

2014 **HALF-YEAR** REVIEW



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Bouygues



28 August 2014
32 Hoche - Paris



BUILDING THE FUTURE IS OUR GREATEST ADVENTURE

2014

HALF-YEAR REVIEW

Correction to the document published on 28 August 2014: a few minor changes have been made to the paragraphs related to Alstom (pages 34 and 35).

BOUYGUES

French *Société Anonyme* with share capital of €335,613,887

Registered office: 32, avenue Hoche, 75008 Paris, France

Registration No. 572 015 246 Paris – APE code: 7010Z

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BOARD OF DIRECTORS

Since 20 May 2014, the Board of Directors has included two directors representing employees. They are Raphaëlle Deflesselle and Michel Bardou, both appointed by the Group Management Committee. The appointment follows an amendment to the by-laws approved by the Annual General Meeting on 24 April 2014 pursuant to the Job Security Act No. 2013-504 of 14 June 2013.

MEMBERSHIP

Chairman and Chief Executive Officer

Martin Bouygues

Director and Deputy CEO

Olivier Bouygues

Deputy CEO and standing representative of SCDM, director

Directors

Michel Bardou

Director representing employee shareholders

François Bertière

Chairman and CEO, Bouygues Immobilier

Mrs Francis Bouygues

Jean-Paul Chifflet

CEO, Crédit Agricole SA

Georges Chodron de Courcel

Former COO, BNP Paribas

Raphaëlle Deflesselle

Director representing employee shareholders

Yves Gabriel

Chairman and CEO, Bouygues Construction

Anne-Marie Idrac

Former Chair, SNCF

Patrick Kron

Chairman and CEO, Alstom

Hervé Le Bouc

Chairman and CEO, Colas

Helman le Pas de Sécheval

General Counsel, Veolia

Colette Lewiner

Advisor to the Chairman, Capgemini

Sandra Nombret

Director representing employee shareholders

Nonce Paolini

Chairman and CEO, TF1

Jean Peyrelevade

Managing partner, Aforge Degroof Finance

François-Henri Pinault

Chairman and CEO, Kering

Rose-Marie Van Lerberghe

Chairwoman of the Board of Directors, Institut Pasteur

Michèle Vilain

Director representing employee shareholders

BOARD COMMITTEES

Accounts Committee

Helman le Pas de Sécheval (Chairman)

Georges Chodron de Courcel

Anne-Marie Idrac

Michèle Vilain

Selection Committee

Jean Peyrelevade (Chairman)

Jean-Paul Chifflet

Georges Chodron de Courcel

François-Henri Pinault

Remuneration Committee

Colette Lewiner (Chairwoman)

Helman le Pas de Sécheval

François-Henri Pinault

Ethics, CSR and Sponsorship Committee

Anne-Marie Idrac (Chairwoman)

Sandra Nombret

Rose-Marie Van Lerberghe

HALF-YEAR REVIEW OF OPERATIONS

Key figures

(€ million)	First-half 2013 restated	First-half 2014	Change
Sales	15,094	15,182	+1%
Current operating profit	347	134	-€213m
Operating profit	347	523 ⁽¹⁾	+€176m
Net profit attributable to the Group	188	410 ⁽²⁾	+€222m
Free cash flow ⁽³⁾	155 ⁽⁴⁾	230	+€75m
Net debt ⁽⁵⁾	5,757	5,174	-€583m

¹ Including non-current operating income of €81 million related to Bouygues Telecom and a capital gain of €308 million on the sale of Eurosport International (31%) and the remeasurement of the remaining interest (49%)

² Including a net capital gain of €240 million on the sale by Colas of its stake in Cofiroute

³ Before change in the working capital requirement

⁴ Excluding capitalised interest related to 4G frequencies for €21 million

⁵ At 30 June

Commenting on the Group's results in the first half of 2014, Martin Bouygues, Chairman and CEO of the Bouygues group, said: "Although our operating performance reflects a more challenging economic and competitive environment in France, I believe that Bouygues has become stronger since the start of the year. Our construction businesses are increasing their international presence, Bouygues Telecom is successfully rolling out its aggressive strategy and Alstom will offer good growth and upside potential following the deal with General Electric. In addition, over the last six months the Group has once again proved its capacity to ensure its financial strength."

The Bouygues group reported consolidated sales of €15.2 billion in the first half of 2014, up 1% year-on-year. Growth in international sales, up 8% on the first half of 2013 to €5.0 billion, offset the decline in sales in France, down 3% on the first half of 2013 to €10.2 billion.

Current operating profit amounted to €134 million, €213 million less than in the first half of 2013, mainly due to the expected decline in profitability at Bouygues Telecom. Operating profit amounted to €523 million, up €176 million on the first half of 2013. It included a capital gain on the sale of a controlling interest in Eurosport International and non-current income at Bouygues Telecom. Net profit attributable to the Group amounted to €410 million, up €222 million on the first half of 2013, including a net capital gain of €240 million on the sale of Colas' stake in Cofiroute in the first quarter of 2014.

Although operating conditions were tougher in the first half of 2014, the Group managed to find the financial resources to withstand the decline in its profitability.

Construction businesses⁽¹⁾

The order book at the **construction businesses** reached a high level of €28.0 billion at end-June 2014, up 3% year-on-year. The French market was tougher in the first half of 2014, with a slowdown in public-sector orders following the municipal elections, especially in roads, the scarcity of very large contracts and an increased wait-and-see attitude on the residential property market. In contrast, business activity remained dynamic on international markets. International orders accounted for half of the total order book at Bouygues Construction and Colas, amounting to €12.9 billion at end-June 2014, up 15% year-on-year.

At **Bouygues Construction**, order intake came to €5.2 billion in the first half of 2014, up 2% year-on-year. The order book at end-June 2014 stood at €17.5 billion, 4% up on end-June 2013, and provides good visibility for future activity.

At **Bouygues Immobilier**, reservations in the first-half of 2014 amounted to €737 million, down 23% year-on-year. However, this is not representative of the anticipated full-year trend, since a number of commercial property projects and significant residential block sales are expected in the second half of the year. The order book at end-June 2014 stood at €2.2 billion.

At **Colas**, the order book rose 9% year-on-year and stood at €8.2 billion at end-June 2014, including €4.7 billion in international and French overseas territories markets, up 30% year-on-year, and €3.5 billion in mainland France, down 11% year-on-year. The share of the order book for execution beyond 2014 was up 35%, reflecting a longer order book, while orders for execution in 2014 were down 5% year-on-year.

Sales in the **construction businesses** were up 2% at €11.9 billion. They were driven by strong momentum in the international activities (up 9% year-on-year to €4.8 billion), which offset a decline in sales in France (down 2% year-on-year to €7.0 billion). Current operating profit amounted to €137 million, down €64 million on the first half of 2013. This was mainly due to the start of work on a number of major projects at Bouygues Construction, a tougher French roads market and an increase in the current operating loss at Colas' sales of refined products activity.

¹ Bouygues Construction, Bouygues Immobilier and Colas

TF1⁽¹⁾

The audience share of the **TF1** group's four freeview channels was stable in the first half of 2014 at 28.9%⁽²⁾. The TF1 TV channel's audience share increased significantly in the second quarter of 2014, up 0.8 points in comparison with the second quarter of 2013, due to the 2014 FIFA World Cup.

Sales in the first half of 2014 amounted to €1.2 billion, down 2% on the first half of 2013. Current operating profit over the same period amounted to €50 million. The €21 million decline versus the first half of 2013 reflected the cost of screening the 2014 FIFA World Cup, partly offset by savings from the optimisation plan. Operating profit in the first half of 2014 included a capital gain of €323 million on the sale of the 31% stake in Eurosport International and remeasurement of the residual interest (49%), amounting to €373 million (up €302 million in comparison with the first half of 2013).

¹ At Bouygues group level, the sales and operating profit of Eurosport International remained included in the results of TF1 until the sale of an additional 31% stake in Eurosport International to Discovery Communications on 30 May 2014

² Individuals aged 4 and over. Source: Médiamétrie.

Bouygues Telecom

Given the prospect of exponential growth in digital services, **Bouygues Telecom** is implementing an aggressive strategy with the aim of:

- creating value by developing mobile data use;

- pursuing growth in fixed broadband by making services and very-high-speed broadband accessible to as many people as possible;
- accelerating the company's transformation while reasserting its positioning.

This strategy was reflected in the company's commercial performance during the first six months of the year.

The company added 74,000 plan customers in the first half of 2014, bringing the total at end-June to 9,984,000. Over 70% of retail plan customers have subscribed to a value-added plan⁽¹⁾ and 16% of mobile customers use 4G⁽²⁾, compared with 9% at end-December 2013, representing 1.8 million customers.

For the third consecutive quarter, Bouygues Telecom is No. 1 in the fixed broadband⁽³⁾ market in terms of net adds⁽⁴⁾, acquiring 102,000 new customers in the second quarter of 2014, to give a total of 2,215,000 customers at end-June 2014.

