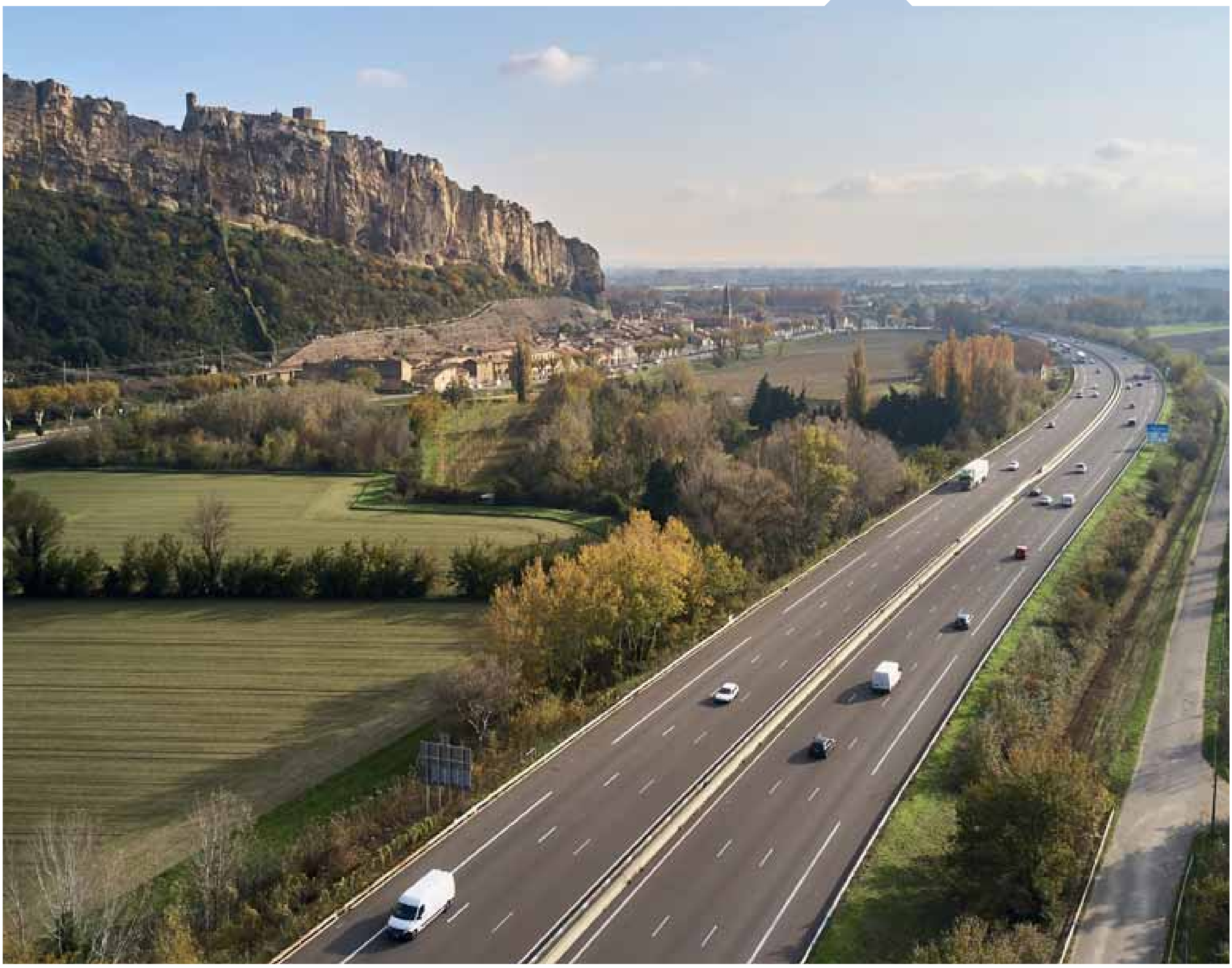
FINANCIAL REPORT

2018



2018 Annual financial report at 31 December 2018

Annual Financial Report at 31 December 2018

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Management report at 31 December 2018

1. Key events in the period

The social movements that arose in October 2018 surged around the country following the announcement by the French government of higher fuel prices as part of its energy transition programme and have extended since then to a variety of grievances.

Against this background, the first nation-wide demonstration was held on Saturday, 17 November 2018.

Since that day, this multi-faceted movement has focused especially on the roads and motorways and led to road stops, roadblocks, obstacles in traffic and at toll collections, vandalism of equipment and facilities, and even thefts.

The ASF group network was particularly affected by this movement, through its operating companies Autoroutes du Sud de la France (ASF) and Autoroutes Esterel-Côte d'Azur (Escota).

Since the first day of demonstrations, no fewer than 114 ASF sites and 35 Escota sites have been affected.

The protesters have taken action in a variety of ways: demonstrations at toll stations (lifting barriers), stopping cars at toll stations and at interchange roundabouts (coming in and out), rolling (go-slow) roadblocks, occupation of barriers and interchanges, and cutting off slip roads.

The personnel of ASF and Escota were immediately called up and reinforced, and regular communications with police authorities were established.

It must be acknowledged, however, that the inadequacy of efforts to maintain order was quite obvious in some cases, such as in VIRSAC on the A10 or at Nimes-West at the A9/A54 junction on the ASF network, and on the Escota network, particularly at Muy and Point de l'Étoile on the A8 and at La Ciotat on the A50.

Since the movement began, ASF and Escota group companies have sustained considerable loss and damage, from the loss of toll receipts to physical damage to equipment and facilities, in addition to the sizeable extra costs of coping with the emergency created by "yellow vests" on the networks.

Despite traffic levels remaining stable over the first ten months of the year, the 2018 traffic figures by themselves show the effect of these events:
- LV traffic down 1.4%;
- HV traffic up only 1.5%;
- a resulting drop of 1.0% in the total traffic.

As a direct consequence of these events, EBITDA to revenue ratio stands at 71.7 % for 2018, compared to 72.1 % for 2017.

2. Group's activity

2.1. Results

2.1.1. Revenue

The ASF group's consolidated revenue for 2018 and 2017 breaks down as follows:

(in € millions)	Year 2018	Year 2017	% change
Toll revenue	**3,770.0**	**3,739.6**	**0.8%**
of which ASF	3,032.6	2,989.9	1.4%
of which Escota	737.4	749.7	-1.6%
Fees for use of commercial premises	**59.9**	**59.5**	**0.7%**
of which ASF	52.3	51.9	0.8%
of which Escota	7.6	7.6	0.0%
Fees for optical fibres, telecommunications and other	**14.8**	**15.5**	**-4.5%**
of which ASF	10.2	11.1	-8.1%
of which Escota	4.6	4.4	4.5%
Revenue excluding concession companies' revenue derived from works	**3,844.7**	**3,814.6**	**0.8%**
of which ASF	3,095.1	3,052.9	1.4%
of which Escota	749.6	761.7	-1.6%
Concession companies' revenue derived from works	**389.7**	**476.3**	**-18.2%**
of which ASF	315.1	396.4	-20.5%
of which Escota	74.6	79.9	-6.6%
Total revenue	**4,234.4**	**4,290.9**	**-1.3%**
of which ASF	3,410.2	3,449.3	-1.1%
of which Escota	824.2	841.6	-2.1%

Consolidated revenue as at 31 December 2018 (excluding revenue from construction work) was €3,844.7 million, up 0.8% on the same period in 2016 (€3,814.6 million).

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 State, ASF and Escota, the price increase excluding taxes at 1 February 2018 was 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.

Traffic

The following factors should be taken into account when analysing changes in traffic during financial year 2018:
- demonstrations at many points along the network (the "yellow vests" movement) from 17 November till year end, severely disrupting LV and HV traffic;
- one working day more in 2018 for heavy vehicles;
- the price of diesel rose sharply by an average of +16.6% in 2018 compared to 2017;
- mixed weather with a harsher winter in 2018 than 2017, periods of snow adversely affecting light vehicle traffic, but on the whole a sunny remainder of the year in both 2018 and 2017;
- SNCF strikes on 22 March then on 36 days from 3 April to 28 June (2 days out of every 5) benefiting light vehicle traffic;
- strong economic growth in France, Spain and Italy, although slightly weaker in 2018 as compared to 2017, boosting the growth in HV traffic.

Taking these factors into account, in 2018 ASF and Escota saw traffic fall -1.0% over the previous year:
- -1.4% for light vehicles which accounted for 86.4% of total traffic;
- +1.5% for heavy vehicles, which accounted for 13.6% of total traffic.

Users travelled 38,870.0 million kilometres on the ASF and Escota networks in 2018 (39,267.9 million in 2017):

Distance travelled	Year 2018				Year 2017				Change 2018/2017	
(in millions)	ASF	Escota	ASF + Escota	%	ASF	Escota	ASF + Escota	%	Amount	%
Light vehicles	27,177.2	6,392.4	33,569.6	86.4%	27,422.3	6,622.2	34,044.5	86.7%	(474.9)	-1.4%
Heavy vehicles	4,644.5	655.9	5,300.4	13.6%	4,561.3	662.1	5,223.4	13.3%	77.0	1.5%
Light + Heavy vehicles	**31,821.7**	**7,048.3**	**38,870.0**	**100.0%**	**31,983.6**	**7,284.3**	**39,267.9**	**100.0%**	**(397.9)**	**-1.0%**

The annual average daily traffic on the network as a whole was 34,013 vehicles per day in 2018 compared with 34,502 vehicles per day in 2017, i.e. a drop of 1.4%.

The number of payment transactions decreased by 2.6% to 730.1 million transactions in 2018 (749.3 million in 2017).

The use of automatic payment lanes and ETC payments fell 2.5% to 730.0 million transactions in 2018 (748.9 million in 2017).

The proportion of transactions made on automatic lanes and by ETC reached 100.0% (99.9% in 2017).

Breakdown of ASF and Escota transactions by collection method:

Type of transaction *(in millions)*	Year 2018	Year 2017	Change 2018/2017	2018 breakdown	2017 breakdown
Manual payments	**0.1**	**0.4**	**-75.0%**	**0.0%**	**0.1%**
Automatic payments	335.3	354.8	-5.5%	45.9%	47.3%
ETC payments	394.7	394.1	0.2%	54.1%	52.6%
Sub-total automatic and ETC	**730.0**	**748.9**	**-2.5%**	**100.0%**	**99.9%**
Total	**730.1**	**749.3**	**-2.6%**	**100.0%**	**100.0%**

There were 2,846,843 subscribers to the light vehicle tag payment system for the two companies at 31 December 2018, making 3,492,761 tags in circulation (compared with 2,532,570 subscribers and 3,101,460 tags at 31 December 2017).

	31/12/2018			31/12/2017			Change 2018/2017	
	ASF	Escota	ASF + Escota	ASF	Escota	ASF + Escota	Amount	%
Number of customers	2,589,844	256,999	2,846,843	2,275,102	257,468	2,532,570	314,273	12.4%
Number of tags	3,124,658	368,103	3,492,761	2,734,820	366,640	3,101,460	391,301	12.6%

Revenue from tolls

Toll revenue breaks down by payment method as follows:

	Year 2018			Year 2017			Change 2018/2017	
Income *(in € millions)*	ASF	Escota	ASF + Escota	ASF	Escota	ASF + Escota	Amount	%
Immediate payment	163.1	75.0	238.1	188.5	84.6	273.1	(35.0)	-12.8%
Account subscribers	9.9	5.5	15.4	9.9	5.7	15.6	(0.2)	-1.3%
ETC payments	1,763.4	440.2	2,203.6	1,681.9	436.1	2,118.0	85.6	4.0%
Bank cards	981.9	191.4	1,173.3	992.7	197.2	1,189.9	(16.6)	-1.4%
Charge cards	112.7	25.0	137.7	115.7	26.0	141.7	(4.0)	-2.8%
Onward-invoiced expenses	1.6	0.3	1.9	1.2	0.1	1.3	0.6	46.2%
Toll revenue	**3,032.6**	**737.4**	**3,770.0**	**2,989.9**	**749.7**	**3,739.6**	**30.4**	**0.8%**

Toll revenue rose by 0.8% to €3,770.0 million in 2018 (€3,739.6 million in 2017).

This change was due to the combined effect of the following two main factors:
- traffic effect: -1.0%;
- effect of prices and rebates: +1.8%.

Revenue from commercial premises

Revenue from commercial premises was up 0.7% to €59.9 million in 2018 (€59.5 million in 2017).

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

Revenue from rental of optical fibres and pylons was down 4.5% to €14.8 million in 2018 (€15.5 million in 2017).

2.1.2. Operating income

Operating income was down 2.8% (or €57.6 million) to €1,990.8 million in 2018 (€2,048.4 million in 2017).

Revenue (excluding works revenue) was up 0.8%. Effective management of operating expenses (excluding construction charges) limited their increase to 3.7%.

The significant changes in operating expenses were thus the following:

- a 5.0% rise (€35.6 million) in "**depreciation and amortisation expense**": €741.0 million in 2018 (€705.4 million in 2017), largely as a result of the effect of the structures commissioned in the first half of 2017 (the Borne Romaine tunnel, the relief motorway for the A9 at Montpellier, etc.) together with commissioning in 2018 such as the widening between Biarritz and Biriatou on the A63;
- a 9.4% rise (€20.7 million) in "**external services**": €241.0 million in 2018 (€220.3 million in 2017);
- an increase of €10.7 million in "**net provision expense**": €20.0 million charged in 2018 (€9.3 million in 2017);
- an increase of 0.1% (€0.4 million) in "**employment costs**": €304.2 million in 2018 (€303.8 million in 2017);
- a decrease of 11.9% (€3.0 million) in "**purchases used**": €22.3 million in 2018 (€25.3 million in 2017);
- a decrease of 0.1% (€0.5 million) in net "**taxes and levies**": €520.9 million in 2018 (€521.4 million in 2017).

