IFRS INDIVIDUAL FINANCIAL STATEMENTS

2018

IFRS individual financial statements at 31 December 2018

IFRS INDIVIDUAL FINANCIAL STATEMENTS AT 31 DECEMBER 2018

IFRS income statement

(in € millions)	Notes	2018	2017
Revenue	**4.1**	**1,581.1**	**1,521.4**
o/w:			
Operating revenue		*1,441.1*	*1,400.4*
Revenue – construction of new infrastructure assets under concession		*139.9*	*121.0*
Income from ancillary activities		3.6	1.9
Operating expenses	4.2	(757.7)	(718.7)
Operating income from ordinary activities		**827.0**	**804.5**
Share-based payments (IFRS 2)	21	(2.5)	(2.0)
Other current operating items		(7.6)	0.0
Current operating income		**816.8**	**802.5**
Non-current operating items		0.0	0.0
Operating income	**4.2**	**816.8**	**802.5**
Cost of gross financial debt		(75.8)	(90.0)
Cost of net financial debt	**5**	**(75.8)**	**(90.0)**
Other financial income and expenses	6	1.2	(2.6)
Income tax expense	7	(253.0)	(252.9)
of which impact of non-current changes in deferred tax(*)		*(0.4)*	*(9.2)*
Net income		**489.3**	**457.1**
Net earnings per share *(in euros)* **- including non-current tax effects(*)**	**8**	**120.56**	**112.62**
Net earnings per share *(in euros)* **- excluding non-current tax effects(*)**		**120.64**	**114.89**

(*) *In 2018, non-current tax effects were limited: -€0.4 million on the consolidated income tax expense. They came about as a result of the following tax measures adopted in France by the 2018 Finance Act and the amended Finance Act for 2017: the exceptional 15% corporate tax rate, cancellation of the 3% tax on dividends and the progressive reduction of corporate tax in France from 33.33% to 25% from 2022, leading to a revaluation of Cofiroute's deferred tax. In 2017, the non-current tax effects amounted to -€9.2 million on the consolidated tax expense. They were a result of the same tax measures adopted in France by the 2018 Finance Act and the amended Finance Act for 2017.*

IFRS comprehensive income statement for the period

(in € millions)	2018	2017
Net income	**489.3**	**457.1**
Changes in the fair value of financial instruments used to hedge cash flows(1)	(0.3)	(0.3)
o/w:		
Cash flow hedges(1)	*(0.3)*	*(0.3)*
Tax expense(2)	0.1	0.1
Other comprehensive income items that can be subsequently recycled in net income	(0.2)	(0.2)
Actuarial gains and losses on retirement benefit obligations	0.4	1.4
Tax expense	(0.2)	(0.5)
Other comprehensive income items that cannot be subsequently recycled in net income	0.2	0.9
Total other comprehensive income items recognised directly in equity	**0.0**	**0.7**
Comprehensive income	**489.2**	**457.8**

(1) *Changes in the fair value of cash flow hedges (interest rate hedges) are recognised in equity for the effective portion. Cumulative gains or losses in equity are recorded in the income statement if the hedged cash flow affects earnings.*
(2) *Tax effects relating to changes in the fair value of cash flow hedges (effective portion) and hedging costs.*

IFRS Balance sheet - Assets

(in € millions)	Notes	31/12/2018	31/12/2017
Non-current assets			
Concession intangible assets	9	4,702.4	4,768.2
Other intangible assets	10	1.2	2.7
Concession property, plant and equipment	10	215.3	228.5
Property, plant and equipment	10	6.8	7.1
Non-current derivative instruments, assets	16 - 19	48.7	54.2
Total non-current assets		**4,974.3**	**5,060.7**
Current assets			
Inventories and work in progress	12	1.9	2.0
Trade and other receivables	12	106.5	110.2
Other current operating assets	12	50.9	38.6
Other current non-operating assets		0.0	1.5
Current derivative instruments, assets	16 - 19	17.1	51.4
Cash management financial assets	17	0.0	4.0
Cash and cash equivalents	17	237.6	840.6
Total current assets		**414.1**	**1,048.4**
Total assets		**5,388.5**	**6,109.1**

IFRS Balance sheet - Equity and liabilities

(in € millions)	Notes	31/12/2018	31/12/2017
Equity			
Share capital		158.3	158.3
Reserves		160.5	166.9
Net income for the period		489.3	457.1
Transactions recognised directly in equity		(2.0)	(2.0)
Total equity	**14**	**806.0**	**780.2**
Non-current liabilities			
Provisions for employee benefits	20	19.7	18.8
Bonds	16	3,140.5	3,131.8
Other loans and borrowings	16	456.5	708.4
Non-current derivative instruments, liabilities		39.2	49.5
Other non-current liabilities		3.8	2.5
Net deferred tax liabilities	7.3	140.4	146.0
Total non-current liabilities		**3,800.1**	**4,057.0**
Current liabilities			
Current provisions	12.4	258.4	241.0
Trade payables	12.1	39.3	32.9
Payables related to non-current assets		58.7	47.1
Other current operating liabilities	12.1	115.3	111.5
Current tax liabilities		6.3	6.0
Current derivative instruments, liabilities	16 - 19	0.8	26.8
Current financial debts	16	303.5	806.5
Total current liabilities		**782.3**	**1,271.9**
Total equity and liabilities		**5,388.5**	**6,109.1**

IFRS cash flows statement

(in € millions)		Notes	2018	2017
Net income for the period			**489.3**	**457.1**
Depreciation and amortisation		4.4	251.4	248.9
Net increase/(decrease) in provisions			15.5	1.1
Share-based payments and other restatements		21	(1.6)	(1.0)
Gain (loss) on disposals			0.2	(0.6)
Dividends from unconsolidated companies			(8.5)	0.0
Cost of net financial debt recognised		5	75.8	90.0
Current and deferred tax expense recognised		7	253.0	252.9
Cash flows (used in) / from operations before tax and financing costs			**1,075.1**	**1,048.3**
Changes in operating working capital requirement and current provisions		12	4.8	7.1
Income taxes paid			(257.4)	(298.6)
Net interest paid		5	(88.6)	(83.3)
Cash flows (used in) / from operating activities	**I**		**733.9**	**673.4**
Purchases of property, plant and equipment and intangible assets			*(1.7)*	*(2.2)*
Disposals of property, plant and equipment and intangible assets			*1.5*	*(0.2)*
Operating investments (net of disposals)			(0.2)	(2.4)
Operating cash flow			**733.7**	**671.1**
Investments in concession fixed assets (net of grants received)		9 - 10	(157.5)	(129.3)
Free cash flow (after investments)			**576.2**	**541.7**
Dividends received from unconsolidated companies			8.5	0.0
Net cash flows (used in) / from investing activities	**II**		**(149.1)**	**(131.7)**
Dividends paid to Cofiroute SA shareholders		15	(461.5)	(192.4)
Proceeds from new long-term borrowings		16	7.0	740.3
Repayments of long-term borrowings		16	(737.2)	(54.2)
Change in cash management assets and other current financial liabilities		16 - 17	4.0	0.0
Net cash flows (used in) / from financing activities	**III**		**(1,187.7)**	**493.7**
Change in net cash	**I + II + III**	**16 - 17**	**(602.9)**	**1,035.5**
Net cash at beginning of period			**840.6**	**(194.9)**
Net cash and cash equivalents at end of period			**237.6**	**840.6**
Increase/(decrease) in cash management financial assets			(4.0)	0.0
(Issue) repayment of borrowings			730.2	(686.1)
Other changes			12.6	(7.0)
Change in net financial debt		**16**	**135.8**	**342.3**
Net financial debt at beginning of period			(3,772.8)	(4,115.2)
Net financial debt at end of period			**(3,637.0)**	**(3,772.8)**

IFRS statement of changes in equity

(in € millions)	Equity				
	Share capital	**Reserves**	**Transactions recognised directly in equity**	**Net income**	**Total**
Equity at 01/01/2017	**158.3**	**(116.4)**	**(2.7)**	**476.8**	**516.0**
Net income for the period				457.1	457.1
Other comprehensive income items			0.7		0.7
Comprehensive income for the period	**0.0**	**0.0**	**0.7**	**457.1**	**457.8**
Allocation of net income and dividend payments		284.4		(476.8)	(192.4)
Share-based payments		(1.1)			(1.1)
Equity at 31/12/2017	**158.3**	**166.9**	**(2.0)**	**457.1**	**780.2**
Net income for the period				489.3	489.3
Other comprehensive income items			(0.0)		(0.0)
Comprehensive income for the period	**0.0**	**0.0**	**(0.0)**	**489.3**	**489.2**
Allocation of net income and dividend payments		(4.5)		(457.1)	(461.5)
Share-based payments		(1.9)			(1.9)
Equity at 31/12/2018	**158.3**	**160.5**	**(2.0)**	**489.3**	**806.0**

NOTES TO THE IFRS INDIVIDUAL FINANCIAL STATEMENTS

A. General principles and use of estimates

1. Basis for preparing of the financial statements

As required by European regulation No. 1606/2002 of 19 July 2002, Cofiroute's IFRS individual financial statements for the year ended 31 December 2018 have been prepared and presented in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union at 31 December 2018(1).

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

The IFRS individual financial statements were approved by the Board of Directors on 1 February 2019 and will be submitted for shareholder approval at the Shareholders' General Meeting on 22 March 2019.

1.1. New standards and interpretations applicable from 1 January 2018

The impact of the application from 1 January 2018 of IFRS 15 "Revenue from contracts with customers" and IFRS 9 "Financial instruments" is described in Note A.3.

The other applicable standards and interpretations that are mandatory from 1 January 2018 do not have a significant impact on the consolidated financial statements of Cofiroute at 31 December 2018. They mainly include:

- amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions";
- annual improvements, 2014-2016 cycle.

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

Cofiroute did not opt for the early adoption of any of the new standards and interpretations listed below, which may relate to it, but whose application was not mandatory at 1 January 2016:

- IFRS 16 "Leases";
- IFRIC 23 "Uncertainty over income tax treatments";
- amendments to IAS 19 "Plan amendment, curtailment or settlement";
- amendments to IFRS 9 "Prepayment features with negative compensation";
- 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, IFRIC 4, SIC 15 and SIC 27. IFRS 16, which will come into effect on 1 January 2019, requires that leases be accounted for in a single manner by lessees, impacting the balance sheet in a similar way to current finance leases.

Given the relatively short term of asset leases (primarily transport equipment), the current estimate of the effect on the Cofiroute financial statements may not be representative of the impact that will be recognised upon first-time application of IFRS 16.