As expected, first-half financial results were affected by ongoing repricing within the mobile customer base. Sales amounted to €2.2 billion and sales from network to €1.9 billion, down 5% and 8% respectively on the first half of 2013. EBITDA stood at €332 million, €137 million less than in the first half of 2013. The company reported a current operating loss of €41 million and operating profit of €44 million after factoring in non-current income of €85 million⁽⁵⁾ related notably to litigation settlements, which offset the costs of the adaptation plan. The "EBITDA minus Capex" item turned positive in the second quarter of 2014, at +€12 million, versus -€17 million in the first quarter of the year.

¹ An offer with data consumption higher or equal to 500MB/month

² Customers having used the 4G network in the last three months (Arcep definition)

³ Includes high-speed and very-high-speed fixed broadband subscriptions

⁴ Company estimate for Q2 2014 and Arcep figures for Q4 2013 and Q1 2014

⁵ €429 million for litigation settlements and other minus €344 million in provisions for adaptation costs and other

Alstom

As announced on 18 July 2014, Alstom's contribution to Bouygues' net profit is now booked only in the first and third quarters. Bouygues did not therefore book any contribution from Alstom in respect of the second quarter of 2014, compared with a contribution of €59 million in the second quarter of 2013.

Financial position

Cash flow benefited from non-current income at Bouygues Telecom, while capital expenditure remained under tight control. Free cash flow⁽¹⁾ thus improved by €75 million in comparison with the first half of 2013 and stood at €230 million.

Net debt at end-June 2014 amounted to €5.2 billion, compared with €5.8 billion at end-June 2013 and €4.4 billion at end-December 2013. The difference in relation to end-December 2013 was due to the usual seasonal effect at Colas, but also to the proceeds from the sale of Cofiroute for €780 million and Eurosport International for €256 million, as well as a particularly unfavourable trend in the working capital requirement, not representative of the full-year.

The Group managed to find the financial resources to withstand the decline in current operating profit in the first half of 2014 and to ensure the strength of its financial structure.

¹ Before the change in working capital requirement. Excluding capitalised interest related to 4G frequencies for €21 million in the first half of 2013

Outlook

Group sales are expected to be down very slightly in 2014, by between 1% and 2% in comparison with 2013.

The slowdown in public-sector orders in France remains a point to watch in the second half of the year. However, the construction businesses enjoy major strengths: strong momentum in their international activities, an order book that provides good visibility, the diversity of business activities and expertise, and a great capacity to adapt. As a result, their financial performance should remain robust in 2014.

In a low-visibility context on the advertising market, TF1 is continuing to transform its business model. Its results will be marked by two exceptional events: the 2014 FIFA World Cup and the sale of Eurosport International.

Bouygues Telecom has confirmed its target of generating a slightly positive “EBITDA⁽¹⁾ minus Capex” item in 2014 and is continuing to implement its aggressive strategy.

It has the necessary strengths to regain increased competitiveness, as early as 2016, in a market with four players:

- a state-of-the-art mobile network and a comprehensive portfolio of frequencies;
- attractive offers and a technological breakthrough in the fixed activities;
- a cost structure adapted to the changed market through a plan to save €300 million a year on the total cost base from 2016.

¹ EBITDA = current operating profit + net depreciation and amortisation expense + net provisions and impairment losses - reversals of unutilised provisions and impairment losses

Commenting on the Group’s results in the first half of 2014, Martin Bouygues, Chairman and CEO of the Bouygues group, said: “Although our operating performance reflects a more challenging economic and competitive environment in France, I believe that Bouygues has become stronger since the start of the year. Our construction businesses are increasing their international presence, Bouygues Telecom is successfully rolling out its aggressive strategy and Alstom will offer good growth and upside potential following the deal with General Electric. In addition, over the last six months the Group has once again proved its capacity to ensure its financial strength.”

First-half 2014 business activity

Order books at the construction businesses (€ million)	End-June		
	2013	2014	Change %
Bouygues Construction	16,877	17,537	+4%
Bouygues Immobilier	2,815	2,210	-21%
Colas	7,570	8,242	+9%
TOTAL	27,262	27,989	+3%

Bouygues Construction order intake (€ million)	First-half		% change
	2013	2014	
France	2,686	2,922	+9%
International	2,366	2,252	-5%
TOTAL	5,052	5,174	+2%

Bouygues Immobilier	First-half

reservations
 (€ million)

	2013	2014	% change
Residential property	752	675	-10%
Commercial property	203	62	-69%
TOTAL	955	737	-23%

**Colas
order book**
 (€ million)

	End-June		% change
	2013	2014	
Mainland France	3,941	3,515	-11%
International and French overseas territories	3,629	4,727	+30%
TOTAL	7,570	8,242	+9%

**TF1
audience share¹**

	First-half		Pts change
	2013	2014	
TF1	22.9%	22.9%	=
TMC	3.5%	3.2%	-0.3 pts
NT1	2.1%	1.9%	-0.2 pts
HD1	0.5%	0.9%	+0.4 pts
TOTAL	29.0%	28.9%	-0.1 pts

¹ Individuals aged 4 and over. Source: Médiamétrie

**Bouygues Telecom
customer base**
 ('000 customers)

	End-Dec 2013	End-June 2014	Change ('000 clients)
Plan subscribers	9,910	9,984	+74
<i>o/w B&YOU subscribers</i>	1,750	1,966	+216
Prepaid customers	1,233	1,040	-193
Total mobile customers	11,143	11,024	-119
Total fixed customers	2,013	2,215	+202

First-half 2014 financial performance

Condensed consolidated income statement (€ million)	First-half		Change
	2013 restated	2014	
Sales	15,094	15,182	+1%
Current operating profit	347	134	-€213m
Other operating income and expenses	0	389 ⁽¹⁾	+€389m
Operating profit	347	523	+€176m
Cost of net debt	(157)	(163)	-€6m
Other financial income and expenses	(7)	3	+€10m
Income tax expense	(98)	(59)	+€39m
Investments in joint ventures and associates	138	307	+€169m
<i>o/w share of profits</i>	138	54	-€84m
<i>o/w net capital gain on Cofiroute disposal</i>	-	253 ⁽²⁾	+€253m
Net profit	223	611	+€388m
Net profit attributable to non-controlling interests ³	(35)	(201)	-€166m
Net profit attributable to the Group	188	410	+€222m

¹ Including non-current operating income of €81 million related to Bouygues Telecom and a capital gain of €308 million

on the sale of Eurospport International (31%) and the remeasurement of the remaining interest (49%)

² Net capital gain at 100%

³ Formerly "Minority interests"

First-quarter consolidated income statement (€ million)	First-quarter		Change
	2013 restated	2014	
Sales	6,645	6,841	+3%
Current operating profit/(loss)	(77)	(96)	-€19m
Operating profit/(loss)	(77)	100 ⁽¹⁾	+€177m
Net profit/(loss) attributable to the Group	(42)	285 ⁽²⁾	+€327m

¹ Including non-current operating income of €196 million related to Bouygues Telecom

² Including a net capital gain of €240 million on the sale by Colas of its stake in Cofiroute

**Second-quarter consolidated
income statement**
(€ million)

	Second-quarter		Change
	2013 restated	2014	
Sales	8,449	8,341	-1%
Current operating profit	424	230	-€194m
Operating profit	424	423 ⁽¹⁾	-€1m
Net profit attributable to the Group	230	125	-€105m

¹ Including

a capital gain of €308 million on the sale of Eurospport International (31%) and the remeasurement of the remaining interest (49%) and non-current charges of €115 million at Bouygues Telecom

**Sales
by business area**
(€ million)

	First-half		% change	% change like-for-like and at constant exchange rates
	2013 restated	2014		
Bouygues Construction	5,228	5,558	+6%	+7%
Bouygues Immobilier	1,143	1,192	+4%	+3%
Colas	5,456	5,294	-3%	-2%
<i>Sub-total of construction businesses¹</i>	<i>11,632</i>	<i>11,854</i>	<i>+2%</i>	<i>+3%</i>
TF1	1,203	1,175	-2%	-2%
Bouygues Telecom	2,287	2,177	-5%	-5%
Holding company and other	62	70	nm	nm
Intra-Group elimination	(285)	(284)	nm	nm
TOTAL	15,094	15,182	+1%	+1%
<i>o/w France</i>	<i>10,466</i>	<i>10,193</i>	<i>-3%</i>	<i>-3%</i>
<i>o/w international</i>	<i>4,628</i>	<i>4,989</i>	<i>+8%</i>	<i>+10%</i>

¹ Total of the sales contributions (after eliminations within the construction businesses)

Contribution of business areas to EBITDA (€ million)	First-half		% change
	2013 restated	2014	
Bouygues Construction	241	213	-12%
Bouygues Immobilier	88	66	-25%
Colas	58	34	-41%
TF1	90	36	-60%
Bouygues Telecom	469	332	-29%
Holding company and other	(17)	(15)	nm
TOTAL	929	666	-28%

Contribution of business areas to current operating profit (€ million)	First-half		Change €m
	2013 restated	2014	
Bouygues Construction	204	180	-€24m
Bouygues Immobilier	84	71	-€13m
Colas	(87)	(114)	-€27m
<i>Sub-total of construction businesses</i>	<i>201</i>	<i>137</i>	<i>-€64m</i>
TF1	71	50	-€21m
Bouygues Telecom	91	(41)	-€132m
Holding company and other	(16)	(12)	+€4m
TOTAL	347	134	-€213m

