hedges (interest-rate 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 hedged cash flow affects profit or loss.*

(2) *Tax effects relating to changes in the fair value of financial instruments used to hedge cash flows (effective portion).*

# Consolidated balance sheet - assets

| *(in € millions)* | Note | 31/12/2016 | 31/12/2015 |
|---|---|---|---|
| **Non-current assets** | | | |
| Concession intangible assets | E.8. | 11,552.7 | 11,598.1 |
| Other intangible fixed assets | F.9. | 29.6 | 31.7 |
| Property, plant and equipment | F.9. | 601.6 | 631.4 |
| Investments in companies accounted for under the equity method | G.13. | | 5.0 |
| Other non-current financial assets | G.14. | 17.7 | 17.2 |
| Non-current derivative financial instruments - assets | I.17. | 576.1 | 590.4 |
| **Total non-current assets** | | **12,777.7** | **12,873.8** |
| **Current assets** | | | |
| Inventories and work in progress | F.11. | 4.3 | 4.9 |
| Trade and other receivables | F.11. | 309.6 | 290.3 |
| Other current operating assets | F.11. | 167.3 | 132.7 |
| Other current non-operating assets | | 48.2 | 24.2 |
| Current derivative financial instruments - assets | I.17. | 121.1 | 114.6 |
| Cash management financial assets | I.17. | | 3.6 |
| Cash and cash equivalents | I.17. | 98.0 | 38.2 |
| **Total current assets** | | **748.5** | **608.5** |
| | | | |
| **Total assets** | | **13,526.2** | **13,482.3** |

# Consolidated balance sheet – equity and liabilities

| *(in € millions)* | Note | 31/12/2016 | 31/12/2015 |
|---|---|---|---|
| **Equity** | | | |
| Share capital | | 29.3 | 29.3 |
| Consolidated reserves | | (920.2) | (835.3) |
| Currency translation reserves | | | 1.4 |
| Net income attributable to owners of the parent | | 1,141.8 | 893.1 |
| Amounts recognised directly in equity | H.15.2. | (133.7) | (150.4) |
| **Equity attributable to owners of the parent** | | **117.2** | **(61.9)** |
| Non-controlling interests | H.15.3. | 1.6 | 2.3 |
| **Total equity** | | **118.8** | **(59.6)** |
| **Non-current liabilities** | | | |
| Non-current provisions | F.12. | 0.4 | 0.2 |
| Provisions for employee benefits | J.21. | 99.2 | 96.2 |
| Bonds | I.17. | 7,330.0 | 6,838.4 |
| Other loans and borrowings | I.17. | 3,529.9 | 4,096.4 |
| Non-current derivative financial instruments - liabilities | I.17. | 166.9 | 208.6 |
| Other non-current liabilities | | 22.4 | 17.4 |
| Deferred tax liabilities | D.6. | 64.9 | 89.4 |
| **Total non-current liabilities** | | **11,213.7** | **11,346.6** |
| **Current liabilities** | | | |
| Current provisions | F.11. | 397.5 | 440.0 |
| Trade payables | F.11. | 80.8 | 107.9 |
| Other current operating liabilities | F.11. | 416.3 | 383.6 |
| Other current non-operating liabilities | | 252.7 | 189.3 |
| Current tax liabilities | | 82.9 | 56.6 |
| Current derivative financial instruments - liabilities | I.17. | 20.1 | 25.7 |
| Current financial debts | I.17. | 943.4 | 992.2 |
| **Total current liabilities** | | **2,193.7** | **2,195.3** |
| | | | |
| **Total equity and liabilities** | | **13,526.2** | **13,482.3** |

# Consolidated cash flow statement

| *(in € millions)* | Note | 2016 | 2015 |
|---|---|---|---|
| **Consolidated net income for the period (including non-controlling interests)** | | **1,143.3** | **895.3** |
| Net depreciation and amortisation | D.3.2. | 670.3 | 701.5 |
| Net increase/(decrease) in provisions and impairments | | (44.0) | (17.5) |
| Share-based payments (IFRS 2) and other restatements | | 9.3 | (1.2) |
| Gain or loss on disposals | | (1.3) | 1.8 |
| Share of profit or loss of companies accounted for under the equity method and dividends received from unconsolidated entities | | 3.4 | 3.7 |
| Capitalised borrowing costs | | (27.1) | (21.9) |
| Cost of net financial debt recognised | D.4. | 334.1 | 392.6 |
| Current and deferred tax expense recognised | D.6. | 563.5 | 565.7 |
| **Cash flows (used in)/from operations before tax and financing costs** | | **2,651.5** | **2,520.0** |
| Changes in operating working capital requirement and current provisions | F.11.1. | (55.9) | 5.9 |
| Income taxes paid | | (571.0) | (528.6) |
| Net interest paid | | (326.9) | (368.9) |
| **Cash flows (used in)/from operating activities** | **I** | **1,697.7** | **1,628.4** |
| *Purchases of property, plant and equipment and intangible assets* | | *(9.2)* | *(7.8)* |
| *Disposals of property, plant and equipment and intangible assets* | | | *0.1* |
| **Operating investments net of disposals** | | **(9.1)** | **(7.7)** |
| **Operating cash flow** | | **1,688.6** | **1,620.7** |
| *Investments in concession fixed assets (net of grants received)* | | *(495.2)* | *(681.7)* |
| *Disposals of concession fixed assets* | | *(20.8)* | *9.2* |
| **Growth investments in concessions** | | **(516.0)** | **(672.5)** |
| **Free cash flow (after investments)** | | **1,172.6** | **948.2** |
| *Purchases of shares in subsidiaries and affiliates (consolidated and unconsolidated)* | | *(3.7)* | *(3.2)* |
| *Proceeds from sales of shares in subsidiaries and affiliates (consolidated and unconsolidated)* | | *6.1* | |
| *Net effect of changes in scope of consolidation* | | *(1.5)* | |
| **Net financial investments** | | **0.9** | **(3.2)** |
| Other | | 1.7 | 1.2 |
| **Net cash flows (used in)/from investing activities** | **II** | **(522.6)** | **(682.2)** |
| Dividends paid | | | |
| *- to shareholders of ASF* | *H.15.* | *(977.0)* | *(1,628.4)* |
| *- to the non-controlling interests of consolidated companies* | | *(1.4)* | *(4.0)* |
| Proceeds from new long-term borrowings | I.17. | 890.0 | 1,370.0 |
| Repayments of long-term loans | I.17. | (985.0) | (718.5) |
| Change in cash management assets and other current financial debts | | (45.6) | 3.0 |
| **Net cash flows (used in)/from financing activities** | **III** | **(1,119.0)** | **(977.9)** |
| Other changes | IV | 3.7 | 1.2 |
| **Change in net cash** | **I + II + III + IV** | **59.8** | **(30.5)** |
| **Net cash and cash equivalents at beginning of period** | **I.17.** | **38.2** | **68.7** |
| **Net cash and cash equivalents at end of period** | **I.17.** | **98.0** | **38.2** |
| Change in cash management assets and other current financial debts | | 45.6 | (3.0) |
| (Proceeds from)/repayment of loans | | 95.0 | (651.5) |
| Other changes | | 19.0 | 30.5 |
| **Change in net financial debt** | | **219.4** | **(654.5)** |
| **Net financial debt at beginning of period** | **I.17.** | **(11,414.5)** | **(10,760.0)** |
| **Net financial debt at end of period** | **I.17.** | **(11,195.1)** | **(11,414.5)** |

# Consolidated statement of changes in equity

| | Equity attributable to owners of the parent | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | Share capital | Consolidated reserves | Net income | Currency translation reserves | Amounts recognised directly in equity | Total attributable to owners of the parent | Non-controlling interests | Total |
| **Equity at 1/1/2015** | **29.3** | **17.2** | **774.5** | **0.8** | **(185.9)** | **635.9** | **4.1** | **640.0** |
| Net income for the period | | | 893.1 | | | 893.1 | 2.2 | 895.3 |
| Other comprehensive income recognised directly in the equity of companies controlled | | | | 0.6 | 35.5 | 36.1 | | 36.1 |
| **Total comprehensive income for the period** | | | **893.1** | **0.6** | **35.5** | **929.2** | **2.2** | **931.4** |
| Allocation of net income and dividend payments | | (853.9) | (774.5) | | | (1,628.4) | (4.0) | (1,632.4) |
| Share-based payments (IFRS 2) | | 1.4 | | | | 1.4 | | 1.4 |
| **Equity at 31/12/2015** | **29.3** | **(835.3)** | **893.1** | **1.4** | **(150.4)** | **(61.9)** | **2.3** | **(59.6)** |
| Net income for the period | | | 1,141.8 | | | 1,141.8 | 1.5 | 1,143.3 |
| Other comprehensive income recognised directly in the equity of companies controlled | | | | (1.4) | 16.7 | 15.3 | | 15.3 |
| **Total comprehensive income for the period** | | | **1,141.8** | **(1.4)** | **16.7** | **1,157.1** | **1.5** | **1,158.6** |
| Allocation of net income and dividend payments | | (83.9) | (893.1) | | | (977.0) | (1.4) | (978.4) |
| Share-based payments (IFRS 2) | | (1.0) | | | | (1.0) | | (1.0) |
| Changes in consolidation scope | | | | | | | (0.8) | (0.8) |
| **Equity at 31/12/2016** | **29.3** | **(920.1)** | **1,141.8** | **0.0** | **(133.7)** | **117.2** | **1.6** | **118.8** |

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# A. General principles and use of estimates

## A.1. Basis of preparation of the statements

Pursuant to Regulation (EC) No. 1606/2002 of 19 July 2002, the ASF group's consolidated financial statements for the period ended 31 December 2016 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2016.

The accounting policies retained at 31 December 2016 are the same as those used in preparing the consolidated financial statements at 31 December 2015, except for the change in the presentation of the consolidated financial statements described below and the standards and interpretations adopted by the European Union applicable as from 1 January 2016.

The Group's consolidated financial statements are presented in millions of euros with a decimal place. Rounding to the nearest hundred thousand euros may, in certain cases, give rise to non-material discrepancies in the totals and sub-totals indicated in the tables.

The consolidated financial statements were approved by the Board of Directors on 3 February 2017 and will be submitted to the Shareholders' General Meeting for approval on 5 April 2017.

### A.1.1. Change in the presentation of the Group's consolidated financial statements

The presentation of the Group's consolidated financial statements was modified from that used for financial years until 31 December 2015.

The changes had mainly to do with arranging and ordering the notes by subject matter. These changes are intended to make the Group's financial statements easier to read, use, and grasp, consistent with the recommendations of the AMF and the work undertaken by the International Accounting Standards Board.

Most of the accounting principles, hitherto grouped in Note A, now appear within each subject matter note, so that the reader can more easily understand the financial data presented. The statements' basis of preparation, the consolidation methods specifically applicable to the companies in the Group's scope, and the use of estimates to draw up the consolidated statements are all still discussed in detail in Note A. "General principles and use of estimates". The other consolidation methods and rules, more general and not specific to the Group, are now presented in Note N. "Other information as to the scope of consolidation".

The presentations of the income statement, comprehensive income statement, cash flows statement and changes in shareholders' equity have not been affected by the improvements made. The balance sheet is presented exactly as in years past, with the exception of the addition of line items intended to single out the amounts of provisions for employee benefits.

### A.1.2. New standards and interpretations applicable from 1 January 2016

There are no new standards applicable for the first time from 1 January 2016. There are merely a few amendments which must be applied to financial years starting in 2016:

- Amendments to IAS 1 "Disclosure initiative";
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation";
- Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions";
- Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations";
- Annual improvements, cycles 2010-2012 and 2012-2014.

At the Group level, the implementation of the amendments has not had a material impact.

### A.1.3. Standards and interpretations adopted by the IASB but not yet applicable at 31 December 2016

The Group has not applied early any of the following standards or interpretations that might affect it, application of which was not mandatory at 1 January 2016:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 16 "Leases";
- Amendments to IAS 7 "Disclosure initiative";
- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses";
- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture";
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions";
- Annual improvements, cycle 2014-2016;
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration".

An analysis of the impacts and practical consequences of applying these standards is now being made.

## A.2. Consolidation methods

In accordance with IFRS 10, companies in which the Group directly or indirectly owns the majority of the voting rights at Shareholders' General Meetings, on the Board of Directors or within the equivalent governing body, giving it the power to govern their operating and financial policies, are generally considered to be controlled companies and are consolidated under the full consolidation method. To determine control, the ASF group performs an in-depth analysis of the governance that has been set up and the rights held by the other shareholders. Whenever necessary, an analysis is also made of the instruments held by the Group or third parties (potential voting rights, dilutive instruments, convertible instruments, etc.) and which, if exercised, might alter the type of influence wielded by each of the parties.

An analysis is made should any event arise liable to have an impact on the level of control exercised by the Group (change to an entity's share capital distribution or its governance, exercise of a dilutive financial instrument, etc.).

IFRS 11 "Joint Arrangements" concerns all aspects relating to the accounting of jointly controlled entities. This standard has no impact within the ASF group as the Group has no joint ventures or joint operations.

Associates are entities over which the Group exercises significant influence. They are consolidated by the equity method in accordance with IAS 28. Significant influence is assumed to exist where the Group's shareholding is at least 20%. However, it may exist for smaller percentages, for example where the Group is represented on the Board of Directors or in any equivalent governance body and thus plays a role in developing the entity's operational and financial policies and its strategic directions.

The Group's consolidation scope does not include subsidiaries with material non-controlling interests or individually significant associates. This assessment is based on the effect of these holdings on the Group's financial position, financial performance and cash flows. The ASF group does not have holdings in structured entities as defined by IFRS 12 either.

## A.3. Use of estimates

The preparation of financial statements under IFRS 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.

### A.3.1. Values used in impairment tests

The assumptions and estimates made to determine the recoverable amount of intangible assets and property, plant and equipment relate in particular to the assessment of market prospects, needed to estimate the cash flows, and discount rates adopted. Any change in these assumptions could have a material effect on the recoverable amount.

### A.3.2. Measurement of provisions

The factors that might cause the amount of provisions to materially change relate to forecasts for major maintenance expenditure over several years, used as a basis for the provisions for the obligation to maintain the condition of concession assets. These forecasts are estimated taking account of indexation clauses included in construction contracts (mainly the TP01 and TP09 indices) and discount rates used.

### A.3.3. Fair value measurement

The Group mainly uses fair value to measure, on a recurring basis on the balance sheet, derivative instruments, cash and cash equivalents, financial assets held for sale, cash management financial assets and identifiable financial assets and liabilities acquired when business combinations are formed. The fair value of other financial instruments (mainly debt instruments and loans and receivables at amortised cost) is indicated in Note I.20. "Book and fair value of financial instruments by accounting category".

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction. It is recorded on the main market of the asset or liability (or the most advantageous in the absence of a main market), i.e. that which offers the largest volume and the best level of activity. The fair value of derivative financial instruments includes a counterparty risk assessment for derivative assets and an own credit risk for derivative liabilities.