Due to the features of certain leases (in particular in terms of renewal conditions), 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 13. "Other contractual obligations of an operational nature" could therefore differ from the liabilities that will be recognised under IFRS 16.

Cofiroute should opt for the retrospective approach, recognising the cumulative effect of the initial application of the standard on the date of first-time 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 from 1 January 2019. Cofiroute does not expect implementation of this interpretation to have a material effect on opening equity at 1 January 2019.

(1) Available at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en

Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement", mandatory starting 1 January 2019, subject to approval by the European Union. These new amendments to IAS 19 state that in the event of amendment, curtailment or settlement of a defined-benefit plan occurring in the period, the cost of services rendered and net interest must be re-measured for the following 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 new amendments to IAS 19 are consistent with the methods and assumptions currently in use by Cofiroute to measure retirement plans.

2. 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 these financial statements.

These estimates assume the operation is a going concern and are drawn up on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based change or if new information becomes available. Actual results may be different from these estimates.

Values used in impairment tests

The assumptions and estimates drawn upon to determine the recoverable amount of intangible assets and property, plant and equipment relate in particular to the market outlook required to assess the cash flow and discount rates applied. Any change in these assumptions could have a material effect on the recoverable amount.

Measurement of provisions

The factors that materially influence provision amounts include:

- forecasts for medium- to long-term maintenance expenditure and for major repairs, which serve as a basis for provisions for the obligation to maintain infrastructure assets under concession in good condition. These forecasts are estimated by taking into account the indexing clauses of construction contracts (primarily the TP01, TP02 and TP09 indices);
- the discount rates used to discount these provisions to present value.

Measurement at fair value

Cofiroute mainly uses fair value in measuring, on a consistent basis, derivative instruments, cash and cash equivalents and cash management financial assets. Fair values of other financial instruments (debt instruments and loans and receivables at amortised cost in particular) are disclosed in Note G.19. "Carrying amount and fair value by accounting category" of the notes to the IFRS individual financial statements.

Fair value is the price that would be received from selling an asset or paid to transfer a liability in a normal transaction. It is recognised on the basis of the asset or liability's main market (or the most advantageous market if there is no main market), i.e. the one that offers the highest volume and activity levels. The fair value of derivative financial instruments includes a "counterparty risk" component for derivatives carried as assets and an "own credit risk" component for derivatives carried as liabilities.

To determine these fair values, Cofiroute mainly uses the following measurement methods:

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

The following three-level ranking of fair values is used:

- level 1: quoted prices in an active market. Marketable securities and listed bonds are valued in this way;
- level 2: internal model using observable factors based on internal valuation techniques: these techniques are based on standard mathematical computation methods, which incorporate observable market data (forward prices, yield curves, etc.). Most derivatives (swaps, caps, floors, etc.) traded on markets are measured on the basis of models commonly used by market practitioners in pricing these financial instruments. Internal valuations of derivatives are checked quarterly for consistency with the valuations sent by counterparties;
- level 3: internal model using non-observable inputs: this model applies in particular to holdings of unlisted shares, which are assessed at their acquisition cost plus transaction costs, in the absence of an active market;

Measurement of retirement benefit obligations

- Cofiroute subscribes to defined-contribution and defined-benefit retirement plans. Its obligations in connection with these defined benefit plans are measured using the actuarial projected unit credit method based on assumptions such as the discount rate, future increases in wages and salaries, employee turnover, mortality rates and the healthcare expenditure growth rate.
- These assumptions are generally updated annually. Cofiroute considers that the actuarial assumptions used are appropriate and justified in current conditions. Obligations may, however, change in the event of changes in assumptions.

Valuation of share-based payments

Cofiroute recognises a share-based payment expense for the granting of performance share plans to certain employees and the VINCI Group savings plan. This expense is measured using actuarial calculations based on estimated behavioural assumptions arising from observation of past behaviour.

The main actuarial assumptions (volatility, return on shares) used by Cofiroute are described by plan in Note H.21. "Share-based payments".

3. Change in accounting policy

3.1. IFRS 15 "Revenue from Contracts with Customers"

Cofiroute adopted IFRS 15 on 1 January 2018, the date on which it came into force in the European Union. With regard to non-material impacts identified, IFRS 15 was applied retrospectively to contracts in effect using the so-called "simplified retrospective" transition method. The 2017 data, presented for comparative purposes, were not adjusted and continue to be presented according to the previous accounting guidelines (IAS 11 "Construction Contracts" and IAS 18 "Revenue").

At 1 January 2018 the first-time application of the standard did not cause Cofiroute to alter the amount of its opening equity.

Since 1 January 2018 Cofiroute has applied IFRS 15 to measure and recognise consolidated revenue. The new accounting policies are described in Note C.4. "Revenue" and D. "Concession contracts".

The addition of references to IFRS 15 in the provisions of IFRIC 12 has not resulted in Cofiroute identifying any differences with its revenue recognition practice either in terms of identifying new performance obligations or the timing of revenue recognition.

3.2. IFRS 9 "Financial instruments"

As from 1 January 2018, Cofiroute has applied the provisions of IFRS 9 "Financial Instruments".

IFRS 9 "Financial instruments" sets out the relevant rules for the recognition and measurement of financial assets and liabilities and of certain contracts to buy or sell non-financial items. This standard supersedes IAS 39 "Financial instruments", which was applied up to 31 December 2017.

Phase I – Classification and measurement of financial assets

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

When applying this standard, Cofiroute reviewed the characteristics, in particular remuneration, of its financial assets. In light of Cofiroute's practices in how it manages its financial assets, not holding complex financial instruments, it was concluded that all of the financial assets of Cofiroute respected the Solely Payment of Principal and Interest (SPPI) criterion as defined by IFRS 9. There was therefore no change in accounting policy for the financial assets recognised at amortised cost pursuant to IAS 39 upon first-time application of IFRS 9.

Cofiroute also reviewed its portfolio of equity instruments, primarily comprising non-consolidated investments in subsidiaries and affiliates, in order to determine the measurement method for each security (either at fair value through profit and loss or fair value through equity). The securities in the portfolio as at 1 January 2018 were measured at fair value through equity.

For the shares of listed companies, this fair value is determined on the basis of the stock market price on the reporting date. For unlisted securities, if the fair value cannot be reliably determined at each reporting date, they are kept in the balance sheet at their initial fair value, namely at their acquisition cost plus transaction costs, adjusted for any increase or decrease in value determined by an analysis of the change in the percentage of equity held.

Every time equity securities are acquired, a similar analysis will be done to determine Cofiroute's management intent, thereby characterising the manner in which changes in fair value are recognised.

Loans and receivables are henceforth classified as "Financial assets at amortised cost" and available-for-sale financial assets are classified under "Equity instruments" and remain on the balance sheet under "Other financial assets" (see details in Note G.19. "Carrying amount and fair value of financial assets and liabilities by accounting category").

Phase II – Impairment model for financial assets

The standard also changed the methods for recording impairment of Cofiroute financial assets, as IFRS 9 proposes a new model based on expected losses. An analysis of the portfolios of trade and financial receivables, as well as of loans granted, in particular to companies accounted for under the equity method, has been carried out.

Cofiroute opted for a simplified method for measuring the impairment of its trade receivables.

Credit risk from financial receivables and loans was measured on the basis of the IFRS 9 full mode. No significant increase in credit risk was identified.

In order to estimate the likelihood of non-recovery of Cofiroute's financial assets, an analysis of the losses recognised over the period will be done annually in order to adjust the impairment rates if necessary.

Phase III – Hedge accounting

The provisions relating to hedge accounting will allow Cofiroute to bring the accounting into line with its risk management policy.

The provisions of IFRS 9 allow changes in the value of all hedging costs to be recognised (swap points, basis swaps and option premiums) under other comprehensive income and to recycle them through profit and loss on a straight-line basis in the event of hedging over a period of time or, in the case of transaction hedging, at the same rate as the recognition of the hedged transaction.

The ineffective portion of hedging by Cofiroute was recognised under Cost of net financial debt, and recycling will therefore also be presented in the income statement under Cost of financial debt.

New accounting model for regociated financing

Cofiroute analysed the substance of the debt refinancing that took place prior to 1 January 2018. No transaction was dealt with on a debt continuity basis, and so no impact from this new model was recognised at 1 January 2018.

Just like under IAS 39, the analysis of changes in debt will be based both on quantitative criteria (10% test) and qualitative criteria (change in covenant, currency or rate structure, etc.). If the analysis gives rise to debt continuity, the carrying amount thereof will be adjusted in accordance with the provisions of IFRS 9.

The transition approach used was the simplified approach. The 2017 financial statements were therefore not adjusted, with only the opening balance sheet at 1 January 2018 being adjusted to reflect all these impacts, mostly on presentation.

The effects of the first-time application of IFRS 15 and IFRS 9 at 1 January 2018 had no impact on the subtotals presented on the asset and liability sides of the balance sheet.

B. Key events of the period

Social movements arising in October 2018 in France surged following the announcement by the French government of higher fuel prices as part of the energy transition and later extended to a variety of other grievances.

This formed the background to the first nationwide demonstration held on Saturday 17 November 2018.

Since then, this many-sided movement has focused its actions on the roads and motorways, leading to random vehicle stops, roadblocks, obstruction of traffic and tollbooths, vandalism of equipment and facilities, and thefts. The sites most affected have been Châtellerault, Ancenis and Orléans.

Traffic in 2018 will have been affected by these events:

- Light vehicles traffic up only 0.6%;
- Heavy vehicles traffic up 3.5%;
- resulting total traffic increase of 1.0%.

C. Main income statement items

4. Revenue and operating profit

4.1. Revenue

Accounting principles

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 types of contracts and activities. Most Cofiroute contracts only have a single performance obligation.

The fundamental principle of IFRS 15 is that the recognition of revenue from contracts with customers 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.

Control of a good or service is the key factor, with transfer thereof being determinant for the recognition of revenue. Control of a good or service may be passed over time (recognition of revenue on the basis of the percentage of completion) or at a point in time (recognition upon completion).

The method for recognising revenue in respect of concession contracts is explained in Note D. "Concession contracts" presented 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.

(in € millions)	2018	2017
Revenue - Tolls	1,422.1	1,381.4
Revenue - Other	19.1	19.0
Operating revenue	**1,441.1**	**1,400.4**
Revenue - construction of new infrastructure assets under concession	139.9	121.0
Total revenue	**1,581.1**	**1,521.4**

4.2. Operating income

Accounting principles

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

Operating income from ordinary activities corresponds to the measurement of Cofiroute's operating performance before taking into account expenses associated with share-based payments (IFRS 2).