Contribution of business areas to operating profit (€ million)	First-half		Change €m
	2013 restated	2014	
Bouygues Construction	204	180	-€24m
Bouygues Immobilier	84	71	-€13m
Colas	(87)	(114)	-€27m
<i>Sub-total of construction businesses</i>	<i>201</i>	<i>137</i>	<i>-€64m</i>
TF1	71	373 ⁽¹⁾	+€302m
Bouygues Telecom	91	44 ⁽²⁾	-€47m
Holding company and other	(16)	(31) ⁽³⁾	-€15m
TOTAL	347	523	+€176m

¹ Including a capital gain of €323 million on the sale of Eurosport International (31%) and the remeasurement of the remaining interest (49%)

² Including non-current income of €85 million: €429 million from litigation settlements and other minus €344 million in provisions for adaptation costs and other

³ Including non-current charges of €4 million related to Bouygues Telecom and €15m for derecognition of goodwill related to the sale of Eurosport International

Contribution of business areas to net profit attributable to the Group
(€ million)

	First-half		% change
	2013 restated	2014	
Bouygues Construction	131	123	-6%
Bouygues Immobilier	45	42	-7%
Colas	(31)	306 ⁽¹⁾	nm
<i>Sub-total of construction businesses</i>	<i>145</i>	<i>471</i>	<i>nm</i>
TF1	18	141 ⁽²⁾	nm
Bouygues Telecom	49	22	-55%
Alstom	117	53	-55%
Holding company and other	(141)	(277) ³	nm
TOTAL	188	410	x2

¹ Including a net capital gain of €372 million related to the sale of Cofiroute

² Including a capital gain of €128 million on the sale of Eurosport International (31%) and the remeasurement of the remaining interest (49%)

³ Including €147m for derecognition of goodwill at Holding company and other: €132 million related to the sale by Colas of Cofiroute and €15 million related to the sale of Eurosport International

Impacts of exceptional items on net profit attributable to the Group
(€ million)

	First-half		Change (€m)
	2013 restated	2014	
Net profit attributable to the Group	188	410	+€222m
Non-current operating income of €81m related to Bouygues Telecom, net of taxes	-	(45)	-€45m
Net capital gain on the sale by Colas of its stake in Cofiroute	-	(240)	-€240m
Net capital gain on the sale of Eurosport International (31%) and the remeasurement of the remaining interest (49%)	-	(113)	-€113m
Cofiroute contribution to first-half 2013 net profit	-	21	+€21m
Change in calculation method for Alstom quarterly contribution	-	27	+€27m
Net profit attributable to the Group before exceptional items	188	60	-€128m

Impacts of exceptional items on net profit attributable to the Group of the construction businesses (€ million)	First-half		Change (€m)
	2013 restated	2014	
Net profit attributable to the Group of the construction businesses	145	471	+€326m
Net capital gain on the sale by Colas of its stake in Cofiroute	-	(372)	-€372m
Cofiroute contribution to first-half 2013 net profit	-	21	+€21m
Net profit attributable to the Group of the construction businesses before exceptional items	145	120	-€25m

Impacts of the sale of the stake in Cofiroute on the income statement (€ million – First-half 2014)	Colas income statement	Colas contribution¹	Bouygues income statement
Net capital gain on disposal	385	385	385
- Goodwill at Holding company level	0	0	-132
Net capital gain on disposal after goodwill	385	385	253
- Net capital gain attributable to non-controlling interests ² (3.4%)	0	-13	-13
Net capital gain attributable to the Group	385	372	240

¹ Colas contribution to net profit attributable to the Group

² Calculated on net capital gain (at 100%) before goodwill

Impacts of the sale of the 31% stake in Eurosport International on the income statement

(€ million – First-half 2014)

	TF1 income statement	Contribution TF1 ¹	Bouygues income statement
Capital gain and remeasurement ² before tax	323	323	323
- Income tax expense	-29	-29	-29
Capital gain and remeasurement ² after tax	294	294	294
- Goodwill at Holding company level	0	0	-15
Net capital gain on disposal and remeasurement ² after goodwill	294	294	279
- Net capital gain attributable to non-controlling interests ³ (56.5%)	0	-166	-166
Net capital gain and remeasurement² attributable to the Group	294	128	113

¹ TF1 contribution to net profit attributable to the Group

² Net capital gain on the sale of Eurosport International (31%) and the remeasurement of the remaining interest (49%)

³ Calculated on net capital gain (at 100%) before goodwill

Net cash by business area

(€ million)

	At end-June		Change €m
	2013 restated	2014	
Bouygues Construction	2,844	2,338	-€506m
Bouygues Immobilier	239	26	-€213m
Colas	(1,141)	(331) ¹	+€810m
TF1	165	425 ⁽²⁾	+€260m
Bouygues Telecom	(774)	(971)	-€197m
Holding company and other	(7,090)	(6,661)	+€429m
TOTAL	(5,757)	(5,174)	+€583m

¹ Including €780 million related to the sale by Colas of its stake in Cofiroute

² Including €256 million related to the sale of the additional 31% stake in Eurosport International

Contribution of business areas to net capital expenditure
(€ million)

	First-half		Change (€m)
	2013 restated	2014	
Bouygues Construction	55	87	+€32m
Bouygues Immobilier	4	6	+€2m
Colas	108	145	+€37m
<i>Sub-total of construction businesses</i>	<i>167</i>	<i>238</i>	<i>+€71m</i>
TF1	17	17	=
Bouygues Telecom	407 ⁽¹⁾	337	-€70m
Holding company and other	1 ⁽¹⁾	0	-€1m
TOTAL EXCLUDING EXCEPTIONAL ITEMS	592⁽¹⁾	592	=
Exceptional items	21	-	-€21m
TOTAL	613	592	-€21m

¹ Excluding capitalised interest related to 4G frequencies for €21 million at Group level (o/w €8 million at Bouygues Telecom level and €13 million at Holding company level)

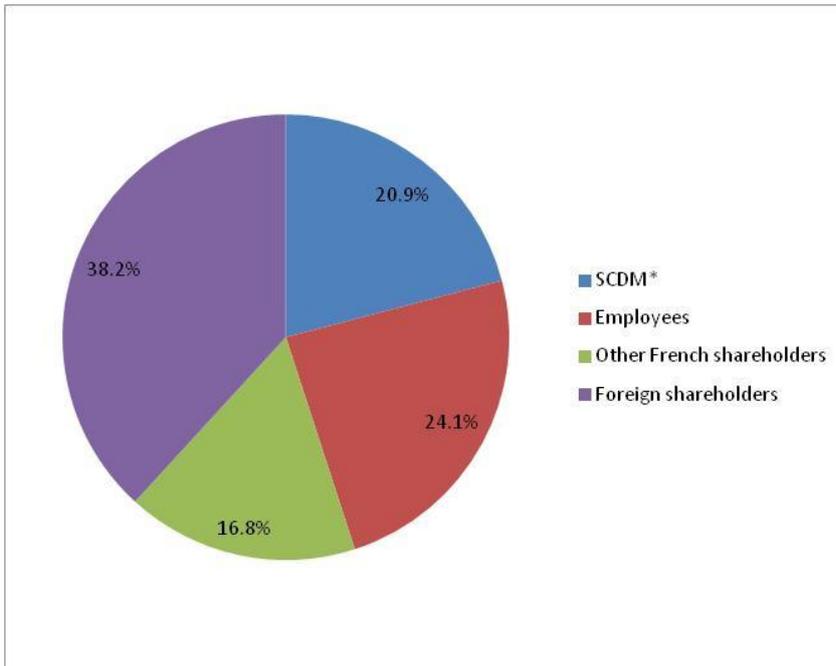
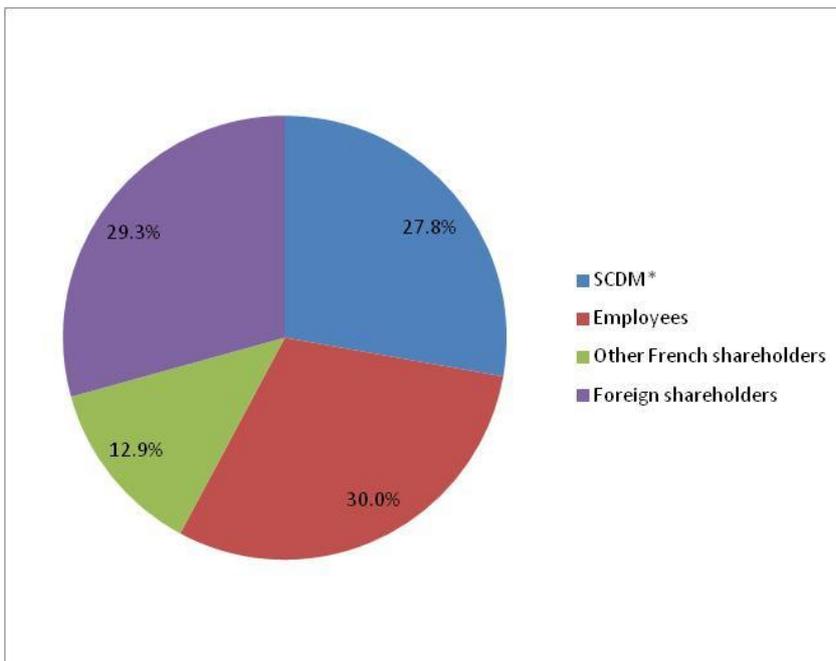
Contribution of business areas to free cash flow¹