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

The cost of net financial debt fell 10.0% (€29.7 million) from €295.8 million in 2017 to €266.1 million in 2018 (see Note D.4. "Cost of net financial debt" to the 2018 consolidated financial statements).

Other financial income and expense, down by €0.5 million, resulted in net income of €11.6 million in 2018 compared with net income of €12.1 million in 2017 (see Note D.5. "Other financial income and expense" to the 2018 consolidated financial statements).

2.1.4. Income tax

Income tax, including current and deferred tax, was €600.6 million for 2018, down 14.4% compared with the 2017 figure of €701.5 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 in 2017 and -€0.9 million in 2018.

2.1.5. Net income

Net income attributable to owners of the parent was up 6.8% to €1,134.1 million in 2018 (€1,061.5 million in 2017).

Earnings per share amounted to €4.910 in 2018 compared with €4.596 in 2017.

Income attributable to non-controlling interests was €1.6 million in 2018, the same as in 2017.

2.2. Investments

ASF and Escota made investments totalling €456.4 million in 2018, compared with €537.7 million in 2017, a decrease of €81.3 million:

Type of investment	Year 2018			Year 2017			Change 2018/2017
(in € millions)	ASF	Escota	ASF + Escota	ASF	Escota	ASF + Escota	%
Construction of new sections(*)	6.9		6.9	3.7		3.7	86.5%
Supplementary investments on motorways in service(*)	324.0	77.5	401.5	408.2	82.2	490.4	-18.1%
Operating tangible fixed assets(*)	30.2	17.8	48.0	28.5	15.1	43.6	10.1%
Total	**361.1**	**95.3**	**456.4**	**440.4**	**97.3**	**537.7**	**-15.1%**

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

These investments related mainly to:

Widening and capacity improvement

ASF network

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

All preliminary official authorisations were obtained.

Large-scale roadworks begun in the autumn of 2016 are continuing. Work on the Boulou-to-Spain section was completed at the end of phase 2. Phase 3 of the works (widening of the Spain-to-Boulou section and start of construction off the central reservation) has been under way since September 2018.

A9 – Relief motorway for the A9 at Montpellier (24 km)
The relief motorway itself was opened to traffic on 30 and 31 May 2017, after five years of work and seven months ahead of the contractual completion date of 31 December 2017.

Once the traffic had been redirected to the new roads, the completion work and dismantling of the old toll barriers in the middle of the lane of the old layout were approved by the Ministerial Decisions for opening relating to the A709 and the Lunel interchange, obtained on 29 March 2018.

Additional completion work, begun in the autumn of 2018, will continue until the summer of 2020.

The environmental upgrading of the old A9 at Montpellier was completed in the autumn of 2018.

A61 – Widening to three-lane dual carriageway: 1st phase (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.

Public inquiries concerning this project were held from 16 April to 24 May 2018. The declaration of public utility and the authorisation order relating to the protection of water sources were issued on 5 October 2018.

Once an archaeological analysis was performed, no excavations were ordered over the Lézignan/A9 section. On the A66/Port Lauragais section, ASF still awaits a decision as to the necessity of undertaking salvage excavations.

The amicable purchases are well underway and almost 90% of the necessary land control procedures have been completed.

The first portion of preliminary work (upgrading of traffic barriers, closings, reclassification of HV parking places in the service areas) undertaken gradually since 2016 was completed. The works requiring water-source authorisations are in progress.

The three principal works contracts were published as soon as the declaration of public utility had been obtained. Deforestation was thus able to start as of October 2018 and the large scale roadworks are projected to begin in 2019.

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.

The land purchases and archaeological salvage excavations have been completed.

The two principal major roadworks contracts, undertaken since January 2017, are proceeding according to plan. Phase 2 of the works began in September 2018, and these contracts have advanced significantly (80% of the non-widenable upper passages were demolished and rebuilt, and the remaining 20% will be completed in the spring of 2019).

Along with that, the work on the Capbreton interchange, begun in the spring of 2018, was finished and opened to traffic on 24 July 2018. Works on the new interchange's new satellite station continue, to be commissioned in the first quarter of 2019.

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 25 February 2020.

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.

The main improvements have been completed, with the Montpellier/Toulouse access road partly open to traffic in April 2018 and then entirely in July. A new driving surface was applied to the entire roadbed of the section in the autumn of 2018, and the national government safety inspection prior to opening is scheduled for the first half of 2019.

Escota Network

A50 – Restructuring of the Ollioules distributor
The Ollioules distributor total redevelopment project located on the A50 between the Bandol distributor and the Six-Fours distributor will improve the service of the towns of Ollioules and Sanary-sur-Mer from Bandol and Toulon.

Work on the roundabouts is in progress and will finish in early 2019. Pubic notice of major construction was given in late November, and work is scheduled to begin in late January 2019.

A52 – Widening to three-lane dual carriageway (7.8 km) between Pas de Trets and Pont de l'Étoile
The widening of the Pas de Trets/Pont de l'Étoile section continues as planned.

The work is scheduled to be completed in September 2019.

A57 – Widening to three-lane dual carriageway (6.75 km) between Benoît Malon and Pierre Ronde
The section of the A57 motorway between Benoît Malon and Pierre Ronde was incorporated into the concession contract by the decree of 21 August 2015.

This decree also makes provision for this section to be widened to a three-lane dual carriageway.

The fine-tuning of the project in close collaboration with the local authorities and the French State enabled the preliminary enquiry for the declaration of public utility to be launched in early 2018. The declaration of public utility was obtained on 27 November 2018.

Motorways investment plan (ASF and Escota networks)
The motorways investment plan announced by the President of the Republic in July 2016 was put into effect by the Decree of 06 November 2018. In particular it provides for the construction of 12 complete or partial distributors and a car-share parking programme. These projects will be covered by special agreements between ASF or Escota and the regional authorities involved.

2.3. Financing

ASF contracted the following financing in 2018:
- on 22 January 2018, a bond issue under its EMTN (Euro Medium Term Note) programme for €1 billion, maturing in January 2030, with a 1.375% coupon;
- on 27 June 2018, a bond issue under its EMTN (Euro Medium Term Note) programme for €700 million, maturing in June 2028, with a 1.375% coupon.

In addition, the Castor bond issue was renewed in March 2018 for €18.4 million and further issues were made in April, May, October and November 2018 for €2.2 million.

The main debt repayments in 2018 concern:
- two loans taken out with CNA for a total amount of €750.0 million in March;
- EIB loans for €51.1 million;
- the Castor bond issue for €18.6 million;
- redemption of a bond for €500.0 million in September;
- €100.0 million repayment of the external credit facility;
- €400.0 million repayment of the credit facility with VINCI.

2.4. Balance sheet

Total non-current net assets decreased by €367.2 million to €12,129.0 million at 31 December 2018 (€12,496.2 million at 31 December 2017).

This reduction is due primarily to the negative net change in non-current derivative assets of €78.4 million, other non-current financial assets of €0.8 million and investments in property, plant and equipment and intangible assets of €288.6 million. In 2018, the increase in depreciation and amortisation (€741.0 million) was significantly higher than the gross amount of construction and operating assets acquired (€456.4 million).

Total current assets amounted to €1,013.4 million at 31 December 2018, up €288.1 million on the 31 December 2017 figure of €725.3 million, due mainly to an increase of €294.0 million in cash and cash equivalents, €28.8 million in tax assets, €14.8 million in derivative financial instruments (current assets) and €0.6 million in inventories and work in progress.

This increase was partially offset by the reduction in trade and other receivables of €42.2 million and in current operating and non-operating assets of €7.9 million.

Equity increased by €129.7 million to stand at €984.8 million at 31 December 2018 (compared with €855.1 million at 31 December 2017). This change resulted mainly from positive net income in 2018 (including the portion of non-controlling interests) of €1,135.7 million and variations in amounts recognised directly in equity of €31.2 million, less final dividend payments for the 2017 financial year of €648.3 million (including the portion of non-controlling interests), interim dividends of €385.8 million and share-based payments of €3.1 million.

Total non-current liabilities were €9,505.0 million at 31 December 2018 (€9,501.0 million at 31 December 2017), an increase of €4.0 million. This was mainly due to the net increase of €36.9 million in bonds in issue and other loans and borrowings, €11.5 million in deferred tax liabilities, employee-benefit provisions of €5.4 million and €3.3 million in other non-current liabilities, partly offset by a reduction in non-current liability derivatives of €53.1 million.

Total current liabilities amounted to €2,652.6 million at 31 December 2018, down €212.8 million from 31 December 2017 (€2,865.4 million). This reduction was due principally to €178.8 million of current financial debts, €49.4 million other current operating and non-operating liabilities, €11.5 million of current taxes payable, €7.5 million of current liability derivatives and €6.7 million of trade payables.

This reduction was offset in part by the increase in current provisions of €41.1 million.

After taking account of these various items, **the Group's net financial debt** at 31 December 2018 amounted to €9,930.8 million, compared with €10,363.7 million at 31 December 2017, a decrease of €432.9 million.

2.5. Cash flows

The Group's statement of cash flows shows **a closing net balance** of cash and cash equivalents of €354.4 million, up €294.0 million from the opening balance of €60.4 million.

This change breaks down as follows:

- **operating cash flow before tax and financing costs** came to €2,757.6 million in 2018, up 0.3% from 2017 (€2,748.8 million). As a proportion of revenue, cash flow from operations before tax and financing costs rose from 72.1% in 2017 to 71.7% in 2018;
- **cash flows from operating activities**, after the change in the working capital requirement and current provisions, taxes and interest paid, were up 10.0% to €1,903.6 million in 2018 (€1,729.8 million in 2017);
- **(negative) net cash flows used in investing activities** amounted to €457.6 million in 2018, down 18.4% compared with 2017 (€560.9 million);
- **net cash flows used in financing activities** represented an outflow of €1,152.0 million in 2018 compared with an outflow of €1,206.5 million in 2017. These flows comprise dividends paid to ASF shareholders (€1,032.5 million), long-term borrowings in the amount of €1,720.6 million, the repayment of long-term borrowings and lines of credit for a total of €1,819.7 million and a €18.8 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 2018 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. "Management of financial risks" to the 2018 consolidated financial statements.

5. Parent company financial statements

5.1. Revenue

ASF's revenue (excluding construction revenue) amounted to €3,095.1 million in 2018, up 1.4% compared with 2017 (€3,052.9 million).

5.2. Net income

ASF's net income was up 30.9% to €1,126.0 million in 2018 (from €860.3 million in 2017).

This includes dividends of €220.6 million received from its Escota subsidiary in 2018 (€44.9 million in 2017).

Consolidated financial statements at 31 December 2018

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Consolidated income statement for the period

(in € millions)	Notes	2018	2017
Revenue[1]	**C.2.**	**3,844.7**	**3,814.6**
Concession companies' revenue derived from works		389.7	476.3
Total revenue		4,234.4	4,290.9
Revenue from ancillary activities		47.0	41.6
Operating expenses	D.3.	(2,257.7)	(2,276.8)
Operating income from ordinary activities	**D.3.**	**2,023.7**	**2,055.7**
Share-based payments (IFRS 2)	D.3.	(9.0)	(10.0)
Income/(loss) of companies accounted for under the equity method		0.6	2.8
Other ordinary operating items		(24.5)	(0.2)
Ordinary net operating income	**D.3.**	**1,990.8**	**2,048.4**
Operating income	**D.3.**	**1,990.8**	**2,048.4**
Cost of gross financial debt		(266.2)	(295.8)
Financial income from cash investments		0.1	
Cost of net financial debt	**D.4.**	**(266.1)**	**(295.8)**
Other financial income and expense	D.5.	11.6	12.1
Income tax expenses	D.6.	(600.6)	(701.5)
of which non-current tax effects[2]		*(0.9)*	*(96.2)*
Net income		**1,135.7**	**1,063.1**
Net income attributable to non-controlling interests		1.6	1.6
Net income attributable to owners of the parent[2]		**1,134.1**	**1,061.5**
Earnings per share attributable to owners of the parent[2]	**D.7.**		
Earnings per share *(in euros)*[2]		4.910	4.596
Diluted earnings per share *(in euros)*[2]		4.910	4.596
Net income attributable to owners of the parent, excluding non-current tax effects[2]		**1,135.0**	**1,157.7**
Diluted earnings per share, excluding non-current tax effect *(in euros)*[2]		4.914	5.012

(1) *Excluding concession companies' revenue derived from works.*
(2) *The net impact of non-current taxes on the net income attributable to owners can be broken down as follows:*
- *in 2018 an expense of €0.9 million because of the fiscal measures adopted in France under the 2018 Finance Act - progressive reduction of corporate tax in France from 33.33% to 25.00% from 2022 - on the basis of which the Group's deferred tax was reassessed (in 2017, the impact was income of €13.9 million).*
- *in 2017, this included the exceptional 30% corporate tax rate and cancellation of the 3% tax on dividends to the tune of €110.1 million (2017 Amended Tax Act).*

Consolidated comprehensive income statement for the period

		2018			2017		
(in € millions)	Notes	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		**1,134.1**	**1.6**	**1,135.7**	**1,061.5**	**1.6**	**1,063.1**
Changes in the fair value of the instruments used to hedge cash flows and net investment		46.7		46.7	63.0		63.0
of which:							
Other non-current financial assets				*0.0*	*(1.5)*		*(1.5)*
Cash flow hedges[1]		*46.7*		*46.7*	*64.5*		*64.5*
Hedging costs		3.7		3.7			0.0
Tax[2]		(17.6)		(17.6)	(22.6)		(22.6)
Other comprehensive income that may recycled through profit or loss at a later date	**H.16.2.**	**32.8**		**32.8**	**40.4**		**40.4**
Equity instruments		(0.8)		(0.8)			
Actuarial gains and losses on retirement benefit obligations		(1.4)		(1.4)	1.7		1.7
Tax		0.6		0.6	(1.3)		(1.3)
Other comprehensive income that may not be recycled through profit of loss at a later date	**H.16.2.**	**(1.6)**		**(1.6)**	**0.4**		**0.4**
All other comprehensive income recognised directly in equity	**H.16.2.**	**31.2**	**0.0**	**31.2**	**40.8**	**0.0**	**40.8**
Total comprehensive income		**1,165.3**	**1.6**	**1,166.9**	**1,102.3**	**1.6**	**1,103.9**

(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) and the hedging costs.*

Consolidated balance sheet – assets

(in € millions)	Notes	31/12/2018	31/12/2017
Non-current assets			
Concession intangible assets	E.8.	11,208.8	11,434.1
Other intangible fixed assets		35.2	32.5
Property, plant and equipment	F.9.	487.5	553.5
Investments in companies accounted for under the equity method	G.14.	14.2	13.6
Other non-current financial assets	G.15.	16.0	16.8
Non-current derivative financial instruments - assets	I.18.	367.3	445.7
Total non-current assets		**12,129.0**	**12,496.2**
Current assets			
Inventories and work in progress	F.11.1.	4.7	4.1
Trade and other receivables	F.11.1.	301.1	343.3
Other current operating assets	F.11.1.	163.9	152.5
Other current non-operating assets		31.1	50.4
Current tax assets		29.0	0.2
Current derivative financial instruments - assets	I.18.	129.2	114.4
Cash and cash equivalents	I.18.	354.4	60.4
Total current assets		**1,013.4**	**725.3**
Total assets		**13,142.4**	**13,221.5**

Consolidated balance sheet – equity and liabilities

(in € millions)	Notes	31/12/2018	31/12/2017
Equity			
Share capital		29.3	29.3
Consolidated reserves		(119.8)	(145.7)
Net income attributable to owners of the parent		1,134.1	1,061.5
Amounts recognised directly in equity	H.16.2.	(61.7)	(92.9)
Equity attributable to owners of the parent		**981.9**	**852.2**
Non-controlling interests	H.16.3.	2.9	2.9
Total equity		**984.8**	**855.1**
Non-current liabilities			
Non-current provisions	F.12.	0.5	0.5
Provisions for employee benefits	J.22.	104.2	98.8
Bonds	I.18.	8,613.0	8,136.3
Other loans and borrowings	I.18.	612.1	1,051.9
Non-current derivative financial instruments – liabilities	I.18.	70.9	124.0
Other non-current liabilities		30.7	27.4
Deferred tax liabilities		73.6	62.1
Total non-current liabilities		**9,505.0**	**9,501.0**
Current liabilities			
Current provisions	F.11.2.	451.0	409.9
Trade payables	F.11.1.	107.3	114.0
Other current operating liabilities	F.11.1.	412.8	427.5
Other current non-operating liabilities		189.1	223.8
Current tax liabilities		6.7	18.2
Current derivative financial instruments – liabilities	I.18.	8.2	15.7
Current financial debts	I.18.	1,477.5	1,656.3
Total current liabilities		**2,652.6**	**2,865.4**
Total equity and liabilities		**13,142.4**	**13,221.5**

Consolidated cash flow statement

(in € millions)	Notes	2018	2017
Consolidated net income for the period (including non-controlling interests)		**1,135.7**	**1,063.1**
Net depreciation and amortisation		741.0	705.4
Net increase/(decrease) in provisions and impairments		31.3	1.8
Share-based payments (IFRS 2) and other restatements		(5.5)	5.5
Gain or loss on disposals		1.2	(2.6)
Share of profit or loss of companies accounted for under the equity method and dividends received from unconsolidated entities		(1.0)	(3.1)
Capitalised borrowing costs	D.5.	(11.8)	(18.6)
Cost of net financial debt recognised	D.4.	266.1	295.8
Current and deferred tax expense recognised		600.6	701.5
Cash flows (used in)/from operations before tax and financing costs		**2,757.6**	**2,748.8**
Changes in operating working capital requirement and current provisions	F.11.1	24.5	34.4
Income taxes paid(*)		(641.8)	(789.7)
Net interest paid		(236.7)	(263.7)
Cash flows (used in)/from operating activities	**I**	**1,903.6**	**1,729.8**
Purchases of property, plant and equipment and intangible assets		*(16.9)*	*(13.6)*
Disposals of property, plant and equipment and intangible assets		*0.7*	
Operating investments net of disposals		**(16.1)**	**(13.6)**
Operating cash flow		**1,887.5**	**1,716.2**
Investments in concession fixed assets (net of grants received)		*(464.8)*	*(535.0)*
Disposals of concession fixed assets		*21.5*	*(3.5)*
Growth investments in concessions		**(443.3)**	**(538.5)**
Free cash flow (after investments)		**1,444.2**	**1,177.7**
Purchases of shares in subsidiaries and affiliates (consolidated and unconsolidated)			*(10.8)*
Net financial investments		**0.0**	**(10.8)**
Other		1.9	2.0
Net cash flows (used in)/from investing activities	**II**	**(457.6)**	**(560.9)**
Dividends paid			
- to shareholders of ASF	*H.16.*	*(1,032.5)*	*(369.6)*
- to the non-controlling interests of consolidated companies		*(1.6)*	*(0.3)*
Proceeds from new long-term borrowings	I.18.1.	1,720.6	1,500.0
Repayments of long-term loans	I.18.1.	(1,819.7)	(2,247.4)
Change in cash management assets and other assets		(18.8)	(89.2)
Net cash flows (used in)/from financing activities	**III**	**(1,152.0)**	**(1,206.5)**
Other changes	IV		
Change in net cash	**I + II + III + IV**	**294.0**	**(37.6)**
Net cash and cash equivalents at beginning of period		**60.4**	**98.0**
Net cash and cash equivalents at end of period		**354.4**	**60.4**
Change in cash management and other assets		18.8	89.2
(Proceeds from)/repayment of loans		99.1	747.4
Other changes		21.0	32.4
Change in net financial debt		**432.9**	**831.4**
Net financial debt at beginning of period	**I.18.**	**(10,363.7)**	**(11,195.1)**
Net financial debt at end of period	**I.18.**	**(9,930.8)**	**(10,363.7)**

(*) *Including at 31 December 2017, the non-current tax effects: net outflow of €102.0 million.*

Consolidated statement of changes in equity

(in € millions)	Equity attributable to owners of the parent							
	Share capital	Consolidated reserves	Net income	Currency translation reserves	Amounts recognised directly in equity	Total attributable to owners of the parent	Non-controlling interests	Total
Equity at 01/01/2017	**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**		**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**
Net income for the period			1,134.1			1,134.1	1.6	1,135.7
Other comprehensive income recognised directly in the equity of companies controlled					31.2	31.2		31.2
Total comprehensive income for the period			**1,134.1**		**31.2**	**1,165.3**	**1.6**	**1,166.9**
Allocation of net income and dividend payments		29.0	(1,061.5)			(1,032.5)	(1.6)	(1,034.1)
Share-based payments (IFRS 2)		(3.1)				(3.1)		(3.1)
Equity at 31/12/2018	**29.3**	**(119.8)**	**1,134.1**	**0.0**	**(61.7)**	**981.9**	**2.9**	**984.8**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

A. Accounting policies, measurement methods and change in accounting method

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 2018 have been prepared under the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2018.

The accounting policies retained at 31 December 2018 are the same as those used in preparing the consolidated financial statements at 31 December 2017, except for the standards and/or amendments to standards described below, adopted by the European Union and applicable as from 1 January 2018.

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 finalised by the Board of Directors on 1 February 2019 and will be submitted to the Shareholders' General Meeting for approval on 22 March 2019.

A.1.1. New standards and interpretations applicable from 1 January 2018

The impacts of application from 1 January 2018 of IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments" are described in Note A.4.

None of the other standards and interpretations which are mandatory from 1 January 2018 have a significant impact on the ASF group consolidated financial statements at 31 December 2018. These are mainly:

- Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions";
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration";
- Annual improvements, 2014-2016 cycle.

A.1.2. Standards and interpretations adopted by the IASB but not yet applicable at 31 December 2018

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 2018:

- IFRS 16 "Leases";
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- Amendments to IAS 19 "Amendment, reduction or liquidation of an employee scheme";
- Amendments to IFRS 9 "Prepayment features with negative compensation";
- Amendments to IAS 28 "Long-term interests in associated companies and joint ventures";
- Annual improvements, 2015-2017 cycle.

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

IFRS 16 "Leases" changes the recognition of leases by lessees. It will replace IAS 17 and related interpretations, IFRIC 4, SIC 15 and SIC 27. IFRS 16, which comes into force on 1 January 2019, will impose a single lessee accounting model that affects the balance sheet in a similar way to present finance leases.

In view of the relatively short duration of the leases for moveable property (mainly rolling stock), the current estimate of the effect of restatements of the new standard on the Group's financial statements may differ from the impact that will have to be recognised on first-time application of IFRS 16 at 1 January 2019.

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 is taken into account. The commitments mentioned in Note F.13. "Other contractual obligations of an operational nature" may not be fully representative of the liabilities that will need to be recognised in the application of IFRS 16. We are now in the final stages of implementing this.

The Group will use the simplified retrospective transition method, recognising the cumulative effect of first-time application of the standard as of the date of its initial application.

IFRIC 23 "Uncertainty over Income Tax Treatments" supplements IAS 12 "Income Taxes" by laying out the ways to measure and recognise uncertainties related to income taxes. This interpretation is mandatory for reporting periods beginning 1 January 2019. The Group does not expect implementation of this interpretation to have a material effect on opening shareholders equity at 1 January 2019.

Amendments to IAS 19 "Amendment, reduction or liquidation of an employee scheme", mandatory starting 1 January 2019 when and if approved by the European Union: These new amendments to IAS 19 state that in the event of change, reduction or liquidation of a defined benefit plan occurring in the period, the cost of services rendered and net interest must be re-measured for the ensuing period using the same assumptions used to remeasure the net liability (or asset). The requirements regarding the capping of the asset during this remeasurement have been clarified.

Our analyses confirm that the clarifications made by these amendments to IAS 19 concur with the methods and assumptions presently in use by the Group to measure retirement plans.

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, equity holdings in non-consolidated companies, 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 assets measured at amortised cost as defined in Note A.4.2. IFRS 9 "Financial Instruments") are reported 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, some equity holdings in non-consolidated companies and 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.

A.4. Change in the accounting policy

A.4.1. IFRS 15 "Revenue from Contracts with Customers"

The Group adopted IFRS 15 on 1 January 2018, the date on which it came into force in the European Union. With regard to impacts of limited significance that have been identified, IFRS 15 was applied retrospectively to contracts in effect using the so-called "simplified retrospective" transition method. The 2017 data, presented comparatively, were not adjusted and continue to be presented according to the old accounting guideline (IAS 11 "Construction Contracts" and IAS 18 "Revenue").

At 1 January 2018, the first-time application of the standard didn't cause the Group to alter the amount of its opening shareholders equity balance.

Since 1 January 2018, the Group has applied IFRS 15 to measure and recognise consolidated revenue. The new accounting policies are described in Note C.2. "Revenue" and E. "Concession Contracts".

A.4.2. IFRS 9 "Financial Instruments"

The Group has applied IFRS 9 "Financial Instruments" since 1 January 2018.

IFRS 9 "Financial Instruments" sets out the rules for recognising and measuring financial assets and liabilities and certain purchase or sales contracts for non-financial items. This standard replaces IAS 39 "Financial Instruments, Measurement and Recognition" which applied until 31 December 2017.

Phase I – Classification and measurement of financial assets

The IFRS 9 provisions regarding the classification and measurement of financial assets are based on the business management model and the contractual characteristics of the financial assets.

At the time of its implementation, the Group reviewed the features of its financial assets, the remuneration aspects in particular. Because of the way the Group manages its financial assets, and because it does not hold any complex financial instruments, it was decided that all of its financial assets complied with the Solely Payment of Principal and Interests (SPPI) criteria of IFRS 9. As a result, the first-time application of IFRS 9 did not lead to any change in the accounting policy for the financial assets recognised at amortised cost under IAS 39.

The Group also reviewed its portfolio of equity instruments, which comprises mainly equity holdings in non-consolidated companies, to ascertain the method to be used to measure each share (fair value through profit and loss or fair value through equity). All shares in the portfolio at 1 January 2018 were measured at fair value through equity.

The fair value of shares in listed companies is determined on the basis of the stock market price at the balance sheet date. If the fair value of unlisted shares cannot be determined reliably at each balance sheet date, they continue to be measured at their original cost, the best estimate of which is their cost of acquisition plus transaction costs, and this value is adjusted by any fall or appreciation in value primarily measured by analysing changes in the percentage of the equity held.

Each time equity shares are purchased, a similar analysis will be conducted to ascertain the Group's management intention, which will determine how it recognises changes in fair value.

From now on, loans and receivables are classed as "Financial assets at amortised cost" and available-for-sale assets are classed as "Equity instruments" and continue to appear in the balance sheet as "Other financial assets" (for full details see Note I.21. "Book and fair value of financial instruments by accounting category".

Phase II – Impairment of financial assets model

The standard changed the methods for recording impairment of the Group's financial assets, as IFRS 9 proposes a new model based on expected losses. An analysis was conducted of the portfolios of commercial and financial receivables, and of loans granted, mainly to companies accounted for under the equity method.

The Group has opted to use the simplified method to measure the impairment of its commercial receivables. A review of the loss history on these receivables did not reveal any significant risk of loss.

The credit risk of the financial receivables and loans was measured in accordance with the full IFRS 9 model. No significant increase in credit risk was identified.

To calculate the risk of non-recovery of the Group's financial assets, each year losses recorded in the financial year will be analysed and the impairment rates adjusted if necessary.

Phase III – Hedge accounting

The provisions on hedge accounting will enable the Group to align its accounting methods and risk management policy.

Under IFRS 9 it is permissible to recognise the change in value of all hedging costs (contango/backwardation, base swap and option premiums) as other total comprehensive income and to recycle them through income, on a straight-line basis for hedges over a period of time or, when hedging transactions, as and when the hedged transaction is recognised. For all transactions which qualify for hedge accounting, the recycling will be shown under Cost of net financial debt in the income statement.

The Group has opted for retrospective application of this new method of recognising hedging costs for all its hedging instruments which qualify for hedge accounting. Application of this new model has no significant impact on the Group's aggregates.

New accounting model for renegotiated financing

The Group has analysed the substance of the debt renegotiations which took place prior to 1 January 2018. No transactions had been treated as ongoing debt.

As with IAS 39, the analysis of changes in debt will be based on both quantitative criteria (10% test) and qualitative criteria (change of covenant, currency or rate structure, etc.). If the analysis identifies ongoing debt, its book value and carrying amount will be adjusted in line with IFRS 9.

The transition method selected is the simplified method without the restatement of the 2017 financial statements.

First-time application of IFRS 15 and IFRS 9 at 1 January 2018 is without impact on the amount of balance sheet asset or liability aggregates. Opening equity has only been modified to account for presentation effects generated by IFRS 9 (see Note H.16.2. "Transactions recognised directly in equity").

B. Change in the consolidation scope

There were no changes in the consolidation scope in 2018 as in 2017.

At 31 December 2018, 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 policies

Consolidated revenue is recognised in accordance with IFRS 15 "Revenue from Contracts with Customers". Before the revenue is recognised, under the standard it is mandatory to identify a contract and the various performance obligations contained in the contract. The number of performance obligations depends on the type of contract and business activities. Most of the Group's contracts contain only one performance obligation. The fundamental principle of IFRS 15 is that recognition of the revenue generated under the contract with the clients must reflect:

- both the rate of achievement of the performance obligations corresponding to the transfer of control of the good or service to a client;
- and the consideration to which the vendor expects to be entitled in exchange for the activities carried out.

It is important the notion of transfer of control of a good or service is analysed, as this transfer must take place if the revenue is to be recognised. Transfer of control of a good or service may be an ongoing process (recognition of revenue in advance) or may occur on a specific date (recognition on completion).

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 IFRS 15.

The revenue from ancillary activities is mainly revenue from leases and sales of materials, equipment and goods.

(in € millions)	2018	2017	Change 2018 vs 2017
Toll revenue	3,770.0	3,739.6	0.8%
Fees for use of commercial premises	59.9	59.5	0.7%
Fees for optical fibres, telecommunications and other	14.8	15.5	-4.5%
Revenue excluding concession companies' revenue derived from works	**3,844.7**	**3,814.6**	**0.8%**
Concession companies' revenue derived from works	389.7	476.3	-18.2%
Total revenue	**4,234.4**	**4,290.9**	**-1.3%**

2018

	Revenue		
(in € millions)	ASF	Escota	2018 revenue
Toll revenue	3,032.6	737.4	3,770.0
Fees for use of commercial premises	52.3	7.6	59.9
Fees for optical fibres, telecommunications and other	10.2	4.6	14.8
Revenue excluding concession companies' revenue derived from works	**3,095.1**	**749.6**	**3,844.7**
Breakdown of revenue	80.5%	19.5%	100.0%
Concession companies' revenue derived from works	**315.1**	**74.6**	**389.7**
Total revenue	**3,410.2**	**824.2**	**4,234.4**

2017

	Revenue		
(in € millions)	ASF	Escota	2017 revenue
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**

D. Main items in the income statement

D.3. Operating income

Accounting policies

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)	2018	2017
Revenue[1]	**3,844.7**	**3,814.6**
Concession companies' revenue derived from works	389.7	476.3
Total revenue	4,234.4	4,290.9
Revenue from ancillary activities[2]	**47.0**	**41.6**
Purchases consumed	(22.3)	(25.3)
External services	(241.0)	(220.3)
Temporary employees	0.4	(4.6)
Subcontracting (including concession construction costs)	(409.1)	(491.0)
Taxes and levies	(520.9)	(521.4)
Employment costs	(304.2)	(303.8)
Other operating income and expenses	0.4	4.3
Depreciation and amortisation	(741.0)	(705.4)
Net provision expense	(20.0)	(9.3)
Operating expenses	**(2,257.7)**	**(2,276.8)**
Operating income from ordinary activities	**2,023.7**	**2,055.7**
% of revenue[1]	*52.6%*	*53.9%*
Share-based payments (IFRS 2)	(9.0)	(10.0)
Income/(loss) of companies accounted for under the equity method	0.7	2.8
Other ordinary operating items	(24.5)	(0.1)
Ordinary net operating income	**1,990.8**	**2,048.4**
Operating income	**1,990.8**	**2,048.4**

(1) *Excluding concession companies' revenue derived from works.*
(2) *The revenue from ancillary activities is mainly revenue from leases and sales of materials, equipment and goods.*

Other ordinary operating items included, in 2018, the impact of changes to the indexation assumptions 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)	2018	2017
Wages and employee benefit expenses – I	**(265.0)**	**(261.6)**
of which wages and salaries	*(169.1)*	*(168.6)*
of which social security expenses	*(73.7)*	*(69.6)*
of which costs of defined contribution plans	*(32.1)*	*(31.5)*
Incentive and employee profit-sharing – II	**(39.2)**	**(42.2)**
Total (I + II)	**(304.2)**	**(303.8)**

	2018	2017
Average number of employees (full time equivalents)	**4,781**	**4,920**
of which managers	*695*	*650*
of which non-managers	*4,086*	*4,270*

D.3.2. Other operating income and expenses

(in € millions)	2018	2017
Operating grants and insurance settlements received	1.6	1.7
Net gains or losses on disposal of property, plant and equipment and intangible assets	(1.2)	2.6
Other operating income and expenses	**0.4**	**4.3**

D.3.3. Depreciation and amortisation

(in € millions)	2018	2017
Concession intangible assets	(635.0)	(597.2)
Other intangible fixed assets	(11.6)	(11.2)
Property, plant and equipment	(94.4)	(97.0)
Depreciation and amortisation	**(741.0)**	**(705.4)**

D.4. Cost of net financial debt

Accounting policies

The cost of net financial debt includes:
- the cost of gross financial debt, which includes the interest expense calculated at the effective interest rate, and gains and losses on interest-rate derivatives allocated to gross financial debt whether designated as hedges for accounting purposes or not;
- 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 recycling of costs of financial and operating hedges.

The cost of the Group's net financial debt in respect of 2018 amounted to €266.1 million, compared with €295.8 million in respect of 2017, a decrease of €29.7 million. This change came primarily from refinancing on better terms the repayments due in 2017 and 2018.

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

(in € millions)	2018	2017
Financial liabilities at amortised cost	(341.5)	(354.6)
Financial assets and liabilities at fair value through profit and loss	0.1	
Derivatives designated as hedges: assets and liabilities	76.9	57.9
Derivatives at fair value through profit and loss: assets and liabilities	(1.6)	0.9
Total cost of net financial debt	**(266.1)**	**(295.8)**

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

(in € millions)	2018	2017
Net interest received from derivatives designated as fair value hedges	133.4	120.5
Change in value of derivatives designated as fair value hedges	(38.9)	(98.7)
Change in value resulting from the adjustment of hedged financial debt to fair value	38.9	98.7
Net interest received from derivates designated as cash flow hedges	(12.2)	
Reserve recycled through profit or loss in respect of cash flow hedges	(44.3)	(62.6)
Gains and losses on derivative instruments allocated to net financial debt	**76.9**	**57.9**

D.5. Other financial income and expense

Accounting policies

Other financial income and expense mainly comprises the effects of discounting to present value, the impact of 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 during the construction period.at the value of the non-current assets. They are determined as follows:
- to the extent that funds are borrowed specifically for the purpose of constructing an asset, the borrowing costs eligible for capitalisation on that asset are the actual borrowing costs incurred during the financial year less any investment income arising from the temporary investment of those borrowings;
- when borrowing is not intended to finance a specific project, the interest eligible for capitalisation on an asset is determined by applying a capitalisation rate to the expenditure on that asset. This capitalisation rate is equal to the weighted average of the costs of borrowing funds for construction work, other than those specifically intended for the construction of given assets.

Other financial income and expenses break down as follows:

(in € millions)	2018	2017
Effect of discounting to present value	(0.2)	(6.5)
Capitalised borrowing costs	11.8	18.6
Total other financial income and expenses	**11.6**	**12.1**

Other financial expenses comprised the effect of discounting assets and liabilities at more than one year for €0.2 million in 2018 (€6.5 million in 2017).

This discounting effect arose largely from provisions for the obligation to maintain the condition of concession assets in the amount of €0.5 million in 2018 (€3.8 million in 2017), provisions for retirement benefit obligations in the amount of €1.8 million in 2018 (€2.0 million in 2017) and non-current payables and receivables in the amount of a positive €2.1 million in 2018 (negative €0.7 million in 2017).

Other financial income included in particular capitalised borrowing costs of €11.8 million in 2018 (€18.6 million in 2017).

D.6. Income tax expenses

Accounting policies

Income tax is computed in accordance with the tax legislation in force in the countries where the income is taxable.
In accordance with IAS 12, deferred tax is recognised on the temporary differences between the carrying amount and the tax base of assets and liabilities. It is calculated using the latest tax rates enacted or substantively enacted at the accounts closing dates. The effects of a change in the tax rate from one period to another are recognised in the income statement in the period in which the change occurs, except 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 and certain joint ventures give rise to recognition of a deferred tax liability in respect of all the differences between the carrying amount and the tax base of the shares.
Net deferred tax is determined on the basis of the tax position of each entity or group of entities included in the tax group under consideration and is shown under assets or liabilities for its net amount per taxable category. Deferred tax is reviewed at each balance-sheet date to take account in particular of the impact of changes in tax law and the prospect of recovery. Deferred tax assets are only recognised if their recovery is probable.
Deferred tax assets and liabilities are not discounted.

D.6.1. Breakdown of net tax expense

(in € millions)	2018	2017
Current tax	(601.5)	(724.8)
Deferred tax	0.9	23.3
Income tax expenses	**(600.6)**	**(701.5)**

The net tax expense for 2018 was €600.6 million (€701.5 million in 2017) of which €485.3 million for ASF (€586.2 million in 2017) and €115.3 million for Escota (€115.3 million in 2017).

In 2017, the Group's Current tax includes the exceptional corporate tax increase of 7.94% in the amount of €110.1 million.

The Group's deferred tax at 31 December 2018 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 net income attributable to owners of the parent is a charge of €0.9 million (€13.9 million in 2017).

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 34.6% for 2018 excluding the impact of the progressive reduction in corporate tax scheduled from 2019 as against 34.4% in 2017 (excluding the increase in the normal tax rate).

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:

(in € millions)	2018	2017
Income before tax and income/(loss) of companies accounted for under the equity method	1,735.7	1,761.8
Theoretical tax rate in France	34.43%	34.43%
Theoretical tax expense expected	**(597.6)**	**(606.6)**
Permanent differences and other	(2.1)	1.3
Impact of changes in the deferred tax legislation	(0.9)	13.9
Exceptional contribution (2017)		(110.1)
Tax expense recognised	**(600.6)**	**(701.5)**
Effective tax rate (excluding Group's share in companies accounted for under the equity method)	34.6%	39.8%
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)	34.6%	34.4%

D.6.3. Breakdown of deferred tax assets and liabilities

		Changes			
(in € millions)	31/12/2018	Profit or loss	Equity	Other	31/12/2017
Deferred tax assets					
Temporary differences on retirement benefit obligations	27.5	0.1	0.3		27.1
Temporary differences on financial instruments	19.7	0.7	(17.6)		36.6
Other	50.6	(3.5)	0.3	(0.2)	54.0
Total deferred tax assets	**97.8**	**(2.7)**	**(17.0)**	**(0.2)**	**117.7**
Deferred tax liabilities					
Concession intangible assets (capitalised borrowing costs and other)	145.9	(12.0)			157.9
Concession property, plant and equipment	7.9	0.9			7.0
Temporary differences on provisions	4.3	0.8			3.5
Other	13.3	2.1		(0.2)	11.4
Total deferred tax - liabilities	**171.4**	**(8.2)**	**0.0**	**(0.2)**	**179.8**
Net deferred tax	**(73.6)**	**5.5**	**(17.0)**	**0.0**	**(62.1)**

D.7. Earnings per share

Accounting policies

Basic earnings per share is the net income for the period after non-controlling interests, divided by the weighted average number of shares outstanding during the financial year less the weighted average number of treasury shares.
In calculating diluted earnings per share, the weighted average number of shares outstanding is adjusted for the potentially dilutive effect of all equity instruments issued by the Company, in particular share subscription options and performance shares. The dilution resulting from the exercise of share subscription options or performance shares is determined using the method laid out in IAS 33. In accordance with this standard, plans in which the share price is greater than the average price during the financial year are excluded from calculating diluted earnings per share.
Moreover, to calculate earnings per share before and after dilution, net income is corrected when necessary for impacts recognised directly in equity as a result of the conversion into shares of potentially dilutive instruments.

The Company's capital since 2002 has comprised 230,978,001 shares. The Company holds no treasury shares or instruments convertible into equity. As a result, the weighted number of shares to take into consideration when calculating basic and diluted earnings per share in 2018, as in 2017, is 230,978,001. Basic and diluted earnings per share are the same.

Earnings per share amounted to €4.910 in 2018 (€4.596 in 2017).

E. Concession contracts

Accounting policies

Under the terms of IFRIC 12 "Service Concession Arrangements", a concession operator may have 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;
- an operating and maintenance activity in respect of concession assets.

Revenue for each line of business is recognised in accordance with IAS 15.

In terms of the Group's principal activities, construction contracts contain only one performance obligation which is carried out in stages. To measure the stage of completion of construction contracts, the Group uses a method based on percentage absorption of costs. Contract amendments (to do with the price and/or the scope of the contract) are recognised when they have been approved by the client. If the amendments concern new assets or services considered as distinct as per IFRS 15 and if the price of the contract increases by an amount reflecting the "separate selling prices" of the additional assets and services, these changes are recognised as a distinct contract. If a third-party (e.g., a subcontractor) provides a distinct asset or service, the Group determines whether it obtains control of this asset or service before its transfer to the client. If control is obtained before transfer to the client, the Group recognises as revenue the gross amount it expects to be entitled to in exchange. In contrast, if the control is not obtained, the Group takes the view that it is not a principal in the transaction and does recognises as revenue only the amount equal to its remuneration as an intermediary.

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 forms of payment) from users in consideration for the financing and construction of the infrastructure. The intangible asset model also applies whenever the concession grantor remunerates the concession operator 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 forms of 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 concession asset starting from the entry into service.
This method applies to the concession arrangements of ASF and Escota;
- **or the grantor, where the financial asset model applies**. The operator has an unconditional contractual right to receive payments from the grantor, irrespective of the amount of use made of the infrastructure.

Under this model, the operator recognises a financial asset, attracting interest, in its balance sheet, in consideration for the services it provides (designing and building).
This model does not apply to the ASF group's companies.

In the case of **bifurcated models**, the operator is remunerated partly by users and partly by the grantor. The part of the investment that is covered by an unconditional contractual right to receive payments from the grantor (in the form of grants or rental) is recognised as a financial receivable up to the amount guaranteed. The unguaranteed balance, of which the amount is dependent on the use of the infrastructure, is recognised as "Concession intangible assets". This model does not apply to the ASF group's companies.

Concession intangible assets correspond to the concession operator's right to operate the asset under concession in consideration for the investment expenditures incurred for the design and construction of the asset. This operator's right corresponds to the fair value of the construction of the asset under concession plus the borrowing costs capitalised during the construction phase. It is amortised over the term of the arrangement in a manner that reflects the pattern in which the asset's economic benefits are consumed by the entity, starting from the date operations begin. The motorway companies ASF and Escota use the straight-line method.

E.8. Concession intangible assets

E.8.1. Detail of concession intangible assets

(in € millions)	Cost of infrastructure	Advances and in progress	Investment subsidies	Total
Gross amount				
At 01/01/2017	**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**
Acquisitions in the period(*)	87.5	314.0	(1.7)	399.8
Disposals and retirements during the period	(1.7)			(1.7)
Other movements	469.8	(458.4)	0.2	11.6
At 31/12/2018	**22,034.2**	**629.8**	**(423.1)**	**22,240.9**
Depreciation and amortisation				
At 01/01/2017	**(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)**
Amortisation during the period	(646.4)		11.4	(635.0)
At 31/12/2018	**(11,211.6)**	**0.0**	**179.5**	**(11,032.1)**
Net value				
At 01/01/2017	**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**
At 31/12/2018	**10,822.6**	**629.8**	**(243.6)**	**11,208.8**

(*) *Including capitalised borrowing costs.*

Investments in 2018, excluding capitalised borrowing costs, amounted to €388.0 million (€456.2 million in 2017).

Borrowing costs included in the cost of concession assets before their commissioning amounted to €11.8 million in 2018 (€18.6 million in 2017).

Concession intangible assets comprised assets under construction for €629.8 million at 31 December 2018 (of which €504.4 million for ASF and €125.4 million for Escota) compared with €774.2 million at 31 December 2017 (of which €644.8 million for ASF and €129.4 million for Escota). ASF's capital spending in 2018 has been primarily linked to the Motorway Stimulus Plan completion of the widening of the A63 motorway in France's Pays Basque region and finalisation of the widening of the A9 at Montpellier.

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 €136.6 million. The main investments are described in Note E.8.1. presenting the Group's concession intangible assets.

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

The corresponding commitments break down as follows:

(in € millions)	31/12/2018	31/12/2017
ASF	715.6	873.1
Escota	529.1	508.2
Total	**1,244.7**	**1,381.3**

Annual concession performance report

The annual reports for 2017 on compliance with ASF's and Escota's contractual obligations and performance of their master contracts were submitted in June 2018 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 policies

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 sometimes be used when it appears more appropriate to the conditions under which the asset is used.
For certain complex assets comprising several components, in particular buildings and constructions, each component of the asset is depreciated over its own period of use.
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.

(in € millions)	Tangible fixed assets related to concession contracts	Advances and in progress on property, plant and equipment related to concession contracts	Investment grants on concession property, plant and equipment	Total
Gross amount				
At 01/01/2017	**2,229.3**	**78.3**	**(9.1)**	**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)**	**2,319.8**
Acquisitions in the period(*)	24.1	16.7	(1.1)	39.7
Disposals and retirements during the period	(29.3)			(29.3)
Other movements	35.4	(46.2)		(10.8)
At 31/12/2018	**2,286.4**	**43.4**	**(10.4)**	**2,319.4**
Depreciation and amortisation				
At 01/01/2017	**(1,705.1)**	**0.0**	**8.2**	**(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**	**(1,766.3)**
Amortisation during the period	(94.7)		0.3	(94.4)
Disposals and retirements during the period	28.8			28.8
At 31/12/2018	**(1,840.6)**	**0.0**	**8.7**	**(1,831.9)**
Net value				
At 01/01/2017	**524.2**	**78.3**	**(0.9)**	**601.6**
At 31/12/2017	**481.5**	**72.9**	**(0.9)**	**553.5**
At 31/12/2018	**445.8**	**43.4**	**(1.7)**	**487.5**

(*) *Including capitalised borrowing costs.*

F.9.2. Other intangible fixed assets

Accounting policies

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 €35.2 million at 31 December 2018 (compared with €32.5 million at 31 December 2017). They included the Group's software at €15.1 million (€16.0 million at 31 December 2017) and patents, licences and other intangible assets at €20.1 million (€16.5 million at 31 December 2017).

Depreciation and amortisation stood at €11.6 million for the year (€11.2 million in 2017).

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

Accounting policies

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.).

No impairment was recorded in 2018, as in 2017.

F.10. Financial assets at amortised cost

Accounting policies

Financial assets at amortised cost consist mainly of loans and receivables.
When first recognised, loans and receivables are recognised at their fair value minus the directly attributable transaction costs.
From the beginning the Group has written down its loans and receivables to reflect their recoverability, in accordance with IFRS 9.
At each balance sheet date, these assets are measured at their amortised cost using the effective interest rate method, and the Group analyses increased credit risk to determine if new impairments must be recognised.
Thus, if increased credit risk is found, an additional impairment, reflecting the credit risk over the life of the asset, will be recognised in profit or 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 €1.2 million at 31 December 2018 (€1.6 million at 31 December 2017).

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

(in € millions)	31/12/2018	31/12/2017
Start of the period	**13.1**	**12.5**
Acquisitions in the period	0.9	1.0
Disposals and retirements during the period	(0.9)	(0.4)
End of period	**13.1**	**13.1**
of which:		
1 to 5 years	*2.9*	*2.4*
more than 5 years	*10.2*	*10.7*

F.11. Working capital requirement and current provisions

Accounting policies

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.
The Group applies the simplified model defined in IFRS 9 and accordingly records an impairment of its trade receivables equal to the credit loss expected at maturity.
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 analysis of the losses recognized during the period is performed in order to make any possible adjustments in the impairment percentages. 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)	31/12/2018	31/12/2017	Changes 31/12/2018 – 31/12/2017 Changes in operating WCR	Other changes
Inventories and work in progress (net)	4.7	4.1	0.6	
Trade and other receivables	301.1	343.3	(42.2)	
Other current operating assets	163.9	152.5	11.4	
Inventories and operating receivables (I)	**469.7**	**499.9**	**(30.2)**	
Trade payables	(107.3)	(114.0)	6.6	0.1
Other current operating liabilities	(412.8)	(427.5)	14.7	
Trade and other operating payables (II)	**(520.1)**	**(541.5)**	**21.3**	**0.1**
Working capital requirement (excluding current provisions) (I + II)	**(50.4)**	**(41.6)**	**(8.9)**	**0.1**
Current provisions	**(451.0)**	**(409.9)**	**(15.6)**	**(25.5)**
of which part at less than one year of non-current provisions	*(0.8)*	*(0.6)*	*2.1*	*(2.3)*
Working capital requirement (including current provisions)	**(501.4)**	**(451.5)**	**(24.5)**	**(25.4)**

F.11.2. Current operating assets and liabilities

Current operating assets and liabilities break down as follows:

(in € millions)		31/12/2018	Maturity within 1 year 1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	more than 5 years
Inventories and work in progress (net)		4.7				3.9	0.8
Trade and other receivables		301.1	300.2			0.8	0.1
Other current operating assets		163.9	100.9	7.9	20.4	33.9	0.8
Inventories and operating receivables	**I**	**469.7**	**401.1**	**7.9**	**20.4**	**38.6**	**1.7**
Trade payables		(107.3)	(58.6)	(48.7)			
Other current operating liabilities		(412.8)	(271.0)	(54.0)	(24.1)	(35.0)	(28.7)
Trade and other operating payables	**II**	**(520.1)**	**(329.6)**	**(102.7)**	**(24.1)**	**(35.0)**	**(28.7)**
Working capital requirement (connected with operations)	**I + II**	**(50.4)**	**71.5**	**(94.8)**	**(3.7)**	**3.6**	**(27.0)**

(in € millions)		31/12/2017	Maturity within 1 year 1 to 3 months	3 to 6 months	6 to 12 months	1 to 5 years	more than 5 years
Inventories and work in progress (net)		4.1				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)**

Breakdown of trade receivables

Trade receivables and allowances were as follows:

(in € millions)	31/12/2018	31/12/2017
Trade receivables invoiced	23.5	24.0
Allowance against trade receivables	(1.2)	(1.0)
Trade receivables, net	**22.3**	**23.0**

At 31 December 2018, trade receivables between six and twelve months past due amounted to €1.8 million (€1.2 million at 31 December 2017). At 31 December 2018, trade receivables more than one year past due amounted to €2.9 million (the same as at 31 December 2017).

F.11.3. Breakdown of current provisions

Accounting policies

Current provisions are provisions directly linked to each business line's own operating cycle, whatever the expected time of settlement of the obligation. They are recognised in accordance with IAS 37. They also include the part at less than one year of provisions not directly linked to the operating cycle.
These provisions are recognised at their present value. The effect of discounting provisions is recognised under "other financial income and expense".

Provisions are taken for contractual obligations to maintain the condition of concession assets. 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 2018 and 2017:

(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
01/01/2017	**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**
Obligation to maintain the condition of concession assets	378.5	70.3	(48.8)	(6.8)	24.9		418.1
Other current liabilities	30.8	5.7	(2.7)	(1.6)			32.2
Reclassification of the part at less than one year	0.6					0.1	0.7
31/12/2018	**409.9**	**76.0**	**(51.5)**	**(8.4)**	**24.9**	**0.1**	**451.0**

The provisions relating to the obligation to maintain the condition of concession assets comprised €343.2 million for ASF at 31 December 2018 (€312.9 million at 31 December 2017) and €74.9 million for Escota at 31 December 2018 (€65.6 million at 31 December 2017).

F.12. Non-current provisions

Accounting policies

Non-current provisions are recognised whenever, at the balance sheet date, the Group has a legal or constructive present obligation towards 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 2018 and 2017:

(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
01/01/2017	**0.2**	**1.2**	**(0.9)**	**(45.7)**	**45.0**	**0.6**	**0.4**
Other risks	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**
Other risks	1.1	25.2		(0.2)	(24.9)		1.2
Reclassification of the part at less than one year	(0.6)					(0.1)	(0.7)
31/12/2018	**0.5**	**25.2**	**0.0**	**(0.2)**	**(24.9)**	**(0.1)**	**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 €1.2 million at 31 December 2018 (€1.1 million at 31 December 2017), of which €0.7 million for the part at less than one year (€0.6 million at 31 December 2017).

F.13. Other contractual obligations of an operational nature

(in € millions)	31/12/2018	31/12/2017
Operating leases – real property	1.5	1.0
Operating leases – business property	8.9	9.2
Total operating leases	**10.4**	**10.2**

The obligations relating to operating leases amounted to €10.4 million at 31 December 2018 (€10.2 million at 31 December 2017), including €1.5 million for real estate (€1.0 million at 31 December 2017) and €8.9 million for business property leases (€9.2 million at 31 December 2017).

The breakdown of contractual obligations by maturity is as follows:

		Payments due by period		
(in € millions)	Total	within 1 year	1 to 5 years	more than 5 years
Operating leases – real property	1.5	0.6	0.8	0.1
Operating leases – business property	8.9	4.2	4.0	0.7
Total operating leases	**10.4**	**4.8**	**4.8**	**0.8**

G. Data on the Group's shareholdings

G.14. Investments in companies accounted for under the equity method: associates

Accounting policies

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 in manners similar to those 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)	31/12/2018	31/12/2017
Value of shares at start of the year	**13.6**	**0.0**
Increase in the share capital of companies accounted for under the equity method		10.8
Group share of income (loss) for the period	0.6	2.8
Value of shares at end of the year	**14.2**	**13.6**

G.14.2. Aggregated financial information

At 31 December 2018, investments in companies accounted for under the equity method relate to Axxès.

(in € millions)	31/12/2018	31/12/2017
% held	**42.9%**	**42.9%**
Income statement		
Revenue	418.8	405.3
Net income	0.7	2.8

In accordance with IAS 28, the Group limits the accounting of its share of losses in associates to the proportion of its interest in the associate. At both 31 December 2018 and 31 December 2017, 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)	31/12/2018	31/12/2017
Revenue	329.4	312.2
Revenue from ancillary activities	1.4	1.4
Trade receivables	44.4	10.9
Purchases	2.2	2.2
Trade payables	0.4	0.4

G.15. Other non-current financial assets

Accounting policies

At the balance sheet dates, unconsolidated equity investments are measured at fair value through earnings or through shareholder's equity, depending on the choice made upon initial recognition. 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 shares cannot be determined reliably, the shares continue to be measured at their original cost, i.e. their cost of acquisition plus transaction costs, and this value is adjusted by any fall or appreciation in value measured by analysing changes in the percentage of the equity held.
With each new acquisition of equity shares, an analysis of the Group's management intentions will be carried out, in order to determine if they will be measured at fair value through profit and loss or through shareholders' equity.

(in € millions)	31/12/2018	31/12/2017
Listed shares in subsidiaries and affiliates	2.9	3.7
Equity instruments	**2.9**	**3.7**
Financial assets at amortised cost	13.1	13.1
Other non-current financial assets	**16.0**	**16.8**

Equity instruments break down as follows:

(in € millions)	31/12/2018	31/12/2017
Société Marseillaise du Tunnel Prado Carénage	2.9	3.7
Available-for-sale financial assets (net)	**2.9**	**3.7**

During the period, the change in equity instruments was as follows:

(in € millions)	31/12/2018	31/12/2017
Start of the period	**3.7**	**5.2**
Changes in fair value recognised in equity	(0.8)	(1.5)
End of period	**2.9**	**3.7**

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)		31/12/2018 Attributable to owners of the parent	31/12/2018 Attributable to non-controlling interests	31/12/2018 Total	31/12/2017 Attributable to owners of the parent	31/12/2017 Attributable to non-controlling interests	31/12/2017 Total
Available-for-sale financial assets(*)							
Reserve at beginning of period				**0.0**	**1.9**		**1.9**
Changes in fair value in the period				0.0	(1.5)		(1.5)
Gross reserve before tax effect at balance sheet date	**I**		**0.0**	**0.0**	**0.4**	**0.0**	**0.4**
Hedging costs							
Reserve at beginning of period(*)		**(3.0)**		**(3.0)**			**0.0**
Changes in fair value in the period		3.7		3.7			0.0
Gross reserve before tax effect at balance sheet date	**II**	**0.7**	**0.0**	**0.7**	**0.0**	**0.0**	**0.0**
Hedges of net investments							
Reserve at beginning of period(*)		**(103.6)**		**(103.6)**	**(171.1)**		**(171.1)**
Changes in fair value in the period		2.4		2.4	18.7		18.7
Fair value items recognised in profit or loss		44.3		44.3	45.8		45.8
Gross reserve before tax effect at balance sheet date	**III**	**(56.9)**	**0.0**	**(56.9)**	**(106.6)**	**0.0**	**(106.6)**
Total gross reserve before tax effect at balance sheet date (items that may be recycled through profit or loss)	**I + II + III**	**(56.2)**	**0.0**	**(56.2)**	**(106.2)**	**0.0**	**(106.2)**
Associated tax effect		17.1		17.1	34.7		34.7
Reserve net of tax (items that may be recycled through profit or loss)	**IV**	**(39.1)**	**0.0**	**(39.1)**	**(71.5)**	**0.0**	**(71.5)**
Equity instruments(*)							
Reserve at beginning of period		**0.4**		**0.4**			**0.0**
Reserve net of tax at balance sheet date	**V**	**(0.1)**	**0.0**	**(0.1)**	**0.0**	**0.0**	**0.0**
Actuarial gains and losses on retirement benefit obligations							
Reserve at beginning of period		**(21.4)**		**(21.4)**	**(21.8)**		**(21.8)**
Actuarial gains and losses recognised in the period		(1.4)		(1.4)	1.7		1.7
Associated tax effect		0.3		0.3	(1.3)		(1.3)
Reserve net of tax at balance sheet date	**VI**	**(22.5)**	**0.0**	**(22.5)**	**(21.4)**	**0.0**	**(21.4)**
Reserve net of tax at balance sheet date (items that may not be recycled through profit or loss)	**V + VI**	**(22.6)**	**0.0**	**(22.6)**	**(21.4)**	**0.0**	**(21.4)**
Total of transactions recognised directly in equity	**IV + V + VI**	**(61.7)**	**0.0**	**(61.7)**	**(92.9)**	**0.0**	**(92.9)**

(*) *Amounts restated in accordance with the change in accounting policy linked to the first-time application on 1 January 2018 of IFRS 9 "Financial Instruments", consisting of the recording in equity of hedging costs and the presentation of changes in the fair value of investments in non-consolidated companies in equity that may not be recycled through profit or loss. Under IAS 39, the "available-for-sale financial assets" which are measured at fair value through equity are now presented under "Equity instruments".*

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 2018 were exclusively those of Escota.

H.17. Dividends

The dividends paid by ASF SA in respect of 2018 and 2017 break down as follows:

		2018	2017
Interim dividend			
Amount *(in € millions)*	(I)	385.8	205.6
Per share *(in euros)*		1.67	0.89
Final dividend			
Amount *(in € millions)*	(II)		646.7
Per share *(in euros)*			2.80
Total net dividend per share			
Amount *(in € millions)*	(I) + (II)	385.8	852.3
Per share *(in euros)*		1.67	3.69

ASF SA paid the amount of €646.7 million in cash corresponding to an interim dividend, €600.5 million on 5 February 2018, with the balance of the dividends (€46.2 million) paid on 30 March 2018. The Company also paid an interim dividend for 2018 on 30 August 2018.

The total dividend to be paid with respect to 2018 will be submitted to the Shareholders' General Meeting for approval on 22 March 2019 (see Note M.26. "Appropriation of 2018 net income").

I. Financing and financial risk management

I.18. Net financial debt

Accounting policies

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 2018, net financial debt, as defined by the Group, stood at €9.9 billion, down €432.9 million from 31 December 2017 (€10.4 billion). It can be broken down as follows:

			31/12/2018			31/12/2017		
Accounting categories	*(in € millions)*	**Notes**	**Non-current**	**Current[1]**	**Total**	**Non-current**	**Current[1]**	**Total**
Financial liabilities at amortised cost	Bonds	I.18.1.	(8,613.0)	(1,414.6)	(10,027.6)	(8,136.3)	(726.2)	(8,862.5)
	Other bank loans and borrowings	I.18.1.	(612.0)	(62.9)	(674.9)	(1,051.9)	(930.1)	(1,982.0)
	Long-term financial debt[2]		**(9,225.0)**	**(1,477.5)**	**(10,702.5)**	**(9,188.2)**	**(1,656.3)**	**(10,844.5)**
	I – Gross financial debt		**(9,225.0)**	**(1,477.5)**	**(10,702.5)**	**(9,188.2)**	**(1,656.3)**	**(10,844.5)**
	of which: Impact of fair value hedges		*(354.9)*	*(26.6)*	*(381.5)*	*(420.4)*		*(420.4)*
Financial assets measured at fair value through profit or loss	Cash equivalents	I.19.1.		343.8	343.8		26.8	26.8
	Cash	I.19.1.		10.6	10.6		33.6	33.6
	II – Financial assets		**0.0**	**354.4**	**354.4**	**0.0**	**60.4**	**60.4**
Derivatives	Derivative financial instruments – liabilities	I.20.	(71.0)	(8.2)	(79.2)	(124.0)	(15.7)	(139.7)
	Derivative financial instruments – assets	I.20.	367.3	129.2	496.5	445.7	114.4	560.1
	III – Derivative financial instruments		**296.3**	**121.0**	**417.3**	**321.7**	**98.7**	**420.4**
	Net financial debt (I + II + III)		**(8,928.7)**	**(1,002.1)**	**(9,930.8)**	**(8,866.5)**	**(1,497.2)**	**(10,363.7)**

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

Change in net financial debt:

				"Non-cash" changes					
(in € millions)	**Opening**	**Cash flows**	**Ref.**	**Translation effect**	**Changes in fair value**	**Other changes**	**Total "non cash"**	**Ref.**	**Closing**
Bonds	(8,136.3)	(1,720.6)	(3)	(8.1)	58.8	1,193.2	1,243.9(*)	(4)	(8,613.0)
Other loans and borrowings	(1,051.9)	400.0	(3)	(17.6)	0.4	57.1	39.9(*)	(4)	(612.0)
Current financial debts	(1,656.3)	1,419.7			(20.2)	(1,220.7)	(1,240.9)		(1,477.5)
of which part at less than one year of long-term debt	*(1,656.3)*	*1,419.7*	*(3)*		*(20.2)*	*(1,220.7)*	*(1,240.9)*	*(4)*	*(1,477.5)*
Cash and cash equivalents	60.4	294.0	(1)					(1)	354.4
Derivative financial instruments net	420.4	18.8		25.7	(44.6)	(3.0)	(21.9)		417.3
of which fair value of derivative financial instruments	*339.5*	*18.8*	*(2)*	*25.7*	*(44.6)*	*(16.9)*	*(35.8)*	*(4)*	*322.5*
of which accrued interest not matured on derivative financial instruments	*80.9*		*(4)*			*13.9*	*13.9*	*(4)*	*94.8*
Net financial debt	**(10,363.7)**	**411.9**	**(5)**	**0.0**	**(5.6)**	**26.6**	**21.0**	**(5)**	**(9,930.8)**

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.

The table below reconciles the changes in net financial debt and the statement of cash flows.

Reconciliation of net financial debt with the financing flows in the statement of cash flows

(in € millions)	**Ref.**	**31/12/2018**
Change in net cash	(1)	294.0
Change in cash management assets and other assets	(2)	18.8
(Proceeds from)/repayment of loans	(3)	99.1
Other changes	(4)	21.0
Change in net financial debt	(5)	432.9

I.18.1. Detail of long-term financial debt

At 31 December 2018, long-term financial debt amounted to €10.7 billion, down €142.0 million from 31 December 2017 (€10.8 billion).

ASF contracted the following financing in 2018:

- on 22 January 2018, a bond issue under its EMTN (Euro Medium Term Note) programme for €1 billion, maturing in January 2030, with a 1.375% coupon;
- on 27 June 2018, a bond issue under its EMTN (Euro Medium Term Note) programme for €700 million, maturing in June 2028, with a 1.375% coupon.

In addition, the Castor bond issue was renewed in March 2018 for €18.4 million and further issues were made in April, May, October and November 2018 for €2.2 million.

The main debt repayments in 2018 concern:

- two loans taken out with CNA for a total amount of €750.0 million in March;
- EIB loans for €51.1 million;
- the Castor bond issue for €18.6 million;
- redemption of a bond for €500.0 million in September;
- €100.0 million repayment of the external credit facility;
- €400.0 million repayment of the credit facility with VINCI.

Details of the main financial debt at 31 December 2018 are shown below:

	31/12/2018						31/12/2017	
(in € millions)	**Currency**	**Contractual interest rate**	**Maturity**	**Outstanding capital**	**Carrying amount**	**of which accrued interest not matured**	**Outstanding capital**	**Carrying amount**
Bonds I				**9,494.9**	**10,027.6**	**216.6**	**8,292.9**	**8,862.5**
of which:								
ASF 2011 bond issue	EUR	4.0%	September 2018				500.0	511.4
ASF 2009 bond issue and April 2009 assimilation	EUR	7.4%	March 2019	969.6	1,027.9	56.2	969.6	1,037.7
ASF 2010 bond issue and August 2010 assimilation	EUR	4.1%	April 2020	650.0	697.3	19.3	650.0	717.3
ASF 2007 bond issue	EUR	5.6%	July 2022	1,575.0	1,752.2	43.9	1,575.0	1,781.0
ASF 2013 bond issue	EUR	2.9%	January 2023	700.0	762.6	19.2	700.0	764.6
ASF 2014 bond issue	EUR	2.95%	January 2024	600.0	613.5	16.9	600.0	612.9
ASF 2016 bond issue	EUR	1.0%	May 2026	500.0	498.1	3.2	500.0	489.4
ASF 2017 bond issue	EUR	1.125%	April 2026	500.0	501.7	3.9	500.0	501.5
ASF 2017 bond issue	EUR	1.25%	January 2027	1,000.0	1,003.1	11.9	1,000.0	1,002.1
ASF 2018 bond issue	EUR	1.375%	January 2030	1,000.0	1,016.4	13.0		
ASF 2018 bond issue	EUR	1.375%	January 2028	700.0	705.7	5.0		
Other bank loans and borrowings II				**690.6**	**674.9**	**0.5**	**1,992.9**	**1,982.0**
CNA loans	**EUR**						**750.0**	**776.9**
of which:								
ASF CNA 2004/2005	EUR	4.5%	March 2018				750.0	776.9
EIB loans	**EUR**			**690.6**	**674.9**	**0.5**	**742.9**	**707.9**
Credit facilities	**EUR**						**500.0**	**497.1**
of which:								
ASF's VINCI credit facility(*)	EUR	1-month Euribor	November 2023				400.0	400.0
Long-term financial debt I + II				**10,185.5**	**10,702.5**	**217.1**	**10,285.7**	**10,844.5**

(*) *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 2018, break down as follows, by maturity date:

	31/12/2018					
(in € millions)	Carrying amount	Capital and interest cash flows	within 1 year	between 1 and 2 years	between 2 and 5 years	more than 5 years
Bonds	**(10,027.6)**	**(10,946.4)**	**(1,487.2)**	**(884.8)**	**(2,950.7)**	**(5,623.7)**
Capital	(10,027.6)	(9,494.9)	(1,169.6)	(650.0)	(2,415.4)	(5,259.9)
Interest payment cash flows		(1,451.5)	(317.6)	(234.8)	(535.3)	(363.8)
Other bank loans and borrowings	**(674.9)**	**(708.2)**	**(64.7)**	**(64.5)**	**(192.3)**	**(386.7)**
Capital	(674.9)	(690.6)	(62.2)	(62.2)	(186.7)	(379.5)
Interest payment cash flows		(17.6)	(2.5)	(2.3)	(5.6)	(7.2)
Long-term financial debt	**(10,702.5)**	**(11,654.6)**	**(1,551.9)**	**(949.3)**	**(3,143.0)**	**(6,010.4)**
Financial debt I	**(10,702.5)**	**(11,654.6)**	**(1,551.9)**	**(949.3)**	**(3,143.0)**	**(6,010.4)**
Cash equivalents	343.8	343.8	343.8			
Cash	10.6	10.6	10.6			
Financial assets II	**354.4**	**354.4**	**354.4**	**0.0**	**0.0**	**0.0**
Derivative financial instruments – liabilities	(79.2)	(94.5)	(21.6)	(19.1)	(25.3)	(28.5)
Derivative financial instruments – assets	496.5	797.9	154.5	129.0	285.1	229.3
Financial derivatives III	**417.3**	**703.4**	**132.9**	**109.9**	**259.8**	**200.8**
Net financial debt (I + II + III)	**(9,930.8)**	**(10,596.8)**	**(1,064.6)**	**(839.4)**	**(2,883.2)**	**(5,809.6)**

At 31 December 2018, the average maturity of the Group's medium and long-term financial debt was 5.8 years, compared with 5.0 years at 31 December 2017.

I.18.3. Credit ratings and financial covenants

Credit ratings

On 27 March 2018, Standard & Poor's upgraded the Group's rating from stable to positive.

At 31 December 2018, the Group's credit ratings were as follows:

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

Financial covenants

Certain financial covenants contain early repayment clauses applicable in the event of non-compliance with financial ratios; the Group was in compliance with the latter at 31 December 2018. The CNA debt, which included this type of clause, was repaid by ASF in March 2018.

I.19. Net cash managed and available resources

Accounting policies

Cash and cash equivalents comprise current accounts at banks and short-term, liquid investments subject to negligible risks of fluctuations of value. Cash equivalents include 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 2018, the Group's available resources amounted to €2.9 billion, including €354.4 million net cash managed and €2.5 billion consisting of an unused confirmed medium-term credit facility.

I.19.1. Breakdown of net cash managed

Net cash managed, breaks down as follows:

(in € millions)	31/12/2018	31/12/2017
Cash equivalents	**343.8**	**26.8**
Cash current account	343.8	
Marketable securities and mutual funds (UCITS)		26.8
Cash	**10.6**	**33.6**
Net cash managed	**354.4**	**60.4**

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

The revolving credit line of €1.7 billion, which includes financial covenants, was terminated in November 2018 and generated an expense of €2.4 million in expenses not yet amortised.

At year-end, ASF held an internal revolving line of credit with VINCI in the amount of €2.5 billion, whose maturity was postponed from 2020 to November 2023.

The amount authorised and used and maturity profile of ASF's revolving credit facilities at 31 December 2018 are as follows:

			Maturity		
(in € millions)	Used at 31/12/2018	Authorised at 31/12/2018	within 1 year	1 to 5 years	more than 5 years
VINCI credit facility		2,500.0		2,500.0	

I.20. Financial risk management

Accounting policies

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 IFRS 9 are satisfied:

- at the time of setting up the hedge, there is a formal designation and documentation of the hedging relationship;
- the economic connection between the item hedged and the hedging instrument must be documented, as well as the potential sources of ineffectiveness;
- retrospective ineffectiveness must be measured at each closing date.

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.

However, for all transactions which qualify for hedge accounting, the Group applied IFRS 9 under which it is permissible or required to recognise the change in value of all hedging costs as other total comprehensive income and to recycle them through income, on a straight-line basis for hedges over a period of time or, when hedging transactions, as and when the hedged transaction is recognised. The recycling is shown under Cost of net financial debt in the income statement for financial transactions.

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 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.

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.

Cross Currency Swaps are considered to be interest rate instruments in the case of hedges of financial assets or liabilities that qualify as fair value hedges or cash flow hedges. In the case of the natural hedging of the currency revaluation of a financial asset or liability or when part of a hedge of a financial risk, they are considered foreign exchange instruments.

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 carried out 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. These are recognised on the balance sheet at fair value.

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

			31/12/2018			31/12/2017		
(in € millions)	Balance sheet entry	Note	Assets	Liabilities	Fair value(*)	Assets	Liabilities	Fair value(*)
Derivatives linked to net financial debt								
Interest-rate derivatives: fair value hedges		I.20.1.2.	482.4	(8.8)	473.6	526.9	(40.1)	486.8
Interest-rate derivatives: cash flow hedges		I.20.1.2.		(21.4)	(21.4)		(30.0)	(30.0)
Interest-rate derivatives: not designated as hedges		I.20.1.3.	17.2	(2.0)	15.2	35.2	(9.7)	25.5
Interest-rate derivatives	Net financial debt		499.6	(32.2)	467.4	562.1	(79.8)	482.3
Exchange-rate derivatives: fair value hedges		I.20.2.		(36.7)	(36.7)		(32.8)	(32.8)
Exchange-rate derivatives: cash flow hedges		I.20.2.		(10.7)	(10.7)		(27.9)	(27.9)
Exchange-rate derivatives	Net financial debt		0.0	(47.4)	(47.4)	0.0	(60.7)	(60.7)
Other derivatives	Net financial debt		(3.1)	0.4	(2.7)	(2.0)	0.8	(1.2)
Total derivative financial instruments			**496.5**	**(79.2)**	**417.3**	**560.1**	**(139.7)**	**420.4**

(*) *Fair value includes interest accrued but not matured amounting to +€94.8 million at 31 December 2018 (+€81.0 million at 31 December 2017).*

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. Because the Group takes great care to see that the instruments subscribed exactly reflect the exposure to be hedged, the ineffectiveness of its hedging relationships is not significant.

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 2018 of long-term debt between fixed rate debt, capped floating rate or inflation-linked debt, and floating rate debt, before and after taking account of hedging derivative financial instruments:

	Breakdown between fixed and floating rate before hedging										
	Fixed-rate			Inflation			Floating-rate			Total	
(in € millions)	Debt	*Proportion*	Rate	Debt	*Proportion*	Rate	Debt	*Proportion*	Rate	Debt	Rate
ASF	9,526.1	*93.9%*	3.26%	200.1	*2.0%*	5.73%	418.5	*4.1%*	0.57%	10,144.7	3.20%
Total at 31/12/2018	**9,526.1**	***93.9%***	**3.26%**	**200.1**	***2.0%***	**5.73%**	**418.5**	***4.1%***	**0.57%**	**10,144.7**	**3.20%**
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%**

	Breakdown between fixed and floating rate after hedging										
	Fixed-rate			Inflation			Floating-rate			Total	
(in € millions)	Debt	*Proportion*	Rate	Debt	*Proportion*	Rate	Debt	*Proportion*	Rate	Debt	Rate
ASF	4,514.0	*44.5%*	3.51%				5,630.7	*55.5%*	0.67%	10,144.7	1.94%
Total at 31/12/2018	**4,514.0**	***44.5%***	**3.51%**	**0.0**	***0.0%***	**0.00%**	**5,630.7**	***55.5%***	**0.67%**	**10,144.7**	**1.94%**
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%**

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 2018 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)	31/12/2018 Impact of sensitivity calculation Profit or loss +25 bps	-25 bps	Equity +25 bps	-25 bps
Floating-rate debt after hedging (accounting basis)	(14.1)	14.1		
Floating-rate assets after hedging (accounting basis)	0.9	(0.9)		
Derivatives not designated as hedges for accounting purposes				
Derivatives designated as cash flow hedges			6.1	(6.1)
Total	**(13.2)**	**13.2**	**6.1**	**(6.1)**

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 31/12/2018	**473.6**	**7,463.0**	**210.7**	**660.7**	**1,604.1**	**4,987.5**
At 31/12/2017	486.8	5,273.9	367.0	275.0	1,402.0	3,229.9

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".

Thus, 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.

At 31 December 2018, details of the instruments designated as cash flow hedges were as follows:

(in € millions)	31/12/2018 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	(21.4)	2,200.0		2,200.0		
Total interest-rate derivatives designated for accounting purposes as cash-flow hedges	**(21.4)**	**2,200.0**	**0.0**	**2,200.0**	**0.0**	**0.0**
of which hedging of contractual cash flows	*(21.4)*	*2,200.0*		*2,200.0*		
of which hedging of highly probable projected cash flows(*)						

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

(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**
of which hedging of contractual cash flows	*(30.0)*	*200.0*			*200.0*	
of which hedging of highly probable projected cash flows(*)						

(*) 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 2018 for the existing or unwound instruments designated as cash flow hedges to have an impact on profit or loss:

(in € millions)	Position at 31/12/2018 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	**(56.9)**	**(37.1)**	**(16.1)**	**0.3**	**(4.0)**
of which hedging of contractual cash flows	*(27.0)*	(11.3)	(10.4)	(1.3)	(4.0)
of which hedging of highly probable cash flows	*(29.9)*	(25.8)	(5.7)	1.6	

I.20.1.3. Description of non-hedging transactions

	31/12/2018					
(in € millions)	Fair value	Notional	within 1 year	between 1 and 2 years	between 2 and 5 years	more than 5 years
Interest-rate swaps	15.2	1,000.0	1,000.0			
Total interest-rate derivatives not designated as hedges for accounting purposes	**15.2**	**1,000.0**	**1,000.0**	**0.0**	**0.0**	**0.0**

	31/12/2017					
(in € millions)	Fair value	Notional	within 1 year	between 1 and 2 years	between 2 and 5 years	more than 5 years
Interest-rate swaps	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**

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:

	31/12/2018		31/12/2017	
(in € millions)	Amount	Percentage	Amount	Percentage
Euros	10,321.0	96.4%	10,441.0	96.3%
Other	381.5	3.6%	403.5	3.7%
Total long-term borrowings	**10,702.5**	**100.0%**	**10,844.5**	**100.0%**

At both 31 December 2018 and 31 December 2017, 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 related to net financial debt

Transactions to hedge currency risk break down as follows:

	31/12/2018					
(in € millions)	Fair value	Notional	within 1 year	between 1 and 2 years	between 2 and 5 years	more than 5 years
Currency swaps (including Cross Currency Swaps)	(36.7)	143.9				143.9
Fair value hedge	**(36.7)**	**143.9**				**143.9**
Currency swaps (including Cross Currency Swaps)	(10.7)	243.3				243.3
Hedges of net investments	**(10.7)**	**243.3**				**243.3**
Total exchange rate derivatives	**(47.4)**	**387.2**	**0.0**	**0.0**	**0.0**	**387.2**

	31/12/2017					
(in € millions)	Fair value	Notional	within 1 year	between 1 and 2 years	between 2 and 5 years	more than 5 years
Currency swaps (including Cross Currency Swaps)	(32.8)	143.9				143.9
Fair value hedge	**(32.8)**	**143.9**				**143.9**
Currency swaps (including Cross Currency Swaps)	(27.9)	259.6				259.6
Hedges of net investments	**(27.9)**	**259.6**				**259.6**
Total exchange rate derivatives	**(60.7)**	**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 (mainly 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 given 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 2018 and 31 December 2017, adjustments recognised for counterparty risk and own credit risk were not material.

Offsetting arrangements for derivative financial instruments

At 31 December 2018 and in accordance with the provisions of IAS 32, the Group's financial assets and liabilities (including derivative financial instruments) are not offset in the balance sheet, except in cases where the Group has offsetting arrangements. In the event of default by the Group or any of the financial institutions with which it has entered into derivative contracts, these arrangements provide for an offsetting between the fair values of assets and liabilities arising from derivative financial instruments presented in the consolidated balance sheet.

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

	31/12/2018			31/12/2017		
(in € millions)	Fair value of derivatives recognised in the balance sheet(*)	Impact of offsetting arrangements	Total	Fair value of derivatives recognised in the balance sheet(*)	Impact of offsetting arrangements	Total
Derivative financial instruments – assets	496.5	(37.1)	459.4	560.1	(77.5)	482.6
Derivative financial instruments – liabilities	(79.2)	37.1	(42.1)	(139.7)	77.5	(62.2)
Derivative financial instruments net	**417.3**	**0.0**	**417.3**	**420.4**	**0.0**	**420.4**

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

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

The method of measuring the fair value of financial assets and liabilities did not change in 2018.

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 IFRS 9:

31/12/2018	Accounting categories[1]							Fair value			
(in € millions) Balance sheet headings and classes of instrument	Derivatives at fair value through profit and loss	Derivatives designated as hedges	Financial assets measured at fair value through profit or loss	Financial assets measured at fair value through equity	Financial assets at amortised cost	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
Equity instruments				2.9			2.9	2.9			2.9
Financial assets at amortised cost			13.1				13.1		13.1		13.1
I – Non-current financial assets[2]	**0.0**	**0.0**	**13.1**	**2.9**	**0.0**	**0.0**	**16.0**	**2.9**	**13.1**	**0.0**	**16.0**
II – Derivative financial instruments – assets	**17.2**	**479.3**					**496.5**		**496.5**		**496.5**
Cash equivalents			343.8				343.8	343.8[3]			343.8
Cash			10.6				10.6	10.6			10.6
III – Current financial assets	**0.0**	**0.0**	**354.4**	**0.0**	**0.0**	**0.0**	**354.4**	**354.4**	**0.0**	**0.0**	**354.4**
Total assets	**17.2**	**479.3**	**367.5**	**2.9**	**0.0**	**0.0**	**866.9**	**357.3**	**509.6**	**0.0**	**866.9**
Bonds						(10,027.6)	(10,027.6)	(9,721.0)	(529.8)		(10,250.8)
Other bank loans and borrowings						(674.9)	(674.9)		(688.0)		(688.0)
IV – Long-term financial debt	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**(10,702.5)**	**(10,702.5)**	**(9,721.0)**	**(1,217.8)**	**0.0**	**(10,938.8)**
V – Derivative financial instruments – liabilities	**(2.0)**	**(77.2)**					**(79.2)**		**(79.2)**		**(79.2)**
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	**(2.0)**	**(77.2)**	**0.0**	**0.0**	**0.0**	**(10,702.5)**	**(10,781.7)**	**(9,721.0)**	**(1,297.0)**	**0.0**	**(11,018.0)**
Total	**15.2**	**402.1**	**367.5**	**2.9**	**0.0**	**(10,702.5)**	**(9,914.8)**	**(9,363.7)**	**(787.4)**	**0.0**	**(10,151.1)**

(1) *The Group has no held-to-maturity financial assets.*
(2) *See Note G.15. "Other non-current financial assets".*
(3) *Mainly comprising a cash current account.*

The following table shows the carrying amount and the fair value of financial assets and liabilities, in the balance sheet as of 31 December 2017, by accounting category as defined in IAS 39:

31/12/2017	**Accounting categories[1]**							**Fair value**			
(in € millions) **Balance sheet headings and classes of instrument**	**Financial instruments at fair value through profit or loss**	**Derivatives designated as hedges**	**Financial assets measured at fair value**	**Available-for-sale financial assets**	**Loans and receivables**	**Financial liabilities at amortised cost**	**Net carrying amount for the class**	**Level 1: Quoted prices and cash**	**Level 2: Internal model using observable factors**	**Level 3: Internal model using non-observable factors**	**Fair value of the class**
Listed shares in subsidiaries and affiliates				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**	**3.7**	**13.1**	**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**	**3.7**	**13.1**	**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**	**3.7**	**13.1**	**(10,844.5)**	**(10,346.9)**	**(9,572.1)**	**(1,306.0)**	**0.0**	**(10,878.0)**

(1) *The Group has no held-to-maturity financial assets.*
(2) *See Note G.15. "Other non-current 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 2018 the long-term portion of provisions for employee benefits broke down as follows:

(in € millions)	Notes	31/12/2018	31/12/2017
Provisions for retirement benefit obligations	J.22.1.	99.6	97.6
Long-term employee benefits	J.22.2.	4.6	1.2
Total provisions for employee benefits		**104.2**	**98.8**

J.22.1. Provisions for retirement benefit obligations

Accounting policies

Provisions are shown as liabilities on the consolidated balance sheet for obligations connected with defined benefit retirement plans, for both current and former employees (retirees and people with deferred rights). 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 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 retirement 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 2018 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)	31/12/2018	31/12/2017
Part at more than one year	99.6	97.6
Part at less than one year(*)	4.8	4.0
Total provisions for retirement benefit obligations	**104.4**	**101.6**

(*) *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 2018, provisions for retirement benefit obligations connected with post-employment benefit plans amounted to €104.4 million (including €99.6 million at more than one year) compared with €101.6 million at 31 December 2017 (including €97.6 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 (€4.8 million at 31 December 2018 and €4.0 million at 31 December 2017) 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	31/12/2018	31/12/2017
Discount rate	1.70%	1.75%
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 2018. The book value at 31 December 2018 is used for assets invested with insurance companies.

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

Results of the period's actuarial assessments

Breakdown by type of obligation

	31/12/2018			31/12/2017		
(in € millions)	Lump sums paid on retirement in France	Pensions, supplementary retirement benefits and other	Total	Lump sums paid on retirement in France	Pensions, supplementary retirement benefits and other	Total
Actuarial liability with respect to retirement benefit obligations	**62.1**	**71.4**	**133.5**	**62.1**	**71.6**	**133.7**
Fair value of plan assets	(25.0)	(4.1)	(29.1)	(28.1)	(4.0)	(32.1)
Deficit (or surplus)	37.1	67.3	104.4	34.0	67.6	101.6
Provision recognised as liabilities in the balance sheet	**37.1**	**67.3**	**104.4**	**34.0**	**67.6**	**101.6**

At 31 December 2018, the share of the obligation allocated to retired beneficiaries amounted to approximately 19.3%.

Change in actuarial liability and plan assets during the period

(in € millions)		2018	2017
Actuarial liability with respect to retirement benefit obligations			
Balance at the beginning of the period		**133.7**	**134.4**
of which obligations covered by plan assets		***98.7***	***98.9***
Cost of services rendered during the period		4.8	4.9
Effect of discounting actuarial liability to present value		2.3	2.5
Actuarial gains and losses recognised in other comprehensive income		1.1	(1.1)
of which impact of changes in demographic assumptions			*(1.4)*
of which impact of changes in financial assumptions		*0.7*	*1.4*
of which experience gains and losses		*0.4*	*(1.1)*
Payments made to beneficiaries		(8.4)	(7.0)
At the end of the period	**I**	**133.5**	**133.7**
of which obligations covered by plan assets		***98.7***	***98.7***
Plan assets			
Balance at the beginning of the period		**32.1**	**33.9**
Interest income during the period		0.6	0.6
Actuarial gains and losses recognised in other comprehensive income(*)		(0.3)	0.6
Payments made to beneficiaries		(4.8)	(3.7)
Contributions paid to funds by the employer		1.5	0.9
Disposals of companies and other			(0.2)
At the end of the period	**II**	**29.1**	**32.1**
Deficit (or surplus)	**I - II**	**104.4**	**101.6**

(*) *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 2019 for retirement benefit obligations at €3.7 million, of which €2.5 million in pension benefits to be paid to retired or qualifying employees, benefits not covered by hedges, and €1.2 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)	2018	2017
Provisions for retirement benefit obligations recognised in liabilities		
Balance at the beginning of the period	**101.6**	**100.5**
Total expense recognised with respect to retirement benefit obligations	6.5	6.8
Actuarial gains and losses recognised in other comprehensive income	1.4	(1.7)
Benefits paid by the employer	(3.6)	(3.3)
Contributions paid to funds by the employer	(1.5)	(0.9)
Disposals of companies and other		0.2
At the end of the period	**104.4**	**101.6**

Expenses recognised in respect of defined benefit plans

(in € millions)	Revenue for 2018	Revenue for 2017
Cost of services rendered during the period	4.8	4.9
Effect of discounting actuarial liability to present value	2.3	2.5
Interest income on plan assets	(0.6)	(0.6)
Total	**6.5**	**6.8**

Breakdown of plan assets by type of investment

	31/12/2018	31/12/2017
	Eurozone	Eurozone
Breakdown of plan assets		
Shares	17.7%	10.4%
Bonds	75.0%	77.0%
Property	3.9%	5.3%
Money-market securities	3.4%	7.0%
Other	0.0%	0.3%
Total	**100.0%**	**100.0%**
Plan assets *(in € millions)*	**29.1**	**32.1**
Plan assets/Actuarial liability with respect to retirement benefit obligations *(as %)*	**21.8%**	**24.0%**

At 31 December 2018, 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 €28.0 million (€29.3 million at 31 December 2017).

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 5.0%.

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 0.5%.

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	31/12/2018	31/12/2017
Discount rate	1.70%	1.75%
Inflation rate	1.6%	1.6%
Rate of salary increases	1.6% - 2.0%	1.6% - 2.0%

This provision amounted to €6.1 million (including €4.4 million at more than one year) at 31 December 2018, against €1.1 million at 31 December 2017 (including €0.9 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.

The changes recorded during the year are due principally to the introduction of a new bonus scheme for ASF employees achieving their second long-service award.

Agreements on Early Retirement for Employees ("CATS" agreements)

The provisions have been calculated using the following actuarial assumptions:

Assumptions	31/12/2018	31/12/2017
Discount rate	-0.10%	-0.25%
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%

This provision amounted to €0.3 million (including €0.2 million at more than one year) at 31 December 2018, against €0.5 million at 31 December 2017 (including €0.3 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 2018 (€0.1 million at 31 December 2017).

J.23. Share-based payments

Accounting policies

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. 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 €5.6 million at 31 December 2018 (€3.6 million at 31 December 2017).

VINCI's Board of Directors' meeting held on 7 February 2018 decided to allocate definitively all the original share allocations to beneficiaries of the 14 April 2015 long-term incentive plan, once the performance and attendance conditions had been met.

VINCI's Board of Directors' meeting held on 17 April 2018 decided once again to implement a 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.23.2. 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 also benefit from an employer's contribution, which has been capped at an annual maximum of €3,500 per person since 1 January 2018, compared with a maximum contribution of €2,500 previously. 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 2007-2017 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 €3.4 million at 31 December 2018 (€6.4 million at 31 December 2017).

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 2018 and 2017 as follows:

(in € millions)	31/12/2018	31/12/2017
Remuneration	3,237.6	3,099.3
Employer's social charges	2,052.7	3,445.3
Post-employment benefits	51.7	42.7
Share-based payments(*)	2,142.4	1,835.9

(*) *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 2018 is an estimate, for which a provision has been taken in the period.

At 31 December 2018, 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 €0.7 million at 31 December 2018 (€0.6 million at 31 December 2017).

K.24.2. Transactions with the VINCI group

Transactions in 2018 and 2017 between the ASF group and the VINCI group break down as follows:

(in € millions)	31/12/2018	31/12/2017
Subcontracting of construction work	7.9	11.0
Trade receivables	18.1	14.4
Dividend payments	1,032.2	369.3
Non-current financial debts		400.0
Trade and other operating payables	32.3	33.4
Other current payables	12.2	21.1
Current tax liabilities(*)	6.4	12.3
Revenue and revenue from ancillary activities	35.0	33.5
Fees	22.1	21.7
Other external expenses	173.4	209.5

(*) *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.

	Deloitte & Associés network				KPMG network			
(in € millions)	2018	%	2017	%	2018	%	2017	%
Half-yearly certification and limited review of the Company and consolidated financial statements								
ASF SA	155	60%	150	57%	155	74%	150	66%
Fully consolidated subsidiaries	74	29%	70	27%		0%		0%
Sub-total	**229**	**89%**	**220**	**84%**	**155**	**74%**	**150**	**66%**
Services other than the certification of financial statements(*)	**28**	**11%**	**42**	**16%**	**54**	**26%**	**77**	**34%**
ASF SA	28	11%	42	16%	49	23%	77	34%
Fully consolidated subsidiaries		0%		0%	5	2%		0%
Sub-total	**257**	**100%**	**262**	**100%**	**209**	**100%**	**227**	**100%**
Total	**257**	**100%**	**262**	**100%**	**209**	**100%**	**227**	**100%**

(*) *The services other than certification of financial statements include the services they are required to provide by law and the services provided at the request of the controlled entities (contractual audits, comfort letters, statements, agreed procedures, consultations and work related to changes in accounting standards, due diligence for acquisitions, audits of procedures and information systems and tax services which do not affect their independent status).*

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 2018 net income

The Board of Directors finalised the consolidated financial statements for the year ended 31 December 2018 on 1 February 2019. 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 22 March 2019 for a dividend of €4.85 per share for this financial year, which, given the interim dividend already paid on 30 August 2018 (€1.67 per share), would bring the dividend payable to €3.18 per share, which will be paid not later than 29 March 2019.

M.27. Other post-balance sheet events

Prices

The reference index for the price increase at 1 February 2019 showed an increase of 1.943%.

On this basis, and in accordance with the amendments to the concession arrangement signed by the State, ASF and Escota, the price increase excluding taxes at 1st February 2019 will be as follows:
- for ASF: [0.70 i + 0.536], i.e. 1.896% for all classes of vehicles;
- for Escota: [0.70 i + 0.465], i.e. 1.825% for all classes of vehicles.

Subject to publication of the relevant orders.

New subscriptions

Thanks to new subscriptions, from 1st February 2019 ASF and Escota will introduce a special rate for regular users over the whole network: drivers making at least 10 return journeys on the same route will enjoy a 30% discount on tolls for all journeys.

N. 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 "Scope of consolidation effect and net gain on disposal of shares" in the income statement.

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

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

The Group may recognise within 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.

Survey of off-balance sheet commitments

The Group's off-balance sheet commitments are monitored through 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

6, place de la Pyramide
92908 Paris La Défense 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 the 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 2018.

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.

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 1st January 2018 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 €418.1 million at 31 December 2018, 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) and the discount rates applied.

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 the 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 2018 with the actual expenses recorded during 2018;

- 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 2018 with those used to 31 December 2017;
- performing a critical examination of the estimates in the multi-year spending forecasts for major maintenance in comparison with the technical documentation available;
- checking the proper arithmetic application of indexation clauses for work contracts (principally the TP01 and TP09 indices);
- assessing the consistency of the 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 S.A.

At 31 December 2018, Deloitte & Associés and KPMG S.A. were both in the 13th 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 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 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.

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

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 management, together with the information concerning them provided in the consolidated financial statements;

- he or she shall evaluate the appropriateness of 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.

Paris La Défense, 1 February 2019

The Statutory Auditors

Deloitte & Associés	KPMG Audit *A department of KPMG S.A.*
Mansour Belhiba	**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 2018 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 2018 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, 1 February 2019

Patrick Priam

Chief Financial Officer

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