The Group uses the following measurement methods to determine these fair values:

- market-based approaches, based on observable market prices or transactions;
- revenue-based approaches, which convert the sum of future cash flows to a single discounted amount;
- cost-based approaches, which take the physical, technological and economic obsolescence of the asset being measured into account.

Fair values are prioritised according to three levels:

- level 1: price quoted on an active market. Marketable securities and 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 such as swaps, caps and floors 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 the values sent to us 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.

### A.3.4. 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 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. These obligations are thus subject to change should assumptions be changed. Most assumptions are updated annually. Details of the assumptions used and how they are determined are given in Note J.21. "Provisions for employee benefits". The Group considers that the actuarial assumptions used are appropriate and justified in the current conditions.

### A.3.5. Valuation of share-based payments

The Group recognises a share-based payment expense relating to the granting to its employees or certain of its employees of offers to subscribe to shares, performance share plans and VINCI group savings schemes. This expense is measured on the basis of actuarial calculations using estimated behavioural assumptions based on observation of past behaviour.

# B. Change in the consolidation scope

In January 2016, ASF sold its shares in the companies Jamaican Infrastructure Operator (JIO) and TransJamaican Highway (TJH). These companies were consolidated at 31 December 2015 under the full consolidation and equity methods respectively. In view of the fact that neither company made a significant impact between 1 January 2016 and the date of disposal, both were removed from the consolidation scope as of 1 January 2016.

In May 2016, the ASF group subscribed to a capital increase by the company Axxès. On completion of this transaction, its percentage owned (42.9%) and the consolidation method remained unchanged.

At 31 December 2016, Escota was the only fully-consolidated company and Axxès (associate) was the only company consolidated using the equity method.

# C. Financial indicators

## C.1. Information by operating segment

The ASF group is managed as a single business line, namely the management and operation of motorway concession sections, to which ancillary payments are connected in relation to commercial premises, rental of fibre optic facilities, telecommunication equipment, and heavy goods vehicle parking facilities.

## C.2. Revenue

### Accounting principles

Consolidated revenue is recognised in accordance with IAS 18 "Revenue" and IAS 11 "Construction Contracts". The method for recognising revenue in respect of concession contracts is explained in Note E. "Concession contracts" below. They comprise:

- payments received on road infrastructures operated under concessions and ancillary income such as fees for use of commercial premises, and revenue from the rental of telecommunication infrastructures and parking facilities; and
- revenue in respect of the construction of new concession infrastructure, recognised on a stage of completion basis in accordance with IAS 11.

| *(in € millions)* | 2016 | 2015 | Change 2016 vs. 2015 |
|---|---|---|---|
| Toll revenue | 3,617.6 | 3,438.4 | 5.2% |
| Fees for use of commercial premises | 57.0 | 56.0 | 1.8% |
| Fees for optical fibres, telecommunications and other | 14.9 | 24.8 | -39.9% |
| **Revenue excluding concession companies' revenue derived from works** | **3,689.5** | **3,519.2** | **4.8%** |
| Concession companies' revenue derived from works | 535.8 | 665.1 | -19.4% |
| **Total revenue** | **4,225.3** | **4,184.3** | **1.0%** |

Breakdown of revenue in France and internationally, by Group company:

### 2016

| | Revenue generated in France | | |
|---|---|---|---|
| *(in € millions)* | ASF | Escota | Revenue 2016 |
| Toll revenue | 2,886.5 | 731.1 | 3,617.6 |
| Fees for use of commercial premises | 49.4 | 7.6 | 57.0 |
| Fees for optical fibres, telecommunications and other | 10.8 | 4.1 | 14.9 |
| **Revenue excluding concession companies' revenue derived from works** | **2,946.7** | **742.8** | **3,689.5** |
| Breakdown of total revenue | 79.9% | 20.1% | 100.0% |
| **Concession companies' revenue derived from works** | **426.3** | **109.5** | **535.8** |
| **Total revenue** | **3,373.0** | **852.3** | **4,225.3** |

### 2015

| | Revenue generated in France | | | Revenue generated outside France | |
|---|---|---|---|---|---|
| *(in € millions)* | ASF | Escota | Total | Jamaican Infrastructure Operator | Revenue 2015 |
| Toll revenue | 2,736.8 | 701.6 | 3,438.4 | | 3,438.4 |
| Fees for use of commercial premises | 48.7 | 7.3 | 56.0 | | 56.0 |
| Fees for optical fibres, telecommunications and other | 10.5 | 4.3 | 14.8 | 10.0 | 24.8 |
| **Revenue excluding concession companies' revenue derived from works** | **2,796.0** | **713.2** | **3,509.2** | **10.0** | **3,519.2** |
| Breakdown of revenue generated in France | 79.7% | 20.3% | 100.0% | | |
| Breakdown of total revenue | 79.4% | 20.3% | 99.7% | 0.3% | 100.0% |
| **Concession companies' revenue derived from works** | **408.8** | **256.3** | **665.1** | | **665.1** |
| **Total revenue** | **3,204.8** | **969.5** | **4,174.3** | **10.0** | **4,184.3** |

# D. Main items in the income statement

## D.3. Operating income

### Accounting principles

**Operating income from ordinary activities** measures the operating performance of the Group's fully consolidated subsidiaries before taking account of expenses related to share-based payments (IFRS 2). It also excludes the share of the profit/(loss) of companies accounted for under the equity method and other operational items, both ordinary and extraordinary.
**Ordinary net operating income** is intended to show the Group's level of recurring operating performance excluding the impact of the period's non-recurring transactions and events. It is obtained by adding to the operating income from ordinary activities the impacts associated with share-based payments (IFRS 2), income of companies accounted for under the equity method and other current operating income and expenses.
Other non-current operating items comprise gains or losses on disposals of shares and are recognised in **income from operations.**

| *(in € millions)* | 2016 | 2015 |
|---|---|---|
| **Revenue[1]** | **3,689.5** | **3,519.2** |
| Concession companies' revenue derived from works | 535.8 | 665.1 |
| Total revenue | 4,225.3 | 4,184.3 |
| **Revenue from ancillary activities[2]** | **39.0** | **37.5** |
| Purchases consumed | (23.5) | (25.6) |
| External services | (222.1) | (170.4) |
| Temporary employees | (2.1) | (2.6) |
| Subcontracting (including concession construction costs) | (547.4) | (675.8) |
| Taxes and levies | (514.5) | (488.4) |
| Employment costs | (306.5) | (312.0) |
| Other operating income and expenses | 1.1 | (0.9) |
| Depreciation and amortisation | (670.3) | (701.5) |
| Net provision expense | 24.0 | 0.8 |
| **Operating expenses** | **(2,261.3)** | **(2,376.4)** |
| **Operating income from ordinary activities** | **2,003.0** | **1,845.4** |
| *% of revenue[1]* | *54.3%* | *52.4%* |
| Share-based payments (IFRS 2) | (4.7) | (4.1) |
| Income/(loss) of companies accounted for under the equity method | (3.7) | (4.0) |
| Other ordinary operating items | 31.3 | 0.3 |
| **Ordinary net operating income** | **2,025.9** | **1,837.6** |
| Consolidation scope effect | 1.6 | |
| **Operating income** | **2,027.5** | **1,837.6** |

[1] *Excluding concession companies' revenue derived from works.*
[2] *Revenue from ancillary activities mainly comprises rental income, sales of equipment, materials and merchandise, study work and fees other than those recognised in revenue.*

Other ordinary operating items include in particular the impact of changes to the indexation clauses used to measure the provision relating to the obligation to maintain the condition of concession assets (see Note F.11.3. "Breakdown of current provisions").

### D.3.1. Other operating income and expenses

| *(in € millions)* | 2016 | 2015 |
|---|---|---|
| Operating grants and insurance settlements received | 1.4 | 0.9 |
| Net gains or losses on disposal of property, plant and equipment and intangible assets | (0.3) | (1.8) |
| **Other operating income and expenses** | **1.1** | **(0.9)** |

### D.3.2. Depreciation and amortisation

| *(in € millions)* | 2016 | 2015 |
|---|---|---|
| Concession intangible assets | (557.0) | (581.2) |
| Other intangible fixed assets | (12.4) | (14.7) |
| Property, plant and equipment | (100.9) | (105.6) |
| **Depreciation and amortisation** | **(670.3)** | **(701.5)** |

Depreciation and amortisation for the period relating to concession intangible assets includes the full-year effect of the motorway stimulus plan, implemented in the second half of 2015, which extended the term of the ASF and Escota concession contracts by 2 years and 4 months and 4 years and 2 months respectively.

## D.4. Cost of net financial debt

### Accounting principles

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;
- the financial income from cash management investments which comprises the return on investments of cash and cash equivalents measured at fair value in profit and loss.

The cost of the Group's net financial debt at 31 December 2016 amounted to €334.1 million, compared with €392.6 million at 31 December 2015, a decrease of €58.5 million. This change came primarily from refinancing on better terms the repayments due in 2015 and 2016 and from lower interest rates on the variable rate portion of the debt.

Net financial debt can be broken down as follows for the year:

| *(in € millions)* | 2016 | 2015 |
|---|---|---|
| Financial liabilities at amortised cost | (400.3) | (434.8) |
| Financial assets and liabilities at fair value through profit or loss | 0.3 | 0.4 |
| Derivatives designated as hedges: assets and liabilities(*) | 68.6 | 47.6 |
| Derivatives at fair value through profit and loss: assets and liabilities | (2.7) | (5.8) |
| **Total cost of net financial debt** | **(334.1)** | **(392.6)** |

(*) *Details of results from derivatives designated as hedges are shown in the table below.*

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

| *(in € millions)* | 2016 | 2015 |
|---|---|---|
| Net interest received from derivatives designated as fair value hedges | 136.8 | 122.9 |
| Change in value of derivatives designated as fair value hedges | (13.5) | (80.0) |
| Change in value resulting from the adjustment of hedged financial debt to fair value | 13.5 | 80.0 |
| Reserve recycled through profit or loss in respect of cash flow hedges | (68.2) | (75.3) |
| *of which reappraisal of fair value of derivative instruments hedging cash flows* | *(26.7)* | *(43.3)* |
| **Gains and losses on derivative instruments allocated to net financial debt** | **68.6** | **47.6** |

## D.5. Other financial income and expense

### Accounting principles

Other financial income and expense mainly comprises the effects of discounting to present value, capitalised borrowing costs, foreign exchange gains and losses related to financial items, and changes in the value of derivatives not allocated to interest and exchange rate risk hedging.
Capitalised borrowing costs have to do with concession assets and are recognised at the value of the non-current assets during the construction period. 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 financial year 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.

Other financial income and expenses break down as follows:

| *(in € millions)* | 2016 | 2015 |
|---|---|---|
| Effect of discounting to present value | (13.7) | (5.9) |
| Capitalised borrowing costs | 27.1 | 21.9 |
| **Total other financial income and expenses** | **13.4** | **16.0** |

Other financial expenses comprised the effect of discounting assets and liabilities at more than one year for €13.7 million in 2016 (€5.9 million in 2015).

This discounting effect arose largely from provisions for the obligation to maintain the condition of concession assets in the amount of €11.2 million in 2016 (€4.7 million in 2015), provisions for retirement benefit obligations in the amount of €2.0 million in 2016 (€2.2 million in 2015) and non-current payables and receivables in the amount of €0.5 million in 2016 (-€1.0 million in 2015).

Other financial income included in particular capitalised borrowing costs of €27.1 million in 2016 (€21.9 million in 2015).

## D.6. Income tax expenses

### Accounting principles

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 dates. The effects of a change in the tax rate from one period to another are recognised in profit or loss in the period in which the change occurs, except when they involve transactions recognised in items of other comprehensive income or directly in equity.
Deferred tax relating to share-based payments (IFRS 2) are recognised in profit or loss as long as the deductible basis does not exceed the fair value of the plans established under 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 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 taxable entity. 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.

### D.6.1. Breakdown of net tax expense

| *(in € millions)* | 2016 | 2015 |
|---|---|---|
| Current tax | (597.2) | (558.2) |
| Deferred tax | 33.7 | (7.5) |
| **Income taxes** | **(563.5)** | **(565.7)** |

The net tax expense for 2016 was €563.5 million (€565.7 million in 2015) of which €455.7 million for ASF (€447.1 million in 2015) and €107.8 million for Escota (€118.3 million in 2015).

Deferred tax includes the impact of the reduction of corporate tax from 33.33% to 28.00% from 2020 in the amount of €26.2 million.

### D.6.2. Effective tax rate

The effective tax rate for the Group (excluding the Group's share in companies accounted for under the equity method) came out at 34.5% for 2016 excluding the impact of the reduction in corporate tax scheduled for 2020, as compared with 38.6% in 2015. This reduction was basically attributable to the elimination in 2016 of the 10.7% surtax on profits.

The difference between the nominal amount of tax resulting from the tax rate of 34.43% applicable in France and the tax expense recognised for the year breaks down as follows:

| *(in € millions)* | 2016 | 2015 |
|---|---|---|
| Income before tax and income/(loss) of companies accounted for under the equity method | 1,710.5 | 1,465.0 |
| Theoretical tax rate in France | 34.4% | 38.0% |
| **Theoretical tax expense expected** | **(588.9)** | **(556.7)** |
| Permanent differences and other | 25.4 | (9.0) |
| **Tax expense recognised** | **(563.5)** | **(565.7)** |
| Effective tax rate (excluding Group's share in companies accounted for under the equity method) | 32.9% | 38.6% |

### D.6.3. Breakdown of deferred tax assets and liabilities

| | | Change | | | |
|---|---|---|---|---|---|
| *(in € millions)* | 31/12/2016 | Profit or loss | Equity | Other | 31/12/2015 |
| **Deferred tax assets** | | | | | |
| Temporary differences on retirement benefit obligations | 30.1 | (3.0) | (1.5) | | 34.6 |
| Temporary differences on financial instruments | 59.9 | (3.6) | (11.4) | | 74.9 |
| Other | 50.6 | 2.2 | | 3.3 | 45.1 |
| **Total deferred tax** | **140.6** | **(4.4)** | **(12.9)** | **3.3** | **154.6** |
| **Deferred tax liabilities** | | | | | |
| Concession intangible assets (capitalised borrowing costs and other) | 182.1 | (36.6) | | | 218.7 |
| Concession property, plant and equipment | 8.8 | (1.3) | | | 10.1 |
| Temporary differences on provisions | 3.1 | (3.5) | | (1.4) | 8.0 |
| Other | 11.5 | (0.2) | (0.3) | 4.7 | 7.2 |
| **Total deferred tax - liabilities** | **205.5** | **(41.6)** | **(0.3)** | **3.3** | **244.0** |
| **Net deferred tax** | **(64.9)** | **37.2** | **(12.6)** | **(0.0)** | **(89.4)** |

## D.7. Earnings per share

### Accounting principles

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 financial year 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 or performance shares is determined using the method laid out in IAS 33. In accordance with this standard, plans in which the share price is greater than the average price during the financial year are excluded from calculating diluted earnings per share.

Moreover, to calculate earnings per share before and after dilution, net income is corrected when necessary for impacts recognised directly in equity as a result of the conversion into shares of potentially dilutive instruments.

The Company's capital since 2002 has comprised 230,978,001 shares. The Company holds no treasury shares or instruments convertible into equity. As a result, the weighted number of shares to take into consideration when calculating basic and diluted earnings per share in 2016, as in 2015, is 230,978,001. Basic and diluted earnings per share are the same.

Earnings per share amounted to €4.943 in 2016 (€3.867 in 2015).

# E. Concession contracts

### Accounting principles

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 hands over 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 consideration from either:

- **users, where the intangible asset model applies**. The operator has a right to receive tolls (or other payments) 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 on the basis of how much users use the infrastructure, 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 remuneration) is recognised in the concession operator's balance sheet under "Concession intangible assets" net of any investment subsidies 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 asset's economic benefits are consumed by the asset starting from the entry into service. This method applies to the concession arrangements of ASF and Escota;

- **or the grantor, where the financial asset model applies**. The operator has an unconditional contractual right to receive payments from the 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 (designing and building).
This model does not apply to the ASF group's companies.

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 use of the infrastructure, is recognised as "Concession intangible assets". This model does not apply to the ASF group's companies.

Concession intangible assets correspond to the concession operator's right to operate the asset under concession in consideration for the investment expenditures incurred for the design and construction of the asset. This operator's right corresponds to the fair value of the construction 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 asset's economic benefits are consumed by the entity, starting from the date operations begin. The motorway companies ASF and Escota use the straight-line method.

# E.8. Concession intangible assets

## E.8.1. Detail of concession intangible assets

| *(in € millions)* | Cost of infrastructure | Advances and in progress | Investment subsidies | Total |
|---|---|---|---|---|
| **Gross amount** | | | | |
| **At 01/01/2015** | **19,847.3** | **666.1** | **(358.9)** | **20,154.5** |
| Acquisitions in the period(*) | 218.9 | 468.1 | (2.8) | 684.2 |
| Disposals and retirements during the period | (2.8) | | | (2.8) |
| Other movements | 154.7 | (149.8) | | 4.9 |
| **At 31/12/2015** | **20,218.1** | **984.4** | **(361.7)** | **20,840.8** |
| Acquisitions in the period(*) | 72.7 | 490.3 | (47.2) | 515.8 |
| Disposals and retirements during the period | (3.1) | | | (3.1) |
| Other movements | 195.3 | (196.5) | 0.3 | (0.9) |
| **At 31/12/2016** | **20,483.0** | **1,278.2** | **(408.6)** | **21,352.6** |
| | | | | |
| **Depreciation and amortisation** | | | | |
| **At 01/01/2015** | **(8,800.8)** | **0.0** | **139.0** | **(8,661.8)** |
| Amortisation during the period | (590.2) | | 9.0 | (581.2) |
| Disposals and retirements during the period | 0.3 | | | 0.3 |
| **At 31/12/2015** | **(9,390.7)** | **0.0** | **148.0** | **(9,242.7)** |
| Amortisation during the period | (566.5) | | 9.5 | (557.0) |
| Other movements | 0.1 | | (0.3) | (0.2) |
| **At 31/12/2016** | **(9,957.1)** | **0.0** | **157.2** | **(9,799.9)** |
| | | | | |
| **Net** | | | | |
| **At 01/01/2015** | **11,046.5** | **666.1** | **(219.9)** | **11,492.7** |
| **At 31/12/2015** | **10,827.4** | **984.4** | **(213.7)** | **11,598.1** |
| **At 31/12/2016** | **10,525.9** | **1,278.2** | **(251.4)** | **11,552.7** |

(*) *Including capitalised borrowing costs.*

Investments in 2016, excluding capitalised borrowing costs, amounted to €488.7 million (€662.3 million in 2015).

Borrowing costs included in the cost of concession assets before their entry into service amounted to €27.1 million in 2016 (€21.9 million in 2015).

Concession intangible assets comprised assets under construction for €1,278.2 million at 31 December 2016 (of which €1,086.0 million for ASF and €192.2 million for Escota) compared with €984.4 million at 31 December 2015 (of which €789.5 million for ASF and €194.9 million for Escota). ASF's capital spending has been primarily on the relief motorway for the A9 near Montpellier and the widening of the A63 motorway in France's Pays Basque region.

## E.8.2. Main features of concession contracts

The main features of the contracts for the concessions (intangible asset model) operated by ASF and Escota are as follows:

| Motorway infrastructure | Control and regulation of prices by concession grantor | Source of payments | Grant or guarantee from concession grantor | Residual value | Concession end date |
|---|---|---|---|---|---|
| **ASF group** | | | | | |
| **ASF**<br>**2,714 km of toll motorways in 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 the end of the contract, unless purchased before term by the grantor on the basis of the economic value. | April 2036 |
| **Escota**<br>**471 km of toll motorways in 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 the end of the contract, unless purchased before term by the grantor on the basis of the economic value. | February 2032 |

## E.8.3. Commitments made under concession contracts

### Contractual investment and renewal obligations

ASF and Escota's contractual investment obligations mainly consist of the capital spending commitments undertaken as part of the multi-annual plans and the motorway stimulus plan implemented in the second half of 2015.

They do not include obligations relating to maintenance expenditure on infrastructure under concession for which provisions have been allocated (see Note F.11.3. "Breakdown of current provisions").

Progress made on construction during the period led to a reduction in commitments of €595.7 million. The main investments are described in Note E.8.1. presenting the Group's concession intangible assets.

These investments are financed by the issue of bonds in the market, taking out new bank loans, and drawing on available credit facilities.

The corresponding commitments break down as follows:

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| ASF | 1,200.2 | 1,734.8 |
| Escota | 515.8 | 576.9 |
| **Total** | **1,716.0** | **2,311.7** |

### Annual concession performance report

The annual reports for 2015 on compliance with ASF's and Escota's contractual obligations and performance of their master contracts were submitted in June 2016 to the French Government's Transport Infrastructure Department. The companies have met all their commitments.

# F. Other balance sheet items

## F.9. Property, plant and equipment and other intangible assets

### F.9.1 Property, plant and equipment

**Accounting principles**

Items of property, plant and equipment are recorded at their acquisition or production cost net of investment grants received and 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, signing, data transmission, video-surveillance, and vehicles and equipment.
Depreciation is generally calculated on a straight-line basis over the period of use of the asset. Accelerated depreciation may however 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.
The main periods of use of the various categories of items of property, plant and equipment are as follows:

| | |
|---|---|
| **Constructions:** | |
| - Structure | between 20 and 30 years |
| - General technical installations | between 5 and 10 years |
| Plant and machinery | between 4 and 15 years |
| Computer equipment | between 3 and 5 years |
| Transport and handling equipment | between 2 and 10 years |
| Fixtures and fittings | between 5 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 is capitalised when substantially all of the risks and rewards incidental to ownership are transferred to the Group. The offset is an entry to financial liabilities. Assets held under finance leases are depreciated over their useful life.

| *(in € millions)* | Tangible fixed assets related to concession contracts | Advances and in progress on property, plant and equipment related to concession contracts | Investment grants on concession property, plant and equipment | Other property, plant and equipment | Total |
|---|---|---|---|---|---|
| **Gross amount** | | | | | |
| **At 01/01/2015** | **2,165.2** | **67.4** | **(7.7)** | **1.2** | **2,226.1** |
| Acquisitions in the period(*) | 20.0 | 36.6 | (0.7) | 0.1 | 56.0 |
| Disposals and retirements during the period | (27.9) | | | (0.1) | (28.0) |
| Translation differences | | | | 0.1 | 0.1 |
| Other movements | 40.0 | (44.5) | | (0.1) | (4.6) |
| **At 31/12/2015** | **2,197.3** | **59.5** | **(8.4)** | **1.2** | **2,249.6** |
| Acquisitions in the period(*) | 28.8 | 43.0 | | | 71.8 |
| Disposals and retirements during the period | (21.0) | | | | (21.0) |
| Other movements | 24.2 | (24.2) | (0.7) | (1.2) | (1.9) |
| **At 31/12/2016** | **2,229.3** | **78.3** | **(9.1)** | **0.0** | **2,298.5** |
| **Depreciation and amortisation** | | | | | |
| **At 01/01/2015** | **(1,544.9)** | **0.0** | **6.6** | **(0.9)** | **(1,539.2)** |
| Amortisation during the period | (105.9) | | 0.4 | (0.1) | (105.6) |
| Disposals and retirements during the period | 26.6 | | | | 26.6 |
| **At 31/12/2015** | **(1,624.2)** | **0.0** | **7.0** | **(1.0)** | **(1,618.2)** |
| Amortisation during the period | (101.2) | | 0.3 | | (100.9) |
| Disposals and retirements during the period | 20.4 | | | | 20.4 |
| Other movements | (0.1) | | 0.9 | 1.0 | 1.8 |
| **At 31/12/2016** | **(1,705.1)** | **0.0** | **8.2** | **0.0** | **(1,696.9)** |
| **Net** | | | | | |
| **At 01/01/2015** | **620.3** | **67.4** | **(1.1)** | **0.3** | **686.9** |
| **At 31/12/2015** | **573.1** | **59.5** | **(1.4)** | **0.2** | **631.4** |
| **At 31/12/2016** | **524.2** | **78.3** | **(0.9)** | **0.0** | **601.6** |

(*) *Including capitalised borrowing costs.*

## F.9.2. Other intangible fixed assets

### Accounting principles

The other intangible assets acquired, consisting largely of computer software, are shown on the balance sheet at cost less cumulative amortisation and impairment losses, where applicable. They are amortised on a straight-line basis over their useful lives of three to five years.

The net value of other intangible fixed assets stood at €29.6 million at 31 December 2016 (compared with €31.7 million at 31 December 2015). They included the Group's software at €20.2 million (€19.9 million at 31 December 2015) and patents, licences and other intangible assets at €9.4 million (€11.8 million at 31 December 2015).

Depreciation and amortisation stood at €12.4 million for the period (€14.7 million in 2015).

### F.9.3. Impairment of property, plant and equipment and intangible assets

**Accounting principles**

Impairment tests are performed on property, plant and equipment and intangible assets where evidence of a loss of value 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 a loss of value.
Assets to be tested for impairment 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 asset might be impaired will either be external (e.g. a material change in market conditions) or internal (e.g. a material reduction in revenue, etc.).
Whenever the recoverable value of a cash-generating unit (CGU) is less than its carrying amount, an impairment loss is recognised in operating income. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. The discount rate is determined, for each CGU, taking account of its geographical location and the risk profile of its business.

No impairment was recorded in 2016, as in 2015.

## F.10. Loans and receivables

**Accounting principles**

When first recognised, these loans and receivables are recognised at their fair value minus the directly attributable transaction costs. At each balance sheet date, these assets are measured at their amortised cost using the effective interest rate method.
If there is an objective indication of impairment of these loans and receivables, an impairment loss is recognised at the balance sheet date. This refers to the difference between the carrying amount and the recoverable amount (i.e. the present value of the expected cash flows discounted using the original effective interest rate) and is recognised in profit and loss. This loss may be reversed if the recoverable value increases subsequently and if this favourable change can objectively be linked to an event arising after recognition of the impairment loss.

Loans and other receivables stated at amortised cost amounted to €12.5 million and mainly include the participation of the companies in the construction effort. They are presented on the consolidated balance sheet as assets under the heading "Other non-current financial assets" (with respect to the portion beyond one year).

The portion of loans and receivables at less than one year is included under other current financial assets in the amount of €1.7 million at 31 December 2016 (€1.6 million at 31 December 2015).

During the period, the change in loans and receivables at amortised cost, as well as their maturities, break down as follows:

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Start of the period** | **11.6** | **11.0** |
| Acquisitions in the period | 1.4 | 0.9 |
| Disposals and retirements during the period | (0.5) | (0.3) |
| **End of period** | **12.5** | **11.6** |
| *of which:* | | |
| *1 to 5 years* | *1.7* | *2.4* |
| *more than 5 years* | *10.8* | *9.2* |

# F.11. Working capital requirement and current provisions

## Accounting principles

Trade receivables are current financial assets. They 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. This risk is assessed in the light of payment delays and guarantees obtained.
Trade payables are current financial liabilities. They are initially measured at their fair value, which is most often 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. Inventories mainly comprise the necessary supplies for the maintenance and upkeep of motorways, spare parts for equipment (toll booths, electrical equipment, transport, machinery) computer and office supplies. At each balance sheet date, they are measured at the lower of cost and net realisable value.

## F.11.1. Change in the working capital requirement

| | | | Changes 31/12/2016 – 31/12/2015 | |
|---|---|---|---|---|
| *(in € millions)* | 31/12/2016 | 31/12/2015 | Changes in operating WCR | Other changes |
| Inventories and work in progress (net) | 4.3 | 4.9 | (0.3) | (0.3) |
| Trade and other receivables | 309.6 | 290.3 | 21.8 | (2.5) |
| Other current operating assets | 167.3 | 132.7 | 34.4 | 0.2 |
| **Inventories and operating receivables (I)** | **481.2** | **427.9** | **55.9** | **(2.6)** |
| Trade payables | (80.8) | (107.9) | 24.9 | 2.2 |
| Other current operating liabilities | (416.2) | (383.6) | (33.1) | 0.5 |
| **Trade and other operating payables (II)** | **(497.0)** | **(491.5)** | **(8.2)** | **2.7** |
| **Working capital requirement (excluding current provisions) (I + II)** | **(15.8)** | **(63.6)** | **47.7** | **0.1(*)** |
| | | | | |
| **Current provisions** | **(397.5)** | **(440.0)** | **8.2** | **34.3** |
| of which part at less than one year of non-current provisions | (0.6) | (1.2) | (1.1) | 1.7 |
| **Working capital requirement (including current provisions)** | **(413.3)** | **(503.6)** | **55.9** | **34.4** |

(*) *Including the impact of the disposal of Jamaican Infrastructure Operator (see Note B. "Change in the consolidation scope").*

## F.11.2. Current operating assets and liabilities

Current operating assets and liabilities break down as follows:

| | | | Maturity | | | | |
|---|---|---|---|---|---|---|---|
| | | | within 1 year | | | | |
| *(in € millions)* | | 31/12/2016 | 1 to 3 months | 3 to 6 months | 6 to 12 months | 1 to 5 years | more than 5 years |
| Inventories and work in progress (net) | | 4.3 | | | | 3.6 | 0.7 |
| Trade and other receivables | | 309.6 | 308.6 | | 0.1 | 0.8 | 0.1 |
| Other current operating assets | | 167.3 | 96.2 | 10.1 | 18.6 | 41.0 | 1.4 |
| **Inventories and operating receivables** | **I** | **481.2** | **404.8** | **10.1** | **18.7** | **45.4** | **2.2** |
| Trade payables | | (80.8) | (42.3) | (38.5) | | | |
| Other current operating liabilities | | (416.2) | (258.2) | (54.6) | (21.3) | (42.5) | (39.6) |
| **Trade and other operating payables** | **II** | **(497.0)** | **(300.5)** | **(93.1)** | **(21.3)** | **(42.5)** | **(39.6)** |
| **Working capital requirement (connected with operations)** | **I + II** | **(15.8)** | **104.3** | **(83.0)** | **(2.6)** | **2.9** | **(37.4)** |

| *(in € millions)* | | 31/12/2015 | Maturity | | | | |
|---|---|---|---|---|---|---|---|
| | | | within 1 year | | | | |
| | | | 1 to 3 months | 3 to 6 months | 6 to 12 months | 1 to 5 years | more than 5 years |
| Inventories and work in progress (net) | | 4.9 | | 0.1 | 0.2 | 3.9 | 0.7 |
| Trade and other receivables | | 290.3 | 289.1 | 0.1 | 0.1 | 1.0 | |
| Other current operating assets | | 132.7 | 91.0 | 12.5 | 26.8 | 0.9 | 1.5 |
| **Inventories and operating receivables** | **I** | **427.9** | **380.1** | **12.7** | **27.1** | **5.8** | **2.2** |
| Trade payables | | (107.9) | (70.8) | (37.1) | | | |
| Other current operating liabilities | | (383.6) | (236.5) | (46.8) | (20.5) | (38.1) | (41.7) |
| **Trade and other operating payables** | **II** | **(491.5)** | **(307.3)** | **(83.9)** | **(20.5)** | **(38.1)** | **(41.7)** |
| **Working capital requirement (connected with operations)** | **I + II** | **(63.6)** | **72.8** | **(71.2)** | **6.6** | **(32.3)** | **(39.5)** |

## Breakdown of trade receivables

Trade receivables and allowances were as follows:

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Trade receivables invoiced | 68.4 | 81.2 |
| Allowance against trade receivables | (1.1) | (2.0) |
| **Trade receivables, net** | **67.3** | **79.2** |

At 31 December 2016, trade receivables between six and twelve months past due amounted to €1.3 million (€1.1 million at 31 December 2015). Impairment of €0.1 million was recognised (the same as at 31 December 2015). At 31 December 2016, trade receivables more than one year past due amounted to €2.9 million (€4.2 million at 31 December 2015) and provisions of €0.8 million were taken in consequence (€1.6 million at 31 December 2015).

## F.11.3. Breakdown of current provisions

### Accounting principles

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. These principally cover the expense of major road repairs (surface courses, restructuring of slow lanes, etc.), bridges, tunnels and hydraulic infrastructure. 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 indices (mainly the TP01 and TP09 indices). Provisions are also taken whenever recognised signs of defects are encountered on identified infrastructures.

Provisions for disputes connected with operations mainly relate to disputes with customers, sub-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 mainly comprise provisions for other risks related to operations.

Changes in current provisions reported in the balance sheet were as follows in 2016 and 2015:

| (in € millions) | Opening | Allocations | Usage | Other reversals not used | Changes in consolidation scope and miscellaneous | Change in the part at less than one year | Translation differences | Closing |
|---|---|---|---|---|---|---|---|---|
| **01/01/2015** | **379.6** | **90.2** | **(40.0)** | **(8.0)** | **0.0** | **(5.6)** | **0.0** | **416.2** |
| Obligation to maintain the condition of concession assets | 379.7 | 45.9 | (37.8) | (6.5) | | | | 381.3 |
| Other current liabilities | 35.5 | 35.5 | (8.7) | (4.0) | (0.8) | | | 57.5 |
| Reclassification of the part at less than one year | 1.0 | | | | | 0.2 | | 1.2 |
| **31/12/2015** | **416.2** | **81.4** | **(46.5)** | **(10.5)** | **(0.8)** | **0.2** | **0.0** | **440.0** |
| Obligation to maintain the condition of concession assets | 381.3 | 74.9 | (55.8) | (1.7) | (31.1) | | | 367.6 |
| Other current liabilities | 57.5 | 19.8 | (18.2) | (15.9) | (13.9) | | | 29.3 |
| Reclassification of the part at less than one year | 1.2 | | | | | (0.6) | | 0.6 |
| **31/12/2016** | **440.0** | **94.7** | **(74.0)** | **(17.6)** | **(45.0)** | **(0.6)** | **0.0** | **397.5** |

The provisions relating to the obligation to maintain the condition of concession assets comprised €303.4 million for ASF at 31 December 2016 (€318.8 million at 31 December 2015) and €64.2 million for Escota at 31 December 2016 (€62.5 million at 31 December 2015).

# F.12. Non-current provisions

## Accounting principles

Non-current provisions are recognised whenever, at the balance sheet date, the Group has a legal or constructive present obligation towards third parties 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 "non-operating current liabilities". The part at less than one year of provisions not directly linked to the operating cycle is reported under "current provisions".

## F.12.1. Non-current provisions

Changes in non-current provisions reported in the balance sheet (excluding those for employee benefits) were as follows in 2016 and 2015:

| (in € millions) | Opening | Allocations | Usage | Other reversals not used | Changes in consolidation scope and miscellaneous | Change in the part at less than one year | Closing |
|---|---|---|---|---|---|---|---|
| **01/01/2015** | **2.6** | **2.0** | **(4.6)** | **(4.9)** | **0.0** | **5.2** | **0.3** |
| Other liabilities | 1.3 | 0.4 | (0.9) | (0.2) | 0.8 | | 1.4 |
| Reclassification of the part at less than one year | (1.0) | | | | | (0.2) | (1.2) |
| **31/12/2015** | **0.3** | **0.4** | **(0.9)** | **(0.2)** | **0.8** | **(0.2)** | **0.2** |
| Other liabilities | 1.4 | 1.2 | (0.9) | (45.7) | 45.0 | | 1.0 |
| Reclassification of the part at less than one year | (1.2) | | | | | 0.6 | (0.6) |
| **31/12/2016** | **0.2** | **1.2** | **(0.9)** | **(45.7)** | **45.0** | **0.6** | **0.4** |

Provisions for other liabilities not directly related to the operating cycle, include mainly the provisions for disputes and arbitration, some of which are described in Note L. "Note on litigation." These amounted to €1.0 million at 31 December 2016 (€1.1 million at 31 December 2015), of which €0.6 million for the part at less than one year (€1.1 million at 31 December 2015).

# G. Data on the Group's shareholdings

## G.13. Investments in companies accounted for under the equity method: associates

### Accounting principles

Investments in companies accounted for under the equity method are initially recognised at acquisition cost including any goodwill generated 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 entity, these losses are not recognised unless the Group has entered into a commitment to recapitalise the entity or provide it with funding. The shares of the negative net equity of companies accounted for under the equity method arising from decreases in the fair value of financial hedging instruments can thus be presented under provisions for financial risks.
If there is an indication that an investment may be impaired, its recoverable value is tested as described in Note F.9.3. "Impairment of property, plant and equipment and intangible assets". Impairment losses shown by these impairment tests are recognised as a deduction from the carrying amount of the corresponding investments.
In order to present the Group's operational performance in the best way possible, the profit or loss of companies accounted for under the equity method is reported on a specific line, between the lines "Operating income from ordinary activities" and "ordinary operating income".

### G.13.1 Changes during the period

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Value of shares at start of the year** | **5.0** | **5.2** |
| Increase in the share capital of companies accounted for under the equity method | 3.7 | 3.2 |
| Group share of income (loss) for the year | (3.7) | (4.0) |
| Changes in consolidation scope and translation differences(*) | (5.0) | 0.6 |
| **Value of shares at end of the year** | **0.0** | **5.0** |

(*) *TransJamaican Highway (TJH) was sold off in early 2016 (see Note B. "Change in the consolidation scope").*

### G.13.2. Aggregated financial information

At 31 December 2016, investments in companies accounted for under the equity method relate to Axxès. TransJamaican Highway was sold in January 2016 and was not consolidated for the period.

| | 31/12/2016 | 31/12/2015 | |
|---|---|---|---|
| *(in € millions)* | Axxès | Axxès | TransJamaican Highway |
| **% held** | **42.9%** | **42.9%** | **12.6%** |
| **Income statement** | | | |
| Revenue | 372.2 | 351.0 | 4.3 |
| Net income | (3.7) | (3.2) | (0.8) |

In accordance with IAS 28, the Group limits the accounting of its share of losses in associates to the proportion of its interest in the associate. At both 31 December 2016 and 31 December 2015, there were no unrecognised losses against associates.

### G.13.3. Transactions between subsidiaries and associates

The financial statements include certain business transactions between subsidiaries and associates. The main transactions are as follows:

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Revenue | 314.1 | 304.2 |
| Revenue from ancillary activities | 1.5 | 1.2 |
| Trade receivables | 26.6 | 25.1 |
| Purchases | 1.6 | 1.5 |
| Trade payables | 0.4 | 0.4 |

## G.14. Other non-current financial assets (including available-for-sale financial assets)

### Accounting principles

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 that balance sheet date. If the fair value of unlisted securities cannot be determined reliably, they continue to be measured at their original cost, i.e. their cost of acquisition plus transaction costs.
Changes in fair value are recognised directly in items of other comprehensive income.
Whenever there is an objective indication that this 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 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 is material whenever, at the balance sheet date, there has been a 30% fall in the spot 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 profit.

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Listed shares in subsidiaries and affiliates | 5.2 | 5.6 |
| **Available-for-sale financial assets (gross)** | **5.2** | **5.6** |
| **Available-for-sale financial assets (net)** | **5.2** | **5.6** |
| Loans and receivables at amortised cost(*) | 12.5 | 11.6 |
| **Other non-current financial assets** | **17.7** | **17.2** |

(*) *See Note F.10. for information about "Loans and receivables at amortised cost".*

Net available-for-sale financial assets break down as follows:

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Société Marseillaise du Tunnel Prado Carénage | 5.2 | 5.6 |
| **Available-for-sale financial assets (net)** | **5.2** | **5.6** |

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

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Start of the period** | **5.6** | **5.0** |
| Changes in fair value recognised in equity | (0.4) | 0.6 |
| **End of period** | **5.2** | **5.6** |

# H. Equity

## H.15. Shareholders' equity

### H.15.1. Share capital

The number of shares outstanding has amounted to 230,978,001 since 2002. The Company holds no treasury shares or instruments convertible into equity.

### H.15.2. Transactions recognised directly in equity

| *(in € millions)* | | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|---|
| | | 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** | | **2.3** | **0.0** | **2.3** | **1.7** | **0.0** | **1.7** |
| Changes in fair value in the period | | (0.4) | | (0.4) | 0.6 | | 0.6 |
| **Gross reserve before tax effect at balance sheet date** | **I** | **1.9** | **0.0** | **1.9** | **2.3** | **0.0** | **2.3** |
| **Cash flow hedge** | | | | | | | |
| **Reserve at beginning of period** | | **(201.0)** | **0.0** | **(201.0)** | **(256.4)** | **0.0** | **(256.4)** |
| Changes in fair value in the period | | 3.2 | | 3.2 | 12.1 | | 12.1 |
| Fair value items recognised in profit or loss | | 26.7 | | 26.7 | 43.3 | | 43.3 |
| **Gross reserve before tax effect at balance sheet date** | **II** | **(171.1)** | **0.0** | **(171.1)** | **(201.0)** | **0.0** | **(201.0)** |
| **Gross reserve before tax effect at balance sheet date (items that may be recycled through profit or loss)** | **I + II** | **(169.2)** | **0.0** | **(169.2)** | **(198.7)** | **0.0** | **(198.7)** |
| Associated tax effect | | 57.3 | | 57.3 | 68.4 | | 68.4 |
| **Reserve net of tax (items that may be recycled through profit or loss)** | **III** | **(111.9)** | **0.0** | **(111.9)** | **(130.3)** | **0.0** | **(130.3)** |
| **Actuarial gains and losses on retirement benefit obligations** | | | | | | | |
| **Reserve at beginning of period** | | **(20.1)** | **0.0** | **(20.1)** | **(20.4)** | **0.0** | **(20.4)** |
| Actuarial gains and losses recognised in the period | | (0.2) | | (0.2) | 0.5 | | 0.5 |
| Associated tax effect | | (1.5) | | (1.5) | (0.2) | | (0.2) |
| **Reserve net of tax at balance sheet date (items that may not be recycled through profit or loss)** | **IV** | **(21.8)** | | **(21.8)** | **(20.1)** | | **(20.1)** |
| **Total of transactions recognised directly in equity** | **III + IV** | **(133.7)** | **0.0** | **(133.7)** | **(150.4)** | **0.0** | **(150.4)** |

The amount recorded in equity with respect to cash flow hedges mainly concerns operations relating to interest rate risk hedging. These operations are described in Note I.19.1.2. "Description of hedging transactions".

### H.15.3. Non-controlling interests

In January 2016, ASF sold shares owned in Jamaican Infrastructure Operator (JIO). The corresponding non-controlling interests were therefore removed from the consolidation scope.

The only non-controlling interests remaining at 31 December 2016 were exclusively those of Escota.

## H.16. Dividends

The dividends paid by ASF SA in respect of 2016 and 2015 break down as follows:

| | | 2016 | 2015 |
|---|---|---|---|
| **Interim dividend** | | | |
| Amount *(in € millions)* | (I) | 977.0 | 1,108.7 |
| Per share *(in euros)* | | 4.23 | 4.80 |
| **Final dividend** | | | |
| Amount *(in € millions)* | (II) | | |
| Per share *(in euros)* | | | |
| **Total net dividend per share** | | | |
| Amount *(in € millions)* | (I) + (II) | 977.0 | 1,108.7 |
| Per share *(in euros)* | | 4.23 | 4.80 |

ASF SA paid two interim dividends for 2016 on 7 September 2016 and 15 December 2016.

The total dividend to be paid with respect to 2016 will be submitted to the Shareholders' General Meeting for approval on 5 April 2017 (see Note M.25. "Appropriation of 2016 net income").

# I. Financing and financial risk management

## I.17. Net financial debt

### Accounting principles

Bonds, other loans and financial debt are recognised at amortised cost using the effective interest rate 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 "cost of gross financial debt".
The benefit of a loan at a significantly below-market rate of interest, which is in particular the case 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 agreements include early redemption options, for amounts systematically close to the amortised cost of the financial liabilities they cause to be recognised. Accordingly, the Group does not recognise derivative financial instruments separately from these host contracts.
Financial instruments that comprise both a liability component and an equity component, such as bonds convertible into shares, are recognised in accordance with IAS 32. The carrying amount of the compound instrument is apportioned between its liability component and its equity component, the equity component being defined as the difference between the fair value of the compound instrument and the fair value of the liability component. The liability component corresponds to the fair value of a liability with similar characteristics but without an equity component. The value attributed to the separately recognised equity component is not altered during the term of the instrument. The liability component is measured using the amortised cost method over its estimated term. Issuance costs are allocated proportionately between the liability and equity components.
The part at less than one year of borrowings is included in "current financial debts".

At 31 December 2016, net financial debt, as defined by the Group, stood at €11.2 billion, down €219.4 million from 31 December 2015 (€11.4 billion). It can be broken down as follows:

| | | 31/12/2016 | | | | | 31/12/2015 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Accounting categories** | *(in € millions)* | **Non-current** | **Ref.** | **Current(*)** | **Ref.** | **Total** | **Non-current** | **Ref.** | **Current(*)** | **Ref.** | **Total** |
| **Financial liabilities at amortised cost** | Bonds | (7,330.0) | (1) | (187.3) | (3) | (7,517.3) | (6,838.4) | (1) | (184.0) | (3) | (7,022.4) |
| | Other bank loans and borrowings | (3,529.9) | (2) | (756.1) | (3) | (4,286.0) | (4,096.4) | (2) | (808.2) | (3) | (4,904.6) |
| | **Long-term financial debt(**)** | **(10,859.9)** | | **(943.4)** | | **(11,803.3)** | **(10,934.8)** | | **(992.2)** | | **(11,927.0)** |
| | **I - Gross financial debt** | **(10,859.9)** | | **(943.4)** | | **(11,803.3)** | **(10,934.8)** | | **(992.2)** | | **(11,927.0)** |
| | *of which: Impact of fair value hedges* | (564.2) | | | | *(564.2)* | (577.7) | | | | *(577.7)* |
| **Loans and receivables** | Financial current accounts assets | | | | (6) | | | | 3.6 | (6) | 3.6 |
| **Financial assets measured at fair value through profit or loss** | Cash equivalents | | | 64.3 | (7) | 64.3 | | | 26.2 | (7) | 26.2 |
| | Cash | | | 33.7 | (7) | 33.7 | | | 12.0 | (7) | 12.0 |
| | **II - Financial assets** | **0.0** | | **98.0** | | **98.0** | **0.0** | | **41.8** | | **41.8** |
| **Derivatives** | Derivative financial instruments - liabilities | (166.9) | (8) | (20.1) | (10) | (187.0) | (208.6) | (8) | (25.7) | (10) | (234.3) |
| | Derivative financial instruments - assets | 576.1 | (9) | 121.1 | (11) | 697.2 | 590.4 | (9) | 114.6 | (11) | 705.0 |
| | **III - Derivative financial instruments** | **409.2** | | **101.0** | | **510.2** | **381.8** | | **88.9** | | **470.7** |
| | **Net financial debt (I + II + III)** | **(10,450.7)** | | **(744.4)** | | **(11,195.1)** | **(10,553.0)** | | **(861.5)** | | **(11,414.5)** |

(*) *Current part including accrued interest not matured.*
(**) *Including the part at less than one year.*

Reconciliation of net financial debt with balance sheet items:

| *(in € millions)* | Ref. | 31/12/2016 | 31/12/2015 |
|---|---|---|---|
| Bonds | (1) | (7,330.0) | (6,838.4) |
| Other loans and borrowings | (2) | (3,529.9) | (4,096.4) |
| Current financial debts | (3) | (943.4) | (992.2) |
| Cash management financial assets | (6) | | 3.6 |
| Cash and cash equivalents | (7) | 98.0 | 38.2 |
| Non-current derivative financial instruments - liabilities | (8) | (166.9) | (208.6) |
| Non-current derivative financial instruments - assets | (9) | 576.1 | 590.4 |
| Current derivative financial instruments - liabilities | (10) | (20.1) | (25.7) |
| Current derivative financial instruments - assets | (11) | 121.1 | 114.6 |
| **Net financial debt** | | **(11,195.1)** | **(11,414.5)** |

Derivative financial instruments that are not designated as hedges for accounting purposes are reported at fair value as current asset or liability derivatives, whatever their maturity dates.

## I.17.1. Detail of long-term financial debt

At 31 December 2016, long-term financial debt amounted to €11.8 billion, down €123.7 million from 31 December 2015 (€11.9 billion).

ASF contracted the following financing in 2016:

- on 28 April 2016, a loan of €390 million, maturing in 2033, with the European Investment Bank (EIB), to finance some of the investments required for the relief motorway for the A9 at Montpellier;
- on 13 May 2016, a bond issue under its EMTN (Euro Medium Term Note) programme for €500 million, maturing in May 2026, with a 1.0% coupon.

The main debt repayments in 2016 concern:

- an inflation-indexed loan taken out in July with the CNA for an amount of €417.6 million at a rate of 3.9%;
- different loans taken out with CNA-EIB at an average rate of 5.6% for a total amount of €289.6 million in April and November;
- EIB loans for €27.8 million;
- reduction in the credit facility with VINCI of €250.0 million.

Details of the main financial debts at 31 December 2016 are shown below:

| | | 31/12/2016 | | | | | 31/12/2015 | |
|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | Currency | Contractual interest rate | Maturity | Outstanding capital | Carrying amount | of which accrued interest not matured | Outstanding capital | Carrying amount |
| **Bonds I** | **EUR** | | | **6,792.0** | **7,517.3** | **187.3** | **6,289.1** | **7,022.4** |
| of which: | | | | | | | | |
| ASF 2011 bond issue | EUR | 4.0% | September 2018 | 500.0 | 519.4 | 5.4 | 500.0 | 525.5 |
| ASF 2009 bond issue and April 2009 assimilation | EUR | 7.4% | March 2019 | 969.6 | 1,049.0 | 56.2 | 969.6 | 1,065.9 |
| ASF 2010 bond issue and August 2010 assimilation | EUR | 4.1% | April 2020 | 650.0 | 739.2 | 19.3 | 650.0 | 751.2 |
| ASF 2007 bond issue | EUR | 5.6% | July 2022 | 1,575.0 | 1,824.5 | 43.9 | 1,575.0 | 1,837.7 |
| ASF 2013 bond issue | EUR | 2.9% | January 2023 | 700.0 | 781.9 | 19.2 | 700.0 | 769.4 |
| ASF 2014 bond issue | EUR | 2.95% | January 2024 | 600.0 | 612.4 | 16.9 | 600.0 | 616.5 |
| ASF 2016 bond issue | EUR | 1.0% | May 2026 | 500.0 | 495.2 | 3.2 | | |
| | | | | | | | | |
| **Other bank loans and borrowings II** | **EUR** | | | **4,240.3** | **4,286.0** | **58.7** | **4,833.7** | **4,904.6** |
| **CNA loans** | **EUR** | | | **1,282.0** | **1,339.4** | **51.6** | **1,698.0** | **1,769.0** |
| of which: | | | | | | | | |
| ASF - CNA 2001 inflation-linked | EUR | 3.9% + i[1] | July 2016 | | | | 415.7 | 425.4 |
| ASF and Escota - CNA 2002 | EUR | 5.3% | January 2017 | 532.0 | 557.7 | 25.7 | 532.0 | 557.4 |
| ASF CNA 2004/2005 | EUR | 4.5% | March 2018 | 750.0 | 781.7 | 25.8 | 750.0 | 786.2 |
| | | | | | | | | |
| **CNA/EIB loans** | **EUR** | | | **137.5** | **143.8** | **6.2** | **427.1** | **440.3** |
| | | | | | | | | |
| **EIB loans** | **EUR** | | | **770.8** | **756.7** | **0.6** | **408.6** | **400.3** |
| | | | | | | | | |
| **Credit facilities** | **EUR** | | | **2,050.0** | **2,046.1** | **0.3** | **2,300.0** | **2,295.0** |
| of which: | | | | | | | | |
| ASF's VINCI credit facility[2] | EUR | 1-month Euribor | December 2020 | 1,950.0 | 1,950.0 | | 2,200.0 | 2,200.0 |
| | | | | | | | | |
| **Long-term financial debt I + II** | | | | **11,032.3** | **11,803.3** | **246.0** | **11,122.8** | **11,927.0** |

(1) *i: Inflation rate.*
(2) *Internal credit facility with VINCI (see Note I.18.2. "Revolving credit facilities").*

## I.17.2. Maturity of the net financial debt

The Group's debt and associated interest payments, on the basis of the interest rates at 31 December 2016, break down as follows, by maturity date:

| | 31/12/2016 | | | | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Carrying amount | Capital and interest cash flows | within 1 year | between 1 & 2 years | between 2 & 5 years | more than 5 years |
| **Bonds** | **(7,517.3)** | **(8,441.3)** | **(297.0)** | **(814.5)** | **(2,459.5)** | **(4,870.3)** |
| Capital | (7,517.3) | (6,792.0) | 0.0 | (517.5) | (1,819.6) | (4,454.9) |
| Interest payment cash flows | | (1,649.3) | (297.0) | (297.0) | (639.9) | (415.3) |
| **Other bank loans and borrowings** | **(4,286.0)** | **(4,409.5)** | **(781.1)** | **(949.4)** | **(2,164.3)** | **(514.7)** |
| Capital | (4,286.0) | (4,240.3) | (697.4) | (902.2) | (2,136.7) | (504.0) |
| Interest payment cash flows | | (169.2) | (83.7) | (47.2) | (27.6) | (10.7) |
| **Long-term financial deb** | **(11,803.3)** | **(12,850.8)** | **(1,078.1)** | **(1,763.9)** | **(4,623.8)** | **(5,385.0)** |
| **Financial debt I** | **(11,803.3)** | **(12,850.8)** | **(1,078.1)** | **(1,763.9)** | **(4,623.8)** | **(5,385.0)** |
| Cash equivalents | 64.3 | 64.3 | 64.3 | | | |
| Cash | 33.7 | 33.7 | 33.7 | | | |
| **Financial assets II** | **98.0** | **98.0** | **98.0** | **0.0** | **0.0** | **0.0** |
| Derivative financial instruments - liabilities | (187.0) | (146.4) | (44.8) | (45.8) | (55.8) | |
| Derivative financial instruments - assets | 697.2 | 858.5 | 141.2 | 153.5 | 334.5 | 229.3 |
| **Derivative financial instruments III** | **510.2** | **712.1** | **96.4** | **107.7** | **278.7** | **229.3** |
| **Net financial debt (I + II + III)** | **(11,195.1)** | **(12,040.7)** | **(883.7)** | **(1,656.2)** | **(4,345.1)** | **(5,155.7)** |

At 31 December 2016, the average maturity of the Group's medium and long-term financial debt was 4.8 years, compared with 5.1 years at 31 December 2015.

## I.17.3. Credit ratings and financial covenants

### Credit ratings

On 26 May 2016, the Moody's rating agency raised the Group's long-term credit rating from Baa1 to A3, and its short-term rating from P2 to P1.

At 31 December 2016, the Group's credit ratings were as follows:

| | Rating | | |
|---|---|---|---|
| **Agency** | **Long term** | **Outlook** | **Short term** |
| Standard & Poor's | A- | Stable | A2 |
| Moody's | A3 | Stable | P1 |

### Financial covenants

Some financing agreements include early repayment clauses applicable in the event of non-compliance with financial ratios.

The principal ones are described in the following table:

| *(in € millions)* | Finance agreements | Amount authorised | Amount used | Ratios[1] | Thresholds | Levels reached at 31/12/2016 |
|---|---|---|---|---|---|---|
| ASF | CNA (Caisse Nationale des Autoroutes) loans | 1,419.5 | 1,419.5 | Consolidated net financial debt/Consolidated EBITDA | ≤ 7 | 4.2 |
| | | | | Consolidated EBITDA/Consolidated financial expenses | > 2.2 | 7.9 |
| | Syndicated credit facility | 1,670.0 | | Consolidated net financial debt[2]/Consolidated cash flow from operations before tax and financing costs + dividends received from companies accounted for under the equity method | ≤ 7 | 4.2 |
| | | | | Consolidated cash flow from operations before tax and financing costs + dividends received from companies accounted for under the equity method/Consolidated financial expenses | ≥ 2.2 | 7.9 |

*(1) NFD = Net financial debt;*
*Cash flows = (used in)/from operations before tax and financing costs;*
*EBITDA = gross operating income defined as the difference between operating income and operating expenses excluding depreciation, amortisation and provisions.*
*(2) Excluding derivatives designated as cash flow hedges.*

The above ratios were all met at 31 December 2016.

## I.18. Net cash managed and available resources

**Accounting principles**

Cash and cash equivalents comprise current accounts at banks and short-term, liquid investments subject to negligible risks of fluctuations of value. Cash equivalents comprise in particular monetary 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 in profit or loss.
Cash management financial assets comprise investments in monetary and bond securities, 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 carried on the income statement.
Purchases and sales of cash management financial assets are recognised at their transaction date.

At 31 December 2016, the Group's available resources amounted to €2.3 billion, including €98.0 million net cash managed and €2.2 billion of unused confirmed medium-term credit facilities.

### I.18.1. Breakdown of net cash managed

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

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| **Cash equivalents** | **64.3** | **26.2** |
| Marketable securities and mutual funds (UCITS) | 64.3 | 26.2 |
| **Cash** | **33.7** | **12.0** |
| **Net cash and cash equivalents** | **98.0** | **38.2** |
| **Current cash management financial assets** | | |
| **Balance of cash current accounts** | | **3.6** |
| **Net cash managed** | **98.0** | **41.8** |

The investment vehicles used by the Group are money market funds (UCITS), interest-bearing accounts, term deposits or monetary instruments (bank certificates of deposit, generally having 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.

### I.18.2. Revolving credit facilities

ASF has a €1.7 billion revolving credit facility whose maturity was extended to May 2021 with financial covenants (see Note I.17.3. "Credit ratings and financial covenants") and an internal revolving credit facility with VINCI of €2.5 billion, maturing in 2020.

The amount authorised and used and maturity profile of ASF's revolving credit facilities at 31 December 2016 are as follows:

| | | | Maturity | | |
|---|---|---|---|---|---|
| *(in € millions)* | Used at 31/12/2016 | Authorised at 31/12/2016 | within 1 year | 1 to 5 years | more than 5 years |
| Revolving credit facilities | | 1,670.0 | | 1,670.0 | |
| VINCI credit facility | 1,950.0 | 2,500.0 | | 2,500.0 | |
| **Total** | **1,950.0** | **4,170.0** | | **4,170.0** | |

## I.19. Financial risk management

### Accounting principles

The Group uses derivative financial instruments to hedge its exposure to market risks (largely interest rates and foreign currency exchange rates). Most interest rate and exchange rate derivatives used 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 another are recognised in various ways, depending on whether they constitute:
- a fair value hedge of an asset or a liability or of an unrecognised firm commitment;
- cash flow hedge.

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 flows 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 in items of other comprehensive income, in equity for the "effective portion" and in profit and 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 flows from operations and under financial income and expense otherwise – when the hedged cash flow affects profit or loss.
If the hedging relationship is disqualified as being ineffective, 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 hedging 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 "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 through profit or loss.

### Management rules

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

The management and limiting of these financial risks at ASF is done by the Group's Finance Department, in accordance with the management policies agreed by the corporate management bodies and under the rules set out in the VINCI group Treasury and Finance guidelines. In application of these rules, responsibility for identifying, measuring and hedging financial risks lies with the Treasury Committee, which meets regularly to analyse the main exposures and decide on hedging strategies.

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:

| *(in € millions)* | Note | 31/12/2016 Fair value(*) | 31/12/2015 Fair value(*) |
|---|---|---|---|
| Interest-rate derivatives: fair value hedges | I.19.1.2. | 649.4 | 659.1 |
| Interest-rate derivatives: cash flow hedges | I.19.1.2. | (126.2) | (170.8) |
| Interest-rate derivatives: not designated as hedges | I.19.1.3. | 20.6 | 13.0 |
| **Interest-rate derivatives** | | **543.8** | **501.3** |
| Exchange-rate derivatives: fair value hedges | I.19.2. | (22.4) | (29.5) |
| Exchange-rate derivatives: cash flow hedges | I.19.2. | (9.0) | |
| **Exchange-rate derivatives** | | **(31.4)** | **(29.5)** |
| **Other derivatives** | | **(2.2)** | **(1.1)** |
| **Total derivative financial instruments** | | **510.2** | **470.7** |

(*) *Fair value includes interest accrued but not matured amounting to €83.1 million at 31 December 2016 (€79.7 million at 31 December 2015).*

## I.19.1. Management of interest rate risk

Management of interest rate risk is provided at Group level and works on two time horizons: the long term, aiming to ensure and maintain the concession's economic equilibrium, and the short term, with an objective of optimising 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 flows from operations before tax and financing costs), with a greater proportion at fixed rate when the level of debt is high.

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, where appropriate, be designated as hedges or not, within the meaning of IFRS.

### I.19.1.1. Long-term financial debt before and after interest rate hedging and sensitivity to interest rate risk

#### Characteristics of long-term financial debt before and after interest rate hedging

The table below shows the breakdown at 31 December 2016 of long-term debt between fixed rate debt, capped floating rate or inflation-linked debt, and floating rate debt, before and after taking account of hedging derivative financial instruments:

| | Breakdown between fixed and floating rate before hedging | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fixed-rate | | | Inflation-linked/capped floating-rate | | | Floating-rate | | | Total | |
| *(in € millions)* | Debt | Proportion | Rate | Debt | Proportion | Rate | Debt | Proportion | Rate | Debt | Rate |
| ASF | 8,308.8 | *75.5%* | 4.28% | 199.8 | *1.8%* | 5.98% | 2,489.8 | *22.6%* | 0.63% | 10,998.4 | 3.49% |
| Escota | 36.0 | *100.0%* | 5.26% | | | | | | | 36.0 | 5.26% |
| **Total at 31/12/2016** | **8,344.8** | ***75.6%*** | **4.29%** | **199.8** | ***1.8%*** | **5.98%** | **2,489.8** | ***22.6%*** | **0.63%** | **11,034.4** | **3.49%** |
| **Total at 31/12/2015** | **7,768.5** | ***69.8%*** | **4.71%** | **618.0** | ***5.5%*** | **3.56%** | **2,749.8** | ***24.7%*** | **0.79%** | **11,136.3** | **3.68%** |

| | Breakdown between fixed and floating rate after hedging | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fixed-rate | | | Inflation-linked/capped floating-rate | | | Floating-rate | | | Total | |
| *(in € millions)* | Debt | Proportion | Rate | Debt | Proportion | Rate | Debt | Proportion | Rate | Debt | Rate |
| ASF | 6,536.2 | *59.4%* | 3.33% | | *0.0%* | | 4,462.2 | *40.6%* | 1.47% | 10,998.4 | 2.79% |
| Escota | 36.0 | *100.0%* | 5.26% | | | | | | | 36.0 | 5.26% |
| **Total at 31/12/2016** | **6,572.2** | ***59.6%*** | **3.34%** | **0.0** | ***0.0%*** | | **4,462.2** | ***40.4%*** | **1.47%** | **11,034.4** | **2.80%** |
| **Total at 31/12/2015** | **7,668.7** | ***68.9%*** | **3.61%** | **418.3** | ***3.8%*** | **2.87%** | **3,049.3** | ***27.4%*** | **1.35%** | **11,136.3** | **2.96%** |

#### Sensitivity to interest rate risk

The Group's income statement is exposed to changes in interest rates, taking account of:

- the cash flows connected with net floating-rate financial debt;
- fixed-rate financial instruments, recognised in the balance sheet at the fair value through profit or 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.

However, 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 financial debt and derivatives at 31 December 2016 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.

| | 31/12/2016 | | | |
|---|---|---|---|---|
| | Impact of sensitivity calculation | | | |
| | Profit or loss | | Equity | |
| *(in € millions)* | +25 bps | -25 bps | +25 bps | -25 bps |
| Floating-rate debt after hedging (accounting basis) | (11.2) | 11.2 | | |
| Floating-rate assets after hedging (accounting basis) | 0.2 | (0.2) | | |
| Derivatives not designated as hedges for accounting purposes | (0.1) | 0.1 | | |
| Derivatives designated as cash flow hedges | | | 13.8 | (13.8) |
| **Total** | **(11.1)** | **11.1** | **13.8** | **(13.8)** |

## I.19.1.2. Description of hedging transactions

### Description of fair value hedges

At the balance sheet date, instruments designated as fair value hedges (receive fixed/pay floating interest-rate swap) had the following features:

| | Receive fixed/pay floating interest-rate swap | | | | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Fair value | Notional | within 1 year | between 1 and 2 years | between 2 and 5 years | more than 5 years |
| **At 31/12/2016** | **649.4** | **5,384.6** | **610.7** | **367.0** | **1,425.0** | **2,981.9** |
| At 31/12/2015 | 659.1 | 4,895.3 | 10.7 | 610.7 | 1,792.0 | 2,481.9 |

These transactions hedge ASF's issues of fixed-rate bonds.

### Description of cash flow hedges

The Group is exposed to changes in the interest rates applicable to its floating-rate debt. To hedge this risk, the Group enters into floating-rate lender/fixed-rate borrower swaps designated as "cash flow hedges".

#### Hedging of contractual cash flows

The Group has set up interest-rate swaps that serve to render interest payments on floating-rate debt fixed. Contractual cash flows relating to swaps are 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.

#### Hedging of highly probable cash flows

ASF has set up deferred start swaps with maturities of up to 2020. These serve to fix the interest payments on future issues of debt considered as highly probable. At 31 December 2016, the Group's interest-rate swap portfolio had a fair value of negative €84.5 million.

At 31 December 2016, details of the instruments designated as cash flow hedges were as follows:

| | 31/12/2016 | | | | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Fair value | Notional | within 1 year | between 1 and 2 years | between 2 and 5 years | more than 5 years |
| Receive floating/pay fixed interest-rate swap | (126.2) | 1,744.0 | 45.0 | | 1,699.0 | |
| **Total interest-rate derivatives designated for accounting purposes as cash-flow hedges** | **(126.2)** | **1,744.0** | **45.0** | **0.0** | **1,699.0** | **0.0** |
| *of which hedging of contractual cash flows* | *(41.7)* | *245.0* | *45.0* | | *200.0* | |
| *of which hedging of provisional, highly probable cash flows(*)* | *(84.5)* | *1,499.0* | | | *1,499.0* | |

*(*) Deferred start floating-rate receiver/fixed-rate payer swap.*

| | 31/12/2015 | | | | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Fair value | Notional | within 1 year | between 1 and 2 years | between 2 and 5 years | more than 5 years |
| Receive floating/pay fixed interest-rate swap | (170.8) | 2,680.0 | 306.0 | 45.0 | 2,329.0 | |
| **Total interest-rate derivatives designated for accounting purposes as cash-flow hedges** | **(170.8)** | **2,680.0** | **306.0** | **45.0** | **2,329.0** | **0.0** |
| *of which hedging of contractual cash flows* | *(52.6)* | *428.0* | *183.0* | *45.0* | *200.0* | |
| *of which hedging of provisional, highly probable cash flows(*)* | *(118.2)* | *2,252.0* | *123.0* | | *2,129.0* | |

*(*) Deferred start floating-rate receiver/fixed-rate payer swap.*

The following table shows the periods when the Group expects the amounts recorded in equity at 31 December 2016 for the existing or unwound instruments designated as cash flow hedges to have an impact on profit or loss:

| | Position at 31/12/2016 | | | | |
|---|---|---|---|---|---|
| | Amount in the equity of companies controlled | Amount recycled in profit or loss | | | |
| *(in € millions)* | | within 1 year | between 1 and 2 years | between 2 and 5 years | more than 5 years |
| **Total interest-rate derivatives designated for accounting purposes as cash-flow hedges** | **(162.5)** | **(59.9)** | **(54.3)** | **(48.3)** | **0.0** |
| *of which hedging of contractual cash flows* | *(41.2)* | *(10.9)* | *(10.2)* | *(20.1)* | |
| *of which hedging of highly probable cash flows* | *(121.3)* | *(49.0)* | *(44.1)* | *(28.2)* | |

### I.19.1.3. Description of non-hedging transactions

| | 31/12/2016 | | | | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Fair value | Notional | within 1 year | between 1 and 2 years | between 2 and 5 years | more than 5 years |
| Interest-rate swaps | 20.6 | 1,000.0 | | | 1,000.0 | |
| **Total interest-rate derivatives not designated as hedges for accounting purposes** | **20.6** | **1,000.0** | **0.0** | **0.0** | **1,000.0** | **0.0** |

| | 31/12/2015 | | | | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Fair value | Notional | within 1 year | between 1 and 2 years | between 2 and 5 years | more than 5 years |
| Interest-rate swaps | 20.5 | 1,000.0 | | | 1,000.0 | |
| FRA (Forward Rate Agreement) | (7.5) | 8,990.0 | 8,990.0 | | | |
| **Total interest-rate derivatives not designated as hedges for accounting purposes** | **13.0** | **9,990.0** | **8,990.0** | **0.0** | **1,000.0** | **0.0** |

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

## I.19.2. Management of foreign currency exchange risk

### Nature of the Group's exposure to foreign currency exchange risk

The Group's operations are mainly located in France. Operations outside the Eurozone are generally financed in local currency.

Nevertheless, ASF is exposed to foreign exchange risk whenever, exceptionally, financing is realised in foreign currencies. This risk is generally hedged by exchange-rate swaps (cross currency swaps).

ASF's exchange rate risk management policy hedges "transactional risk" linked to the current transactions of subsidiaries.

### Breakdown of exposure to exchange rate risk

The amounts of foreign-currency debt break down as follows:

| | 31/12/2016 | | 31/12/2015 | |
|---|---|---|---|---|
| *(in € millions)* | Amount | Percentage | Amount | Percentage |
| Euro | 11,394.1 | 96.5% | 11,788.6 | 98.8% |
| Other | 409.2 | 3.5% | 138.4 | 1.2% |
| **Total long-term borrowings** | **11,803.3** | **100.0%** | **11,927.0** | **100.0%** |

At both 31 December 2016 and 31 December 2015, ASF had hedged all of its liabilities denominated in foreign currency (JPY) and is therefore not exposed to exchange rate risk.

### Detail of exchange-rate derivatives

Transactions to hedge currency risk break down as follows:

| | 31/12/2016 | | | | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | Fair value | Notional | within 1 year | between 1 and 2 years | between 2 and 5 years | more than 5 years |
| Currency swaps (including Cross Currency Swaps) | (22.4) | 143.9 | | | | 143.9 |
| **Fair value hedge** | **(22.4)** | **143.9** | **0.0** | **0.0** | **0.0** | **143.9** |
| Currency swaps (including Cross Currency Swaps) | (9.0) | 259.6 | | | | 259.6 |
| **Hedges of net investments** | **(9.0)** | **259.6** | **0.0** | **0.0** | **0.0** | **259.6** |
| **Total exchange rate derivatives** | **(31.4)** | **403.5** | **0.0** | **0.0** | **0.0** | **403.5** |

| (in € millions) | 31/12/2015 Fair value | Notional | within 1 year | between 1 and 2 years | between 2 and 5 years | more than 5 years |
|---|---|---|---|---|---|---|
| Currency swaps (including Cross Currency Swaps) | (29.5) | 143.9 | | | | 143.9 |
| **Fair value hedge** | **(29.5)** | **143.9** | **0.0** | **0.0** | **0.0** | **143.9** |
| **Hedges of net investments** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Total exchange rate derivatives** | **(29.5)** | **143.9** | **0.0** | **0.0** | **0.0** | **143.9** |

## I.19.3. Credit and counterparty risk management

The ASF group is exposed to credit risk in the event of default by its customers and to counterparty risk in respect of its investments of cash (credit balances at banks, negotiable debt securities, term deposits, marketable securities, etc.), 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

Regarding its exposure to trade receivables risk, the ASF group 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 widely spread across France and other countries. No customer accounts for more than 10% of ASF's revenue. The breakdown of trade receivables can be found in Note F.11.2. "Current operating assets and liabilities".

### 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. This system allocates maximum risk amounts by counterparty defined according to their credit ratings as published 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 the subsidiaries laying down the authorised limits by counterparty and the list of authorised UCITS.

The fair value measurement of derivative financial instruments in the Group's balance sheet includes a "counterparty risk" component for derivative assets and an "own credit risk" component for derivative liabilities. Credit risk assessment makes use of the customary mathematical models employed by market participants. At both 31 December 2016 and 31 December 2015, adjustments recognised for counterparty risk and own credit risk were not material.

### Offsetting arrangements for derivative financial instruments

At 31 December 2016 and in accordance with IAS 32, the Group's financial assets and liabilities (including derivative financial instruments) are not offset in the balance sheet, except in cases where the Group has offsetting arrangements. In the event of default by the Group or any of the financial institutions with which it has entered into derivative contracts, these arrangements provide for an offsetting between the fair values of assets and liabilities arising from derivative financial instruments presented in the consolidated balance sheet.

The Group's net exposure resulting from these offsetting arrangements is shown in the following table:

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| (in € millions) | Fair value of derivatives recognised in the balance sheet(*) | Impact of offsetting arrangements | Total | Fair value of derivatives recognised in the balance sheet(*) | Impact of offsetting arrangements | Total |
| Derivative financial instruments - assets | 697.2 | (56.3) | 640.9 | 705.0 | (95.6) | 609.4 |
| Derivative financial instruments - liabilities | (187.0) | 56.3 | (130.7) | (234.3) | 95.6 | (138.7) |
| **Derivative financial instruments - net** | **510.2** | **0.0** | **510.2** | **470.7** | **0.0** | **470.7** |

(*) *Gross amounts as presented in the Group's consolidated balance sheet.*

## I.20. 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:

| 31/12/2016 *(in € millions)* | Accounting categories[1] | | | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Balance sheet headings and classes of instrument** | **Financial instruments at fair value through profit or loss** | **Derivatives designated as hedges** | **Financial assets measured at fair value** | **Available-for-sale financial assets** | **Loans and receivables** | **Financial liabilities at amortised cost** | **Net carrying amount for 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** |
| Listed shares in subsidiaries and affiliates | | | | 5.2 | | | 5.2 | 5.2 | | | 5.2 |
| Loans and financial receivables | | | | 12.5 | | | 12.5 | | 12.5 | | 12.5 |
| **I - Non-current financial assets[2]** | **0.0** | **0.0** | **0.0** | **17.7** | **0.0** | **0.0** | **17.7** | **5.2** | **12.5** | **0.0** | **17.7** |
| **II - Derivative financial instruments - assets** | **35.8** | **661.4** | | | | | **697.2** | | **697.2** | | **697.2** |
| Cash equivalents | | | 64.3 | | | | 64.3 | 64.3[3] | | | 64.3 |
| Cash | | | 33.7 | | | | 33.7 | 33.7 | | | 33.7 |
| **III - Current financial assets** | **0.0** | **0.0** | **98.0** | **0.0** | **0.0** | **0.0** | **98.0** | **98.0** | **0.0** | **0.0** | **98.0** |
| **Total assets** | **35.8** | **661.4** | **98.0** | **17.7** | **0.0** | **0.0** | **812.9** | **103.2** | **709.7** | **0.0** | **812.9** |
| | | | | | | | | | | | |
| Bonds | | | | | | (7,517.3) | (7,517.3) | (7,493.1) | (591.4) | | (8,084.5) |
| Other bank loans and borrowings | | | | | | (4,286.0) | (4,286.0) | (1,383.5)[4] | (3,025.1) | | (4,408.6) |
| **IV - Long-term financial debt** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **(11,803.3)** | **(11,803.3)** | **(8,876.6)** | **(3,616.5)** | **0.0** | **(12,493.1)** |
| **V - Derivative financial instruments - liabilities** | **(15.2)** | **(171.8)** | | | | | **(187.0)** | | **(187.0)** | | **(187.0)** |
| **VI - Current financial liabilities** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Total liabilities** | **(15.2)** | **(171.8)** | **0.0** | **0.0** | **0.0** | **(11,803.3)** | **(11,990.3)** | **(8,876.6)** | **(3,803.5)** | **0.0** | **(12,680.1)** |
| | | | | | | | | | | | |
| **Total** | **20.6** | **489.6** | **98.0** | **17.7** | **0.0** | **(11,803.3)** | **(11,177.4)** | **(8,773.4)** | **(3,093.8)** | **0.0** | **(11,867.2)** |

(1) *The Group has no held-to-maturity financial assets.*
(2) *See Note G.14. "Other non-current financial assets (including available-for-sale financial assets)".*
(3) *Mainly marketable securities and mutual funds (UCITS).*
(4) *Listed price of loans issued by CNA.*

The method of measuring the fair value of financial assets and liabilities did not change in 2016.

| 31/12/2015 | Accounting categories[1] | | | | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| *(in € millions)* | | | | | | | | | | | |
| **Balance sheet headings and classes of instrument** | **Financial instruments at fair value through profit or loss** | **Derivatives designated as hedges** | **Financial assets measured at fair value** | **Available-for-sale financial assets** | **Loans and receivables** | **Financial liabilities at amortised cost** | **Net carrying amount for 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** |
| Listed shares in subsidiaries and affiliates | | | | 5.6 | | | 5.6 | 5.6 | | | 5.6 |
| Loans and financial receivables | | | | 11.6 | | | 11.6 | | 11.6 | | 11.6 |
| **I - Non-current financial assets[2]** | **0.0** | **0.0** | **0.0** | **17.2** | **0.0** | **0.0** | **17.2** | **5.6** | **11.6** | **0.0** | **17.2** |
| **II - Derivative financial instruments - assets** | **32.6** | **672.4** | | | | | **705.0** | | **705.0** | | **705.0** |
| Financial current accounts assets | | | 3.6 | | | | 3.6 | 3.6 | | | 3.6 |
| Cash equivalents | | | 26.2 | | | | 26.2 | 26.2 [3] | | | 26.2 |
| Cash | | | 12.0 | | | | 12.0 | 12.0 | | | 12.0 |
| **III - Current financial assets** | **0.0** | **0.0** | **41.8** | **0.0** | **0.0** | **0.0** | **41.8** | **41.8** | **0.0** | **0.0** | **41.8** |
| **Total assets** | **32.6** | **672.4** | **41.8** | **17.2** | **0.0** | **0.0** | **764.0** | **47.4** | **716.6** | **0.0** | **764.0** |
| Bonds | | | | | | (7,022.4) | (7,022.4) | (6,937.2) | (574.6) | | (7,511.8) |
| Other bank loans and borrowings | | | | | | (4,904.6) | (4,904.6) | (1,442.0)[4] | (3,521.5) | | (4,963.5) |
| **IV - Long-term financial debt** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **(11,927.0)** | **(11,927.0)** | **(8,379.2)** | **(4,096.1)** | **0.0** | **(12,475.3)** |
| **V - Derivative financial instruments - liabilities** | **(19.6)** | **(214.7)** | | | | | **(234.3)** | | **(234.3)** | | **(234.3)** |
| **VI - Current financial liabilities** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** | **0.0** |
| **Total liabilities** | **(19.6)** | **(214.7)** | **0.0** | **0.0** | **0.0** | **(11,927.0)** | **(12,161.3)** | **(8,379.2)** | **(4,330.4)** | **0.0** | **(12,709.6)** |
| **Total** | **13.0** | **457.7** | **41.8** | **17.2** | **0.0** | **(11,927.0)** | **(11,397.3)** | **(8,331.8)** | **(3,613.8)** | **0.0** | **(11,945.6)** |

(1) *The Group has no held-to-maturity financial assets.*
(2) *See Note G.14. "Other non-current financial assets (including available-for-sale financial assets)".*
(3) *Mainly marketable securities and mutual funds (UCITS).*
(4) *Listed price of loans issued by CNA.*

# J. Employee benefits and share-based payments

## J.21. Provisions for employee benefits

At 31 December 2016 the long-term portion of provisions for employee benefits broke down as follows:

| *(in € millions)* | Note | 31/12/2016 | 31/12/2015 |
|---|---|---|---|
| Provisions for retirement benefit obligations | J.21.1. | 97.4 | 93.2 |
| Long-term employee benefits | J.21.2. | 1.8 | 3.0 |
| **Total provisions for employee benefits** | | **99.2** | **96.2** |

### J.21.1. Provisions for retirement benefit obligations

#### Accounting principles

Provisions are shown as liabilities on the consolidated balance sheet for obligations connected with defined benefit retirement plans, for both current and former employees (people with deferred rights or who have retired). These provisions are determined using the projected unit credit method on the basis of actuarial assessments 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 where the plan is operated. Each plan's obligations are recognised separately.

In accordance with 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 on the asset or liability side of the consolidated balance sheet. This recognition is subject to the asset ceiling rules and the minimum funding requirements laid out in IFRIC 14.

The expense recognised in operating income during each period includes the cost of services rendered as well as the effects of any amendment, reduction or winding up of the plan. The impact of unwinding on actuarial debt and interest income from plan assets are recognised under other financial income and expense. Interest income from hedging assets is calculated using the discount rate used to determine the defined benefit obligation.

The impacts of remeasurement of the liability for defined benefit plans (or if appropriate, the asset) are recognised in items of other comprehensive income. They comprise:

- actuarial gains and losses on the obligation resulting from changes in actuarial assumptions and from experience adjustments (the effects of differences between the actuarial assumptions adopted and what has actually occurred);
- overperformance (underperformance) of plan assets, i.e. the difference between the actual return on the plan assets and their remuneration calculated based on the discount rate of the actuarial debt;
- and the change in the asset ceiling effect.

At 31 December 2016 provisions for retirement benefit obligations comprised, on the one hand, provisions for lump sums on retirement and, on the other hand, provisions for obligations for supplementary retirement benefits.

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Part at more than one year | 97.4 | 93.2 |
| Part at less than one year(*) | 3.1 | 3.5 |
| **Total provisions for retirement benefit obligations** | **100.5** | **96.7** |

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

At 31 December 2016, provisions for retirement benefit obligations connected with post-employment benefit plans amounted to €100.5 million (including €97.4 million at more than one year) compared with €96.7 million at 31 December 2015 (including €93.2 million at more than one year). They comprised provisions for lump sums on retirement and provisions for obligations for supplementary retirement benefits. The part at less than one year of these provisions (€3.1 million at 31 December 2016 and €3.5 million at 31 December 2015) is reported under "other current non-operating liabilities".

Retirement benefit obligations covered by provisions in the balance sheet are calculated on the basis of the following assumptions:

| Assumptions | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Discount rate | 1.85% | 2.10% |
| Inflation rate | 1.6% | 1.8% |
| Rate of salary increases | 0.0% - 2.6% | 0.0% - 2.8% |
| Rate of change of medical expenses | 0.0% | 0.0% |

Discount rates have been determined on the basis of the yield on private sector bonds with a rating of AA and whose maturities correspond to the plans' expected cash flows.

Plan assets are measured at their fair value at 31 December 2016. The book value at 31 December 2016 is used for assets invested with insurance companies.

On the basis of the actuarial assumptions referred to above, retirement benefit obligations, provisions recognised in the balance sheet, and the retirement benefit expenses recognised during the financial year are set out in the following paragraphs.

## Results of the period's actuarial assessments

### Breakdown by type of obligation

| | 31/12/2016 | | | 31/12/2015 | | |
|---|---|---|---|---|---|---|
| *(in € millions)* | **Lump sums paid on retirement in France** | **Pensions, supplementary retirement benefits and other** | **Total** | **Lump sums paid on retirement in France** | **Pensions, supplementary retirement benefits and other** | **Total** |
| **Actuarial liability with respect to retirement benefit obligations** | **61.8** | **72.6** | **134.4** | **60.7** | **72.1** | **132.8** |
| Fair value of plan assets | (29.4) | (4.5) | (33.9) | (31.8) | (4.3) | (36.1) |
| Deficit (or surplus) | 32.4 | 68.1 | 100.5 | 28.9 | 67.8 | 96.7 |
| **Provision recognised as liabilities in the balance sheet** | **32.4** | **68.1** | **100.5** | **28.9** | **67.8** | **96.7** |

At 31 December 2016, the share of the obligation allocated to retired beneficiaries amounted to approximately 21.1%.

### Change in actuarial liability and plan assets during the period

| *(in € millions)* | | 2016 | 2015 |
|---|---|---|---|
| **Actuarial liability with respect to retirement benefit obligations** | | | |
| **Balance at the beginning of the period** | | **132.8** | **147.7** |
| ***of which obligations covered by plan assets*** | | ***96.6*** | ***96.5*** |
| Cost of services rendered during the period | | 5.0 | 5.0 |
| Effect of discounting actuarial liability to present value | | 2.8 | 3.0 |
| Past service cost (changes to plans and plan curtailments[1] | | | (16.9) |
| Actuarial gains and losses recognised in other comprehensive income | | 0.6 | (0.3) |
| *of which impact of changes in demographic assumptions* | | | |
| *of which impact of changes in financial assumptions* | | *2.0* | *2.8* |
| *of which experience gains and losses* | | *(1.4)* | *(3.1)* |
| Payments made to beneficiaries | | (6.8) | (5.7) |
| **At the end of the period** | **I** | **134.4** | **132.8** |
| ***of which obligations covered by plan assets*** | | ***98.9*** | ***96.6*** |
| **Plan assets** | | | |
| **Balance at the beginning of the period** | | **36.1** | **36.0** |
| Interest income during the period | | 0.8 | 0.8 |
| Actuarial gains and losses recognised in other comprehensive income[2] | | 0.4 | 0.2 |
| Plan settlements | | | (1.9) |
| Payments made to beneficiaries | | (3.9) | 1.0 |
| Contributions paid to funds by the employer | | 0.9 | |
| Disposals of companies and other | | (0.4) | |
| **At the end of the period** | **II** | **33.9** | **36.1** |
| **Deficit (or surplus)** | **I - II** | **100.5** | **96.7** |

(1) *Effect of the new retirement insurance agreement signed by Escota on 9 February 2015.*
(2) *Experience gains and losses correspond to the difference noted between the actual return on plan assets and a nominal return calculated by applying the discount rate used in determining the actuarial liability.*

Actuarial losses recorded in the period are mainly the result of the decline in the discount rate in the Eurozone.

The ASF group estimates the payments planned for 2017 for retirement benefit obligations at €3.4 million, of which €1.7 million in pension benefits to be paid to retired or qualifying employees, benefits not covered by hedges, and €1.7 million to be paid to pension fund managers.

The pension funds should also pay €1.7 million in benefits to retired employees or their beneficiaries.

### Change in provisions for retirement benefit obligations in the period

| *(in € millions)* | 2016 | 2015 |
|---|---|---|
| **Provisions for retirement benefit obligations recognised in liabilities** | | |
| **Balance at the beginning of the period** | **96.7** | **111.7** |
| Total expense recognised with respect to retirement benefit obligations | 7.0 | (9.7) |
| Actuarial gains and losses recognised in other comprehensive income | 0.2 | (0.5) |
| Benefits paid by the employer | (2.9) | (3.8) |
| Contributions paid to funds by the employer | (0.9) | (1.0) |
| Disposals of companies and other | 0.4 | |
| **At the end of the period** | **100.5** | **96.7** |

### Expenses recognised in respect of defined benefit plans

| *(in € millions)* | 2016 | 2015 |
|---|---|---|
| Cost of services rendered during the period | 5.0 | 5.0 |
| Effect of discounting actuarial liability to present value | 2.8 | 3.0 |
| Interest income on plan assets | (0.8) | (0.8) |
| Past service cost (changes to plans and plan curtailments)(*) | | (16.9) |
| **Total** | **7.0** | **(9.7)** |

(*) *Effect of the new retirement insurance agreement signed by Escota on 9 February 2015.*

### Breakdown of plan assets by type of investment

| | 31/12/2016 | 31/12/2015 |
|---|---|---|
| | Eurozone | Eurozone |
| **Breakdown of plan assets** | | |
| Shares | 16.9% | 17.6% |
| Bonds | 74.1% | 2.7% |
| Property | 3.3% | 76.5% |
| Money-market securities | 2.0% | 2.8% |
| Other | 3.7% | 0.4% |
| **Total** | **100.0%** | **100.0%** |
| | | |
| **Plan assets** *(in € millions)* | **33.9** | **36.1** |
| **Plan assets/Actuarial liability with respect to retirement benefit obligations** *(as %)* | **25.2%** | **27.2%** |

At 31 December 2016, the amount of plan assets for which the inputs (assumptions used to value the investment) were directly observable quoted prices in active markets (level 1 in the fair value hierarchy under IFRS 13) was €32.7 million (€35.1 million at 31 December 2015).

### Sensitivity

For all of the post-employment benefit plans of which Group employees are members (lump sums paid on retirement, pensions, and supplementary retirement benefits), a 0.5% decrease in the discount rate would increase the amount of the actuarial liability by around 5.3%.

For all of the pension plans and supplementary retirement benefit plans in force within the Group, a 0.5% increase in the long-term inflation rate would raise the value of the obligation by about 0.4%.

## J.21.2. Other employee benefits

Provisions for other employee benefits mainly comprise long-service awards and agreements on early retirement for employees (CATS).

### Long-service bonuses

The provisions have been calculated using the following actuarial assumptions:

| Assumptions | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Discount rate | 1.85% | 2.10% |
| Inflation rate | 1.6% | 1.8% |
| Rate of salary increases | 1.6% - 2.0% | 1.8% - 2.0% |

At 31 December 2016, these provisions amounted to €1.3 million (including €1.1 million at more than one year) against €1.5 million at 31 December 2015 (including €1.3 million at more than one year). The portion at less than one year is reported in the balance sheet under other non-operating current liabilities.

### Agreements on early retirement for employees ("CATS" agreements)

The provisions have been calculated using the following actuarial assumptions:

| Assumptions | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Discount rate | -0.2% | 0.2% |
| Increase in the ceiling used in calculating social security contributions | 2.5% | 2.5% |
| Increase in wages and salaries during pre-retirement | 1.0% | 1.0% |
| Increase in health and benefit insurance contributions | 0.0% - 2.0% | 0.0% - 2.0% |

At 31 December 2016, these provisions amounted to €1.3 million (including €0.7 million at more than one year) against €3.6 million at 31 December 2015 (including €1.7 million at more than one year). This is net of the fair value of plan financial assets amounting to €0.5 million at 31 December 2016 compared with €0.6 million at 31 December 2015.

## J.22. Share-based payments

### Accounting principles

The measurement and recognition methods for share subscription plans, the group savings schemes and performance share plans, are defined by IFRS 2 "Share-based Payment". The granting of share options, performance shares and offers to subscribe to the group savings schemes represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by the Group. 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 on the basis of the fair value at the grant date of the equity instruments granted by an external actuary.

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

**Equity compensation benefits paid by VINCI to ASF group employees**

Since the acquisition of the ASF group by VINCI in March 2006, the employees of ASF and Escota benefit from the group savings scheme of the parent company, VINCI. In addition, certain employees benefit from stock options, and/or performance share plans and/or long-term incentive plans.

### J.22.1. Stock options

Options to subscribe to shares have been granted to certain Group employees and senior executives. For some of these plans, definitive vesting of these options is subject to performance conditions - based on market performance or financial criteria - being met. The fair value of options is determined at the award date based on the *Monte Carlo* valuation model. This model takes into account any impact of the market performance condition. It allows a larger number of scenarios to be modelled, by including in particular the valuation of assumptions about beneficiaries' behaviour on the basis of observation of historical data.

No new stock options plans were set up in 2016, as in 2015.

No expense relating to stock options was recorded in 2016.

### J.22.2. 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.

The expense for performance shares was measured at €2.2 million at 31 December 2016 (€1.3 million at 31 December 2015).

VINCI's Board of Directors' meeting held on 19 April 2016 decided once again to implement a long-term incentive plan that consists of granting some employees a conditional performance share award. The performance shares will only be allocated definitively after a vesting period of three years. They depend on the employee's presence within the Group until the end of the vesting period and on performance conditions.

### J.22.3. Group savings plan

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

VINCI issues new shares in France three times a year reserved for VINCI group employees, with a subscription price that includes a 5% discount against the average stock market price of the VINCI share during the last 20 business days preceding the authorisation by the Board of Directors. Subscribers benefit from an employer's contribution, which is capped at an annual maximum of €2,500 per person. The benefits granted in this way to employees of the Group 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 number of shares estimated as subscribed at the end of the subscription period is calculated using linear regression based on historical observations of the 2006-2015 plans, taking into account a cost for frozen mutual fund shares.

This cost is estimated from the viewpoint of a hypothetical third party owning a diversified portfolio and ready to acquire the blocked shares at a discount. The discount should correspond to the return on capital an investor would expect as cover against market risk in the five years the funds are frozen. Market risk is measured on an annual basis at value at risk.

The expense for the Group savings plan was measured at €2.5 million at 31 December 2016 (€2.7 million at 31 December 2015).

# K. Other notes

## K.23. Transactions with related parties

The Group's transactions with related parties principally concern:
- remuneration and similar benefits paid to members of the governing and management bodies;
- transactions with companies in the VINCI Group scope.

Transactions between related parties are conducted on the basis of market prices.

### K.23.1. 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 ASF SA and the companies that it controls to persons who, at the balance sheet date are (or, during the year, have been), members of the Group's governing bodies and Executive Committee. The corresponding amounts were recognised and expensed in 2016 and 2015 as follows:

| *(in € thousands)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Remuneration | 3,116.8 | 2,990.0 |
| Employer's social charges | 3,919.6 | 3,534.0 |
| Post-employment benefits | 43.3 | 42.0 |
| Share-based payments(*) | 1,448.2 | 1,456.6 |

(*) *This amount is determined in accordance with IFRS 2 and as described in Note J.22. "Share-based payments".*

The variable portion of remunerations and benefits relating to 2016 is an estimate, for which a provision has been taken in the period.

At 31 December 2016, 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 €0.6 million, the same amount as at 31 December 2015.

### K.23.2. Transactions with the VINCI group

Transactions in 2016 and 2015 between the ASF group and the VINCI group break down as follows:

| *(in € millions)* | 31/12/2016 | 31/12/2015 |
|---|---|---|
| Subcontracting of construction work | 13.3 | 10.1 |
| Trade receivables | 17.1 | 17.3 |
| Dividend payments | 976.7 | 1,628.1 |
| Non-current financial debts | 1,950.1 | 2,200.0 |
| Trade and other operating payables | 29.4 | 37.3 |
| Other current payables | 43.4 | 42.1 |
| Current tax liabilities(*) | 79.6 | 45.5 |
| Revenue and revenue from ancillary activities | 32.6 | 32.0 |
| Fees | 18.7 | 10.9 |
| Other external expenses | 273.3 | 280.1 |

(*) *Income tax expense corresponds to payments made or to be made by ASF group companies in respect of the integration of said companies (ASF, Escota) in the VINCI group tax group.*

### K.23.3. Other related parties

Financial information as to the companies consolidated by the equity method is given in Note G.13.2. "Aggregated financial information" and Note G.13.3. "Transactions between subsidiaries and associates".

There are no material transactions with related parties other than the VINCI group.

## K.24. Statutory Auditors' fees

This table only includes fully consolidated companies.

| | Deloitte & Associés network | | | | KPMG network | | | |
|---|---|---|---|---|---|---|---|---|
| *(in € thousands)* | 2016 | % | 2015 | % | 2016 | % | 2015 | % |
| **Audit** | | | | | | | | |
| Statutory audit | 214 | 87% | 207 | 92% | 143 | 66% | 138 | 74% |
| ASF SA | 144 | 59% | 137 | 61% | 143 | 66% | 138 | 74% |
| Fully consolidated subsidiaries | 70 | 29% | 70 | 31% | | 0% | | 0% |
| Directly linked services and work | 31 | 13% | 18 | 8% | 75 | 34% | 49 | 26% |
| ASF SA | 31 | 13% | 18 | 8% | 72 | 33% | 49 | 26% |
| Fully consolidated subsidiaries | | 0% | | 0% | 3 | 1% | | 0% |
| **Sub-total, audit** | **245** | **100%** | **225** | **100%** | **218** | **100%** | **187** | **100%** |
| **Total** | **245** | **100%** | **225** | **100%** | **218** | **100%** | **187** | **100%** |

# L. Note on litigation

Litigation is managed by the Legal Affairs Department, except for cases falling within the remit of the Human Resources Department.

The ASF group is a party in a certain number of disputes in connection with its activities. To ASF's knowledge, there is no litigation likely to affect substantially the business, financial performance, net assets or financial position of the ASF group. Furthermore, provisions that the Company considers sufficient given the current state of affairs have been taken in respect of cases in progress, where necessary and taking account of insurance cover.

# M. Post-balance sheet events

## M.25. Appropriation of 2016 net income

The Board of Directors finalised the consolidated financial statements for the year ended 31 December 2016 on 3 February 2017. These financial statements will only become definitive when approved by the Shareholders' General Meeting. A proposal will be made to the Shareholders' Ordinary General Meeting of 5 April 2017 for a dividend of €4.94 per share for this financial year, which, given the interim dividends already paid on 7 September 2016 (€0.62 per share) and 15 December 2016 (€3.61 per share), would bring the dividend payable to €0.71 per share, which will be paid not later than 7 April 2017.

## M.26. Other post-balance sheet events

### Prices

The reference index for the price increase at 1 February 2017 showed an increase of 0.36%.

On this basis, and in accordance with the amendment to the concession arrangement signed on 21 August 2015 by the French State, ASF and Escota, the price increase excluding taxes at 1 February 2017 will be as follows:

For ASF: [0.70 i + 0.945], i.e. 1.2% for all classes of vehicles.

For Escota: [0.70 i + 0.34], i.e. 0.59% for all classes of vehicles.

Subject to publication of the relevant orders.

### Financing

On 18 January 2017, ASF issued €1 billion of ten-year bonds at a coupon rate of 1.25% under its EMTN programme.

### Motorways investment plan

ASF and Escota signed a motorways investment plan with the French State on January 26, 2017, totaling €307 million. This Plan provides for 20 construction operations on the ASF and Escota networks to improve mobility in the regions, in particular enabling improvements to urban and peri-urban transport links through the development of 15 interchanges.

These projects will be co-financed by the regional authorities concerned and by ASF and Escota through additional annual toll increases of between 0.161% and 0.258% in 2019, 2020 and 2021.

Subject to the opinion of the French Rail and Road Activities Authority, ARAFER, and the subsequent publication of the relevant Council of State decrees, the first construction operations could commence in late 2017.

# N. Other information as to the scope of consolidation

## Other consolidation rules and methods

### Intragroup transactions

All reciprocal operations and transactions relating to assets and liabilities, income and expenses between companies that are consolidated or accounted for under the equity method are eliminated in the consolidated financial statements.

When a fully consolidated Group company conducts a transaction with an associate consolidated by the equity method, the gains and losses resulting from this transaction are not recognised in the Group's consolidated financial statements except to the extent that third parties may hold an interest in the associate.

### Translation of the financial statements of foreign subsidiaries and establishments

In the ASF group, the functional currency of companies 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 items of other comprehensive income.

## Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated into euros at the closing rate. Foreign exchange gains or losses are recognised in profit and loss.

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

## Business combinations

Pursuant to IFRS 3 revised, the cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. Any price adjustments are included in the cost of business combinations and are measured at fair value at each balance sheet date. As of the acquisition date, any subsequent change in this value due to events after the acquisition of control is recognised in profit or loss.

Costs directly attributable to the acquisition such as due diligence and other related fees are recognised as an expense as incurred. They are shown on the line "Scope of consolidation effects and net gain on disposal of shares" in the income statement.

Non-controlling interests in the acquired company, if they confer on their owners current rights of ownership in the entity such as voting rights, a share in earnings, etc., together with a right to a share in the net assets in the event of liquidation, are recognised either at their percentage interest in the net identifiable assets of the acquired company or at their fair value. This option is applied to each acquisition on a case-by-case basis.

At the time control is acquired, the acquisition cost is allocated by recognising the fair value at that date of the identifiable assets acquired and liabilities assumed in the acquired company, excepting tax assets and liabilities or employee benefits, either measured according to the relevant standard (IAS 12 and IAS 19, respectively) as well as groups of assets classified as held for sale, which are recognised in accordance with IFRS 5 at their fair value minus selling costs. A positive difference between the acquisition cost and the fair value of the identifiable assets and liabilities acquired constitutes goodwill. Goodwill may at times include a portion of the fair value of non-controlling interests, i.e., if the full goodwill method has been used.

The Group may recognise within 12 months of the acquisition date any adjustments to provisional values as a result of completing the initial accounting of the transactions involving the acquirees.

If a business combination is made in stages, the investment interest previously held in the company acquired is measured at the fair value at the date control was taken. Whatever profit or loss resulting from this is recognised on the income statement.

## 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 already-controlled entities 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. Expenses for fees and other costs related to acquisitions and disposals of non-controlling interests without an effect on control, as well as any associated tax effects, are recognised in equity. Cash flows from transactions between shareholders are shown as cash flows from financing operations in the consolidated cash flow statement.

## Survey of off-balance sheet commitments

The Group's off-balance sheet commitments are monitored through a specific annual and half-year reports.

They are reported in the appropriate notes, as dictated by the activity to which they relate.

# Report of the Statutory Auditors

DELOITTE & ASSOCIÉS

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92524 Neuilly-sur-Seine Cedex
France

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A department of KPMG SA
Tour EQHO
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92066 Paris La Défense Cedex
France

**Autoroutes du Sud de la France (ASF)**
A French limited liability company (Société Anonyme)

Registered office: 12, rue Louis Blériot
92506 Rueil Malmaison Cedex
France
Share capital €29,343,640.56

# Report of the Statutory Auditors on the consolidated financial statements

## Period ended 31 December 2016

To the Shareholders,

In accordance with our appointment as Statutory Auditors by your Shareholders' General Meeting, we hereby report to you for the period ended 31 December 2016 on:

- the audit of the accompanying consolidated financial statements of Autoroutes du Sud de la France (ASF);
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

### 1. Opinion on the consolidated financial statements

We conducted our audit in accordance with the professional standards applicable in France. Those standards require that we plan and perform the audit in such a way as to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit consists of examining, by sampling or other selection methods, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also consists of assessing the accounting principles used, significant estimates made and the overall presentation of the financial statements. We believe that the information that we have collected provides a sufficient and appropriate basis for our opinion.

In our opinion, the consolidated financial statements for the year give a true and fair view of the assets, liabilities, financial position and results of the companies and entities included in the consolidated Group in accordance with IFRS standards as adopted in the European Union.

### 2. Justification of our assessments

As required by article L.823-9 of the French Commercial Code relating to the justification of our assessments, we inform you of the following:

- The ASF group recognises provisions to cover its obligations to maintain the condition of concession assets, using the method described in Notes A.3. "Use of estimates" and F.11.3. "Breakdown of current provisions" to the consolidated financial statements. We have assessed the data and the assumptions on which these provisions are based and their numerical representation.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and have therefore contributed to the formation of our opinion, given in the first part of this report.

### 3. Specific verification

We have also verified in accordance with the professional standards applicable in France and as required by law, the information in the Group management report.

We have no comments to make as to its fair presentation and its conformity with the consolidated financial statements.

The Statutory Auditors

Neuilly-sur-Seine and Paris La Défense, 3 February 2017

| DELOITTE & ASSOCIÉS | KPMG Audit<br>A department of KPMG SA |
|---|---|
| **Alain Pons** | **Philippe Bourhis** |

*This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking users. The Statutory Auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements.*

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

# Statement by the person responsible for the annual financial report

**Person responsible for the annual financial report**

Patrick Priam, Chief Financial Officer, ASF SA

**Statement by the person responsible for the annual financial report**

I certify that, to the best of my knowledge, the consolidated financial statements for the year ended 31 December 2016 presented in the annual financial report have been prepared in accordance with the applicable financial reporting standards and give a true and fair view of the assets and liabilities, financial position and results of the operations of the Company and all consolidated entities included in the consolidation scope, and that the management report for the year faithfully presents the important events that have occurred during the 2016 financial year, their impact on the financial statements, the main transactions between related parties and a description of the main risks and uncertainties in respect of the financial year.

Rueil-Malmaison, 2 February 2017

**Patrick Priam**

Chief Financial Officer

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