Current operating income is intended to show the level of Cofiroute's recurring operating performance excluding the impact of non-recurring transactions and events of the period. It is calculated by adding impacts associated with share-based payments (IFRS 2) and other current operating income and expenses to the operating income from ordinary activities.

Operating income is obtained by adding income and expenses considered as non-current to current operating income.

(in € millions)	2018	2017
Revenue	**1,581.1**	**1,521.4**
o/w:		
Operating revenue	*1,441.1*	*1,400.4*
Revenue – construction of new infrastructure assets under concession	*139.9*	*121.0*
Income from ancillary activities	**3.6**	**1.9**
Construction expenses	(139.9)	(121.0)
Purchases consumed	(10.4)	(10.1)
External services	(90.3)	(77.4)
Taxes	(174.1)	(169.7)
Employment costs	(88.4)	(92.2)
Other operating income and expense(*)	(0.2)	0.6
Depreciation and amortisation	(251.4)	(248.8)
Net provision expense and other	(2.9)	(0.3)
Operating expenses	**(757.7)**	**(718.7)**
Operating income from ordinary activities	**827.0**	**804.5**
Share-based payments	(2.5)	(2.0)
Other current operating items	(7.6)	0.0
Current operating income	**816.8**	**802.5**
Operating income	**816.8**	**802.5**

(*) *Capital gains or losses net of disposal of property, plant and equipment and intangible assets.*

In 2018, other current operating items notably include the impact of changes in the indexation clauses used in the measurement of provisions for the obligation on the upkeep of the concession assets (see Note G.12.4. "Breakdown of current provisions").

4.3. Employment costs

Employment costs break down as follows:

(in € millions)	2018	2017
Wages and salaries	(48.9)	(51.0)
Social security and other employment costs(*)	(28.2)	(24.6)
Costs of defined-contribution plans	0.0	(5.0)
Incentive and profit-sharing plans	(11.3)	(11.6)
Wages and employee benefit expenses	**(88.4)**	**(92.2)**

(*) *In 2018 the costs of defined-contribution plans are included in Social security and other employment costs.*

The average workforce in 2018 breaks down as follows:

	31/12/2018	31/12/2017
Managers	243	236
Other employees	1,117	1,172
Total	**1,360**	**1,408**

4.4. Depreciation and amortisation

Depreciation and amortisation break down as follows:

(in € millions)	2018	2017
Concession intangible assets	(204.2)	(107.6)
Concession property, plant and equipment	(43.5)	(137.4)
Property, plant and equipment and intangible assets	(3.7)	(3.9)
Depreciation and amortisation	**(251.4)**	**(248.8)**

Depreciation and amortisation expenses amounted to €251.4 million in 2018, remaining stable compared with 2017 (-€248.8 million). During fiscal year 2017, €91.9 million in amortisation of concession intangible assets were reclassified as amortisation of concession property, plant and equipment.

5. Cost of net financial debt

Accounting principles

The cost of net financial debt includes:

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

The cost of net financial debt amounted to €75.8 million in 2018, against €90.0 million in 2017. This improvement is primarily due to refinancing at end-2017 at lower interest rates than those of the loans having expired in 2018.

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

(in € millions)	31/12/2018	31/12/2017
Financial liabilities at amortised cost	(100.6)	(115.8)
Financial assets and liabilities at fair value through profit or loss	0.0	(0.5)
Derivatives designated as hedges: assets and liabilities	24.8	26.3
Total cost of net financial debt	**(75.8)**	**(90.0)**

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

(in € millions)	31/12/2018	31/12/2017
Net interest from derivatives designated as fair value hedges	24.5	26.0
Change in value of derivatives designated as fair value hedges	3.9	(31.8)
Change in value of the adjustment of hedged financial debt to fair value	(3.9)	31.8
Reserve recycled through profit or loss in respect of cash flow hedges	0.3	0.3
Gains and losses on derivative instruments allocated to net financial debt	**24.8**	**26.3**

6. Other financial income and expense

Accounting principles

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.

(in € millions)	31/12/2018	31/12/2017
Discounting costs of provisions for obligation to maintain the condition of concession assets	1.5	(2.4)
Discounting costs of provisions for retirement benefit obligations	(0.4)	(0.2)
Total other financial income and expense	**1.2**	**(2.6)**

7. Income tax expense

Accounting principles

Cofiroute calculates its income taxes in accordance with French tax law. In accordance with IAS 12, deferred tax is recognised for the temporary differences between the carrying amount and the tax base of assets and liabilities. Tax is calculated on the basis of the latest tax rates enacted or substantively enacted at the balance sheet date. The effects of changes in tax rates from one period to another are recognised in the income statement in the period in which the change occurs except when they relate to transactions recognised in other comprehensive income or directly in equity.

Deferred tax relating to share-based payments (IFRS 2) is recognised in income as long as the deductible base does not exceed the fair value of the plans drawn up in accordance with IFRS 2.

Deferred tax balances are determined on the basis of the tax status of Cofiroute and are presented as assets or liabilities at their net position by tax 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.

Income tax expense amounted to €253.0 million at 31 December 2018, compared to €252.9 million at 31 December 2017.

7.1. Breakdown of net tax expense

(in € millions)	2018	2017
Current tax	(258.7)	(248.5)
Deferred tax	6.1	5.0
Total excl. non-current taxation	**(252.6)**	**(243.6)**
Impact of non-current changes in deferred tax	(0.4)	16.0
Exceptional contribution of 15% tax	0.0	(36.1)
Refund of the 3% contribution on dividends	0.0	10.8
Total taxes	**(253.0)**	**(252.9)**

Net tax expense for the period reflects:

- tax recorded by Cofiroute, belonging to the VINCI tax consolidation group;
- the supplementary welfare tax of 3.3% of the Company tax rate;
- non-current changes in deferred tax (reduction in corporate income tax rate from 33.33% to 25.00% with effect from 2022) with an impact of -€0.4 million (€16.0 million in 2017).

7.2. Effective tax rate

The effective tax rate amounted to 34.03% in 2018, excluding the effect of non-recurring taxes, compared to 34.31% in 2017.

The difference between the tax calculated using the standard tax rate in force in France and the amount of tax effectively recognised in the period can be analysed as follows:

(in € millions)	2018	2017
Income before tax	742.2	709.9
Theoretical tax rate in force in France	34.43%	34.43%
Expected theoretical tax expense	**(255.6)**	**(244.4)**
Permanent differences and other	2.9	0.9
Tax actually incurred excl. non-current portion	**(252.6)**	**(243.6)**
Effective tax rate excl. non-current taxation	34.03%	34.31%
Impact of non-current changes in deferred tax	(0.4)	16.0
Exceptional contribution of 15% tax	0.0	(36.1)
Refund of the 3% contribution on dividends	0.0	10.8
Effective tax rate	34.08%	35.62%

7.3. Breakdown of deferred tax assets and liabilities

		Change			
(in € millions)	31/12/2018	Net income	Equity	Other	31/12/2017
Deferred tax assets					
Retirement benefit obligations	5.3	(1.2)	(0.2)		6.7
Concession assets (capitalised borrowing costs and other)	19.1	0.6		(1.3)	19.7
Other	13.8	(1.1)			14.9
Total	**38.1**	**(1.6)**	**(0.2)**	**(1.3)**	**41.2**
Deferred tax liabilities					
Property, plant and equipment	5.0	(2.4)			7.4
Fair value adjustment on financial instruments	2.4	(1.5)	(0.1)		3.9
Provisions	3.1	1.0			2.2
Concession assets (capitalised borrowing costs and other)	166.7	(4.6)		(1.3)	172.5
Other	1.3	0.1			1.2
Total	**178.5**	**(7.4)**	**(0.1)**	**(1.3)**	**187.2**
Net deferred tax	**(140.4)**	**5.7**	**(0.1)**	**(0.0)**	**(146.0)**

Net deferred taxes liabilities amounted to €140.4 million (versus €146 million in 2017).

7.4. Unrecognised deferred taxes

Since the disposal of its shares in Toll Collect in 2018 (see Note 11.), Cofiroute no longer has unrecognised deferred tax assets due to the full impairment of those shares (€7.3 million in 2017.)

8. Earnings per share

Accounting principles

Earnings per share before dilution (basic earnings per share) correspond to net income divided by the number of shares for the year.

Cofiroute SA's share capital comprises 4,058,516 shares, unchanged between 2017 and 2018. The Company has not issued any instrument granting rights to shares.

As a result, the number of shares used to calculate both basic and diluted earnings per share in 2018, as in 2017, stood at 4,058,516.

Earnings per share amounted to €120.56 in 2018 (€112.62 in 2017).

D. Service Concession Contracts

Accounting principles

Cofiroute, according to the provisions of IFRIC 12 "Service Concession Arrangements", has two business activities:

- a construction business consisting of its obligations to design, build, and finance new infrastructures that it delivers to the concession grantor: revenue is recognised according to the percentage of completion method of accounting under IFRS 15 with the performance obligations being continually recognised;
- an operating and maintenance activity in respect of concession assets: revenue is recognised in accordance with IFRS 15.

The operator has the right to receive toll (or other revenue) from users for financing and building the infrastructure. If the grantor pays the concession operator on the basis of the extent to which users use the service, with no guarantee of payment amounts (simple "pass through" or "shadow toll" agreement), the "Intangible Asset Model" applies.

In this model, the right to receive toll (or other revenue) is recognised on the balance sheet of the concession operator under "Concession intangible assets".

This right corresponds to the fair value of the infrastructure asset under concession plus the capitalised borrowing costs recognised during the construction period. It is amortised over the period covered by the contract in order to reflect the pace at which the contract's economic benefits are consumed, from the date on which the infrastructure asset is commissioned.

This model has been applied to the two Cofiroute concession contracts.

Grants related to assets are presented on the balance sheet and charged against the carrying amount of the asset for which they were received.

9. Concession intangible assets

9.1. Details of intangible assets under concession

(in € millions)	Cost of infrastructure in service[*]	Advances and outstanding amounts	Total
Gross			
At 01/01/2017	**8,006.7**	**122.1**	**8,128.8**
Acquisitions during the period	15.6	104.2	119.8
Other movements	43.8	(46.3)	(2.5)
At 31/12/2017	**8,066.1**	**180.0**	**8,246.1**
Acquisitions during the period	34.7	104.7	139.4
Other movements	86.3	(87.2)	(0.9)
At 31/12/2018	**8,187.1**	**197.5**	**8,384.6**
Depreciation and amortisation			
At 01/01/2017	**(3,371.5)**		**(3,371.5)**
Depreciation and amortisation during the period	(107.6)		(107.6)
Other movements	1.2		1.2
At 31/12/2017	**(3,477.9)**		**(3,477.9)**
Depreciation and amortisation during the period	(204.2)		(204.2)
At 31/12/2018	**(3,682.2)**		**(3,682.2)**
Net			
At 01/01/2017	**4,635.2**	**122.1**	**4,757.3**
At 31/12/2017	**4,588.2**	**180.0**	**4,768.2**
At 31/12/2018	**4,504.9**	**197.5**	**4,702.4**

[*] *After deduction of grants.*

The increase in intangible assets under concession in gross value corresponds mainly to the €139.4 million of acquisitions made in 2018 (against €119.8 million in 2017). They include fixed assets in progress of €104.7 million in 2018 related mainly to completion of the operations of the 3rd plan contract, the continuation of phase-two improvements to the interurban network (ERI 2) and the motorway stimulus plan signed in 2015.

9.2. Main characteristics of concession contracts

The characteristics of the main concession contracts operated by Cofiroute are shown in the following table:

2018	Control and regulation of prices by concession grantor	Source of payments	Grant or guarantee from concession grantor	Residual value	Concession end date or average duration	Accounting model
Cofiroute						
Intercity network - France (1,100 km of toll motorways)	Pricing regulation as defined in the concession contract. Price increases subject to agreement by grantor.	Users	None	Infrastructure returned to grantor for no consideration at the end of the contract unless purchased by the grantor on the basis of its economic value.	Contract end: 30 June 2034	Intangible asset
Duplex A86 - France (11-km toll tunnel)	Pricing regulation as defined in the concession contract. Price increases subject to agreement by grantor.	Users	None	Infrastructure returned to grantor for no consideration at the end of the contract unless purchased by the grantor on the basis of its economic value.	Contract end: end of December 2086	Intangible asset

9.3. Commitments given under concession contracts

Under the concession contracts it has signed, Cofiroute has committed to making certain infrastructure investments in facilities that it will subsequently operate as a concession company.

As at 31 December 2018, the total investment commitment provided for under the concession contracts was €869.2 million compared with €881.8 million in 2017.

E. Other balance sheet items and commitments related to the business

10. Property, plant and equipment and other intangible assets

10.1. Property, plant and equipment

Accounting principles

Property, plant and equipment are recorded at acquisition or production cost, net of investment grants received, less cumulative depreciation and any impairment losses. Their value is not remeasured. These assets mainly include fittings, equipment, furniture and vehicles wholly owned by Cofiroute. They also include concession operating property, plant and equipment that is not controlled by the grantor but that is necessary for the operation of the concession: buildings used in operations, toll equipment, signage, remote transmission, video surveillance, vehicles and equipment.

Depreciation is generally calculated on a straight-line basis over the period of use of the asset. Accelerated depreciation may, however, apply when deemed more appropriate given the terms of use of the asset.

Periods of use of the various categories of property, plant and equipment (fittings, equipment, furniture and vehicles) range from three to ten years.

Depreciation commences on the date on which the asset is ready to come into service.

(in € millions)	Property, plant and equipment related to concession contracts	Land	Plant, equipment, fixtures and fittings	Total
Gross				
At 01/01/2017	**862.7**	**1.4**	**20.1**	**884.2**
Acquisitions during the period	22.4	0.0	2.2	24.6
Disposals during the period	(10.8)	(0.0)	(2.7)	(13.5)
Other movements	2.4	(0.0)	0.2	2.6
At 31/12/2017	**876.7**	**1.3**	**19.8**	**897.8**
Acquisitions during the period	3.2	0.0	1.5	4.7
Disposals during the period	(3.1)	(0.0)	(0.0)	(3.2)
Other movements	27.1	0.2	0.1	27.5
At 31/12/2018	**903.9**	**1.5**	**21.4**	**926.8**
Depreciation and amortisation				
At 01/01/2017	**(520.5)**		**(13.1)**	**(533.6)**
Depreciation and amortisation during the period	(137.4)		(2.4)	(139.8)
Other movements	9.6		1.5	11.0
At 31/12/2017	**(648.3)**		**(14.0)**	**(662.3)**
Depreciation and amortisation during the period	(43.5)		(2.1)	(45.6)
Other movements	3.1		0.0	3.1
At 31/12/2018	**(688.7)**		**(16.1)**	**(704.8)**
Net				
At 01/01/2017	**342.3**	**1.4**	**7.0**	**350.6**
At 31/12/2017	**228.5**	**1.3**	**5.8**	**235.5**
At 31/12/2018	**215.3**	**1.5**	**5.3**	**222.0**

In 2018, the gross value of property, plant and equipment was up €29 million versus 2017.

10.2. Other intangible assets

They mainly include software licenses and software. They are stated in the balance sheet at acquisition cost less amortisation and any accumulated impairment losses. They are amortised on a straight-line basis over their useful life.

The net value of the other intangible assets amounted to €1.2 million at 31 December 2018. These include software, patents, licences and other intangible assets, representing a gross value of €29.7 million.

Cumulative amortisation recorded at the end of 2018 stood at €28.5 million.

10.3. Impairment of non-financial non-current assets

Accounting principles

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

Assets tested for impairment are grouped within cash-generating units (CGUs), defined as homogenous assets that generate identifiable cash inflows.

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.).

Cofiroute did not find any material impairment of its tangible or intangible non-current assets in 2018 or 2017.

11. Other non-current financial assets

In August 2018, Toll Collect paid Cofiroute €7.2 million, consisting of €8.5 million in investment income, from which €1.3 million were withheld for taxes by the German government.

As it was contractually entitled to do, on 31/08/2018 the German government exercised its call option on the shares of Toll Collect. Cofiroute thus divested its ownership of Toll Collect, worth €47 million and fully impaired, with no impact on profit and loss.

12. Working capital requirement and current provisions

Accounting principles

Trade receivables are current financial assets. They are initially measured at their fair value, which is generally their nominal value, unless the effect of discounting is material.

The Group applies the simplified model defined under 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 necessary adjustments in the impairment rates. 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. At each balance sheet date, they are measured at the lower of cost and net realisable value.

12.1. Change in working capital requirement

			2018-2017 Changes
(in € millions)	31/12/2018	31/12/2017	Related to operations
Inventories and work in progress (net)	1.9	2.0	(0.1)
Trade and other receivables	106.5	110.2	(3.7)
Other current operating assets	50.9	38.6	12.2
Inventories and operating receivables (I)	**159.4**	**150.9**	**8.4**
Trade payables	(39.3)	(32.9)	(6.4)
Other current operating liabilities	(114.8)	(110.6)	(4.2)
Trade and other operating payables (II)	**(154.1)**	**(143.6)**	**(10.5)**
Working capital requirement (before current provisions) (I + II)	**5.3**	**7.4**	**(2.1)**
Current provisions	**(258.4)**	**(241.0)**	**(2.7)**
o/w part at less than one year of non-current provisions	(0.5)	0.0	(0.5)
Working capital requirement (after current provisions)	**(253.1)**	**(233.7)**	**(4.8)**

The working capital requirement (WCR) comprises current assets and liabilities related to operations except for current tax assets and liabilities and other current financial assets and liabilities.

12.2. Current operating assets and liabilities

The components of working capital requirement break down with respect to maturity in the following manner:

		Maturity				
		< 1 year				
(in € millions)	31/12/2018	1 to 3 months	3 to 6 months	6 to 12 months	From 1 to 5 years	> 5 years
Inventories and work in progress (net)	1.9	1.9				
Trade and other receivables	106.5	106.5				
Other current operating assets	50.9	44.9	0.1	0.2	2.0	3.7
Inventories and operating receivables (I)	**159.4**	**153.4**	**0.1**	**0.2**	**2.0**	**3.7**
Trade payables	(39.3)	(39.3)				
Other current operating liabilities	(114.8)	(103.3)	(11.5)			
Trade and other operating payables (II)	**(154.1)**	**(142.6)**	**(11.5)**	**0.0**	**0.0**	**0.0**
Working capital requirement (before current provisions) (I + II)	**5.3**	**10.8**	**(11.4)**	**0.2**	**2.0**	**3.7**

12.3. Breakdown of trade receivables

The following table presents invoiced trade receivables and any possible depreciation:

(in € millions)	31/12/2018	31/12/2017
Trade receivables invoiced	21.3	23.1
Allowances against trade receivables	(9.6)	(10.0)
Trade receivables, net	**11.7**	**13.1**

On 31 December 2018 the breakdown of trade receivables and impairment was as follows:

		< 1 year			
(in € millions)	31/12/2018	1 to 3 months	3 to 6 months	6 to 12 months	From 1 to 5 years
Trade receivables invoiced	21.3	18.4	0.0	0.3	2.6
Allowances against trade receivables	(9.6)	(7.5)	(0.0)	(0.0)	(2.1)

12.4. Breakdown of current provisions

Current provisions are directly linked to the operating cycle, irrespective of their expected maturity. They are accounted for in accordance with IAS 37. They also include the current part (maturing in less than one year) of provisions not directly linked to the operating cycle.

Provisions are recognised for the contractual commitments to keep the facilities under concession in good working order. They are calculated on the basis of a medium to long-term expenditure programme that is reviewed annually. This expenditure is remeasured using the appropriate indices (primarily the TP01, TP02 and TP09 indices).

Provisions are also booked when structures have been identified with established problems. These provisions are recognised at their discounted amounts. The discounted cost is recorded under "Other financial income and expenses".

In 2018 and 2017, current provisions recognised as liabilities on the balance sheet changed in the following manner:

(in € millions)	Opening	Provisions taken	Provisions used	Other reversals not used	Other	Closing
01/01/2017	**245.7**	**21.7**	**(1.5)**	**(7.8)**	**(19.9)**	**238.2**
Obligation to maintain the condition of concession intangible assets	233.6	33.1	(21.3)	(5.4)		240.0
Other liabilities	4.6	0.6	(0.9)	(3.4)	0.2	1.0
31/12/2017	**238.2**	**33.7**	**(22.2)**	**(8.8)**	**0.2**	**241.0**
Obligation to maintain the condition of concession intangible assets	240.0	30.4	(23.4)	(5.7)	16.2	257.5
Other liabilities	1.0	0.0	(0.1)	(0.1)		0.9
31/12/2018	**241.0**	**30.5**	**(23.5)**	**(5.8)**	**16.2**	**258.4**

Current provisions relate directly to the operating cycle. The above provisions amounted to €258.4 million at 31 December 2018 (compared with €241 million at 31 December 2017) and mainly relate to provisions for the obligation to maintain the condition of concession assets.

Provisions for the obligation to maintain infrastructure assets under concession in good condition mainly relate to spending on road-surface repairs (surfacing, restructuring of slow lanes, etc.), engineering structures, hydraulic structures and specific equipment for the A86 motorway Duplex. These provisions totalled €257.5 million at 31 December 2018, up from €240 million at 31 December 2017.

13. Other contractual obligations of an operational nature

Operating lease commitments totalled €8.1 million at 31 December 2018 and mostly related to the lease on the corporate headquarters and long-term leases These commitments break down by maturity in the following manner:

(in € millions)	31/12/2018	< 1 year	From 1 to 5 years	> 5 years
Operating leases	8.1	3.1	5.1	0.0

The commitments given and received by Cofiroute under concession contracts are included in Note D.9.3.

F. Equity

14. Information related to equity

14.1. Share capital

Cofiroute SA's share capital comprises 4,058,516 shares, unchanged between 2018 and 2017. The Company has not issued any instrument granting rights to shares.

14.2. Transactions recognised directly in equity

The following tables provide a breakdown of changes in these items by type of financial instrument:

(in € millions)	31/12/2018	31/12/2017
Cash flow hedges		
Reserve at start of period	0.9	1.3
Changes in fair value for the period	0.0	0.0
Fair value items recognised in the income statement	(0.3)	(0.3)
Gross reserve before tax effect at balance sheet date	**0.7**	**0.9**
Gross reserve before tax effect at balance sheet date (items that can be recycled in the income statement)	**0.7**	**0.9**
Associated tax effect	(0.2)	(0.3)
Reserve net of tax (Items that can be recycled in the income statement)	**0.4**	**0.6**
Actuarial gains and losses on retirement benefit obligations		
Reserve at start of period	(4.0)	(5.4)
Actuarial gains and losses recognised in the period	0.4	1.4
Gross reserve before tax effect at balance sheet date	**(3.6)**	**(4.0)**
Gross reserve before tax effect at balance sheet date (items that cannot be recycled in the income statement)	**(3.6)**	**(4.0)**
Associated tax effect	1.2	1.4
Reserve net of tax (items that cannot be recycled in the income statement)	**(2.5)**	**(2.6)**
Total items recognised directly in equity		
Gross reserve before tax effect at balance sheet date	(3.0)	(3.1)
Associated tax effect	0.9	1.1
Reserve net of tax	**(2.0)**	**(2.0)**

Changes in fair value recognised in the income statement for the period mainly concern the hedging of floating-rate bonds through the setting up of fixed-for-floating interest rate swaps. These transactions are described in Note 18.1.3. "Description of cash flow hedges".

15. Dividends

The balance of the 2017 dividend was paid in March 2018 and amounted to €365.1 million.

An interim dividend on the year was paid in August 2018 in the amount of €96.5 million.

The total amount of the dividend that will be paid out for 2018 will be submitted for approval at the Shareholders' Ordinary General Meeting of 22 March 2019 (see Note J.).

G. Financing and financial risk management

16. Information on net financial debt

Accounting principles

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

When the prevailing rate is significantly lower than market rates, particularly in the case of project financing granted by public bodies, the economic benefit that results is considered, according to IAS 20, as a government grant for debt reduction and the related investments.

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

The current portion of financial debt is reported under "Current financial debt".

At 31 December 2018, net financial debt, as defined by Cofiroute, fell by €135.8 million from 31 December 2017 to €3,637.0 million.

Net financial debt breaks down as follows:

		31/12/2018			31/12/2017		
(in € millions)		Non-Current	Current(*)	Total	Non-Current	Current(*)	Total
Financial Instruments recognised at amortised cost	Bonds	(3,140.5)	(46.2)	(3,186.6)	(3,131.8)	(670.5)	(3,802.3)
	Other bank loans and other financial debt	(456.5)	(257.4)	(713.9)	(708.4)	(136.0)	(844.4)
	Long-term financial debt	**(3,597.0)**	**(303.5)**	**(3,900.5)**	**(3,840.2)**	**(806.5)**	**(4,646.7)**
	Other current financial liabilities					0.0	0.0
	Bank overdrafts						
	I – Gross financial debt	**(3,597.0)**	**(303.5)**	**(3,900.5)**	**(3,840.2)**	**(806.5)**	**(4,646.7)**
	o/w impact of fair value hedges	9.5		*9.5*	*(4.7)*	*(0.9)*	*(5.6)*
Loans and receivables	Collateralised loans and financial receivables						
	Financial current account assets		227.4	227.4		835.6	835.6
Financial assets measured at fair value through profit or loss	Cash management financial assets – not cash equivalents					4.0	4.0
	Cash equivalents			0.0			0.0
	Cash		10.3	10.3		4.9	4.9
	II – Financial assets	**0.0**	**237.6**	**237.6**	**0.0**	**8.9**	**844.6**
Derivatives	Derivative instruments – liabilities	(39.2)	(0.8)	(40.0)	(49.5)	(26.8)	(76.3)
	Derivative instruments – assets	48.7	17.1	65.9	54.2	51.4	105.6
	III – Derivative financial instruments	**9.5**	**16.3**	**25.9**	**4.7**	**24.6**	**29.3**
	Net financial debt (I + II + III)	**(3,587.5)**	**(49.5)**	**(3,637.0)**	**(3,835.5)**	**(773.0)**	**(3,772.8)**

(*) *The current portion includes unpaid accrued interest and the part at less than one year.*

Derivative financial instruments (assets/liabilities) eligible for hedge accounting are presented in the balance sheet, depending on their maturity, under non-current derivative instruments (assets/liabilities) for the part over one year and under current derivative instruments (assets/liabilities) for the part at less than one year.

Derivative financial instruments (assets/liabilities) not qualified as hedges are reported under "current derivative instruments (assets/liabilities)" irrespective of their maturity.

The change in net financial debt breaks down as follows:

(in € millions)	Opening	Cash flows	Ref.	"Non-cash" changes: Changes in consolidation scope	Translation effect	Changes in fair value	Other Changes	Ref.	Closing
Bonds	**(3,131.8)**	**0.2**	**(3)**			**(4.8)**	**(4.1)**	**(4)**	**(3,140.5)**
Other loans and borrowings	**(708.4)**		**(3)**				**251.9**	**(4)**	**(456.5)**
Current financial debt	**(806.5)**	**609.5**				**0.9**	**(107.4)**		**(303.5)**
o/w non-current portion of long-term debt	*(739.1)*	*730.0*	*(3)*			*0.9*	*(252.5)*	*(4)*	*(260.7)*
o/w current liability			*(1)*					*(1)*	
o/w accrued interest not yet due	*(67.5)*	*(120.5)*	*(4)*				*145.1*	*(4)*	*(42.8)*
o/w overdraft								*(4)*	
Cash management assets	**4.0**	**(4.0)**	**(2)**					**(4)**	
Cash and cash equivalents	**840.6**	**(603.0)**	**(1)**					**(1)**	**237.6**
Derivative financial instruments - net	**29.3**	**31.9**				**2.0**	**(37.4)**		**25.9**
FV	*7.7*		*(3)*			*2.0*		*(4)*	*9.8*
o/w accrued interest not yet due	*21.6*	*31.9*	*(4)*				*(37.4)*	*(4)*	*16.1*
Net financial debt	**(3,772.8)**	**34.6**	**(5)**	**-**	**-**	**(1.9)**	**103.1**	**(5)**	**(3,637.0)**

Reconciliation of net financial debt with financing flows on statement of cash flows:

(in € millions)	Ref.	2018
Change in net cash	(1)	(603.0)
Change in cash management assets and other current financial debt	(2)	(4.0)
(Issue) repayment of borrowings	(3)	730.2
Other changes	(4)	12.6
Change in net financial debt	**(5)**	**135.8**

16.1. Breakdown of long-term financial debt

At 31 December 2018, long-term financial debt recognised in the balance sheet stood at €3,900.5 million, a decrease of €746.2 million compared to 31 December 2017. This is mainly attributable to the repayment of €737 million of debt.

Long-term financial debt at 31 December 2018 showed the following characteristics:

(in € millions)	31/12/2018: Currency	Contractual interest rate	Maturity	Nominal amount outstanding	Carrying amount	of which accrued interest not yet due	31/12/2017: Nominal amount outstanding	Carrying amount
Bonds								
2003 Bond issue							600.0	622.3
2006 Bond issue	EUR	5.000%	May-21	750.0	810.7	22.8	750.0	823.0
2006 Bond tap issue	EUR	5.000%	May-21	350.0	355.7	10.6	350.0	353.8
2016 Bond issue	EUR	0.750%	September-28	650.0	619.2	1.5	650.0	607.0
2016 Bond issue	EUR	0.375%	February-25	650.0	647.7	2.2	650.0	644.9
2017 Bond issue	EUR	1.125%	October-27	750.0	746.2	1.8	750.0	741.9
May 2019 Company Savings Plan	EUR	3.250%	May-19	7.0	7.1	0.1		
May 2013 Company Savings Plan							8.8	9.1
May 2021 Company Savings Plan							0.2	0.2
Other bank loans and other financial debt								
EIB March 2002	EUR	EIB RATE	March-13 to March-27	45.0	45.0	0.0	50.0	50.0
EIB December 2002	EUR	EUR3M + 0.455%	December-13 to December-27	30.0	30.0	0.0	33.3	33.3
EIB March 2003							75.0	78.8
EIB December 2004	EUR	EIB RATE	December-19	200.0	200.0	0.0	200.0	200.0
EIB December 2005	EUR	4.115%	December-12 to December-25	107.9	108.2	0.4	121.0	121.4
EIB December 2006	EUR	4.370%	December-13 to December-29	32.4	32.4	0.1	35.3	35.4
EIB June 2007	EUR	4.380%	June-14 to June-29	144.4	147.6	3.2	157.5	161.0
EIB November 2008	EUR	EUR3M + 0.324%	November-13 to November-28	156.3	150.6	0.0	171.9	165.2
VINCI credit facility[1]	EUR	EUR + 0.45%	November-23					
Credit facility[2]								(0.8)
Long-term financial debt				**3,872.8**	**3,900.5**	**42.8**	**4,603.0**	**4,646.7**

(1) *Internal credit facility with VINCI (see Note 17.2.).*
(2) *Syndicated credit line terminated November 2018 (see Note 17.2.).*

16.2. Repayment schedule of financial liabilities and associated interest payments

The maturity of Cofiroute's financial liabilities, at redemption value and the associated interest payments, based on interest rates at 31 December 2018, breaks down as follows:

	31/12/2018						
(in € millions)	Carrying amount	Capital and interest cash flows	< 1 year	> 1 year <= 2 years	> 2 years <= 5 years	> 5 years
Bonds						
Capital	(3,186.6)	(3,157.0)	(7.0)	0.0	(1,100.0)	(2,050.0)
Interest payment cash flows		(307.0)	(71.0)	(70.8)	(102.3)	(63.0)
Other bank loans and other financial debt			**0.0**			
Capital	(713.9)	(715.8)	(253.7)	(54.2)	(166.2)	(241.7)
Interest payment cash flows		(65.1)	(12.2)	(11.0)	(25.0)	(16.9)
Sub-total: long-term financial debts	**(3,900.5)**	**(4,244.9)**	**(343.9)**	**(135.9)**	**(1,393.4)**	**(2,371.7)**
I - Financial debt	**(3,900.5)**	**(4,244.9)**	**(343.9)**	**(135.9)**	**(1,393.4)**	**(2,371.7)**
Financial current account assets	227.4	227.4	227.4			
Cash	10.3	10.3	10.3			
II – Financial assets	**237.6**	**237.6**	**237.6**			
Derivative instruments – liabilities	(40.0)	112.5	12.2	12.2	36.5	51.5
Derivative instruments – assets	65.9	7.3	12.0	12.0	5.0	(21.7)
III - Derivative financial instruments	**25.9**	**119.8**	**24.2**	**24.2**	**41.5**	**29.9**
NET FINANCIAL DEBT (I + II + III)	**(3,637.0)**	**(3,887.5)**	**(82.0)**	**(111.7)**	**(1,351.9)**	**(2,341.8)**

At 31 December 2018, the average maturity of Cofiroute's long-term financial debt was 5.7 years (stable versus 31 December 2017).

16.3. Financial covenants

Cofiroute's financing agreements (bonds, bank loans and credit facilities) do not include any case of default as defined by financial covenants.

Furthermore, some finance agreements stipulate that a change in control of the borrower may require mandatory early redemption or repayment.

16.4. Credit rating

At 31 December 2018, Cofiroute had the following financial ratings from Standard & Poor's:

- long term: A –;
- outlook: positive;
- short-term: A2.

17. Information on net cash managed and available resources

Accounting principles

Cash and cash equivalents include bank current accounts, short-term liquid investments and are subject to an insignificant risk of changes in value. Cash equivalents comprise in particular interest-bearing accounts, monetary UCITS and certificates of deposit with maturities not exceeding three months at inception. Bank overdrafts are not included in cash and are reported under "Current financial liabilities". Changes in the fair value of these instruments are recognised directly in profit or loss.

Cash management financial assets include money market securities and bonds and short-term investments in UCITS that do not meet the criteria for cash equivalents defined by IAS 7. They are measured and recognised at their fair value. Changes in the value of these instruments are recognised directly in profit or loss.

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

As at 31 December 2018, Cofiroute's available resources amounted to €1,337.6 million, breaking down as €237.6 million in net cash under management and €1,100 million in an undrawn internal line of credit with VINCI (see Note 17.2.).

17.1. Breakdown of net cash under management

Net cash under management, including cash management financial assets, breaks down as follows:

(in € millions)	30/12/2018	31/12/2017
Cash equivalents	**227.4**	**835.6**
Balance of cash current accounts	*227.4*	*835.6*
Cash	**10.3**	**4.9**
Current financial debt		**0.0**
Net cash	**237.6**	**840.6**
Cash management financial assets		**4.0**
Term accounts		*4.0*
Net cash under management	**237.6**	**844.6**

The investment vehicles used by Cofiroute are mainly money market UCITS, negotiable debt securities (in particular, bank certificates of deposit) and term accounts. They are measured and recognised at their fair value.

Investments ("cash management financial assets" and "cash equivalents") are managed to avoid risks to capital and are monitored through a performance and risk control system.

All cash is invested in a current account with VINCI Autoroutes. Other cash management financial assets consist of marketable securities pledged to the employee savings plan. Where applicable, any cash borrowed from the VINCI Autoroutes current account is presented under current financial debt.

At 31 December 2018, the Group had total assets of €237.6 million in cash under management.

17.2. Revolving credit facilities

In November 2018, Cofiroute terminated the €500 million syndicated credit facility maturing in 2021 and at the same time put in place an internal €1,100 million credit facility with VINCI maturing in 2023.

The amounts authorised and used and the maturity of the VINCI credit facility at 31 December 2018 are presented in the following table.

(in € millions)	Used at 31/12/2018	Authorised at 31/12/2018	Maturity < 1 year	Maturity From 1 to 5 years	Maturity more than 5 years
VINCI credit facility		1,100.0		1,100.0	
Total	**0.0**	**1,100.0**		**1,100.0**	

18. Information on financial risk management

Management rules

Cofiroute 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 Cofiroute is done by the Group's Finance Department, in accordance with the management policies agreed by the corporate management bodies and under the rules set out in the 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.

To manage its exposure to market risks, Cofiroute uses derivative financial instruments recognised in the balance sheet at fair value.

Accounting principles

Cofiroute uses derivatives to hedge its exposure to market risks, mainly interest rate risk. Most interest rate derivatives used by Cofiroute are designated as hedging instruments. Hedge accounting is applicable in particular if the conditions provided for under IFRS 9 are satisfied:

- the hedging relationship is clearly designated and documented at inception;
- the economic link 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 an unrecognised firm commitment;
- a cash flow hedge.

A fair value hedge is used to hedge exposure to the risk of a change in the fair value of a financial asset, a financial liability or an unrecognised firm commitment.

Changes in the fair value of the hedging instrument are recognised in the income statement for the period. The change in value of the hedged item attributable to the hedged risk is recognised symmetrically in the income statement for the period (and adjusted to the carrying amount of the hedged item). These two revaluations offset each other within the same line items in the income statement, for the exact amount of the "ineffective part" of the hedge.

A cash flow hedge is used to hedge exposure to variability in future cash flows associated with an existing asset or liability, or a forecast highly probable transaction.

Changes in the fair value of the derivative financial instrument are recognised in equity for the effective part and in the income statement for the "ineffective part" of the hedge. Cumulative gains or losses in equity are recorded in the income statement on the same line as the item hedged if the hedged cash flow affects earnings.

If the hedging relationship is interrupted because it is no longer considered effective, the cumulative gains or losses in respect of the derivative instrument are retained in equity and symmetrically recognised 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 the income statement.

Derivative financial instruments not designated as hedging instruments are recognised in the balance sheet at their fair value, while changes in fair value are recognised in the income statement.

At the balance sheet date, the fair value of derivatives broke down in the following manner:

		31/12/2018			31/12/2017		
(in € millions)	Notes	Assets	Equity and liabilities	Fair value(*)	Assets	Equity and liabilities	Fair value(*)
Interest-rate derivatives: fair value hedges	18.1.2.	66.1	(40.4)	25.7	71.8	(47.3)	24.6
Interest-rate derivatives: cash flow hedges	18.1.3.			0.0			0.0
Interest-rate derivatives: not designated as hedges	18.1.4.			0.0	30.6	(26.6)	4.0
Other derivatives		(0.2)	0.4	0.2	(0.2)	1.0	0.8
Interest rate derivatives		**65.9**	**(40.0)**	**25.8**	**102.2**	**(72.9)**	**29.3**

(*) *The fair value includes unpaid accrued interest amounting to €16.1 million at 31/12/2018 and €21.6 million at 31/12/2017.*

18.1. Interest rate risk management

Management of interest rate risk works on two time horizons: the long term, aiming to ensure and optimise 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.

The long-term management 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), proportion at a fixed rate will be all the greater the higher the level of debt is.

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

18.1.1. Long-term debt before and after interest rate hedging and sensitivity to interest rate risk

The table below shows the breakdown at 31 December 2018 of long-term debt between fixed-rate debt, floating-rate debt, and capped floating-rate or inflation-linked debt, before and after taking account of hedging derivative financial instruments:

	Breakdown between fixed and floating rate before hedging										
	Fixed rate			Floating-rate capped/inflation			Floating rate			Total	
(in € millions)	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt(*)	Rate
Total at 31/12/2018	**3,422.5**	**89%**	**2.56%**				**431.3**	**11%**	**0.02%**	**3,900.5**	**2.27%**
Total at 31/12/2017	4,125.9	90%	3.01%				455.2	10%	0.01%	4,646.7	2.72%

	Breakdown between fixed and floating rate after hedging										
	Fixed rate			Floating-rate capped/inflation			Floating rate			Total	
(in € millions)	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt	Proportion	Rate	Debt(*)	Rate
Total at 31/12/2018	**1,879.1**	**49%**	**2.81%**				**1,974.7**	**51%**	**0.53%**	**3,900.5**	**1.64%**
Total at 31/12/2017	2,508.6	55%	3.26%				2,072.5	45%	0.49%	4,646.7	2.01%

(*) *Long-term financial debt at amortised cost + unpaid accrued interest + impact of fair value hedges.*

Sensitivity to interest rate risk

Cofiroute's income statement is exposed to fluctuations in interest rates, in light of:

- the cash flows connected with net floating-rate financial debt;
- fixed-rate financial instruments, recognised at fair value in the balance sheet through earnings;
- derivatives that are not designated as hedging instruments.

By contrast, fluctuations in the value of derivatives designated as cash flow hedges for their effective portion do not have a direct impact on the income statement and are recognised in equity.

The following analysis was carried out by assuming that the amount of financial debt and derivatives at 31 December 2018 remains constant over a year.

A 25-basis point fluctuation in interest rates at the balance sheet date would lead to an increase or a contraction in equity and (pre-tax) income amounting to the sums shown below. For the purpose of this analysis, all the other variables are assumed to remain constant.

	31/12/2018			
	Net income		Equity	
	Impact of the sensitivity calculation		Impact of the sensitivity calculation	
(in € millions)	+ 25 bps	- 25 bps	+ 25 bps	- 25 bps
Floating-rate liabilities after hedging	(5.0)	5.0		
Floating-rate assets after hedging	0.6	(0.6)		
Derivatives not designated as hedges	0.0	0.0		
Derivatives designated as cash flow hedges			0.0	0.0
Total	**(4.4)**	**4.4**	**0.0**	**0.0**

18.1.2. Description of fair value hedges

At the balance sheet date, derivatives designated as fair value hedges broke down as follows:

	Receive fixed/pay floating interest rate swaps					
(in € millions)	Fair value	Notional	<= 1 year	between 1 & 2 years	between 3 & 5 years	> 5 years
31/12/2018	**25.7**	**1,550.0**			**500.0**	**1,050.0**
31/12/2017	24.6	1,625.0	75.0		500.0	1,050.0

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

18.1.3. Description of cash flow hedges

Cofiroute's exposure to risks of fluctuation in future interest flows results from floating-rate debt payments as at 31 December 2018.

Cofiroute has set up interest-rate swaps and/or caps in order to fix the coupons on floating-rate debt. Contractual payments relating to these derivatives are settled symmetrically with the hedged interest flows on bonds. The deferred amount in equity is recognised in the income statement in the period in which the interest flows of the debt affect earnings.

At the balance sheet date, Cofiroute did not hold any instruments designated as cash flow hedges.

The amounts recorded in equity correspond to qualified products derived from settled cash flow hedges. These amounts will have an impact on the income as follows:

(in € millions)	Amount recognised in equity	Amount recycled in profit or loss ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years
Unwound interest rate derivatives designated as cash flow hedges	0.7	0.3	0.4	0.0	0.0
Interest rate derivatives designated as hedges of highly probable future cash flows	0.0	0.0	0.0	0.0	0.0
Total interest rate derivatives designated as cash flow hedges	**0.7**	**0.3**	**0.4**	**0.0**	**0.0**

18.1.4. Derivatives not designated as hedging instruments

At 31 December 2018, Cofiroute does not hold any instruments that do not qualify as hedges.

Transactions not qualifying as hedges at 31 December 2017 related to swaps backed by the €600 million bond issue that matured in 2018.

18.2. Exchange rate risk

Cofiroute is exposed to a currency risk that is not considered to be significant.

18.3. Credit and counterparty risk

Cofiroute is exposed to credit risks in the event of default by its customers. It is exposed to counterparty risk through the investment of its cash and cash equivalents (bank credit balances, negotiable debt securities, term deposits, marketable securities, etc.), the subscription of derivatives, commitments received (sureties and guarantees), unused credit authorisations and financial receivables.

Cofiroute has set up procedures to manage and curb credit risk as well as counterparty risk.

Receivables

Regarding its exposure to trade receivables risk, Cofiroute considers that the concentration of credit risk related to trade receivables is limited because of the large number of customers and the fact that they are geographically widespread. No customer accounts for more than 10% of Cofiroute's revenue. The breakdown of trade receivables is provided in Note 12.3. "Breakdown of trade receivables".

Financial instruments (investments and derivatives)

Financial instruments are arranged with financial institutions that meet the credit rating criteria defined by the Group. Moreover, the Group has set up a system of limits per counterparty to manage its counterparty risk. This system sets maximum risk lines by counterparty, defined according to their credit ratings as published by Standard & Poor's and Moody's. These limits are regularly monitored and updated by the Group's Finance Department at Treasury Committee meetings on the basis of quarterly reporting.

In addition, the Group's Finance Department has issued instructions setting limits for every authorised counterparty and defining a list of authorised UCITS.

The measurement of the fair value of financial derivative instruments carried by Cofiroute includes a counterparty risk component for the derivative instruments carried as assets and an "own risk" for the derivative instruments carried as liabilities. Credit risk is measured by drawing on the mathematical models usually drawn upon by market players. At 31 December 2018, adjustments recognised for counterparty risk and own credit risk are not material.

Netting agreements

At 31 December 2018 and in accordance with IAS 32, Cofiroute's financial assets and liabilities (including derivatives) are not offset in the balance sheet, except in cases where Cofiroute has netting agreements. In the event of default by the Group or by financial institutions with which it holds contracts, these agreements provide for netting between the fair values of assets and liabilities arising from derivative financial instruments presented in the IFRS statement of financial position.

The table below presents Cofiroute's net exposure stemming from these netting agreements:

	31/12/2018			31/12/2017		
(in € millions)	Fair value of derivatives recognised on the balance sheet(*)	Impact of netting agreements	Total	Fair value of derivatives recognised on the balance sheet(*)	Impact of netting agreements	Total
Derivative instruments – assets	65.9	(4.0)	61.9	102.2	(27.1)	75.1
Derivative instruments – liabilities	(40.0)	4.0	(36.0)	(72.9)	27.1	(45.8)
Derivative financial instruments - net	**25.8**	**0.0**	**25.9**	**29.3**	**0.0**	**29.3**

(*) *Gross amounts as stated on the balance sheet.*

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

The following table shows the carrying amount in the balance sheet of financial assets and liabilities by accounting category as defined by IFRS 9, and their fair value:

	31/12/2018										
	Accounting categories							FV			
(in € millions)	Derivatives at fair value through profit and loss	Derivatives classified 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	Total net carrying amount on the balance sheet of the class	Level 1 Quoted prices	Level 2 Internal model with observable inputs	Level 3 Internal model using non-observable inputs	Fair value of the class
I - Non-current financial assets							**0.0**				**0.0**
II – Derivative financial instruments – assets	**(0.2)**	**66.1**					**65.9**		**65.9**		**65.9**
Cash management financial assets – not cash equivalents							**0.0**		0.0		**0.0**
Financial current account assets			227.4				**227.4**	227.4			**227.4**
Cash			10.3				**10.3**	10.3			**10.3**
III – Current financial assets			**237.6**				**237.6**	**237.6**	**0.0**	**0.0**	**237.6**
Total assets	**(0.2)**	**66.1**	**237.6**	**0.0**	**0.0**	**0.0**	**303.5**	**237.6**	**65.9**	**0.0**	**303.5**
Bonds						(3,186.6)	**(3,186.6)**	(3,225.8)	(7.1)		**(3,232.9)**
Other bank loans and other financial debt						(713.9)	**(713.9)**		(719.5)		**(719.5)**
IV – Long-term financial debt						**(3,900.5)**	**(3,900.5)**	**(3,225.8)**	**(726.6)**		**(3,952.4)**
V – Derivative financial instruments – liabilities	**0.4**	**(40.4)**					**(40.0)**		**(40.0)**		**(40.0)**
VI – Current financial liabilities							**0.0**	0.0			**0.0**
Total liabilities	**0.4**	**(40.4)**	**0.0**	**0.0**	**0.0**	**(3,900.5)**	**(3,940.5)**	**(3,225.8)**	**(766.6)**	**0.0**	**(3,992.4)**
Carrying amount of categories	**0.2**	**25.7**	**237.6**	**0.0**	**0.0**	**(3,900.5)**	**(3,637.0)**	**(2,988.1)**	**(700.8)**	**0.0**	**(3,688.9)**

The following table shows the carrying amount and fair value of financial assets and liabilities as published on 31 December 2017 using the categories defined by IAS 39:

	31/12/2017										
	Accounting categories							FV			
(in € millions)	Financial instruments through income statement	Derivatives classified as hedges	Assets measured at fair value (FV option)	Financial assets available for sale	Loans and receivables	Liabilities at amortised cost	Total net carrying amount on the balance sheet of the class	Level 1 Quoted prices	Level 2 Internal model with observable inputs	Level 3 Internal model using non-observable inputs	Fair value of the class
Investments in unlisted companies				0.0			**0.0**			0.0	0.0
I - Non-current financial assets				**0.0**			**0.0**			**0.0**	**0.0**
II – Derivative financial instruments – assets	**30.3**	**71.8**					**102.2**		**102.2**		**102.2**
III – Trade receivables					**110.2**		**110.2**		**110.2**		**110.2**
Cash management financial assets – not cash equivalents			4.0				**4.0**		4.0		**4.0**
Cash equivalents			835.6				**835.6**		835.6		**835.6**
Cash			4.9				**4.9**	4.9			**4.9**
I – Non-current financial assets			**844.6**				**844.6**	**4.9**	**839.6**	**0.0**	**844.6**
Total assets	**30.3**	**71.8**	**844.6**	**0.0**	**110.2**	**0.0**	**1,056.9**	**4.9**	**1,052.0**	**0.0**	**1,056.9**
Bonds						(3,802.3)	**(3,802.3)**	(3,956.0)	(9.2)		**(3,965.2)**
Other bank loans and other financial debt						(844.4)	**(844.4)**		(850.9)		**(850.9)**
V – Non-current financial liabilities						**(4,646.7)**	**(4,646.7)**	**(3,956.0)**	**(860.1)**		**(4,816.2)**
V – Derivative financial instruments – liabilities	**(25.6)**	**(47.3)**					**(72.9)**		**(72.9)**		**(72.9)**
VII - Trade payables						**(80.0)**	**(80.0)**		**(80.0)**		**(80.0)**
Other current financial liabilities							**0.0**	0.0			**0.0**
VI – Current financial liabilities							**0.0**	**0.0**			**0.0**
Total liabilities	**(25.6)**	**(47.3)**	**0.0**	**0.0**	**0.0**	**(4,726.7)**	**(4,799.6)**	**(3,956.0)**	**(1,013.0)**	**0.0**	**(4,969.0)**
Carrying amount of categories	**4.7**	**24.6**	**844.6**	**0.0**	**110.2**	**(4,726.7)**	**(3,742.6)**	**(3,951.1)**	**39.0**	**0.0**	**(3,912.1)**

In 2018, the criteria used to measure the fair value of financial assets and liabilities remained unchanged.

H. Employee benefits and share-based payments

20. Provisions for employee benefits

As at 31 December 2018, provisions for employee benefits due in more than one year broke down as follows:

(in € millions)	31/12/2018	31/12/2017
Provisions for retirement benefit obligations	19.7	18.8
Provisions for employee benefits	**19.7**	**18.8**

20.1. Provisions for retirement benefit obligations

Accounting principles

Provisions are booked in the balance sheet for obligations arising from defined-benefit retirement plans for current employees. These provisions are determined by using the projected unit credit method based on actuarial assessments made at each annual balance sheet date. Each plan's obligations are recognised separately.

Under IAS 19, for defined-benefit plans financed under external management arrangements (i.e. pension funds or insurance policies), the surplus or shortfall of the fair value of the assets compared with the discounted value of the obligations is recognised as an asset or liability in the balance sheet.

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

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

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

The share of provisions for retirement benefit obligations that matures in less than one year is shown under "Other current non-operating liabilities".

Provisions for retirement benefits amounted to €20.1 million at 31 December 2018, including €19.7 million maturing in more than one year, compared to €19.3 million at 31 December 2017, including €18.8 million maturing in more than one year.

Cofiroute's retirement benefit obligations for defined-benefit plans break down into two categories:

- obligations borne directly by Cofiroute, covered by provisions recognised in the IFRS balance sheet. Retirement bonuses and additional defined-benefit pension plans;
- plans that are pre-financed through a contract with an insurance company.

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

Plan	2018	2017
Discount rate	1.70%	1.75%
Inflation rate	1.60%	1.60%
Rate of salary increases (excl. inflation)	1.00%	1.00%

The discount rate was determined on the basis of the yields of blue chip corporate bonds (AA rating) whose maturities correspond to the plans' expected cash flows. The discount rate finally adopted is a single rate equivalent to the application of the various rates depending on maturities.

On the basis of these assumptions, retirement benefits, the provisioned and recognised pension expenses break down as follows:

Reconciliation of obligations and provisions recorded in the balance sheet

(in € millions)	31/12/2018	31/12/2017
Actuarial liability from retirement benefit obligations	**24.0**	**24.1**
Fair value of hedging assets	(3.9)	(4.7)
Deficit (or surplus)	**20.1**	**19.3**
Provision recognised as liabilities in the balance sheet	**20.1**	**19.3**

Changes in actuarial liabilities and plan assets for the period

(in € millions)	31/12/2018	31/12/2017
Actuarial liability from retirement benefit obligations		
At start of period	**24.1**	**25.2**
o/w obligations covered by plan assets	4.7	5.4
Cost of services rendered during the period	0.9	1.0
Actuarial debt discount cost	0.4	0.3
Past service cost (plan changes and curtailments)	0.0	0.0
Actuarial gains and losses recognised in other comprehensive income items(*)	(0.3)	(1.3)
o/w impact of changes in demographic assumptions	*0.0*	*0.0*
o/w impact of changes in financial assumptions	*0.1*	*(1.6)*
o/w experience gains and losses	*(0.5)*	*0.3*
Benefits paid to beneficiaries	(0.8)	(1.2)
Disposals of companies and other	(0.2)	0.1
At the end of the period	**24.0**	**24.1**
o/w obligations covered by plan assets	3.9	4.7

(in € millions)	31/12/2018	31/12/2017
Plan assets		
At start of period	**4.7**	**5.4**
Interest income during the period	0.1	0.1
Actuarial gains and losses recognised in other comprehensive income items(*)	0.0	0.1
Benefits paid to beneficiaries	(0.9)	(0.8)
At the end of the period	**3.9**	**4.7**

(*) *Experience gains and losses corresponding to the variance between the actual return on plan assets and a nominal yield calculated using the discount rate for the actuarial liability.*

Change in provisions for retirement benefit obligations during the period

(in € millions)	31/12/2018	31/12/2017
Provisions for retirement benefit obligations recognised under liabilities on the balance sheet		
At start of period	**19.3**	**19.9**
Total expense recognised with respect to retirement benefit obligations	1.0	1.3
Actuarial gains and losses recognised in other comprehensive income items	(0.4)	(1.4)
Benefits paid to beneficiaries	0.1	(0.4)
At the end of the period	**20.1**	**19.3**

Expenses recognised in respect of defined benefit plans break down as follows

(in € millions)	2018	2017
Cost of services rendered during the period	(0.9)	(1.0)
Actuarial debt discount cost	(0.4)	(0.3)
Interest income during the period	0.1	0.1
Impact of plan settlements and other	0.2	(0.1)
Total	**(1.0)**	**(1.3)**

Breakdown of plan assets by type of vehicle

	31/12/2018	31/12/2017
	Eurozone	Eurozone
Equities	7%	7%
Bonds	85%	84%
Real estate	8%	9%
Total split of plan assets	**100%**	**100%**
Plan assets *(in € millions)*	3.9	4.7
Coverage rate of actuarial debt *(as %)*	**16%**	**20%**

20.2. Other employee benefits

Provisions for other employee benefits consisted of provisions relating to early retirement compensation under the “CATS” agreements (CATS is the French acronym for ”Early Retirement Scheme for Certain Employees”) and these provisions were measured at the discounted value of future benefits.

At 31 December 2018, the amount of provisions for early retirement agreements amounted to €0.1 million (all at less than one year).

21. Share-based payments

Accounting principles

Cofiroute employees may be granted performance shares by parent company VINCI, or may subscribe to the VINCI Group savings plans (in France and abroad).

The measurement and recognition methods for the VINCI Group savings plans and performance share plans are defined by IFRS 2 "Share-based Payments". The granting of performance shares and offers to subscribe to Group savings plans in France and abroad represent a benefit granted to their beneficiaries and therefore constitute supplementary remuneration borne by 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.

Benefits granted under performance share grants and the Group savings plan are implemented as decided by VINCI SA's Board of Directors after their approval by the Shareholders' General Meeting, and are not, in general, systematically renewed. Moreover, their measurement is not directly related to the business lines' operating activities. Consequently, Cofiroute considered it appropriate not to exclude the corresponding expense from the operating income from ordinary activities, which is an indicator of business lines' performance, and instead to report it on a separate line, labelled "Share-based payments (IFRS 2)", in current operating income.

Performance share plans

Since financial criteria may have to be met for these shares to vest, the fair value of VINCI performance shares is measured at the share value on the grant date, according to the likelihood of the financial criteria being met, as recommended by IFRS 2.

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

VINCI's Board of Directors' meeting held on 17 April 2018 decided to implement a new performance share plan that consists of granting certain 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.

VINCI Group savings plan

With regard to the Group savings plan, the VINCI Board of Directors defines the subscription conditions in accordance with the authorisations granted by the Shareholders' General Meeting. VINCI issues new shares in France three times a year reserved for VINCI Group employees, with a subscription price that includes a 5% discount against the average stock market price of the VINCI share during the last 20 business days preceding the authorisation by the Board of Directors. Subscribers also benefit from a matching employer's contribution, which is capped at an annual maximum of €2,500 per person and per year until 31 December 2017. Starting 1 January 2018, the maximum amount of the matching contribution that employees may receive by subscribing to the France Group savings plans is increased to €3,500. The benefits granted in this way to employees of the Group are recognised in profit or loss and are valued in accordance with IFRS 2, on the basis of the following assumptions:

- subscription period: four months;
- lock-up period: 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 the unavailability of mutual fund shares.

The lock-up cost is estimated by a third party who will hold a diversified portfolio and will be prepared to purchase the blocked securities at a discounted rate. This will correspond to the profitability sought by an investor on the allocated equity for the purposes of hedging against market risk during the five-year lock-up period. The market risk is measured on an annual basis using a value at risk approach.

The total share-based payment expense recognised at 31 December 2018 totalled €2.5 million, including €0.7 million for the Group Savings Plan, compared with €2 million in 2017, including €0.6 million for the Group Savings Plan.

I. Other notes

22. Transactions with related parties

Transactions with related parties include:

- remuneration and similar benefits granted to members of the governing and management bodies;
- transactions with the VINCI Group and other related parties (mainly companies in which the Group holds an equity stake).

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

The remuneration of Cofiroute's corporate 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 Cofiroute to persons who, at the balance sheet date are (or, have been, during the year), members of Cofiroute's governing bodies and Executive Committee. The corresponding amounts have been recognised and expensed in 2017 and 2018 as follows:

	Members of governing bodies and Executive Committee	
(in € millions)	**2018**	**2017**
Remuneration	1.2	1.3
Employer's social charges	0.6	0.6
Post-employment benefits	0.0	0.0
Severance payments	0.0	0.0
Share-based payments(*)	0.9	1.1
Provisions for retirement benefit obligations	0.4	0.3

(*) *This amount is determined in accordance with IFRS 2 and the terms and conditions described in Note H.21. "Share-based payments".*

Members of Cofiroute's Executive Committee do not benefit from a supplementary retirement plan. They benefit from the arrangements described in Note H.20.1. "Provisions for retirement benefit obligations".

Corporate officers benefit from a supplementary retirement plan. Contributions to this plan are made by the parent company VINCI SA.

22.2. Transactions with the VINCI Group

Transactions in 2018 and 2017 between Cofiroute and the VINCI Group break down as follows:

VINCI *(in € millions)*	**2018**	**2017**
Construction expenses	(33.3)	(35.9)
Trade receivables	3.7	5.9
Dividend payments	461.5	192.4
Trade payables	15.8	13.5
Liabilities for non-current concession assets	10.3	6.7
Revenue and other ancillary revenue	1.7	2.1
Financial income and expenses	0.0	(0.5)
Other external expenses	(15.2)	(26.2)

23. Statutory Auditors' fees

Statutory Auditors' fees totalled €176 thousand in 2018, stable compared to 2017.

They consisted of €94 thousand for Deloitte & Associés (of which €72 thousand for the statutory audit and €22 thousand for other assignments invoiced in 2018) and €83 thousand for KPMG (of which €72 thousand for the statutory audit and €11 thousand for other assignments invoiced in 2018).

J. Post-balance sheet events

Rates

Toll rates on the A86 Duplex increased on 1 January 2019 pursuant to the Interministerial Decree of 26 December 2018.

Toll rates for the intercity network increased on 1 February 2019 pursuant to the Concessions Contract and the Contract Plan. The average rise in the rate per kilometre was +1.65%.

On its intercity network, from 1 February 2019 Cofiroute will introduce a special rate for regular users thanks to new subscriptions : drivers making at least 10 round-trips in the month on the same route will enjoy a 30% discount on tolls for all trips made.

Appropriation of 2018 net income

The Board of Directors approved the IFRS individual 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 €143.61 per share for this year, which, given the interim dividend already paid on 30 August 2018 (€23.77 per share), would bring the balance of the dividend payable to €119.84 per share, to be paid no later than 29 March 2019.

K. Note on litigation

To Cofiroute's knowledge, there are no disputes likely to have a material impact on the Company's business, earnings, assets or financial position.

Report of the Statutory Auditors on the IFRS individual financial statements

For the year ended 31 December 2018

Cofiroute
A French limited liability company (Société Anonyme)
Registered office: 12-14, rue Louis Blériot
92500 Rueil-Malmaison
Share capital: €158,282,124

To the Chairman of the Board of Directors,

In our capacity as Statutory Auditors for the company Cofiroute and further to your request, we have performed an audit of the Cofiroute IFRS individual financial statements for the year ended 31 December 2018, as attached hereto.

These IFRS individual financial statements were prepared under the responsibility of the Board of Directors. Our role is to express an opinion on these financial statements, based on our audit.

We have conducted our audit in accordance with the professional auditing standards applicable in France and with CNCC guidelines on this procedure; these standards require us to take reasonable steps to ensure that the IFRS individual financial statements are free from material misstatements. An audit involves examining, on a test basis or by means of other selection methods, the evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the IFRS individual financial statements. We believe that our audit provides a reasonable basis for our opinion, which follows.

In our opinion, the IFRS individual financial statements provide, in all material respects, a true and fair view of the Company's financial position, assets and liabilities and results for the year ended 31 December 2018, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Paris La Défense, 1 February 2019

KPMG Audit
Department of KPMG SA
Philippe BOURHIS
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