Before change in working capital requirement
(€ million)

	First-half		Change (€m)
	2013 restated	2014	
Bouygues Construction	183	90	-€93m
Bouygues Immobilier	53	37	-€16m
Colas	9	(59)	-€68m
<i>Sub-total of construction businesses</i>	<i>245</i>	<i>68</i>	<i>-€177m</i>
TF1	60	16	-€44m
Bouygues Telecom	(22) ²	262	+€284m
Holding company and other	(128) ²	(116)	+€12m
TOTAL	155⁽²⁾	230	+€75m

¹ Free cash flow = cash flow - cost of net debt - income tax expense - net capital expenditure

² Excluding capitalised interest related to 4G frequencies for €21 million at Group level (o/w €8 million at Bouygues Telecom level and €13 million at Holding company level)

Main shareholders at 30 June 2014**Share ownership at 30 June 2014****Voting rights at 30 June 2014**

*SCDM is a company controlled by Martin and Olivier Bouygues

Bouygues Construction

For information, reported results for 2013 have been restated for IFRS 10 and 11 and are comparable with the figures for 2014.

A global player in construction and services with operations in 80 countries, Bouygues Construction designs, builds and operates structures – public and private buildings and structures, transport infrastructure and energy and communication networks – which improve people’s daily living and working environments.

Key figures

(€ million)	First half		Change
	2013 restated	2014	
Sales	5,228	5,558	+6%
<i>o/w France</i>	2,901	2,909	=
<i>o/w international</i>	2,327	2,649	+14%
Current operating profit	204	180	-€24m
Net profit attributable to the Group	131	123	-€8m

Half-year highlights

- Bouygues Construction took orders worth €5,174 million in the first half of 2014, 2% more than in the first half of 2013.
 - Order intake in France amounted to €2,922 million and included contracts for the City of Music on Seguin Island in Boulogne-Billancourt, the viaduct on the Route du Littoral coastal highway on Reunion Island and renovation of the Paris-Bercy sports stadium. International orders amounted to €2,252 million and included the Ridge Hospital project in Ghana and the New Futura condominium in Singapore.
 - In comparison with the first half of 2013, order intake was €236 million higher in France, up 9%, and €114 million lower on international markets, down 5%.
- The order book at 30 June 2014 stood at €17.5 billion, up €0.7 billion, or 4%, on the order book at end-June 2013. 47% of the order book is for execution on international markets, compared with 45% at 30 June 2013. The long-term share of the order book (beyond five years) reached €2.6 billion.
- Bouygues Construction’s sales rose 6% in the first half of 2014 to €5,558 million. Sales rose very strongly on international markets, up 14% to €2,649 million, and remained stable in France at €2,909 million. International sales growth accelerated in the second quarter, rising by 19% compared with 9% in the first quarter. Like-for-like and at constant exchange rates, adjusted for an unfavourable change in the scope of consolidation for €11 million and an unfavourable exchange rate effect for €34 million, the rise in sales was 7%.

- Operating profit amounted to €180 million, giving an operating margin of 3.2%, compared with 3.9% in the first half of 2013, reflecting the start of work on several major projects. Financial income was up €5 million on the first half of 2013 at €15 million. The net margin in the first half of 2014 stood at 2.2%, compared with 2.5% in the first half of 2013, giving net profit attributable to the Group of €123 million, down €8 million on the first half of 2013.
- Net cash stood at €2,338 million at end-June 2014, €506 million lower than at end-June 2013. The decline was mainly due to the funding of capital expenditure and an unfavourable trend in the working capital requirement linked to the completion of several major projects.

Building and civil works

Overall, demand for building and civil works remains high, driven by considerable infrastructure needs in both emerging and developed countries.

At Bouygues Construction, the building and civil works activity generated €4,812 million, of which €2,394 million in France and €2,418 million on international markets.

- **France:** €2,394 million, the same as in the first half of 2013

Bouygues Construction's building activity in the Paris region thrived, driven by major functional projects such as the French Ministry of Defence, the Paris Philharmonic Hall and the Paris Law Courts complex, work on which restarted in April.

Business activity continued at a satisfactory level in the first half of 2014, especially as a result of private-sector orders. Public-sector orders booked in the first half of 2014 included the contract to renovate the Paris-Bercy sports stadium and the PPP contract for the 'City of Music' on Seguin Island in Boulogne-Billancourt.

Elsewhere in France, Bouygues Construction's five regional building subsidiaries held up well in a depressed economic environment. The construction of functional buildings helped to cushion the decline in activity, with demand for public healthcare infrastructure playing an important part.

Despite the difficulties related to the crisis, activity was sustained by the start of works on a number of major projects for which orders were taken in 2013. They included the Tour Incity office building in Lyon, which will be the city's tallest tower, renovation of Bordeaux University, and five secondary schools in the Loiret department of central France under PPP contracts.

In civil works, the start of 2014 was marked by the order, in a consortium with Vinci and Demathieu Bard, for the viaduct on the Route du Littoral coastal highway on Reunion Island, which on completion will be France's longest viaduct.

- **Europe (excluding France):** €954 million, up 9%

Activity in the **UK** was sustained by housing, including a three-tower complex in Southampton, a residential complex in Essex, a major residential and retail complex in south-east London and the start of work on the University of Hertfordshire campus, the first such operation in Europe to be financed by project bonds. Demand in **Switzerland** remained strong, especially on the housing market. Drawing on its expertise in putting together complex property development projects, Bouygues Construction continued to work on eco-neighbourhood projects in Gland, Basel and Lenzburg. The company also continued to expand in the German-speaking part of the country. In **Central Europe**, a number of local subsidiaries in Poland and the Czech Republic continued to expand their building activities. Elsewhere in Europe, the company is also involved in major infrastructure projects such as the new confinement

shelter for the damaged nuclear reactor at Chernobyl in **Ukraine**, which is being built in partnership with Vinci, and Zagreb Airport in **Croatia**.

- **International (excluding Europe):** €1,464 million, up 18%

In **Asia-Pacific**, Bouygues Construction has strong local operations, especially in Hong Kong, Singapore and Turkmenistan. Civil works activity was very buoyant in **Hong Kong**, where several major projects are under construction. They include two sections of the rail tunnel for the Hong Kong to Guangzhou high-speed rail link, a section of the giant bridge linking Hong Kong, Zhuhai and Macao, and the Tuen Mun-Chek Lap Kok subsea road tunnel, the order for which was booked in 2013. Bouygues Construction remains a recognised player on the Asian building market, especially for high-rise structures. The company is building the Trade & Industry Tower in **Hong Kong**. A number of major residential complexes are under construction in **Singapore** and orders were taken for two new condominiums in the first half of 2014. In **Bangkok**, the company is building the MahaNakhon tower which, on handover, will be the capital's highest structure and took an order in the first half of 2014 for the new Australian Embassy complex. In **Macao**, Bouygues Construction started work on a luxury hotel. In **Singapore**, Bouygues Construction completed the giant Sports Hub, the world's largest sports-related PPP project, in June. In **Australia**, work continued on the construction of a tunnel and new railway lines in the west of Sydney. In **Turkmenistan**, two major projects are under construction in the capital Ashgabat. In **Myanmar**, Bouygues Construction continued work on its first project in the country, the second phase of the Star City residential complex in Rangoon.

In **Africa**, Bouygues Construction's building and civil engineering firms work together on major infrastructure projects. In **Morocco**, work continued on the second container port in Tangier. In **Egypt**, a new section of Line 3 of the Cairo metro came into service in the first half of 2014. In **Ivory Coast**, work continued on the Riviera Marcory bridge in Abidjan, one of the first concessions in West Africa. Orders were taken for two major functional projects in the first half of 2014: an extension of Ridge Hospital, one of the largest hospitals in Accra, the capital of **Ghana**, and the Jabi Lake Mall in Abuja, the capital of **Nigeria**.

In the **Middle East**, Bouygues Construction continued work on the Qatar Petroleum District, a vast complex in Doha.

Activity in the **Americas/Caribbean** region continued to grow rapidly. Bouygues Construction has long-term operations in **Cuba**, where it is a recognised specialist in the construction of turnkey luxury hotel complexes, such as Las Brujas hotel.

In the **United States**, the Miami port tunnel, built in the framework of a 35-year public-private partnership, was inaugurated in May 2014. In the same city, Bouygues Construction started work on the Brickell City Centre development. In **Canada**, the company continued work on a set of sporting facilities in Ontario for the 2015 Pan American Games and started work on Iqaluit International Airport in the country's Arctic north.

Energies and services

Bouygues Energies & Services contributed €746 million to Bouygues Construction's consolidated sales, 4% more than in the first half of 2013.

- **France:** €515 million, up 2%

Bouygues Energies & Services started rolling out very-high-speed broadband networks in the Oise department to the north of Paris (first phase) and the Eure-et-Loir department in western France. Work continued on the public lighting contracts begun in 2011, especially the major energy performance contract with the City of Paris. In electrical and HVAC engineering, Bouygues Energies & Services started the design-build contract for a thermal power plant in the French part of the Caribbean island of Saint-Martin and the contract for mechanical and electrical equipment for the L2 Marseille bypass.

- **International:** €231 million, up 9%

In **Thailand**, Bouygues Energies & Services started a five-year contract to operate and maintain three photovoltaic solar power plants. In **Mozambique**, it continued work on a high-voltage line. In electrical and HVAC engineering, Bouygues Energies & Services is involved in complex projects like an oil terminal in the **Republic of Congo**, handed over in the first half of 2014, the extension of a data centre in the **UK** and the construction and refurbishment of high-voltage substations at a refinery in **Cameroon**. In **Canada**, Bouygues Energies & Services provides facilities management for Surrey Hospital and the RCMP headquarters. The subsidiary also started hard and soft FM contracts with the Alstom group covering 20 facilities.

Outlook for 2014

In a still-challenging economic environment, Bouygues Construction enjoys good visibility, backed up by:

- orders at 30 June 2014 to be executed in 2014 worth €10.8 billion;
- sustained international activity, especially in countries less affected by the economic crisis, such as Hong Kong, Singapore, Qatar, Canada, Switzerland and the UK, etc.;
- a long-term order book (beyond 2019) worth €2.6 billion at 30 June 2014;
- a sound financial structure, with net surplus cash of €2.3 billion;
- expertise in sustainable construction, to which the company devotes over half its R&D budget.

Tight control over the execution of major projects and a selective approach to orders in the face of competitive pressure will continue to be central priorities for Bouygues Construction in 2014.

Bouygues Immobilier

For information, reported results for 2013 have been restated for IFRS 10 and 11 and are comparable with the figures for 2014.

France's leading property developer, Bouygues Immobilier develops residential, office, retail and sustainable neighbourhood projects from 35 branches in France, three subsidiaries elsewhere in Europe and one in Morocco.

Key figures

(€ million)	First half		Change
	2013 restated	2014	
Sales	1,143	1,192	+4%
<i>o/w residential property</i>	973	986	+1%
<i>o/w commercial property</i>	170	206	+21%
Current operating profit	84	71	-€13m
Current operating margin	7.3%	6.0%	-1.3 pts
Net profit attributable to the Group	45	42	-€3m

Context

After a 1.4% drop in new housing sales in 2013, the market fell by a further 5% in the first half of 2014. Interest rates remain very low but the government action plan, with a target of building 500,000 new homes a year, has not yet had any noticeable effect. The number of reservations in 2014 is thus expected to run at around 85,000¹, compared with 87,700 in 2013, a decline of around 3%.

With the economy still sluggish, the commercial property market remained very slack. However, the take-up rate rose 24% in the first half of 2014 due to the completion of transactions held over from 2013.

In this tough environment, Bouygues Immobilier achieved sales of €1,192 million in the first half of 2014, 4% higher than in the first half of 2013, reflecting the company's commercial performance in 2011 and 2012. Sales in the commercial segment were up 21% and remained stable in the residential segment, rising by 1%.

The operating margin in the first half of 2014 was 6%, 1.3 points lower than in 2013, mainly due to pressure on the price of residential developments and promotional measures.

¹ Source: ECLN (new housing survey)

Business activity

	First half		Change
	2013	2014	
Residential property			
Units	4,252	3,967	-7%
Value (€m)	752	675	-10%
Commercial property			
Surface area (m ²)	78,000	14,000	-82%
Value (€m)	203	62	-69%
Total reservations (€m)*	955	737	-23%

* Residential reservations are given net of withdrawals. Commercial property reservations are firm and may not be cancelled (notarised sales).

Residential property

Residential property reservations in the first half of 2014 were down 7% in comparison with the first half of 2013. The decline was due to the general economic climate, a slowdown in the market caused by municipal elections and a wait-and-see attitude on the part of private investors in relation to expected government measures to boost new housing construction in France.

Commercial property

Commercial property reservations in the first half of 2014 amounted to €62 million, including the sale of a 6,478-m² office building in Grenoble to AG2R-La Mondiale.

Total reservations in the first half of 2014 amounted to €737 million, down 23% in comparison with the first half of 2013. However, they are not representative of the anticipated full-year order intake, since several commercial projects and significant residential block sales are expected in the second half of 2014.

Order book

(€ million)	End-December 2013	End-June 2014
Order book	2,610	2,210
o/w residential property	2,183	1,939
o/w commercial property	427	271

Bouygues Immobilier's order book stood at €2,210 million at end-June 2014, representing 11 months of sales.

Outlook and strategy

Unit residential property reservations are likely to remain stable. Bouygues Immobilier should increase its market share as a result of product differentiation (e.g. managed residences) and enhanced services offered to customers, such as option packs and adaptable housing.

With the growing recognition of green value, Bouygues Immobilier continues to be well-placed on the commercial property market: its highly energy-efficient Green Office® buildings and its Rehagreen® commercial property rehabilitation services package are perfectly suited to the increasingly stringent requirements of users and investors.

Bouygues Immobilier is continuing to pursue its objective of maintaining a robust financial structure and keeping debt under tight control.

Colas

For information, reported results for 2013 have been restated for IFRS 10 and 11 and are comparable with the figures for 2014.

Operating in nearly 50 countries around the world, Colas is a leading player in the roadbuilding and maintenance sectors. Operating in all transport infrastructure markets, the firm offers complementary services including the construction and maintenance of railway infrastructure, the manufacture and laying of waterproofing membranes, the sale of refined products, the manufacture of road safety and signalling equipment and the laying of pipelines. Colas is also a generally minority shareholder in companies which operate or manage infrastructure.

Key figures

(€ million)	First half		Change
	2013 restated	2014	
Sales	5,456	5,294	-3%
<i>o/w France</i>	3,377	3,155	-7%
<i>o/w International</i>	2,079	2,139	+3%
Current operating profit/(loss)	(87)	(114)	-€27m
Operating profit/(loss)	(87)	(114)	-€27m
Net profit/(loss) attributable to the Group	(32)	317	+€349m

Half-year highlights

- Colas recorded a number of major commercial successes in the first half of 2014, including:
 - the contract to build an elevated section and an interchange for the new Route du Littoral coastal highway on Reunion Island, Colas' share being worth €318 million;
 - three contracts to lay and renovate pavement on Highway 63 in Alberta in Canada, for €110 million;
 - three railway contracts in the United Kingdom, including track relaying, for €130 million.
- On 31 January 2014, Colas sold its 16.67% shareholding in the motorway concession company Cofiroute to Vinci Autoroutes for €780 million.
- Colas completed a number of acquisitions to strengthen certain existing operations, including the acquisition of a company which produces and sells asphalt mix in Denmark and the acquisition of a 38% interest in a roadbuilding company in Ireland with annual sales of around €80 million.

Sales by sector

Consolidated sales at 30 June 2014 amounted to €5.3 billion, down 3% on the same period in the previous year (2% like-for-like and at constant exchange rates), with sales falling by 7% in France and rising by 3% on international markets.

(€ million)	First half		Change
	2013 restated	2014	
Sales	5,456	5,294	-3%
<i>o/w roads mainland France</i>	2,299	2,135	-7%
<i>o/w roads Europe</i>	554	666	+20%
<i>o/w roads North America</i>	724	704	-3%
<i>o/w roads Rest of the World</i>	670	632	-6%
<i>o/w specialised activities</i>	1,197	1,151	-4%
<i>o/w holding company</i>	12	6	nm

Roads

Sales in **mainland France** fell by 7% in comparison with the first half of 2013, reflecting the contraction of the roads market in the second quarter following a slowdown in local authority spending after the municipal elections and a policy of preferring margins to volume when taking orders.

Sales in **Europe** rose 20% (18% like-for-like and at constant exchange rates), driven by strong growth in activity in Central Europe following the award of major motorway contracts in Hungary and Slovakia in the fourth quarter of 2013 and growth in Northern Europe.

Sales in **North America** appeared to drop by 3%, though this figure conceals a slight rise like-for-like and at constant exchange rates. Business was hit by poor weather throughout the period.

Sales in the **Rest of the World** declined by 6% but remained stable like-for-like and at constant exchange rates, rising in Asia/Australia, staying the same in French overseas departments and Africa and declining in the Indian Ocean.

Specialised activities

Sales in the first half of 2014 were 4% lower in comparison with the first half of 2013. However, this overall decline masks differing situations between Colas' lines of business:

- sales in the **railway** business rose 5%,
- **sales of refined products** fell 8%,
- sales in the **waterproofing** and **road safety and signalling** businesses declined 7% and 8% respectively in less favourable market conditions,
- sales in the **pipeline** business were down 10% but are likely to pick up in the second half.

Production of materials

A significant proportion of Colas' activity, both in France and abroad, consists in the production of construction materials, especially aggregates, from an international network of 707 quarries and gravel pits, 566 asphalt plants, 138 emulsion plants and 205 ready-mix concrete plants. In the first half of 2014, 44 million tonnes of aggregates (0.8% less than in the first half of 2013), 14.4 million tonnes of asphalt mix (up 2%), 738,000 tonnes of binders and emulsions (up 3%) and 1.2 million cubic metres of ready-mix concrete (down 6%) were produced.

Profitability

Colas reported a current operating loss of €114 million at 30 June 2014, compared with €87 million at 30 June 2013. This was due to tougher conditions on the roads market in mainland France and poorer results from specialised activities, including an operating loss of €30 million in the sales of refined products business at 30 June 2014. The operating loss was €7 million higher compared with 30 June 2013 (operating loss of €23 million at 30 June 2013 and €46 million at 31 December 2013).

The share of profits from joint ventures and associates amounted to €396 million, compared with €37 million at 30 June 2013. This includes a net capital gain of €385 million from the sale by Colas of its interest in Cofiroute, a motorway concessions company.

Net profit attributable to the Group at end-June 2014 amounted to €317 million, compared with a loss of €32 million at 30 June 2013.

Financial position

Net debt at 30 June 2014 stood at €331 million. The change in relation to 31 December 2013 (net surplus cash of €31 million) reflects the usual seasonal nature of the business. It may be compared to a figure of €1,141 million at end-June 2013. The year-on-year improvement of €810 million is due mainly to the sale by Colas of its interest in Cofiroute, with €780 million being received on 31 January 2014.

Outlook

The order book at end-June 2014 is at a high level, up 9% in comparison with end-June 2013 at €8.2 billion. However, although the order book on international and French overseas territories markets rose 30% to €4.7 billion, including the new Route du Littoral coastal highway contract, the order book in mainland France fell 11% to €3.5 billion, following a sharper drop in local authority spending after the municipal elections.

- Roads

If order intake fails to pick up in the second half of the year, the decrease in sales in mainland France in 2014 could be higher than expected at the start of the year. Provided that good weather prevails in the second half of the year, sales at North American subsidiaries could be higher than in 2013 at constant exchange rates. Similarly, sales are likely to increase in Europe, especially Central Europe, and in the Rest of the World at constant exchange rates.

- Specialised activities

- The railway business will continue to grow, driven by an order book at a high level.
- Sales in the waterproofing and road safety and signalling businesses will fall back, reflecting the fall in the building market and a decline in public spending.
- Sales in the pipeline business are likely to remain stable.
- The sales of refined products business will report a substantial operating loss (€45-50 million) for the third year in succession. This loss is due to an unprecedented collapse of the market for basic oils and excess production capacity in Europe. Forecasts indicate that the situation is not likely to change over the next few years.

After reviewing the situation of the production facility at Dunkirk belonging to SRD, a wholly-owned subsidiary, Colas' Board of Directors reviewed various options that would stem recurrent losses. An extraordinary meeting of SRD's works council was held on 27 August.

On the basis of currently available data, and in particular given uncertainty as to the level of orders from local authorities in mainland France in the second half of the year, sales in 2014 could be 3% to 5% lower than in 2013 (€12.8 billion). Margins will be preferred to volume.

TF1

For information, reported results for 2013 have been restated for IFRS 10 and 11 and are comparable with the figures for 2014. In addition, in the Bouygues group's financial statements, Eurosport International's sales and operating profit were included in TF1's results until the sale of an additional 31% interest in Eurosport International to Discovery Communications on 30 May 2014. Since then, TF1's remaining 49% stake has been consolidated by the equity method.

The mission of the TF1 group is to inform and entertain. While continuing to build on its core business of freeview television and its digital offshoots, the group has diversified into complementary services based on news and entertainment.

Key figures

(€ million)	First half		Change
	2013 restated	2014	
Sales	1 203	1 175	-2%*
<i>o/w group advertising revenue</i>	819	799	-2%
<i>o/w other activities</i>	385	376	-2%
Current operating profit	71	50	-€21m
Current operating margin	4.1%	4.3%	-1.6pts
Operating profit	71	373**	+€302m
Net profit attributable to the Group	42	323	+€281m

* Like-for-like and at constant exchange rates

** Including a capital gain of €323 million on the sale of a 31% interest in Eurosport International and remeasurement of the remaining 49% interest.

The TF1 group reported consolidated sales of €1,175 million for the first six months of 2014, a year-on-year decrease of 2%.

This figure comprises:

- group advertising revenue of €799 million, a year-on-year decrease of 2% in a context where there was no significant upturn in demand;
- revenue from other activities of €376 million, down 2% year-on-year. The inclusion of €30 million in revenue from the sub-licensing of 2014 FIFA World Cup rights did not entirely offset the decline in revenue from TF1 Video, operating in a still very tough market, and in interactivity revenue caused by a difference in scheduling between the two periods.

TF1's current operating profit at end-June 2014 amounted to €50 million compared with €71 million a year earlier and reflects costs of €56 million related to the 2014 FIFA World Cup. Recurrent savings of €10 million were made in the first half of the year under phase II of the optimisation plan, bringing the total amount of savings since 2012 to €66 million.

Operating profit included a capital gain of €323 million from the sale of a 31% interest in Eurosport International and remeasurement of TF1's residual 49% stake. It thus amounted to €373 million in the first half of 2014, compared with €71 million in the first half of 2013.

Net profit attributable to the Group in the first half of 2014 amounted to €323 million, compared with €42 million in the first half of 2013.

Half-year highlights

- On 30 May 2014, the TF1 group and Discovery Communications finalised Discovery's acquisition of a controlling interest in Eurosport. As a result, Discovery increased its stake in Eurosport International from 20% to 51%.
- TF1 kicked off its live screening of matches from the 20th FIFA World Cup in Brazil on 12 June 2014, rolling out exceptional and innovative coverage of the event.

Broadcasting and Content

a. Broadcasting

The group's four freeview channels turned in a very good performance, boosted by the screening of 2014 FIFA World Cup matches on TF1. The aggregate audience share at end-June 2014 amounted to 28.9% of individuals aged four and over, compared with 29.0% in the first half of 2013, a decline of 0.1 points. Among women aged under 50 who are purchasing decision-makers, the aggregate audience share amounted to 32.2%, compared with 32.5% in the first half of 2013. In the second quarter of 2014, the group's audience share amounted to 29.1% of individuals aged four years and over, up 0.7 points, and 32.3% of women under 50 who are purchasing decision-makers, up 0.3 points.

TF1 continued to be France's most-watched TV channel, taking an audience share of 22.9% of individuals aged four years and over, stable year-on-year. The audience share of women under 50 who are purchasing decision-makers was 24.3%, compared with 25.2% in the first half of 2013. TF1 achieved an audience share of 23.1% of individuals aged four years and over in the second quarter of 2014, up 0.8 points year-on-year, boosted by strong audience ratings for the 2014 FIFA World Cup.

TMC and NT1 held up well against a backdrop of increasingly fierce competition, taking 3.2% and 1.9% respectively of the audience of individuals aged four and over. The two channels performed even better in relation to their target audiences at end-June 2014, managing to stabilise their share of the audience of women under 50 who are purchasing decision-makers at 3.7% and 2.9% respectively. HD1 confirmed its status as leader among the six new HD channels in the first half of 2014, taking 0.9% of the audience of individuals aged four and over and 1.3% of women under 50 who are purchasing decision-makers.

Advertising revenue from the TF1 group's freeview channels in the first half of 2014 amounted to €721.0 million, a small year-on-year decline of 1% against a backdrop of broader supply due to the ramp-up of DTT channels and the absence of any significant upturn in demand. Total broadcasting revenue in the first half of 2014 thus amounted to €802.4 million, a year-on-year decline of 1.5%.

The cost of programmes on the TF1 group's four freeview channels at end-June 2014 amounted to €512.6 million, compared with €491.5 million a year earlier, a rise of €21.1 million. This includes €56 million related to the screening of 21 matches from the 2014 FIFA World Cup on TF1 in the second quarter. Stripping out sporting events, the cost of programmes at end-June 2014 thus showed a significant saving of €35 million.

Operating profit from broadcasting activities at end-June 2014, including €56 million of costs linked to the 2014 FIFA World Cup, amounted to €0.6 million, compared with €25.9 million a year earlier.

b. Content

Sales in the Content business amounted to €63.7 million in the first half of 2014, a year-on-year increase of €32.1 million. The figure includes €30 million from the sub-licensing of 2014 FIFA World Cup rights. Current operating profit amounted to €10.9 million, compared with €2.7 million a year earlier.

Consumer Products

TF1 Vidéo saw a 31.4% drop in sales in the first half of 2014 to €20.5 million but continued to break even, making an operating profit of €0.8 million. Téléshopping generated sales of €47.7 million, compared with €48.4 million a year earlier, a fall of 1.4% and current operating profit of €3.6 million, up €3.2 million on the previous year. TF1 Entreprises posted sales of €23.4 million in the first half of 2014, up 4.9% over the same period in the previous year. Current operating profit amounted to €2.6 million, up €0.9 million on the first half of 2013.

Pay TV

TF1 group theme channels generated sales of €29.8 million in the first half of 2014, 9.7% less than in the first half of 2013. The decline was due to a significant fall in advertising revenue caused by strong competition following the increase in the number of DTT freeview channels. Current operating profit fell by €0.3 million.

Eurosport France generated sales of €33.3 million in the first six months of 2014, 5.7% down on the first half of 2013, and reported a current operating loss of €1.5 million.

Eurosport International generated sales of €149.3 million in the first five months of 2014, 18% less than in the first half of 2013. Current operating profit amounted to €25.9 million over the same period. For information, in the Bouygues group's financial statements, Eurosport International's sales and operating profit were included in TF1's results until the sale of an additional 31% interest in Eurosport International to Discovery Communications on 30 May 2014. Since then, TF1's remaining 49% stake has been consolidated by the equity method.

Outlook

Advertisers remain wary in the absence of any clear signs of economic recovery in France and it is unclear at present how advertising spend will evolve in the short to medium term. Competitive pressure is increasing as a result of market fragmentation and an increase in the amount of advertising on DTT channels.

TF1 continued to control costs. Under phase II of its optimisation plan, which calls for total recurrent savings of €85 million, the group has reiterated its target of securing recurrent savings of €19 million in the second half of 2014.

Results in 2014 will be marked by two exceptional events during the year: the 2014 FIFA World Cup and the sale of a controlling interest in Eurosport International.

Bouygues Telecom

For information, reported 2013 results have been restated for IFRS 10 and 11 and are comparable with the figures for 2014.

Bouygues Telecom is a major player in the French electronic communications market, committed to making ongoing advances in digital technology available to as many people as possible.

Key figures

(€ million)	First half		Change
	2013	2014	
Sales	2,287	2,177	-5%
Sales from network	2,113	1,940	-8%
EBITDA	469	332	-€137m
EBITDA / sales from network	22.2%	17.1%	-5.1 pts
Current operating profit/(loss)	91	(41)	-€132m
Operating margin	4.0%	-1.9%	-5.9 pts
Operating profit	91	44*	-€47m
Net profit attributable to the Group	55	24	-€31m
EBITDA minus Capex	62	(5)	-€67m

* Including €85 million in non-recurring income: €429 million in litigation settlements and other items minus €344 million of provisions for adaptation costs and other items.

In a still-turbulent market in commercial terms, in both the mobile and fixed segments, Bouygues Telecom posted sales of €2,177 million in the first half of 2014, down 5% on the first half of 2013. The drop was due to lower sales from network, partially offset by a rise in the sales of handsets following the introduction of an option to pay for them in long-term instalments at the end of August 2013.

Sales from network amounted to €1,940 million, 8% less than a year previously. Sales continue to reflect commercial performance, the repricing² of the retail plan subscriber base (76% of retail plan customers at end-June 2014, compared with 60% at end-December 2013) and the growing share of SIM-only plans.

Half-year EBITDA was down €137 million on the first half of 2013 due in particular to lower sales and a €30-million 4G licence fee related to the refarming of 1800 MHz.

The company reported a current operating loss of €41 million, down €132 million on the first half of 2013. Operating profit amounted to €44 million, including €85 million in non-recurring income as litigation settlements offset the costs of the adaptation plan. On 11 June 2014, Bouygues Telecom presented a transformation plan to its group works council which includes a reduction of 1,516 in the workforce.

The “EBITDA minus Capex” item was negative €5 million in the first half of 2014 but turned positive in the second quarter of the year, amounting to €12 million.

² Number of retail customers subscribing to a plan whose price has been revised since April 2013 as a percentage of the total retail plan subscriber base.

Half-year highlights

Commercial activity

Bouygues Telecom had 11 million mobile customers at 30 June 2014, nearly 10 million of them on plans. Growth in Bouygues Telecom's plan customer base, which started at the beginning of the year, continued over the period and included an increase in value-added plans³, a strategic priority for the company. 16% of mobile customers were using 4G⁴ by end-June 2014, an increase of seven points on end-December 2013, and were using an average of 2GB of data a month.

The number of B&YOU mobile customers continues to rise, reaching nearly 2 million at end-June 2014, representing a year-on-year increase of 457,000 customers. Following the addition of 4G to B&YOU plans priced at €19.99 and €24.99/month, nearly 60% of customers now have a plan including 3GB or more of data.

Bouygues Telecom had over 2.2 million fixed broadband customers at end-June 2014, representing a net addition of 202,000 customers in the first half of 2014. For the third consecutive quarter, Bouygues Telecom led the market⁵ in terms of net adds in the fixed broadband segment in the second quarter of 2014.

This robust performance reflects the confirmed success of the new B&YOU fixed broadband offers priced at €15.99/month for double-play and €19.99/month for triple-play, against a background of fiercer competition from rivals offering many promotional deals. Bouygues Telecom had 368,000 very-high-speed⁶ customers at end-June 2014, 48,000 more than at end-June 2013.

Marketing initiatives

In a still-turbulent business environment, Bouygues Telecom continues to transform itself and to adapt its offers to better meet market expectations.

- In late February, Bouygues Telecom freed up smartphone use in Europe by including unlimited calls and texts from Europe and French overseas departments plus 3GB of mobile internet data in its Sensation plans from €29.99/month. Subscribers can use the new service 35 days per year.
- In the SoWo⁷ segment, from March B&YOU added an extra 1GB of internet data per month in its €24.99/month plan, available in Europe (including Switzerland) and French overseas departments, 35 days per year. In April, B&YOU introduced a capped plan option at €2/month with its plans costing €2.99/month
- In the business segment, in March Bouygues Telecom Entreprises and Telefonica announced that they were strengthening their partnership to create a joint commercial approach for multinational companies operating in France.
- After launching France's most extensive 4G network on 1 October 2013, Bouygues Telecom continued to innovate by becoming the first operator to offer 4G+ from June 2014. As a result of the aggregation of two frequency bands, customers can enjoy speeds up to twice as fast as 4G.

³ Plan including at least 500 MB of data use per month.

⁴ Customers who have used the 4G network during the last three months (Arcep definition).

⁵ Company estimate for Q2 2014 and Arcep figures for Q4 2013 and Q1 2014.

⁶ Arcep definition: subscriptions with a peak download speed of 30 Mbps or more.

⁷ SIM-only/web-only.

- In the fixed broadband segment, in March Bouygues Telecom continued its strategy of freeing up the market by offering its triple-play broadband Bbox home gateway at only €19.99 a month. Including all the services customers want, the package set a new pricing benchmark on the French market.
- With the same aim of freeing up the fixed broadband market, in late June Bouygues Telecom announced the launch of its FTTH optical fibre package at €25.99/month. Bouygues Telecom will continue to invest in extending its optical fibre network with an ultimate target of reaching 6.5 million households.

Strategic priorities

Given the prospect of exponential growth in digital services, Bouygues Telecom is implementing an aggressive strategy with the aim of:

- creating value by promoting mobile data use;
- pursuing growth in fixed broadband by making services and very-high-speed broadband accessible to as many people as possible;
- accelerating the company's transformation while reasserting its positioning.

A) Creating value by developing mobile data use

- a. A long-term competitive advantage

A high-quality mobile network requires substantial resources in terms of spectrum. In 4G in particular, download speeds offered to customers are directly correlated to the quantity of frequencies available to the operator. Bouygues Telecom has therefore invested in a portfolio of frequencies that give the company a competitive advantage in order to implement its strategy of winning high-value customers. It has spent €1.6 billion on acquiring frequencies and pays an annual 4G licence fee of €70 million linked to the refarming of 1800 MHz frequencies. Bouygues Telecom now has almost a third of the available spectrum across all the frequency bands.

- b. A cutting-edge mobile network

Anticipating a surge in data traffic linked to its strategy of winning high-value customers, Bouygues Telecom has invested in a complete modernisation of its mobile network. Since 2011, it has rolled out single RAN technology, which allows operators to support all existing mobile communication standards on one single network. The policy has paid off, enabling Bouygues Telecom to lead the 4G segment in terms of both coverage, with 70% of the population covered⁸, and speed (up to 220 Mbps)⁹, thanks to 4G+. Bouygues Telecom is continuing to innovate with the launch of 4G+, aggregating 1800 MHz and 800 or 2600 MHz frequencies. From 2015, Bouygues Telecom will also be able to offer its customers Ultra High Speed Mobile services by aggregating three frequency bands (800, 1800 and 2600 MHz for a total of 45 MHz available) with speeds of almost 300 Mbps, which competitors will find difficult to match, since they have made different technological choices.

B) Pursuing growth in fixed broadband by making services accessible to as many people as possible

- a. A directly-owned network

Bouygues Telecom has rolled out its own fixed broadband network, accessible to 12 million households

⁸ Arcep observatory of the coverage and quality of mobile services (July 2014).

⁹ Theoretical maximum reception speed.

in broadband and 1.1 million households in FTTH (horizontally and vertically connected sockets), enabling it to offer customers market-beating prices (€15.99, €19.99 and €25.99/month). Bouygues Telecom will accelerate the rollout of its directly-owned network in order to increase the number of customers who can benefit from these market-beating prices. Targets for coverage are 16 million households qualifying for broadband by the end of 2015 and 2 million for FTTH. In addition, agreements with SFR and Orange will ultimately enable the company to target a further 6.5 million customers.

- b. Announcement of a technological innovation to be launched before the end of the year: the new Android TV box

Bouygues Telecom is preparing for a revolution: bringing together traditional television and web content, responding to the growing appetite for consumption on demand. In addition to the market-beating prices announced since November 2013, Bouygues Telecom will launch a major technological innovation in the fourth quarter of 2014, in the shape of a new TV box developed in partnership with Google. The new TV box takes advantage of the large eco-system of Android developers, incorporating access to the three technologies concerned (DTT, IPTV and OTT) in the same device. It combines the best of television and the internet in a single interface, offering a comprehensive catalogue of applications (Google Play Store) and a suggestion engine based on user preference. Using latest-generation tablet components plus the related volume effects, the new TV box will cost half as much to produce as the Bbox Sensation home gateway. As a result, Bouygues Telecom can offer customers an attractively priced premium package costing less than €30/month.

C) Accelerating Bouygues Telecom's transformation while reasserting its positioning

As part of its transformation process, Bouygues Telecom aims to help customers embrace the new uses of digital technology. This has involved redesigning stores, basing customer relations mainly in France and radically simplifying offers. Reducing the number of offers will also help to simplify business processes and automatically reduce the use of support functions such as marketing and IT. As a result, Bouygues Telecom will be able to adapt its cost structure to the fall in market value. The company aims to generate savings of €300 million by the end of 2016 in relation to the 2013 cost base, around half of which in 2015. A redundancy plan is being negotiated with employee representatives and could result in the workforce being reduced by about 1,500. The first redundancies can be envisaged in early November 2014. The effect of completing these transformations will be to make the company more dynamic and more agile.

Outlook

Bouygues Telecom has confirmed its objective of generating a slightly positive "EBITDA minus Capex" item in 2014 and will continue to pursue its aggressive strategy.

The company has the necessary strengths to benefit from increased competitiveness, as of 2016, on a market with four operators:

- a cutting-edge mobile network and a comprehensive portfolio of frequencies;
- attractive offers and a breakthrough technology in the fixed broadband segment;
- a cost structure adapted to the changed market through a plan to save €300 million a year on the total cost base from 2016.

Alstom

Alstom, in which Bouygues has a 29.3% stake, is a world leader in power generation and transmission and in all the main segments of the railway industry.

FY2013/14: organic sales growth of 4%, an operating margin of 7%, positive cash flow in the second half

Alstom released its financial statements for the year ended 31 March 2014 on 7 May 2014. During FY2013/14, Alstom took orders worth €21.5 billion, 10% less than in FY2012/13. Sales amounted to €20.3 billion, up 4% like-for-like and at constant exchange rates. Operating profit fell back 3% to €1,424 million, giving an operating margin of 7%. Net profit fell from €768 million¹⁰ in FY2012/13 to €556 million, mainly due to the effect of restructuring and financial charges, as well as some write-offs and provisions. Free cash flow turned positive at €340 million in the second half of FY2013/14, following a net outflow of €511 million in the first six months. At the Annual General Meeting held on 1 July 2014, Alstom's shareholders decided not to pay a dividend.

General Electric's offer to acquire Alstom's Power businesses

In a press release of 30 April 2014, Alstom stated that it had received a binding offer from General Electric (GE) to acquire its Power businesses. The scope of the proposed transaction included Thermal Power, Renewable Power and Grid Sectors. The proposed price represented an equity value of €12.35 billion. Alstom reserved the right to consider unsolicited offers for its Power businesses. On 20 June 2014, Alstom's Board of Directors received an updated offer from GE for the company's Power and Grid businesses. On the same date, it also received a revised offer from Siemens and Mitsubishi Heavy Industries.

On 21 June 2014, Alstom's Board of Directors announced that, on the basis of the report of a committee of independent directors and having taken financial and legal advice, it had unanimously decided to recommend GE's updated offer. It described the content of the offer. GE proposed acquiring Alstom's Thermal Power, Renewables and Grid Sectors for a firm and final price of €12.35 billion, corresponding to an enterprise value of €11.4 billion. After GE's acquisition of Alstom's Power businesses, GE and Alstom would establish joint ventures in Grid and Renewable Power. Alstom and GE would also create a Global Nuclear and French Steam alliance, with the French government holding a preferred share giving it veto and other governance rights over issues relating to security and nuclear plant technology in France. Alstom's investment in these energy-related alliances is estimated at approx. €2.5 billion. Finally, GE also proposed the creation of a global alliance with Alstom in the railway sector in which GE would sell Alstom its signalling business and the two companies would conclude a set of cooperation agreements. Completion of the deal is subject to works council consultation, merger control and other regulatory clearances, including French foreign investment authorisation. The final decision is to be taken by Alstom's shareholders.

¹⁰ Adjusted for the impact of IAS 19 R

Agreement between the French government and Bouygues allowing the French government to acquire up to 20% of Alstom under certain conditions

In order to support the plans announced by Alstom and General Electric, on 22 June 2014 Bouygues concluded an agreement with the French government which would allow the French government, or any other entity of its choice that it controls, to buy a part of the stake in Alstom owned by Bouygues. The main terms of the agreement are as follows. For a period of 20 months following the completion of all the operations announced by Alstom on 21 June 2014, the French government is to have a call option allowing it to acquire a maximum of 20% of Alstom's capital from Bouygues at the market price with a standard discount, on condition that the price is higher or equal to the equivalent of €35 per share adjusted for the payout in cash to shareholders. At the end of the 20-month period, and for a period of eight trading days, a maximum of 15% of Alstom's capital will be able to be acquired at the market price with a standard discount. Bouygues, by lending its shares, will also allow the French government to exercise 20% of the voting rights in Alstom. Bouygues would be free to sell all or some of the promised shares provided that it had previously offered them to the Agence des Participations de l'État (French state shareholdings agency). These provisions are conditional on completion of all the transactions announced by Alstom on 21 June 2014. The parties will also use their best efforts, for a period of ten years from the signing of the agreement, to ensure that a director representing Bouygues and two directors representing the French government sit on Alstom's Board of Directors. Bouygues is also committed to voting in favour of the new legal rules instituting double voting rights at meetings of Alstom shareholders, which led it to vote against the 20th resolution put to Alstom's Annual General Meeting on 1 July 2014, since the resolution proposed to keep single voting rights. A detailed description of the agreement of 22 June 2014 is contained in AMF (French financial markets authority) decision No. 214C1292 issued on 3 July 2014, in which the AMF concludes that, considering the terms of the agreement, the French government and Bouygues are acting in concert with regard to Alstom.

II – MAIN RISKS AND UNCERTAINTIES IN H2 2014

This report contains forward-looking statements. Those statements, which express targets based on current assessments and estimates, are subject to the risks and uncertainties described below.

The main risks and uncertainties that the Group could face in the second half of 2014 are similar to those described in the 2013 Registration Document (pages 123 to 148).

In a ruling of 3 April 2014, the Paris Administrative Court of Appeal dismissed the petitions of the association “Justice dans la Cité”, which had challenged the legality of various administrative decisions relating to the project for the new Paris District Court building. As a result, work could restart. “Justice dans la Cité” has appealed to the Council of State.

In Spain, Bouygues Immobilier’s Spanish subsidiary has been involved in a dispute with Cafel Inversiones relating to the construction of a shopping centre at Oleiros. The dispute was brought before the International Court of Arbitration of the International Chamber of Commerce during which both parties sought compensation. In an award of 31 January 2014, the arbitral tribunal ordered Bouygues Immobilier’s Spanish subsidiary to pay Cafel Inversiones a net amount of €6.4 million. A provision for the award has been made in the financial statements at 30 June 2014.

In May 2014, the Council of State ordered further investigations in relation to litigation initiated by Fiducial TV in 2012 challenging the authorisation of six new TV channels, including HD1, which belongs to the TF1 group.

On 6 May and 22 July 2014, Bouygues Telecom lodged two appeals for abuse of power with the Council of State against the refusal of Arcep, the French telecommunications regulator, to define the conditions for ending Free Mobile’s roaming arrangement. Bouygues Telecom is seeking cancellation of Arcep’s decisions and an order requiring Arcep to define the conditions for the gradual extinction of roaming in order to pave the way for a final end to the roaming arrangement in January 2016.

Following the conclusion by Bouygues Telecom and SFR on 31 January 2014 of an agreement to share part of their mobile access networks, on 29 April 2014 Orange referred the agreement to the French competition authority on the grounds that it was anti-competitive. Orange asked the competition authority to issue a certain number of interim injunctions against Bouygues Telecom and SFR, including suspension of implementation of the agreement.

In a ruling of 18 June 2014, the Council of State dismissed Orange’s appeal seeking cancellation of Arcep decision No. 2013-0514 of 4 April 2014 authorising Bouygues Telecom to use 1800 MHz frequencies in order to roll out a 4G network. Free Mobile had withdrawn its petition for cancellation.

During the first half of 2014, