



2017 Annual financial report at 31 December 2017

Annual financial report at 31 December 2017

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1. Key events in the period

Network traffic increased again in 2017, by 1.9% for total traffic, 1.5% for light vehicles and 4.2% for heavy vehicles, with the latter now exceeding the 2008 figure (pre Lehman Brothers crisis). This increase, coupled by the effect of the price increase on 1 February 2017, saw revenue grow by 3.4%.

As a proportion of revenue, EBITDA⁽¹⁾ rose from 71.9% in 2016 to 72.1% in 2017.

Net income was €1.1 billion. The negative tax effect of the “exceptional contribution” on this income had to be noted.

2017 investments amounted to €537.7 million, down slightly on the 2016 figure of €605.4 million.

Completion of the widening of the A9 at Montpellier in May was ASF’s most significant infrastructure achievement in 2017.

2017 was also an important year for financing activity. ASF made two bond issues, the first in January was a ten-year issue for €1 billion and the second, in April, a nine-year issue for €500 million.

In parallel, in 2017 the Group repaid the CNA-EIB loans in the amount of €669.5 million and during the period decreased the amount outstanding on the credit facility with VINCI by €1,550.0 million.

Net financial debt fell from €11.2 billion at the end of 2016 to €10.4 billion at the end of 2017. The cost of net financial debt continued to fall, in particular thanks to the favourable conditions of the latest bond issues.

Motorway Stimulus Plan

By the end of 2017, more than 40% of the Motorway Stimulus Plan was underway. For the record, ASF group is investing almost €1.4 billion in this plan. In return, the term of the concession contracts was extended by two years and four months for ASF and four years and two months for Escota.

All the operations set out in the Motorway Stimulus Plan are underway at the design or procedures phase and/or work has actually begun. Specifically:

- recovery of the Toulon tunnel concession/widening of the A57 between Pierreronde and Toulon West and the widening of a first section at the tunnel exit;
- widening of the A63 between Saint-Geours-de-Maremne and Ondres;
- widening of the A9 between Le Boulou and the Spanish border;
- widening of the A61 between the A66 and the A9 with work in two directions (A66 – Port Lauragais (14 km) and Lézignan – A9 – Narbonne (20 km)).

Motorways investment plan

Announced by the President of the French Republic in July 2016, this plan was signed on 26 January 2017, representing a network investment of €308 million. These projects will be co-financed by the regional authorities concerned and by the concession companies through additional annual toll increases in 2019, 2020 and 2021.

The French government approached ARAFER (the French Rail and Road Activities Authority, formerly ARAF) for its opinion on the agreement reached between the French State and 7 motorway concession companies.

These companies have now indicated to the French State that they are ready to finalise the terms and conditions of the Motorways investment plan.

Les Assises de la mobilité

Les Assises de la mobilité, organised by the Ministry for the Ecological and Inclusive transition and the Transport Ministry, was run in the last quarter of 2017. The main aim of this initiative is to draw up a new policy for the mobility of tomorrow.

Over a three-month period, it aims to identify citizens’ key mobility needs and expectations, with a special focus on day-to-day transport and rural and suburban areas. In order to do this, users, regional authorities, operators, economic players and NGOs throughout the country have been invited to take part in the initiative with a view to finding new solutions.

Another objective of *les Assises de la mobilité* is to draw up proposals which will be fed into a framework mobility act to be examined by Parliament in the first half of 2018. The act will include an infrastructure funding programme which will set out a detailed 5-year investment budget and provide a provisional 10-year investment plan.

Our companies took part in this work which came to an end on 13 December 2017.

⁽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 2017 and 2016 breaks down as follows:

(in € millions)	Year 2017	Year 2016	% change
Toll revenue	3,739.6	3,617.6	3.4%
of which ASF	2,989.9	2,886.5	3.6%
of which Escota	749.7	731.1	2.5%
Fees for use of commercial premises	59.5	57.0	4.4%
of which ASF	51.9	49.4	5.1%
of which Escota	7.6	7.6	0.0%
Fees for optical fibres, telecommunications and other	15.5	14.9	4.0%
of which ASF	11.1	10.8	2.8%
of which Escota	4.4	4.1	7.3%
Revenue excluding concession companies' revenue derived from works	3,814.6	3,689.5	3.4%
of which ASF	3,052.9	2,946.7	3.6%
of which Escota	761.7	742.8	2.5%
Concession companies' revenue derived from works	476.3	535.8	-11.1%
of which ASF	396.4	426.3	-7.0%
of which Escota	79.9	109.5	-27.0%
Total revenue	4,290.9	4,225.3	1.6%
of which ASF	3,449.3	3,373.0	2.3%
of which Escota	841.6	852.3	-1.3%

Consolidated revenue as at 31 December 2017 (excluding revenue from construction work) was €3,814.6 million, up 3.4% on the same period in 2016 (€3,689.5 million).

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 increases excluding taxes at 1 February 2017 were as follows:

- for ASF: $[0.70 i + 0.945]$, i.e. 1.20% for all classes of vehicles;
- for Escota: $[0.70 i + 0.34]$, i.e. 0.59% for all classes of vehicles.

Traffic

The following factors should be taken into account when analysing changes in traffic during financial year 2017:

- one day less in 2017 because of the leap year in 2016; light vehicle traffic did however benefit from two long weekends in spring but heavy vehicle traffic was adversely affected by two fewer working days than in 2016;
- the price of diesel rose sharply by an average of 11.5% in 2017 compared to 2016;
- low rainfall and higher than normal seasonal temperatures in 2017 favoured light vehicle traffic, when compared with the weather in 2016, which was closer to seasonal norms;
- solid economic growth in France, Spain and Italy led to an increase in heavy vehicle traffic.

Taking these factors into account, in 2017 ASF and Escota saw traffic rise 1.9% over the previous year:

- +1.5% for light vehicles which accounted for 86.7% of total traffic;
- +4.2% for heavy vehicles, which accounted for 13.3% of total traffic.

Users travelled 39,267.9million kilometres on the ASF and Escota networks in 2017 (38,547.6million in 2016):

Distance travelled (in millions of kilometres)	Year 2017				Year 2016				Change 2017/2016	
	ASF	Escota	ASF + Escota	%	ASF	Escota	ASF + Escota	%	Amount	%
Light vehicles	27,422.3	6,622.2	34,044.5	86.7%	27,005.7	6,529.6	33,535.3	87.0%	509.2	1.5%
Heavy vehicles	4,561.3	662.1	5,223.4	13.3%	4,373.0	639.3	5,012.3	13.0%	211.1	4.2%
Light + Heavy vehicles	31,983.6	7,284.3	39,267.9	100.0%	31,378.7	7,168.9	38,547.6	100.0%	720.3	1.9%

The annual average daily traffic on the network as a whole was 34,502 vehicles per day in 2017 compared with 33,879 vehicles per day in 2016, i.e. an increase of 1.8%.

The number of payment transactions rose by 0.8% to 749.3 million transactions in 2017 (743.1 million in 2016).

The use of automatic payment lanes and ETC payments increased by 0.9% to 748.9 million transactions in 2017 (742.5 million in 2016).

The proportion of transactions made on automatic lanes and by ETC reached 99.9% in 2017, unchanged from 2016.

Breakdown of ASF and Escota transactions by collection method:

Type of transaction (in millions)	Year 2017	Year 2016	Change 2017/2016	2017 breakdown	2016 breakdown
Manual payments	0.4	0.6	-33.3%	0.1%	0.1%
Automatic payments	354.8	365.5	-2.9%	47.3%	49.2%
ETC payments	394.1	377.0	4.5%	52.6%	50.7%
Sub-total automatic and ETC	748.9	742.5	0.9%	99.9%	99.9%
Total	749.3	743.1	0.8%	100.0%	100.0%

There were 2,532,570 subscribers to the light vehicle tag payment system for the two companies at 31 December 2017, making 3,101,460 tags in circulation (compared with 2,215,570 subscribers and 2,706,024 tags at 31 December 2016).

	31/12/2017			31/12/2016			Change 2017/2016	
	ASF	Escota	ASF + Escota	ASF	Escota	ASF + Escota	Amount	%
Number of customers	2,275,102	257,468	2,532,570	1,961,946	253,624	2,215,570	317,000	14.3%
Number of tags	2,734,820	366,640	3,101,460	2,346,502	359,522	2,706,024	395,436	14.6%

Revenue from tolls

Toll revenue breaks down by payment method as follows:

Revenue (in € millions)	Year 2017			Year 2016			Change 2017/2016	
	ASF	Escota	ASF + Escota	ASF	Escota	ASF + Escota	Amount	%
Immediate payment	188.5	84.6	273.1	205.9	89.2	295.1	(22.0)	-7.5%
Account subscribers	9.9	5.7	15.6	15.7	6.2	21.9	(6.3)	-28.8%
ETC payments	1,681.9	436.1	2,118.0	1,557.2	411.4	1,968.6	149.4	7.6%
Bank cards	992.7	197.2	1,189.9	980.7	196.4	1,177.1	12.8	1.1%
Charge cards	115.7	26.0	141.7	125.8	27.7	153.5	(11.8)	-7.7%
Onward-invoiced expenses	1.2	0.1	1.3	1.2	0.2	1.4	(0.1)	-7.1%
Toll revenue	2,989.9	749.7	3,739.6	2,886.5	731.1	3,617.6	122.0	3.4%

Toll revenue rose by 3.4% to €3,739.6 million in 2017 (€3,617.6 million in 2016).

This change was due to the combined effect of the following two main factors:

- traffic effect: +1.9%;
- effect of prices and rebates: +1.5%.

Revenue from commercial premises

Revenue from commercial premises was up 4.4% to €59.5 million in 2017 (€57.0 million in 2016).

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

Revenue from the rental of optical fibre and pylons was €15.5 million in 2017, up 4.0% on 2016 (€14.9 million).

2.1.2. Operating income

Operating income was up 1.0% (or €20.9 million) to €2,048.4 million in 2017 (€2,027.5 million in 2016).

Revenue (excluding works revenue) was up 3.4%. Effective management of operating expenses (excluding construction charges) limited their increase to 4.3%.

The significant changes in operating expenses were thus the following:

- a decrease of 0.8% (€1.8 million) in **"external services"**: €220.3 million in 2017 (€222.1 million in 2016);
- an increase of 5.2% (€35.1 million) in **"depreciation expense"**: €705.4 million in 2017 (€670.3 million in 2016), largely as a result of the commissioning completed in 2017 (the Borne Romaine tunnel, relief motorway for the A9 at Montpellier, etc.);
- a 1.3% increase (€6.9 million) in **"taxes and levies"**: €521.4 million in 2017 (€514.5 million in 2016);
- a €33.3 million increase in **"net provision expense"**: €9.3 million expense for 2017 (€24.0 million profit for the same period in 2016); In 2016, the accounts reflected the changes made to the index for calculating the provision for the obligation to maintain the condition of concession assets;
- a decrease of 0.9% (€2.7 million) in **"employment costs"**: €303.8 million in 2017 (€306.5 million in 2016);
- an increase of 7.7% (€1.8 million) in **"purchases consumed"**: €25.3 million in 2017 (€23.5 million in 2016).

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

The cost of net financial debt fell 11.5% (€38.3 million) to €295.8 million in 2017 (€334.1 million in 2016) (see Note D.4. "Cost of net financial debt" to the 2017 consolidated financial statements).

Other financial income and expense, down by €1.3 million, resulted in net income of €12.1 million in 2017 compared with net income of €13.4 million in 2016 (see Note D.5. "Other financial income and expense" to the 2017 consolidated financial statements).

2.1.4. Income tax

Income tax, including current and deferred tax, was €701.5 million for 2017, up 24.5% compared with the 2016 figure of €563.5 million. This change includes the negative impact on corporate tax of the 2017 exceptional tax contribution in the amount of €110.1 million as well as the positive impact on deferred tax of the progressive reduction in the nominal corporate tax rate between 2019 and 2022 (from 33.33% to 25.00%) in the amount of €13.9 million.

2.1.5. Net income

Net income attributable to owners of the parent was down 7.0% to €1,061.5 million in 2017 (€1,141.8 million in 2016).

Earnings per share amounted to €4.596 in 2017 compared with €4.943 in 2016.

Net income attributable to non-controlling interests was €1.6 million in 2017, an increase of €0.1 million.

2.2. Investments

ASF and Escota made investments totalling €537.7 million in 2017, compared with €605.4 million in 2016, a decrease of €67.7 million:

Type of investment (in € millions)	Year 2017			Year 2016			% Change 2017/2016
	ASF	Escota	ASF + Escota	ASF	Escota	ASF + Escota	
Construction of new sections ^(*)	3.7		3.7	27.8		27.8	-86.7%
Supplementary investments on motorways in service ^(*)	408.2	82.2	490.4	436.6	101.3	537.9	-8.8%
Operating tangible fixed assets ^(*)	28.5	15.1	43.6	26.9	12.8	39.7	9.8%
Total	440.4	97.3	537.7	491.3	114.1	605.4	-11.2%

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

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.

The prefectural decree authorising the opening of the section, which had been upgraded to motorway standards, was signed on 2 January 2017.

Widening and capacity improvement

A9 – Le Boulou/Le Perthus widening to three-lane dual carriageway (9 km)

All preliminary official authorisations were obtained.

The large scale construction work, which began in September 2016, continued with significant operating restrictions. After the summer break, season 2 work began in September 2017 (continued widening work, strengthening of the major viaducts, ongoing structural work, earthworks, sanitation, digging the basins, etc.).

Progress on the project is, at this stage, in line with contractual objectives for the upgrade of this section to a three-lane dual carriageway before 23 February 2020.

A9 – Relief motorway for the A9 at Montpellier (24 km)

Signed-off by the Ministerial Decision of 24 May 2017, the relief motorway itself was opened in both directions on 30 and 31 May, seven months ahead of the contractual completion date of 31 December 2017.

Once the traffic had been redirected to the new roads, completion work and the dismantling of the old toll barriers in the middle of the lane continued in the second half of 2017. Completion work and the environmental upgrading of the old A9 at Montpellier will continue in 2018.

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 additional environmental investigations requested by the French State continued until autumn 2017 and the completed public enquiry applications were filed with the Prefecture on 17 October 2017. These enquiries will not be able to take place until spring 2018 at the earliest and the go-ahead to start the large scale work could be delivered from September 2018 onwards.

Following the decision in January 2017 to instruct an archaeological analysis, an amending decree was issued on 17 July 2017. The aim is to complete the analysis on the thirty sites identified between the end of 2017 and early 2018.

The amicable purchases are well underway and 80% of the necessary land control procedures have been completed.

Pre-project engineering for each of the two sections, A66/Port Lauragais and Lézignan/A9, is under way.

Preliminary work began gradually since October 2016 and is still underway. The large scale work is scheduled to begin at the end of 2018.

A63 – Ondres/Biriatou: widening to three-lane dual carriageway (39 km)

The large scale work, begun in the autumn of 2014, is nearing completion with erection of the acoustic screens in its final stages and the porous surfaces being laid on the entire section.

It is anticipated that the whole Biriatou-Biarritz section will be opened as a three-lane dual carriageway in the first three months of 2018, several months ahead of the contractual completion date of 9 July 2018.

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 at the latest 48 months after the declaration of public utility, i.e. before 25 February 2020.

Land purchases are nearing completion and should be finalised in spring 2018.

An additional land ownership enquiry was conducted in February 2017 to enable further occupancy (relates mainly to the basins).

Work on the new crossing structure over the Bordeaux-Hendaye railway line has been completed, as has the preparatory work (deforestation, diversion of existing services, etc.).

The two major contracts for large scale work have been assigned. Initial work began in May and was completed in August 2017. The large scale construction work began in September 2017.

Progress on the project is, at this stage, in line with contractual objectives for the upgrade of this section to a three-lane dual carriageway.

Reconfiguration of the A9/A61 junction

The A9/A61 motorway junction south of Narbonne links the A61 and A9, two very busy motorway axes. Reconfiguration of this junction will make it safer and improve traffic flow between the two motorways.

The 2012–2016 contract estimates the work will be completed at the latest 36 months after the declaration of public utility, i.e. 18 January 2019.

Work continues to progress several months ahead of the established schedule. It is due to open during the year 2018.

Escota's investments related in particular to:

- final works on the A8 motorway between Nice and La Turbie (the Borne Romaine project), which was opened on 28 March 2017;
- the modernisation programme for all network stations;
- the construction of four eco-bridges on the A8 motorway;
- the widening of the A57 east of Toulon, linked to the Motorway Stimulus Plan;
- the widening of the Pas de Trets/Pont de l'Étoile section.

2.3. Financing

ASF contracted the following financing in 2017:

- on 18 January 2017, a bond issue under its EMTN (Euro Medium Term Note) programme for €1 billion, maturing in January 2027, with a 1.25% coupon;
- on 20 April 2017, a bond issue under its EMTN (Euro Medium Term Note) programme for €500 million, maturing in April 2026, with a 1.125% coupon.

The main debt repayments in 2017 concern:

- different loans taken out with CNA-EIB for a total amount of €669.5 million in January and April;
- EIB loans for €27.9 million;
- reduction in the credit facility with VINCI of €1,550.0 million.

2.4. Balance sheet

Total non-current net assets decreased by €281.5 million to €12,496.2 million at 31 December 2017 (€12,777.7 million at 31 December 2016).

This reduction is due primarily to the negative net change in non-current derivative assets of €130.4 million, other non-current financial assets of €0.9 million and investments in property, plant and equipment and intangible assets of €163.8 million. Regarding the latter, the negative change in 2017 is due to the increase in depreciation and amortisation (€705.4 million) that was higher than the gross amount of construction and operating assets acquired (€537.7 million).

In addition, this change also reflects a €13.6 million increase in investments in companies accounted for under the equity method as a result of a capital increase of the company Axxès.

Total current assets amounted to €725.3 million at 31 December 2017, down €23.2 million on the 31 December 2016 figure of €748.5 million, due mainly to a reduction of €37.6 million in cash and cash equivalents, other current operating and non-operating assets of €12.6 million, current derivative financial instruments assets of €6.7 million and inventories and work in progress of €0.2 million. This fall was partially offset by the increase in trade and other receivables of €33.7 million and current tax assets of €0.2 million.

Equity increased by €736.3 million to stand at €855.1 million at 31 December 2017 (compared with €118.8 million at 31 December 2016). This change resulted mainly from positive net income in 2017 (including the portion of non-controlling interests) of €1,063.1 million, variations in amounts recognised directly in equity of €40.8 million, and share-based payments of €2.3 million, less final dividend payments for the 2016 financial year of €164.3 million (including the portion of non-controlling interests) and an interim dividend of €205.6 million.

Total non-current liabilities were €9,501.0 million at 31 December 2017 (€11,213.7 million at 31 December 2016), a decrease of €1,712.7 million. This was mainly due to net reductions of €1,671.7 million in bonds in issue and other loans and borrowings, of €42.9 million in non-current derivative instrument liabilities, €2.8 million in deferred tax liabilities and employee-benefit provisions of €0.4 million. This decrease was offset in part by increases of €5.0 million in other non-current liabilities and €0.1 million in non-current provisions.

Total current liabilities amounted to €2,865.4 million at 31 December 2017, up €671.7 million from 31 December 2016 (€2,193.7 million). This increase was due principally to current financial debt (up €712.9 million), trade payables (up €33.2 million), current provisions (up €12.4 million), but was partially offset by a decrease of €64.7 million in current tax liabilities, €17.7 million in other current operating and non-operating liabilities and €4.4 million in current derivative financial instruments – liabilities.

After taking account of these various items, **the Group's net financial debt** at 31 December 2017 amounted to €10,363.7 million, compared with €11,195.1 million at 31 December 2016, a decrease of €831.4 million.

2.5. Cash flows

The Group's statement of cash flows shows a **closing net balance of cash and cash equivalents** of €60.4 million, down €37.6 million from the opening balance of €98.0 million.

This change breaks down as follows:

- **operating cash flow before tax and financing costs** came to €2,748.8 million in 2017, up 3.7% from 2016 (€2,651.5 million). As a proportion of revenue, cash flow from operations before tax and financing costs rose from 71.9% in 2016 to 72.1% in 2017;
- **cash flows from operating activities**, after the change in the working capital requirement and current provisions, taxes and interest paid, were up 1.9% to €1,729.8 million in 2017 (€1,697.7 million in 2016);
- **(negative) net cash flows used in investing activities** amounted to €560.9 million in 2017, up 7.3% compared with 2016 (€522.6 million);
- **net cash flows used in financing activities** represented an outflow of €1,206.5 million in 2017 compared with an outflow of €1,119.0 million in 2016. These flows comprise dividends paid to ASF shareholders (€369.6 million), long-term borrowings in the amount of €1,500.0 million, the repayment of long-term borrowings and lines of credit for a total of €2,247.4 million and an €89.2 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.24. "Transactions with related parties" to the 2017 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.20. "Financial risk management" to the 2017 consolidated financial statements.

5. Parent company financial statements

5.1. Revenue

ASF's revenue (excluding construction revenue) amounted to €3,052.9 million in 2017, up 3.6% compared with 2016 (€2,946.7 million).

5.2. Net income

ASF's net income fell 20.8% to €860.3 million in 2017 (from €1,086.8 million in 2016).

This includes dividends of €44.9 million received from its Escota subsidiary in 2017 (€196.5 million in 2016).

Consolidated financial accounts as at 31 December 2017

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FINANCIAL STATEMENTS

Consolidated income statement for the period

<i>(in € millions)</i>	Note	2017	2016
Revenue⁽¹⁾	C.2.	3,814.6	3,689.5
Concession companies' revenue derived from works		476.3	535.8
Total revenue		4,290.9	4,225.3
Revenue from ancillary activities		41.6	39.0
Operating expenses	D.3.	(2,276.8)	(2,261.3)
Operating income from ordinary activities	D.3.	2,055.7	2,003.0
Share-based payments (IFRS 2)	D.3.	(10.0)	(4.7)
Income/(loss) of companies accounted for under the equity method		2.8	(3.7)
Other ordinary operating items		(0.1)	31.3
Ordinary net operating income	D.3.	2,048.4	2,025.9
Consolidation scope effect			1.6
Operating income	D.3.	2,048.4	2,027.5
Cost of gross financial debt		(295.8)	(334.4)
Financial income from cash investments			0.3
Cost of net financial debt	D.4.	(295.8)	(334.1)
Other financial income and expense	D.5.	12.1	13.4
Income tax expenses	D.6.	(701.5)	(563.5)
<i>of which impact of non-current changes in deferred tax⁽²⁾</i>		<i>13.9</i>	<i>26.2</i>
<i>of which impact of the exceptional corporate tax contribution⁽³⁾</i>		<i>(110.1)</i>	
Net income		1,063.1	1,143.3
Net income attributable to non-controlling interests		1.6	1.5
Net income attributable to owners of the parent		1,061.5	1,141.8
Net income per share attributable to Group	D.7.		
Earnings per share (in €)		4,596	4,943
Diluted earnings per share (in €)		4,596	4,943
Net income - attributable to owners of the parent - excluding non-current changes in deferred tax⁽²⁾		1,047.6	1,115.6
Net income per share - excluding non-current changes in deferred tax (in €) ⁽²⁾		4,535	4,830

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

⁽²⁾ The Group's deferred tax at 31 December 2017 was reassessed in the light of adoption of the 2018 Finance Act in France, which provides for a progressive reduction of corporate tax from 33.33% to 25.00% for all companies from 2019 to 2022.

At 31 December 2017, the impact on the Group's results was €13.9 million (i.e. €0.06 per share).

At 31 December 2016, the impact on the Group's results was €26.2 million (i.e. €0.113 per share).

⁽³⁾ The amended Finance Act for 2017 introduced an exceptional corporate tax for companies with revenue of over €1 billion (15.00% applicable on the nominal rate (33.33%)) and over €3 billion (an additional 15.00% applicable on the nominal tax rate (33.33%)).

Consolidated comprehensive income statement for the period

(in € millions)	Note	2017			2016		
		Attributable to owners of the parent	Attributable to non-controlling interests	Total	Attributable to owners of the parent	Attributable to non-controlling interests	Total
Net income		1,061.5	1.6	1,063.1	1,141.8	1.5	1,143.3
Financial instruments: changes in fair value		63.0		63.0	29.5		29.5
of which:							
Available-for-sale financial assets		(1.5)		(1.5)	(0.4)		(0.4)
Cash flow hedges ⁽¹⁾		64.5		64.5	29.9		29.9
Translation differences					(1.4)		(1.4)
Tax ⁽²⁾		(22.6)		(22.6)	(11.1)		(11.1)
Other comprehensive income that can be recycled in net income at a later date	H.16.2.	40.4		40.4	17.0		17.0
Actuarial gains and losses on retirement benefit obligations		1.7		1.7	(0.2)		(0.2)
Tax		(1.3)		(1.3)	(1.5)		(1.5)
Other comprehensive income that cannot be recycled in net income at a later date	H.16.2.	0.4		0.4	(1.7)		(1.7)
All other comprehensive income recognised directly in equity	H.16.2.	40.8	0.0	40.8	15.3	0.0	15.3
Total comprehensive income		1,102.3	1.6	1,103.9	1,157.1	1.5	1,158.6

⁽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

<i>(in € millions)</i>	Note	31/12/2017	31/12/2016
Non-current assets			
Concession intangible assets	E.8.	11,434.1	11,552.7
Other intangible fixed assets	F9.2.	32.5	29.6
Property, plant and equipment	F9.	553.5	601.6
Investments in companies accounted for under the equity method	G.14.	13.6	
Other non-current financial assets	G.15.	16.8	17.7
Non-current derivative financial instruments - assets	I.18.	445.7	576.1
Total non-current assets		12,496.2	12,777.7
Current assets			
Inventories and work in progress	F11.1.	4.1	4.3
Trade and other receivables	F11.1.	343.3	309.6
Other current operating assets	F11.1.	152.5	167.3
Other current non-operating assets		50.4	48.2
Current tax assets		0.2	
Current derivative financial instruments - assets	I.18.	114.4	121.1
Cash and cash equivalents	I.18.	60.4	98.0
Total current assets		725.3	748.5
Total assets		13,221.5	13,526.2

Consolidated balance sheet – equity and liabilities

(in € millions)	Note	31/12/2017	31/12/2016
Equity			
Share capital		29.3	29.3
Consolidated reserves		(145.7)	(920.2)
Net income attributable to owners of the parent		1,061.5	1,141.8
Amounts recognised directly in equity	H.16.2.	(92.9)	(133.7)
Equity attributable to owners of the parent		852.2	117.2
Non-controlling interests	H.16.3.	2.9	1.6
Total equity		855.1	118.8
Non-current liabilities			
Non-current provisions	F.12.	0.5	0.4
Provisions for employee benefits	J.22.	98.8	99.2
Bonds	I.18.	8,136.3	7,330.0
Other loans and borrowings	I.18.	1,051.9	3,529.9
Non-current derivative financial instruments – liabilities	I.18.	124.0	166.9
Other non-current liabilities		27.4	22.4
Deferred tax liabilities		62.1	64.9
Total non-current liabilities		9,501.0	11,213.7
Current liabilities			
Current provisions	F.11.3.	409.9	397.5
Trade payables	F.11.1.	114.0	80.8
Other current operating liabilities	F.11.1.	427.5	416.3
Other current non-operating liabilities		223.8	252.7
Current tax liabilities		18.2	82.9
Current derivative financial instruments – liabilities	I.18.	15.7	20.1
Current financial debts	I.18.	1,656.3	943.4
Total current liabilities		2,865.4	2,193.7
Total equity and liabilities		13,221.5	13,526.2

Consolidated cash flow statement

<i>(in € millions)</i>	Note	2017	2016
Consolidated net income for the period (including non-controlling interests)		1,063.1	1,143.3
Net depreciation and amortisation	D.3.3.	705.4	670.3
Net increase/(decrease) in provisions and impairments		1.8	(44.0)
Share-based payments (IFRS 2) and other restatements		5.5	9.3
Gain or loss on disposals		(2.6)	(1.3)
Share of profit or loss of companies accounted for under the equity method and dividends received from unconsolidated entities		(3.1)	3.4
Capitalised borrowing costs		(18.6)	(27.1)
Cost of net financial debt recognised	D.4.	295.8	334.1
Current and deferred tax expense recognised	D.6.	701.5	563.5
Cash flows (used in)/from operations before tax and financing costs		2,748.8	2,651.5
Changes in operating working capital requirement and current provisions	F.11.1.	34.4	(55.9)
Income taxes paid		(789.7)	(571.0)
Net interest paid		(263.7)	(326.9)
Cash flows (used in)/from operating activities	I	1,729.8	1,697.7
<i>Purchases of property, plant and equipment and intangible assets</i>		<i>(13.6)</i>	<i>(9.2)</i>
Operating investments net of disposals		(13.6)	(9.1)
Operating cash flow		1,716.2	1,688.6
<i>Investments in concession property, plant and equipment (net of subsidies received)</i>		<i>(535.0)</i>	<i>(495.2)</i>
<i>Disposals of concession fixed assets</i>		<i>(3.5)</i>	<i>(20.8)</i>
Growth investments in concessions		(538.5)	(516.0)
Free cash flow (after investments)		1,177.7	1,172.6
<i>Purchases of shares in subsidiaries and affiliates (consolidated and unconsolidated)</i>		<i>(10.8)</i>	<i>(3.7)</i>
<i>Proceeds from sales of shares in subsidiaries and affiliates (consolidated and unconsolidated)</i>			<i>6.1</i>
<i>Net effect of changes in scope of consolidation</i>			<i>(1.5)</i>
Net financial investments		(10.8)	0.9
Other		2.0	1.7
Net cash flows (used in)/from investing activities	II	(560.9)	(522.6)
Dividends paid			
<i>- to shareholders of ASF</i>	<i>H.17.</i>	<i>(369.6)</i>	<i>(977.0)</i>
<i>- to the non-controlling interests of consolidated companies</i>		<i>(0.3)</i>	<i>(1.4)</i>
Proceeds from new long-term borrowings	I.18.1.	1,500.0	890.0
Repayments of long-term loans	I.18.1.	(2,247.4)	(985.0)
Change in cash management assets and other current financial debts		(89.2)	(45.6)
Net cash flows (used in)/from financing activities	III	(1,206.5)	(1,119.0)
Other changes	IV		3.7
Change in net cash	I + II + III + IV	(37.6)	59.8
Net cash and cash equivalents at beginning of period		98.0	38.2
Net cash and cash equivalents at end of period		60.4	98.0
Change in cash management assets and other current financial debts		89.2	45.6
(Proceeds from)/repayment of loans		747.4	95.0
Other changes		32.4	19.0
Change in net financial debt		831.4	219.4
Net financial debt at beginning of period	I.18.	(11,195.1)	(11,414.5)
Net financial debt at end of period	I.18.	(10,363.7)	(11,195.1)

Consolidated statement of changes in equity

(in € millions)	Equity attributable to owners of the parent							Non-controlling interests	Total
	Share capital	Consolidated reserves	Net income	Currency translation reserves	Amounts recognised directly in equity	Total attributable to owners of the parent			
Equity at 01/01/2016	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	
Net income for the period			1,061.5			1,061.5	1.6	1,063.1	
Other comprehensive income recognised directly in the equity of companies controlled					40.8	40.8		40.8	
Total comprehensive income for the period			1,061.5	0.0	40.8	1,102.3	1.6	1,103.9	
Allocation of net income and dividend payments		772.2	(1,141.8)			(369.6)	(0.3)	(369.9)	
Share-based payments (IFRS 2)		2.3				2.3		2.3	
Equity at 31/12/2017	29.3	(145.7)	1,061.5	0.0	(92.9)	852.2	2.9	855.1	

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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 2017 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2017.

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

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 2 February 2018 and will be submitted to the Shareholders' General Meeting for approval on 23 March 2018.

A.1.1. New standards and interpretations applicable from 1 January 2017

There are no new standards applicable for the first time from 1 January 2017. There are merely a few amendments which must be applied to financial years starting in 2017:

- Amendments to IAS 7 "Disclosure initiative";
- Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses".

The implementation of these amendments has not had a significant impact at the level of the Group apart from the change in presentation of liabilities arising from financing activities introduced by the amendment to IAS 7. A table of reconciliation between the opening and closing balances of the main financial liabilities of the Group, distinguishing the variations resulting from cash flow from the non-cash flow variations, is presented in Note I.18. "Net financial debt".

A.1.2. Standards and interpretations adopted by the IASB but not yet applicable at 31 December 2017

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 2017:

- IFRS 9 "Financial Instruments";
- IFRS 15 "Revenue from Contracts with Customers";
- IFRS 16 "Leases";
- Amendments to IAS 28 "Long-term interests in associated companies and joint ventures";
- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions";
- Amendments to IFRS 9 "Prepayment features with negative compensation";
- Annual improvements, 2014-2016 cycle;
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration";
- IFRIC 23 "Uncertainty over Income Tax Treatments".

An analysis of the impacts and practical consequences of application of these standards, amendments and interpretations is currently underway.

IFRS 15 "Revenue from Contracts with Customers" is the new IFRS standard governing the accounting principles for revenue. It replaces standards IAS 11 "Construction Contracts" and IAS 18 "Revenue", as well as the different existing interpretations, particularly IFRIC 15 "Agreements for the Construction of Real Estate".

The Group has completed the main work of identifying the potential impacts of the new standard. The results of the analyses carried out show that the Group's current model for recognising its revenue is not invalidated by the new provisions of IFRS 15. The Group has not identified any impact on the method for recognising revenue on concession contracts based on the current IFRIC 12 model. The contractual provisions of the concession contracts have not led to the identification of a different performance obligation relating to infrastructure maintenance and renewal work. This work will continue to be subject to a specific, measured, recognised provision in compliance with IAS 37.

IFRS 15 becomes effective 1 January 2018. In the light of the immaterial impacts expected from the first application of the standard, the Group will opt for the so-called "simplified retrospective" transition method, with no restatement of the comparable 2017 period. Consequently, shareholders' equity appearing on the opening balance sheet on 1 January 2018 may be adjusted in a non-material way when this new standard is applied.

In the first half of 2018 the Group will finish integrating all the new requirements of the standard in terms of notes to the statements.

IFRS 9 "Financial Instruments" proposes new provisions regarding the classification and measurement of financial assets based on the business management model and the contractual characteristics of the financial assets.

The standard will change the methods for recording impairment of the Group's financial assets, as IFRS 9 proposes a new model based on expected losses. The provisions on hedge accounting should be more favourable, since the standard aims to align accounting methods and the risk management policy implemented by the Group.

The ASF group does not expect there to be a significant impact on the classification and measurement of financial assets. The Group considers that at the present time the existing, effective hedging relationships meet the provisions of IFRS 9. The first analyses of the loss history on receivables did not reveal any material effects. Refinancings occurring before 31 December 2017 having all been treated as extinguishment of liabilities, the Group does not expect any impact from the retrospective application of the terms of IFRS 9 on this point.

IFRS 16 "Leases" changes the recognition of leases by lessees. It replaces IAS 17 and related interpretations (IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 "Operating Leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".) According to the provisions of IAS 17, the accounting treatment of leases is determined by assessing the transfer of risks and rewards of ownership of the asset, whereas IFRS 16 imposes a single lessee accounting model that affects the balance sheet in a similar way to finance leases.

Due to the features of certain leases (especially in terms of renewal terms) the periods used to measure contracts under IFRS 16 could, in some cases, be different from those used to measure those off-balance-sheet commitments where only the firm commitment period was taken into account. The commitments mentioned in Note F.13. "Other contractual obligations of an operational nature" may therefore not be fully representative of the liabilities that will need to be recognised in the application of IFRS 16. Assessment of the potential impacts on the Group's financial statements is ongoing. The work is complex given the number of contracts to be reviewed and the decentralised nature of the management of leases.

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.).

According to the provisions of IFRS 11, the Group's partnerships are classified in two categories, joint ventures and joint activities, depending on the nature of the rights and obligations held by each of the parties. This classification is generally established by the legal form of the legal vehicle used to carry the project.

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 non-controlling interests or individually significant associates. This assessment is based on the effect of these holdings on the Group's financial performance, consolidated balance sheet 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 impact 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);
- the 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.21. "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.22. "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

There were no changes in the consolidation scope in 2017.

In February 2017, 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 2017, 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, 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)	2017	2016	Change 2017 vs. 2016
Toll revenue	3,739.6	3,617.6	3.4%
Fees for use of commercial premises	59.5	57.0	4.4%
Fees for optical fibres, telecommunications and other	15.5	14.9	4.0%
Revenue excluding concession companies' revenue derived from works	3,814.6	3,689.5	3.4%
Concession companies' revenue derived from works	476.3	535.8	-11.1%
Total revenue	4,290.9	4,225.3	1.6%

2017

(in € millions)	Revenue		Revenue 2017
	ASF	Escota	
Toll revenue	2,989.9	749.7	3,739.6
Fees for use of commercial premises	51.9	7.6	59.5
Fees for optical fibres, telecommunications and other	11.1	4.4	15.5
Revenue excluding concession companies' revenue derived from works	3,052.9	761.7	3,814.6
Breakdown of revenue	80.0%	20.0%	100.0%
Concession companies' revenue derived from works	396.4	79.9	476.3
Total revenue	3,449.3	841.6	4,290.9

2016

(in € millions)	Revenue		Revenue 2016
	ASF	Escota	
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 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

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)	2017	2016
Revenue^(*)	3,814.6	3,689.5
Concession companies' revenue derived from works	476.3	535.8
Total revenue	4,290.9	4,225.3
Revenue from ancillary activities	41.6	39.0
Purchases consumed	(25.3)	(23.5)
External services	(220.3)	(222.1)
Temporary employees	(4.6)	(2.1)
Subcontracting (including concession construction costs)	(491.0)	(547.4)
Taxes and levies	(521.4)	(514.5)
Employment costs	(303.8)	(306.5)
Other operating income and expenses	4.3	1.1
Depreciation and amortisation	(705.4)	(670.3)
Net provision expense	(9.3)	24.0
Operating expenses	(2,276.8)	(2,261.3)
Operating income from ordinary activities	2,055.7	2,003.0
% of revenue ^(*)	53.9%	54.3%
Share-based payments (IFRS 2)	(10.0)	(4.7)
Income/(loss) of companies accounted for under the equity method	2.8	(3.7)
Other ordinary operating items	(0.1)	31.3
Ordinary net operating income	2,048.4	2,025.9
Consolidation scope effect		1.6
Operating income	2,048.4	2,027.5

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

Other ordinary operating items included, in 2016, 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. Employment costs

(in € millions)	Note	2017	2016
Wages and employee benefit expenses – I		(261.6)	(266.8)
of which wages and salaries ^(*)		(168.6)	(172.1)
of which social security expenses		(69.6)	(71.7)
of which costs of defined contribution plans		(31.5)	(31.2)
Incentive and employee profit-sharing – II		(42.2)	(39.7)
Total (I+II)		(303.8)	(306.5)

^(*) Including an €8.9 million tax credit for competitiveness and employment in 2017 (vs. €7.7 million in 2016).

During the year 2017, the average workforce, expressed in full-time equivalents, dropped -3.1% from 2016.

	2017	2016
Average number of employees (full time equivalents)	4,920	5,076
<i>of which managers</i>	650	626
<i>of which non-managers</i>	4,270	4,450

D.3.2. Other operating income and expenses

<i>(in € millions)</i>	2017	2016
Operating grants and insurance settlements received	1.7	1.4
Net gains or losses on disposal of property, plant and equipment and intangible assets	2.6	(0.3)
Other operating income and expenses	4.3	1.1

D.3.3. Depreciation and amortisation

<i>(in € millions)</i>	2017	2016
Concession intangible assets	(597.2)	(557.0)
Other intangible fixed assets	(11.2)	(12.4)
Property, plant and equipment	(97.0)	(100.9)
Depreciation and amortisation	(705.4)	(670.3)

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 2017 amounted to €295.8 million, compared with €334.1 million at 31 December 2016, a decrease of €38.3 million. This change came primarily from refinancing on better terms the repayments due in 2016 and 2017 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:

<i>(in € millions)</i>	2017	2016
Financial liabilities at amortised cost	(354.6)	(400.3)
Financial assets and liabilities at fair value through profit or loss		0.3
Derivatives designated as hedges: assets and liabilities ^(*)	57.9	68.6
Derivatives at fair value through profit and loss: assets and liabilities	0.9	(2.7)
Total cost of net financial debt	(295.8)	(334.1)

^(*) 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:

<i>(in € millions)</i>	2017	2016
Net interest received from derivatives designated as fair value hedges	120.5	136.8
Change in value of derivatives designated as fair value hedges	(98.7)	(13.5)
Change in value resulting from the adjustment of hedged financial debt to fair value	98.7	13.5
Reserve recycled through profit or loss in respect of cash flow hedges	(62.6)	(68.2)
Gains and losses on derivative instruments allocated to net financial debt	57.9	68.6

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:

<i>(in € millions)</i>	2017	2016
Effect of discounting to present value	(6.5)	(13.7)
Capitalised borrowing costs	18.6	27.1
Total other financial income and expenses	12.1	13.4

Other financial expenses comprised the effect of discounting assets and liabilities at more than one year for €6.5 million in 2017 (€13.7 million in 2016).

This discounting effect arose largely from provisions for the obligation to maintain the condition of concession assets in the amount of €3.8 million in 2017 (€11.2 million in 2016), provisions for retirement benefit obligations in the amount of €2.0 million in 2017 (€2.0 million in 2016) and non-current payables and receivables in the amount of €0.7 million in 2017 (€0.5 million in 2016).

Other financial income included in particular capitalised borrowing costs of €18.6 million in 2017 (€27.1 million in 2016).

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) is 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

<i>(in € millions)</i>	2017	2016
Current tax	(724.8)	(597.2)
Deferred tax	23.3	33.7
Income tax expenses	(701.5)	(563.5)

The net tax expense for 2017 was €701.5 million (€563.5 million in 2016) of which €586.2 million for ASF (€455.7 million in 2016) and €115.3 million for Escota (€107.8 million in 2016). Current tax includes the exceptional corporate tax increase in 2017 of 7.94% for ASF in the amount of €110.1 million.

The Group's deferred tax at 31 December 2017 was reassessed in the light of adoption of the 2018 Finance Act in France, which provides for a progressive reduction of corporate tax from 33.33% to 25.00% for all companies between 2019 and 2022. The impact on the net income attributable to owners of the parent is €13.9 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 34.4% for 2017 excluding the impact of the progressive reduction in corporate tax scheduled from 2019 and the increase in the normal tax rate for 2017, as compared with 34.5% in 2016.

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

<i>(in € millions)</i>	2017	2016
Income before tax and income/(loss) of companies accounted for under the equity method	1,761.8	1,710.5
Theoretical tax rate in France	34.4%	34.4%
Theoretical tax expense expected	(606.6)	(588.9)
Permanent differences and other	1.3	(0.8)
Impact of changes in the deferred tax legislation	13.9	26.2
Exceptional contribution (2017)	(110.1)	
Tax expense recognised	(701.5)	(563.5)
Effective tax rate (excluding Group's share in companies accounted for under the equity method)	39.8%	32.9%
Effective tax rate (excluding Group's share in companies accounted for under the equity method, excluding the impact of non-current changes in deferred tax and excluding the exceptional increase in the nominal tax rate for 2017)	34.4%	34.5%

D.6.3. Breakdown of deferred tax assets and liabilities

<i>(in € millions)</i>	31/12/2017	Change			31/12/2016
		Profit or loss	Equity	Other	
Deferred tax assets					
Temporary differences on retirement benefit obligations	27.1	(1.7)	(1.3)		30.1
Temporary differences on financial instruments	36.6	(0.4)	(22.9)		59.9
Other	54.0	3.4			50.6
Total deferred tax	117.7	1.3	(24.2)	0.0	140.6
Deferred tax liabilities					
Concession intangible assets (capitalised borrowing costs and other)	157.9	(24.2)			182.1
Concession property, plant and equipment	7.0	(1.8)			8.8
Temporary differences on provisions	3.5	0.4			3.1
Other	11.4	0.2	(0.3)		11.5
Total deferred tax - liabilities	179.8	(25.4)	(0.3)	0.0	205.5
Net deferred tax	(62.1)	26.7	(23.9)	0.0	(64.9)

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 IAS33. 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 2017, as in 2016, is 230,978,001. Basic and diluted earnings per share are the same.

Earnings per share amounted to €4,596 in 2017 (€4,943 in 2016).

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

<i>(in € millions)</i>	Cost of infrastructure	Advances and in progress	Investment subsidies	Total
Gross amount				
At 01/01/2016	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
Acquisitions in the period ^(*)	143.3	351.6	(20.1)	474.8
Disposals and retirements during the period	(1.9)			(1.9)
Other movements	854.2	(855.6)	7.1	5.7
At 31/12/2017	21,478.6	774.2	(421.6)	21,831.2
Depreciation and amortisation				
At 01/01/2016	(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)
Amortisation during the period	(608.1)		10.9	(597.2)
At 31/12/2017	(10,565.2)	0.0	168.1	(10,397.1)
Net value				
At 01/01/2016	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
At 31/12/2017	10,913.4	774.2	(253.5)	11,434.1

^(*) Including capitalised borrowing costs.

Investments in 2017, excluding capitalised borrowing costs, amounted to €456.2 million (€488.7 million in 2016).

Borrowing costs included in the cost of concession assets before their commissioning amounted to €18.6 million in 2017 (€27.1 million in 2016).

Concession intangible assets comprised assets under construction for €774.2 million at 31 December 2017 (of which €644.8 million for ASF and €129.4 million for Escota) compared with €1,278.2 million at 31 December 2016 (of which €1,086.0 million for ASF and €192.2 million for Escota). ASF's capital spending has been primarily linked to the Motorway Stimulus Plan signed in July 2015, the widening of the A63 motorway in France's Pays basque region and completion of the widening of the A9 at Montpellier, which was opened in May 2017 more than six months ahead of schedule.

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 2,737 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 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 €334.7 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:

<i>(in € millions)</i>	31/12/2017	31/12/2016
ASF	873.1	1,200.2
Escota	508.2	515.8
Total	1,381.3	1,716.0

Annual concession performance report

The annual reports for 2016 on compliance with ASF's and Escota's contractual obligations and performance of their master contracts were submitted in June 2017 to the French Government's Transport Infrastructure Department. The companies have met all their commitments.

F. Other balance sheet items and business-related commitments

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, signage, 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	20 to 30 years
- General technical installations	5 to 10 years
Plant and machinery	4 to 15 years
Computer equipment	3 to 5 years
Transport and handling equipment	2 to 10 years
Fixtures and fittings	5 to 10 years
Office furniture and equipment	3 to 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.

<i>(in € millions)</i>	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 01/01/2016	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
Acquisitions in the period ^(*)	26.1	23.4	(0.2)		49.3
Disposals and retirements during the period	(28.2)				(28.2)
Other movements	29.0	(28.8)			0.2
At 31/12/2017	2,256.2	72.9	(9.3)	0.0	2,319.8
Depreciation and amortisation					
At 01/01/2016	(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)
Amortisation during the period	(97.2)		0.2		(97.0)
Disposals and retirements during the period	27.6				27.6
At 31/12/2017	(1,774.7)	0.0	8.4	0.0	(1,766.3)
Net value					
At 01/01/2016	573.1	59.5	(1.4)	0.2	631.4
At 31/12/2016	524.2	78.3	(0.9)	0.0	601.6
At 31/12/2017	481.5	72.9	(0.9)	0.0	553.5

^(*) 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 €32.5 million at 31 December 2017 (compared with €29.6 million at 31 December 2016). They included the Group's software at €16.0 million (€20.2 million at 31 December 2016) and patents, licences and other intangible assets at €16.5 million (€9.4 million at 31 December 2016).

Depreciation and amortisation stood at €11.2 million for the year (€12.4 million in 2016).

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 2017, as in 2016.

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 €13.1 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" (for 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 €1.6 million at 31 December 2017 (€1.7 million at 31 December 2016).

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

<i>(in € millions)</i>	31/12/2017	31/12/2016
Start of the period	12.5	11.6
Acquisitions in the period	1.0	1.4
Disposals and retirements during the period	(0.4)	(0.5)
End of period	13.1	12.5
<i>of which:</i>		
1 to 5 years	2.4	1.7
more than 5 years	10.7	10.8

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

(in € millions)	31/12/2017	31/12/2016	Changes 31/12/2017 - 31/12/2016	
			Changes in operating WCR	Other changes
Inventories and work in progress (net)	4.1	4.3	(0.2)	
Trade and other receivables	343.3	309.6	33.7	
Other current operating assets	152.5	167.3	(14.8)	
Inventories and operating receivables (I)	499.9	481.2	18.7	0.0
Trade payables	(114.0)	(80.8)	(33.2)	
Other current operating liabilities	(427.5)	(416.2)	(11.2)	(0.1)
Trade and other operating payables (II)	(541.5)	(497.0)	(44.4)	(0.1)
Working capital requirements (excluding current provisions) (I + II)	(41.6)	(15.8)	(25.7)	(0.1)
Current provisions	(409.9)	(397.5)	(8.7)	(3.7)
of which part at less than one year of non-current provisions	(0.6)	(0.6)	0.5	(0.5)
Working capital requirements (including current provisions)	(451.5)	(413.3)	(34.4)	(3.8)

F.11.2. Current operating assets and liabilities

Current operating assets and liabilities break down as follows:

(in € millions)	31/12/2017	Maturity					
		within 1 year			1 to 5 years	more than 5 years	
		1 to 3 months	3 to 6 months	6 to 12 months			
Inventories and work in progress (net)	4.1				3.3	0.8	
Trade and other receivables	343.3	342.3		0.1	0.9		
Other current operating assets	152.5	86.5	8.0	21.2	35.4	1.4	
Inventories and operating receivables	I	499.9	428.8	8.0	21.3	39.6	2.2
Trade payables	(114.0)	(64.0)	(50.0)				
Other current operating liabilities	(427.5)	(277.7)	(55.2)	(21.2)	(41.3)	(32.1)	
Trade and other operating payables	II	(541.5)	(341.7)	(105.2)	(21.2)	(41.3)	(32.1)
Working capital requirement (connected with operations)	I + II	(41.6)	87.1	(97.2)	0.1	(1.7)	(29.9)

(in € millions)	31/12/2016	Maturity				
		within 1 year			1 to 5 years	more than 5 years
		1 to 3 months	3 to 6 months	6 to 12 months		
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)

Breakdown of trade receivables

Trade receivables and allowances were as follows:

(in € millions)	31/12/2017	31/12/2016
Trade receivables invoiced	24.0	68.4
Allowance against trade receivables	(1.0)	(1.1)
Trade receivables, net	23.0	67.3

At 31 December 2017, trade receivables between six and twelve months past due amounted to €1.2 million (€1.3 million at 31 December 2016). Impairment of €0.1 million was recognised (the same as at 31 December 2016). At 31 December 2017, trade receivables more than one year past due amounted to €2.9 million (the same as at 31 December 2016) and provisions of €0.7 million were taken in consequence (€0.8 million at 31 December 2016).

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 2017 and 2016:

(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
01/01/2016	416.2	81.4	(46.5)	(10.5)	(0.8)	0.2	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)	397.5
Obligation to maintain the condition of concession assets	367.6	71.9	(52.7)	(8.3)			378.5
Other current liabilities	29.3	10.4	(3.5)	(5.3)	(0.1)		30.8
Reclassification of the part at less than one year	0.6						0.6
31/12/2017	397.5	82.3	(56.2)	(13.6)	(0.1)	0.0	409.9

The provisions relating to the obligation to maintain the condition of concession assets comprised €312.9 million for ASF at 31 December 2017 (€303.4 million at 31 December 2016) and €65.6 million for Escota at 31 December 2017 (€64.2 million at 31 December 2016).

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".

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

<i>(in € millions)</i>	Opening	Allocations	Usage	Other reversals not used	Changes in consolidation scope and miscellaneous	Change in the part at less than one year	Closing
01/01/2016	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
Other liabilities	1.0	0.5	(0.1)	(0.4)	0.1		1.1
Reclassification of the part at less than one year	(0.6)						(0.6)
31/12/2017	0.4	0.5	(0.1)	(0.4)	0.1	0.0	0.5

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 €1.1 million at 31 December 2017 (€1.0 million at 31 December 2016), of which €0.6 million for the part at less than one year (€0.6 million at 31 December 2016).

F.13. Other contractual obligations of an operational nature

<i>(in € millions)</i>	31/12/2017	31/12/2016
Operating leases - real property	1.0	0.9
Operating leases - business property	9.2	8.9
Total operating leases	10.2	9.8

The obligations relating to operating leases amounted to €10.2 million at 31 December 2017 (€9.8 million at 31 December 2016), including €1.0 million for real estate (€0.9 million at 31 December 2016) and €9.2 million for business property leases (€8.9 million at 31 December 2016).

The breakdown of contractual obligations by maturity is as follows:

<i>(in € millions)</i>	Total	Payments due by period		
		within 1 year	1 to 5 years	more than 5 years
Operating leases - real property	1.0	0.4	0.6	
Operating leases - business property	9.2	2.1	6.3	0.8
Total operating leases	10.2	2.5	6.9	0.8

G. Data on the Group's shareholdings

G.14. 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.14.1. Changes during the period

(in € millions)	31/12/2017	31/12/2016
Value of shares at start of the year	0.0	5.0
Increase in the share capital of companies accounted for under the equity method	10.8	3.7
Group share of income (loss) for the period	2.8	(3.7)
Changes in consolidation scope and translation differences		(5.0)
Value of shares at end of the year	13.6	0.0

G.14.2. Aggregated financial information

At 31 December 2017, investments in companies accounted for under the equity method relate to Axxès.

(in € millions)	31/12/2017	31/12/2016
% held	42.9%	42.9%
Income statement		
Revenue	405.3	372.2
Net income	2.8	(3.7)

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 2017 and 31 December 2016, there were no unrecognised losses against associates.

G.14.3. Transactions between subsidiaries and associates

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

(in € millions)	31/12/2017	31/12/2016
Revenue	312.2	314.1
Revenue from ancillary activities	1.4	1.5
Trade receivables	10.9	26.6
Purchases	2.2	1.6
Trade payables	0.4	0.4

G.15. 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.

<i>(in € millions)</i>	31/12/2017	31/12/2016
Listed shares in subsidiaries and affiliates	3.7	5.2
Available-for-sale financial assets (gross)	3.7	5.2
Available-for-sale financial assets (net)	3.7	5.2
Loans and receivables	13.1	12.5
Other non-current financial assets	16.8	17.7

Available-for-sale assets break down as follows:

<i>(in € millions)</i>	31/12/2017	31/12/2016
Société Marseillaise du Tunnel Prado Carénage	3.7	5.2
Available-for-sale financial assets (net)	3.7	5.2

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

<i>(in € millions)</i>	31/12/2017	31/12/2016
Start of the period	5.2	5.6
Changes in fair value recognised in equity	(1.5)	(0.4)
End of period	3.7	5.2

H. Equity

H.16. Shareholders' equity

H.16.1. 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.16.2. Transactions recognised directly in equity

(in € millions)	31/12/2017			31/12/2016		
	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	1.9	0.0	1.9	2.3	0.0	2.3
Changes in fair value in the period	(1.5)		(1.5)	(0.4)		(0.4)
Gross reserve before tax effect at balance sheet date	I	0.4	0.4	1.9	0.0	1.9
Hedges of net investments						
Reserve at beginning of period	(171.1)	0.0	(171.1)	(201.0)	0.0	(201.0)
Changes in fair value in the period	18.7		18.7	3.2		3.2
Fair value items recognised in profit or loss	45.8		45.8	26.7		26.7
Gross reserve before tax effect at balance sheet date	II	(106.6)	(106.6)	(171.1)	0.0	(171.1)
Gross reserve before tax effect at balance sheet date (items that may be recycled through profit or loss)	I + II	(106.2)	(106.2)	(169.2)	0.0	(169.2)
Associated tax effect		34.7	34.7	57.3		57.3
Reserve net of tax (items that may be recycled through profit or loss)	III	(71.5)	(71.5)	(111.9)	0.0	(111.9)
Actuarial gains and losses on retirement benefit obligations						
Reserve at beginning of period	(21.8)	0.0	(21.8)	(20.1)	0.0	(20.1)
Actuarial gains and losses recognised in the period		1.7	1.7	(0.2)		(0.2)
Associated tax effect		(1.3)	(1.3)	(1.5)		(1.5)
Reserve net of tax at balance sheet date (items that may not be recycled through profit or loss)	IV	(21.4)	(21.4)	(21.8)	0.0	(21.8)
Total of transactions recognised directly in equity	III + IV	(92.9)	(92.9)	(133.7)	0.0	(133.7)

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.20.1.2. "Description of hedging transactions".

H.16.3. Non-controlling interests

The only non-controlling interests remaining at 31 December 2017 were exclusively those of Escota.

H.17. Dividends

The dividends paid by ASF SA in respect of 2017 and 2016 break down as follows:

		2017	2016
Interim dividend			
Amount (in € millions)	(I)	205.6	977.0
Per share (in euros)		0.89	4.23
Final dividend			
Amount (in € millions)	(II)		164.0
Per share (in euros)			0.71
Total net dividend per share			
Amount (in € millions)	(I) + (II)	205.6	1,141.0
Per share (in euros)		0.89	4.94

ASF SA paid the balance of the dividends for financial year 2016 (€164.0 million) in cash on 7 April 2017. The Company also paid an interim dividend for 2017 on 30 August 2017.

The total dividend to be paid with respect to 2017 will be submitted to the Shareholders' General Meeting for approval on 23 March 2018 (see Note M.26. "Appropriation of 2017 net income").

I. Financing and financial risk management

I.18. 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.

The part at less than one year of borrowings is included in "current financial debts".

At 31 December 2017, net financial debt, as defined by the Group, stood at €10.4 billion, down €831.4 million from 31 December 2016 (€11.2 billion). It can be broken down as follows:

Accounting categories (in € millions)	Note	31/12/2017					31/12/2016			
		Non-current	Ref.	Current ⁽¹⁾	Ref.	Total	Non-current	Current ⁽¹⁾	Total	
Financial liabilities at amortised cost										
Bonds	1.18.1.	(8,136.3)	(1)	(726.2)	(3)	(8,862.5)	(7,330.0)	(187.3)	(7,517.3)	
Other bank loans and borrowings	1.18.1.	(1,051.9)	(2)	(930.1)	(3)	(1,982.0)	(3,529.9)	(756.1)	(4,286.0)	
Long-term financial debt⁽²⁾		(9,188.2)		(1,656.3)		(10,844.5)	(10,859.9)	(943.4)	(11,803.3)	
I – Gross financial debt		(9,188.2)		(1,656.3)		(10,844.5)	(10,859.9)	(943.4)	(11,803.3)	
<i>of which: Impact of fair value hedges</i>		<i>(420.4)</i>				<i>(420.4)</i>	<i>(564.2)</i>		<i>(564.2)</i>	
Financial assets measured at fair value through profit or loss										
Cash equivalents	1.19.1.			26.8	(7)	26.8		64.3	64.3	
Cash	1.19.1.			33.6	(7)	33.6		33.7	33.7	
II – Financial assets		0.0		60.4		60.4	0.0	98.0	98.0	
Derivatives										
Derivative financial instruments – liabilities	1.20.	(124.0)	(8)	(15.7)	(10)	(139.7)	(166.9)	(20.1)	(187.0)	
Derivative financial instruments – assets	1.20.	445.7	(9)	114.4	(11)	560.1	576.1	121.1	697.2	
III – Derivative financial instruments		321.7		98.7		420.4	409.2	101.0	510.2	
Net financial debt (I + II + III)		(8,866.5)		(1,497.2)		(10,363.7)	(10,450.7)	(744.4)	(11,195.1)	

⁽¹⁾ Current part including accrued interest not matured.

⁽²⁾ Including the part at less than one year.

Change in net financial debt:

(in € millions)	Ref.	Non-cash changes						
		Opening	Cash flows	Changes in consolidation scope	Translation effect	Changes in fair value	Other changes	Closing
Bonds	(1)	(7,330.0)	(1,500.0)		10.5	149.9	533.3 ^(*)	(8,136.3)
Other loans and borrowings	(2)	(3,529.9)	1,582.7		22.3	0.3	872.7 ^(*)	(1,051.9)
Current financial debts	(3)	(943.4)	664.7			(6.3)	(1,371.3)	(1,656.3)
<i>of which part at less than one year of long-term debt</i>		<i>(943.4)</i>	<i>664.7</i>			<i>(6.3)</i>	<i>(1,371.3)</i>	<i>(1,656.3)</i>
Cash and cash equivalents	(7)	98.0	(37.6)					60.4
Derivative financial instruments – net	(8) to (11)	510.2	89.2		(32.8)	(132.1)	(14.1)	420.4
Net financial debt		(11,195.1)	799.0	0.0	0.0	11.8	20.6	(10,363.7)

^(*) Part at less than one year is included in "current financial debts".

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.18.1. Detail of long-term financial debt

At 31 December 2017, long-term financial debt amounted to €10.8 billion, down €958.8 million from 31 December 2016 (€11.8 billion).

ASF contracted the following financing in 2017:

- on 18 January 2017, a bond issue under its EMTN (Euro Medium Term Note) programme for €1 billion, maturing in January 2027, with a 1.25% coupon;
- on 20 April 2017, a bond issue under its EMTN (Euro Medium Term Note) programme for €500 million, maturing in April 2026, with a 1.125% coupon.

The main debt repayments in 2017 concern:

- different loans taken out with CNA-EIB for a total amount of €669.5 million in January and April;
- EIB loans for €27.9 million;
- reduction in the credit facility with VINCI of €1,550.0 million.

Details of the main financial debts at 31 December 2017 are shown below:

(in € millions)	31/12/2017						31/12/2016	
	Currency	Contractual interest rate	Maturity	Outstanding capital	Carrying amount	of which accrued interest not matured	Outstanding capital	Carrying amount
Bonds I				8,292.9	8,862.5	201.9	6,792.0	7,517.3
of which:								
ASF 2011 bond issue	EUR	4.0%	September 2018	500.0	511.4	5.4	500.0	519.4
ASF 2009 bond issue and April 2009 assimilation	EUR	7.4%	March 2019	969.6	1,037.7	56.2	969.6	1,049.0
ASF 2010 bond issue and August 2010 assimilation	EUR	4.1%	April 2020	650.0	717.3	19.3	650.0	739.2
ASF 2007 bond issue	EUR	5.6%	July 2022	1,575.0	1,781.0	43.9	1,575.0	1,824.5
ASF 2013 bond issue	EUR	2.9%	January 2023	700.0	764.6	19.2	700.0	781.9
ASF 2014 bond issue	EUR	2.95%	January 2024	600.0	612.9	16.9	600.0	612.4
ASF 2016 bond issue	EUR	1.0%	May 2026	500.0	489.4	3.2	500.0	495.2
ASF 2017 bond issue	EUR	1.125%	April 2026	500.0	501.5	3.9		
ASF 2017 bond issue	EUR	1.25%	January 2027	1,000.0	1,002.1	11.9		
Other bank loans and borrowings II				1,992.9	1,982.0	26.7	4,240.3	4,286.0
CNA loans	EUR			750.0	776.9	25.8	1,282.0	1,339.4
of which:								
ASF and Escota CNA 2002	EUR	5.3%	January 2017				532.0	557.7
ASF CNA 2004/2005	EUR	4.5%	March 2018	750.0	776.9	25.8	750.0	781.7
CNA/EIB loans	EUR			0.0	0.0	0.0	137.5	143.8
EIB loans	EUR			742.9	707.9	0.6	770.8	756.7
Credit facilities	EUR			500.0	497.1	0.3	2,050.0	2,046.1
of which:								
ASF's VINCI credit facility ^(*)	EUR	1-month Euribor	December 2020	400.0	400.0		1,950.0	1,950.0
Long-term financial debt I + II				10,285.7	10,844.5	228.6	11,032.3	11,803.3

^(*) Internal credit facility with VINCI (see Note I.19.2. "Revolving credit facilities").

I.18.2. Maturity of the net financial debt

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

(in € millions)	31/12/2017					
	Carrying amount	Capital and interest cash flows	within 1 year	between 1 & 2 years	between 2 & 5 years	more than 5 years
Bonds	(8,862.5)	(9,786.9)	(829.8)	(1,460.9)	(2,803.5)	(4,692.7)
Capital	(8,862.5)	(8,292.9)	(518.4)	(1,169.6)	(2,225.0)	(4,379.9)
Interest payment cash flows		(1,494.0)	(311.4)	(291.3)	(578.5)	(312.8)
Other bank loans and borrowings	(1,982.0)	(2,052.3)	(939.0)	(65.4)	(590.7)	(457.2)
Capital	(1,982.0)	(1,992.9)	(900.8)	(60.8)	(582.5)	(448.8)
Interest payment cash flows		(59.4)	(38.2)	(4.6)	(8.2)	(8.4)
Long-term financial debt	(10,844.5)	(11,839.2)	(1,768.8)	(1,526.3)	(3,394.2)	(5,149.9)
Financial debt I	(10,844.5)	(11,839.2)	(1,768.8)	(1,526.3)	(3,394.2)	(5,149.9)
Cash equivalents	26.8	26.8	26.8			
Cash	33.6	33.6	33.6			
Financial assets II	60.4	60.4	60.4	0.0	0.0	0.0
Derivative financial instruments - liabilities	(139.7)	72.7	(8.0)	0.2	27.2	53.3
Derivative financial instruments - assets	560.1	514.9	118.2	113.4	222.7	60.6
Derivative financial instruments III	420.4	587.6	110.2	113.6	249.9	113.9
Net financial debt (I + II + III)	(10,363.7)	(11,191.2)	(1,598.2)	(1,412.7)	(3,144.3)	(5,036.0)

At 31 December 2017, the average maturity of the Group's medium and long-term financial debt was 5.0 years, compared with 4.8 years at 31 December 2016.

I.18.3. Credit ratings and financial covenants**Credit ratings**

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

Agency	Rating		
	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 31/12/2017
	CNA (Caisse Nationale des Autoroutes) loans	750.0	750.0	Consolidated net financial debt/Consolidated EBITDA	≤ 7	3.7
				Consolidated EBITDA/Consolidated financial expenses	> 2.2	9.4
ASF	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	3.8
				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	9.3

⁽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 2017.

I.19. 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 2017, the Group's available resources amounted to €3.8 billion, including €60.4 million net cash managed and €3.8 billion of unused confirmed medium-term credit facilities.

I.19.1. Breakdown of net cash managed

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

<i>(in € millions)</i>	31/12/2017	31/12/2016
Cash equivalents	26.8	64.3
Marketable securities and mutual funds (UCITS)	26.8	64.3
Cash	33.6	33.7
Net cash and cash equivalents	60.4	98.0
Current cash management financial assets	0.0	0.0
Balance of cash current accounts	0.0	0.0
Net cash managed	60.4	98.0

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.19.2. Revolving credit facilities

ASF has a €1.7 billion revolving credit facility whose maturity was extended in the first half of 2016 to May 2021, following acceptance of the second one-year extension by the lenders, 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 2017 are as follows:

<i>(in € millions)</i>	Used at 31/12/2017	Authorised at 31/12/2017	Maturity		
			within 1 year	1 to 5 years	more than 5 years
Revolving credit facilities		1,670.0		1,670.0	
VINCI credit facility	400.0	2,500.0		2,500.0	
Total	400.0	4,170.0		4,170.0	

I.20. 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 hedges.

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

The ASF group 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	31/12/2017	31/12/2016
		Fair value ^(*)	Fair value ^(*)
Interest-rate derivatives: fair value hedges	I.20.1.2.	486.8	649.4
Interest-rate derivatives: cash flow hedges	I.20.1.2.	(30.0)	(126.2)
Interest-rate derivatives: not designated as hedges	I.20.1.3.	25.5	20.6
Interest-rate derivatives		482.3	543.8
Exchange-rate derivatives: fair value hedges	I.20.2.	(32.8)	(22.4)
Exchange-rate derivatives: cash flow hedges	I.20.2.	(27.9)	(9.0)
Exchange-rate derivatives		(60.7)	(31.4)
Other derivatives		(1.2)	(2.2)
Total derivative financial instruments		420.4	510.2

^(*) Fair value includes interest accrued but not matured amounting to €81.0 million at 31 December 2017 (€83.1 million at 31 December 2016).

I.20.1. 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.20.1.1. 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 2017 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:

(in € millions)	Breakdown between fixed and floating rate before hedging										Total	
	Fixed-rate			Inflation-linked			Floating-rate			Debt		
	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt	Proportion	Rate			
ASF	9,136.1	89.0%	3.72%	199.9	1.9%	4.58%	929.9	9.1%	0.52%	10,265.9	3.44%	
Total at 31/12/2017	9,136.1	89.0%	3.72%	199.9	1.9%	4.58%	929.9	9.1%	0.52%	10,265.9	3.44%	
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%	

(in € millions)	Breakdown between fixed and floating rate after hedging										Total	
	Fixed-rate			Inflation-linked			Floating-rate			Debt		
	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt	Proportion	Rate			
ASF	5,448.0	53.1%	3.56%	0.0	0.0%	0.00%	4,817.9	46.9%	0.89%	10,265.9	2.76%	
Total at 31/12/2017	5,448.0	53.1%	3.56%	0.0	0.0%	0.00%	4,817.9	46.9%	0.89%	10,265.9	2.76%	
Total at 31/12/2016	6,572.2	59.6%	3.34%	0.0	0.0%	0.00%	4,462.2	40.4%	1.47%	11,034.4	2.80%	

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

(in € millions)	31/12/2017			
	Impact of sensitivity calculation			
	Profit or loss		Equity	
	+25 bps	-25 bps	+25 bps	-25 bps
Floating-rate debt after hedging (accounting basis)	(12.1)	12.1		
Floating-rate assets after hedging (accounting basis)	0.2	(0.2)		
Derivatives not designated as hedges for accounting purposes				
Derivatives designated as cash flow hedges			1.9	(1.9)
Total	(11.9)	11.9	1.9	(1.9)

I.20.1.2. 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:

(in € millions)	Receive fixed/pay floating interest-rate swap					
	Fair value	Notional	within 1 year	between 1 and 2 years	between 2 and 5 years	more than 5 years
At 31/12/2017	486.8	5,273.9	367.0	275.0	1,402.0	3,229.9
At 31/12/2016	649.4	5,384.6	610.7	367.0	1,425.0	2,981.9

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

During the financial year, ASF terminated all the deferred start swaps with maturities of up to 2019. These swaps had served to fix the interest payments on future issues of debt considered as highly probable.

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

(in € millions)	31/12/2017					
	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	(30.0)	200.0			200.0	
Total interest-rate derivatives designated for accounting purposes as cash-flow hedges	(30.0)	200.0	0.0	0.0	200.0	0.0
<i>of which hedging of contractual cash flows</i>	<i>(30.0)</i>	<i>200.0</i>			<i>200.0</i>	
<i>of which hedging of highly probable projected cash flows^(*)</i>						

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

(in € millions)	31/12/2016					
	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
<i>of which hedging of contractual cash flows</i>	<i>(41.7)</i>	<i>245.0</i>	<i>45.0</i>		<i>200.0</i>	
<i>of which hedging of highly probable projected cash flows^(*)</i>	<i>(84.5)</i>	<i>1,499.0</i>			<i>1,499.0</i>	

^(*) 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 2017 for the existing or unwound instruments designated as cash flow hedges to have an impact on profit or loss:

(in € millions)	Position at 31/12/2017				
	Amount in the equity of companies controlled	Amount recycled in profit or loss			
		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	(101.6)	(54.0)	(33.8)	(13.8)	0.0
<i>of which hedging of contractual cash flows</i>	<i>(29.7)</i>	<i>(10.0)</i>	<i>(10.0)</i>	<i>(9.7)</i>	
<i>of which hedging of highly probable cash flows</i>	<i>(71.9)</i>	<i>(44.0)</i>	<i>(23.8)</i>	<i>(4.1)</i>	

I.20.1.3. Description of non-hedging transactions

(in € millions)	31/12/2017					
	Fair value	Notional	within 1 year	between 1 and 2 years	between 2 and 5 years	more than 5 years
Interest-rate swaps	25.5	1,000.0			1,000.0	
Total interest-rate derivatives not designated as hedges for accounting purposes	25.5	1,000.0	0.0	0.0	1,000.0	0.0

(in € millions)	31/12/2016					
	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

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.20.2. 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:

(in € millions)	31/12/2017		31/12/2016	
	Amount	Percentage	Amount	Percentage
Euro	10,441.0	96.3%	11,394.1	96.5%
Other	403.5	3.7%	409.2	3.5%
Total long-term borrowings	10,844.5	100.0%	11,803.3	100.0%

At both 31 December 2017 and 31 December 2016, 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:

(in € millions)	31/12/2017					
	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)	(32.8)	143.9				143.9
Fair value hedge	(32.8)	143.9	0.0	0.0	0.0	143.9
Currency swaps (including Cross Currency Swaps)	(27.9)	259.6				259.6
Hedges of net investments	(27.9)	259.6	0.0	0.0	0.0	259.6
Total exchange rate derivatives	(60.7)	403.5	0.0	0.0	0.0	403.5

(in € millions)	31/12/2016					
	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

I.20.3. 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 2017 and 31 December 2016, adjustments recognised for counterparty risk and own credit risk were not material.

Offsetting arrangements for derivative financial instruments

At 31 December 2017 and in accordance with IAS 32, the Group's financial assets and liabilities (including derivative financial instruments) are not 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:

(in € millions)	31/12/2017			31/12/2016		
	Fair value of derivatives recognised in the balance sheet ⁽⁴⁾	Impact of offsetting arrangements	Total	Fair value of derivatives recognised in the balance sheet ⁽⁴⁾	Impact of offsetting arrangements	Total
Derivative financial instruments - assets	560.1	(77.5)	482.6	697.2	(56.3)	640.9
Derivative financial instruments - liabilities	(139.7)	77.5	(62.2)	(187.0)	56.3	(130.7)
Derivative financial instruments - net	420.4	0.0	420.4	510.2	0.0	510.2

⁽⁴⁾ Gross amounts as presented in the Group's consolidated balance sheet.

I.21. Book and fair value of financial instruments by accounting category

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

31/12/2017	Accounting categories ⁽¹⁾						Fair value				
(in € millions)	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
Balance sheet headings and classes of instrument											
Listed shares in subsidiaries and affiliates				3.7			3.7	3.7			3.7
Loans and financial receivables				13.1			13.1		13.1		13.1
I – Non-current financial assets⁽²⁾	0.0	0.0	0.0	16.8	0.0	0.0	16.8	3.7	13.1	0.0	16.8
II – Derivative financial instruments – assets	35.3	524.8					560.1		560.1		560.1
Cash equivalents			26.8				26.8	26.8 ⁽³⁾			26.8
Cash			33.6				33.6	33.6			33.6
III – Current financial assets	0.0	0.0	60.4	0.0	0.0	0.0	60.4	60.4	0.0	0.0	60.4
Total assets	35.3	524.8	60.4	16.8	0.0	0.0	637.3	64.1	573.2	0.0	637.3
Bonds						(8,862.5)	(8,862.5)	(8,851.7)	(518.6)		(9,370.3)
Other bank loans and borrowings						(1,982.0)	(1,982.0)	(784.5) ⁽⁴⁾	(1,220.8)		(2,005.3)
IV – Long-term financial debt	0.0	0.0	0.0	0.0	0.0	(10,844.5)	(10,844.5)	(9,636.2)	(1,739.5)	0.0	(11,375.6)
V – Derivative financial instruments – liabilities	(9.7)	(130.0)					(139.7)		(139.7)		(139.7)
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	(9.7)	(130.0)	0.0	0.0	0.0	(10,844.5)	(10,984.2)	(9,636.2)	(1,879.2)	0.0	(11,515.3)
Total	25.6	394.8	60.4	16.8	0.0	(10,844.5)	(10,346.9)	(9,572.1)	1,306.0	0.0	(10,878)

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

⁽²⁾ See Note G.15. "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 2017.

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.15. "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.22. Provisions for employee benefits

At 31 December 2017 the long-term portion of provisions for employee benefits broke down as follows:

(in € millions)	Note	31/12/2017	31/12/2016
Provisions for retirement benefit obligations	J.22.1.	97.6	97.4
Long-term employee benefits	J.22.2.	1.2	1.8
Total provisions for employee benefits		98.8	99.2

J.22.1. 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 2017 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)	31/12/2017	31/12/2016
Part at more than one year	97.6	97.4
Part at less than one year ^(*)	4.0	3.1
Total provisions for retirement benefit obligations	101.6	100.5

^(*) The 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 2017, provisions for retirement benefit obligations connected with post-employment benefit plans amounted to €101.6 million (including €97.6 million at more than one year) compared with €100.5 million at 31 December 2016 (including €97.4 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 (€4.0 million at 31 December 2017 and €3.1 million at 31 December 2016) 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	31/12/2017	31/12/2016
Discount rate	1.75%	1.85%
Inflation rate	1.6%	1.6%
Rate of salary increases	0.0% - 2.6%	0.0% - 2.6%
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 2017. The book value at 31 December 2017 is used for assets invested with insurance companies.

On the basis of the actuarial assumptions referred to above, 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

(in € millions)	31/12/2017			31/12/2016		
	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	62.1	71.6	133.7	61.8	72.6	134.4
Fair value of plan assets	(28.1)	(4.0)	(32.1)	(29.4)	(4.5)	(33.9)
Deficit (or surplus)	34.0	67.6	101.6	32.4	68.1	100.5
Provision recognised as liabilities in the balance sheet	34.0	67.6	101.6	32.4	68.1	100.5

At 31 December 2017, the share of the obligation allocated to retired beneficiaries amounted to approximately 20.1%.

Change in actuarial liability and plan assets during the period

(in € millions)	2017	2016
Actuarial liability with respect to retirement benefit obligations		
Balance at the beginning of the period	134.4	132.8
of which obligations covered by plan assets	98.9	96.6
Cost of services rendered during the period	4.9	5.0
Effect of discounting actuarial liability to present value	2.5	2.8
Actuarial gains and losses recognised in other comprehensive income	(1.1)	0.6
of which impact of changes in demographic assumptions	(1.4)	
of which impact of changes in financial assumptions	1.4	2.0
of which experience gains and losses	(1.1)	(1.4)
Payments made to beneficiaries	(7.0)	(6.8)
At the end of the period	I 133.7	134.4
of which obligations covered by plan assets	98.7	98.9
Plan assets		
Balance at the beginning of the period	33.9	36.1
Interest income during the period	0.6	0.8
Actuarial gains and losses recognised in other comprehensive income ⁽⁴⁾	0.6	0.4
Plan settlements		
Payments made to beneficiaries	(3.7)	(3.9)
Contributions paid to funds by the employer	0.9	0.9
Disposals of companies and other	(0.2)	(0.4)
At the end of the period	II 32.1	33.9
Deficit (or surplus)	I-II 101.6	100.5

⁽⁴⁾ 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 relating to changes in financial assumptions are mainly the result of the decline in the discount rate in the Eurozone.

The ASF group estimates the payments planned for 2018 for retirement benefit obligations at €4.1 million, of which €2.6 million in pension benefits to be paid to retired or qualifying employees, benefits not covered by hedges, and €1.5 million to be paid to pension fund managers.

The pension funds should also pay €4.9 million in benefits to retired employees or their beneficiaries.

Change in provisions for retirement benefit obligations in the period

(in € millions)	2017	2016
Provisions for retirement benefit obligations recognised in liabilities		
Balance at the beginning of the period	100.5	96.7
Total expense recognised with respect to retirement benefit obligations	6.8	7.0
Actuarial gains and losses recognised in other comprehensive income	(1.7)	0.2
Benefits paid by the employer	(3.3)	(2.9)
Contributions paid to funds by the employer	(0.9)	(0.9)
Disposals of companies and other	0.2	0.4
At the end of the period	101.6	100.5

Expenses recognised in respect of defined benefit plans

(in € millions)	2017	2016
Cost of services rendered during the period	4.9	5.0
Effect of discounting actuarial liability to present value	2.5	2.8
Interest income on plan assets	(0.6)	(0.8)
Total	6.8	7.0

Breakdown of plan assets by type of investment

	31/12/2017	31/12/2016
	Eurozone	Eurozone
Breakdown of plan assets		
Shares	10.4%	16.9%
Bonds	77.0%	74.1%
Property	5.3%	3.3%
Money-market securities	7.0%	2.0%
Other	0.3%	3.7%
Total	100.0%	100.0%
Plan assets (in € millions)	32.1	33.9
Plan assets/Actuarial liability with respect to retirement benefit obligations (as %)	24.0%	25.2%

At 31 December 2017, 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 €29.3 million (€32.7 million at 31 December 2016).

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 5.2%.

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.22.2. Other employee benefits

Provisions for other employee benefits mainly comprise long-service awards and Agreements on Early Retirement for Employees.

Long-service bonuses

The provisions have been calculated using the following actuarial assumptions:

Assumptions	31/12/2017	31/12/2016
Discount rate	1.75%	1.85%
Inflation rate	1.6%	1.6%
Rate of salary increases	1.6% - 2.0%	1.6% - 2.0%

At 31 December 2017, these provisions amounted to €1.1 million (including €0.9 million at more than one year) against €1.3 million at 31 December 2016 (including €1.1 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	31/12/2017	31/12/2016
Discount rate	-0.25%	-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 2017, these provisions amounted to €0.5 million (including €0.3 million at more than one year) against €1.3 million at 31 December 2016 (including €0.7 million at more than one year). This is net of the fair value of plan financial assets amounting to €0.1 million at 31 December 2017 compared with €0.5 million at 31 December 2016.

J.23. 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 payments". 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.23.1. 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 2017 or 2016.

No expense relating to stock options plans was recorded in 2017.

J.23.2. 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 €3.6 million at 31 December 2017 (€2.2 million at 31 December 2016).

VINCI's Board of Directors' meeting held on 7 February 2017 decided to allocate definitively all the original share allocations to beneficiaries of the 15 April 2014 long-term incentive plan, once the performance and presence conditions had been met.

The Board of Directors' meeting of 20 April 2017 decided to implement a new performance share plan that consists of granting some employees a conditional performance share award. These shares will only be allocated definitively after a vesting period of three years. To qualify, the beneficiary must be employed by the Group until the end of the vesting period and meet the performance conditions.

J.23.3. 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 twenty business days preceding the authorisation by the Board of Directors. Subscribers benefit from an employer's contribution, which was capped at an annual maximum of €2,500 per person until 31 December 2017. From 1 January 2018, the maximum employers' benefit payable to employees subscribing to the Group savings plan was increased to €3,500. 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 2006-2016 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 €6.4 million at 31 December 2017 (€2.5 million at 31 December 2016).

K. Other notes**K.24. 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.24.1. 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 2017 and 2016 as follows:

<i>(in € thousands)</i>	31/12/2017	31/12/2016
Remuneration	3,099.3	3,116.8
Employer's social charges	3,455.3	3,919.6
Post-employment benefits	42.7	43.3
Share-based payments ^(*)	1,835.9	1,448.2

^(*) This amount is determined in accordance with IFRS 2 and as described in Note J.23. "Share-based payments".

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

At 31 December 2017, 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 2016.

K.24.2. Transactions with the VINCI group

Transactions in 2017 and 2016 between the ASF group and the VINCI group breakdown as follows:

<i>(in € millions)</i>	31/12/2017	31/12/2016
Subcontracting of construction work	11.0	12.5
Trade receivables	14.4	14.7
Dividend payments	369.3	976.7
Non-current financial debts	400.0	1,950.1
Trade and other operating payables	33.4	27.1
Other current payables	21.1	43.4
Current tax liabilities ⁽⁴⁾	12.3	79.6
Revenue and revenue from ancillary activities	33.5	30.6
Fees	21.7	18.7
Other external expenses	209.5	272.1

⁽⁴⁾ 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.24.3. Other related parties

Financial information as to the companies consolidated by the equity method is given in Note G.14.2. "Aggregated financial information" and Note G.14.3. "Transactions between subsidiaries and associates".

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

K.25. Statutory Auditors' fees

This table only includes fully consolidated companies.

<i>(in € thousands)</i>	Deloitte & Associés network				KPMG network			
	2017	%	2016	%	2017	%	2016	%
Audit								
Statutory audit	220	84%	214	87%	150	66%	143	66%
ASF SA	150	57%	144	59%	150	66%	143	66%
Fully consolidated subsidiaries	70	27%	70	29%	0	0%	0	0%
Services other than the certification of accounts	42	16%	31	13%	77	34%	75	34%
ASF SA	42	16%	31	13%	77	34%	72	33%
Fully consolidated subsidiaries	0	0%	0	0%	0	0%	3	1%
Sub-total, audit	262	100%	245	100%	227	100%	218	100%
Total	262	100%	245	100%	227	100%	218	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.26. Appropriation of 2017 net income

The Board of Directors finalised the consolidated financial statements for the year ended 31 December 2017 on 2 February 2018. 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 23 March 2018 for a dividend of €3.69 per share for this financial year, which, given the interim dividends already paid on 30 August 2017 (€0.89 per share), and on 5 February 2018 (€2.60 per share), would bring the dividend payable to €0.20 per share, which will be paid no later than 30 March 2018.

M.27. Other post-balance sheet events

Prices

The reference index for the price increase at 1 February 2018 showed an increase of 1.026%.

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 2018 will be as follows:

- for ASF: $[0.70 i + 0.62]$, i.e. 1.338% for all classes of vehicles;
- for Escota: $[0.70 i + 0.62]$, i.e. 1.338% for all classes of vehicles.

Subject to publication of the relevant orders.

Financing

On 10 January 2018, under its EMTN programme ASF issued €1 billion of bonds maturing in January 2030 at a coupon rate of 1.375%.

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.

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 "Consolidation scope effect" 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 twelve 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

185, avenue Charles de Gaulle
92524 Neuilly-sur-Seine Cedex
France

KPMG Audit
A department of KPMG SA
Tour EQHO
2, avenue Gambetta
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

To the Shareholders' General Meeting of Autoroutes du Sud de la France,

Opinion

Following our appointment as Statutory Auditors by your shareholders' general meeting, we have audited the accompanying consolidated financial statements of Autoroutes du Sud de la France (ASF) for the year ended 31 December 2017.

In our opinion, the consolidated financial statements give a true and fair view, in accordance with IFRS as adopted in the European Union, of the operating results for the year ended and of the assets, liabilities and financial position at the end of the year of the Group comprising the persons and entities included in the scope of consolidation.

The opinion expressed above is consistent with the content of our report referred to in Article L.823-16 III of the French Commercial Code.

Basis of our opinion

Audit guidelines

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

The responsibilities that fall on us under these standards are stated in the "Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements" section of this report.

Independence

We performed our audit assignment in compliance with the rules of independence that apply to us, for the period from 1 January 2017 to the issue date of our report; and in particular we have not provided services prohibited by Article 5, paragraph 1, of Regulation (EU) No. 537/2014 or by the Professional Code of Ethics of Statutory Auditors.

Justification of our assessments – Key point of the audit

Pursuant to Articles L.823-9 and R.823-7 of the French Commercial Code concerning the justification of our assessments, we would direct your attention to the key point of the audit concerning the risk of material misstatement which, in our professional judgement, was most important in auditing the period's consolidated financial statements, along with the responses we made with regard to this risk.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole and the formation of our opinion expressed above. We express no opinion on items in these consolidated financial statements taken in isolation.

Assessment of provisions for the obligation to maintain the condition of concession assets

(Note A.3. "Use of estimates" and F.11.3 "Breakdown of current provisions" to the consolidated financial statements.)

Risk identified

Provisions are taken for contractual obligations to maintain the condition of concession assets and principally to cover the expense of major road repairs (surface courses, restructuring of slow lanes, etc.), bridges, tunnels and hydraulic infrastructure. Provisions are also taken whenever recognised signs of defects are encountered on identified infrastructures.

These provisions, recognised at their present value of €378.5 million at 31 December 2017, are calculated on the basis of expense plans that span several years and are updated annually. The effect of discounting provisions is recognised under "other financial income and expense". Forecasts are estimated, notably taking account of indexation clauses included in construction contracts (mainly the TP01 and TP09 public works indices).

We have considered that the assessment of provisions for maintaining the condition of concession assets.

Which represent significant liabilities on the balance sheet, constitute a key element of the audit, insofar as these provisions rely on Senior Management's judgment in estimating the projected expenses for major maintenance work over several years and on their sensitivity to the assumptions used, particularly in terms of public works indices and discount rates.

Our audit response

Our work notably consisted of:

- taking note of the procedures implemented by the company for the assessment of the provisions for the obligation to maintain the condition of concession assets;
- comparing the expenses planned at the end of the preceding year for 2017 in 2017 with the actual expenses recorded during 2017;
- performing a critical analysis of the expenses taken into account when making provisions, by comparing estimates in the multi-year spending forecast for major maintenance as at 31 December 2017 with those used to 31 December 2016;
- performing a critical review of the estimates in the multi-year spending forecasts for major maintenance in comparison with the technical documentation available;

- verifying the proper arithmetic application of the indexation clauses included in construction contracts (mainly the TP01 and TP09 indices);
- assessing the consistency of discount rates used with market data.

Verification of the report on the Group's management

We have also verified, in accordance with the professional standards applicable in France and as required by law, the information presented in the Board of Directors' report on the Group's management.

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

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Autoroutes du Sud de la France by the Shareholders' General Meeting of 15 May 2006 for both Deloitte&Associés and KPMG.

At 31 December 2017, Deloitte&Associés and KPMG were both in the 12th year of their engagement, without interruption.

Responsibilities of the Senior Management and persons constituting the corporate governance with respect to the consolidated financial statements

It is the responsibility of Senior Management to prepare the consolidated financial statements presenting a true and fair view in accordance with IFRS as adopted in the European Union and to put in place the internal controls it considers necessary to prepare the consolidated financial statements without material misstatements, whether the result of fraud or of error.

At the time the consolidated financial statements are prepared, it falls to Senior Management to assess the Company's ability to continue as a going concern, to present in these financial statements any necessary information relating to its status as a going concern and to apply the accounting principle of going concern, unless the Company plans to liquidate or cease its business.

It is the responsibility of the body exercising the duties of the audit committee to monitor the process of preparing the financial information and monitor the effectiveness of the internal control and risk management systems, as well as of internal auditing, if any, as regards the procedures for preparing and processing accounting and financial information.

The consolidated financial statements have been approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Audit objective and approach

It is our responsibility to prepare a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain material misstatements. Reasonable assurance means a high level of assurance, without, however, guaranteeing that an audit conducted in accordance with the standards of professional practice can systematically detect all material misstatements. Misstatements may arise from fraud or be the result of error and are considered material when one can reasonably expect that, taken individually or in combination, they may influence the economic decisions that users of the financial statements take when relying upon them.

As specified by Article L.823-10-1 of the French Commercial Code, our audit engagement for the financial statements does not consist of warranting the viability or quality of the management of your company.

In an audit conducted in accordance with the standards of professional practice applicable in France, the Statutory Auditor shall exercise his or her professional judgement throughout the audit. In addition:

- he or she shall identify and assess the risks that the consolidated financial statements contain material misstatements, whether these arise from fraud or error, shall define and carry out audit procedures to deal with such risks, and collect material that he or she considers sufficient and appropriate to provide a basis for his or her opinion. The risk of not detecting a material misstatement arising from fraud is greater than that of a material misstatement resulting from error, because fraud may involve collusion, falsification, wilful omission, false statements or circumvention of the internal control system;
- the auditor shall examine the internal control system that bears on the audit in order to define the audit procedures that are appropriate in the circumstances, and not in order to express an opinion on the effectiveness of the internal control system;
- he or she shall evaluate the appropriateness of the accounting method used and the reasonableness of accounting estimates made by Senior Management, together with the information concerning them provided in the consolidated financial statements;
- he or she shall evaluate the appropriateness of Senior Management's adoption of the going-concern assumption and, in light of the material collected, the existence or not of significant uncertainty as to events or circumstances likely to call into question the Company's ability to stay in business. This evaluation is based on the material collected up to the date of the auditor's report, bearing in mind that circumstances or subsequent events could call the going-concern assumption into question. If the auditor identifies a significant uncertainty, he or she shall draw the attention of readers of his or her report to the information

provided in the consolidated financial statements about this uncertainty or, if these details are not provided or are not relevant, he or she shall render a qualified opinion or refuse to certify the financial statements;

- the auditor shall evaluate the overall presentation of the consolidated financial statements and assess whether the consolidated financial statements reflect the underlying operations and events so as to give a true and fair view;
- concerning the financial information of the persons or entities included in the scope of consolidation, the auditor shall collect the material that it considers sufficient and appropriate to express an opinion on the consolidated financial statements. He or she is responsible for the direction, supervision and completion of the audit of the consolidated financial statements as well as for the opinion expressed about those statements.

Report to the to the body exercising the duties of the audit committee

We provide the body exercising the duties of the audit committee with a report that presents inter alia the extent of the audit and the programme of work carried out, as well as the conclusions arising from our work. We also make it aware, when appropriate, of any significant weaknesses we have identified in the internal control system in terms of procedures for preparing and processing accounting and financial information.

Among the items communicated in the report to the body exercising the duties of the audit committee are the risks of material misstatement that we consider to have been the greatest with regard to auditing the consolidated financial statements for the period and that therefore constitute the key points of the audit. It is our responsibility to describe such points in this report.

We also provide the body exercising the duties of the audit committee with the statement called for in Article 6 of Regulation (EU) No.537-2014 confirming our independence, within the meaning of the rules applicable in France as they are set forth specifically in Articles L.822-10 to L.822-14 of the French Commercial Code and in the Code of Professional Ethics of Statutory Auditors. Where appropriate, we discuss with the body exercising the duties of the audit committee any risks to our independence and the safeguards adopted.

Neuilly-sur-Seine and Paris La Défense, 2 February 2018

The Statutory Auditors

DELOITTE & ASSOCIÉS

Mansour Belhiba

KPMG Audit

A department of KPMG SA

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 2017 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 2017 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, on 2 February 2018

Patrick Priam

Chief Financial Officer

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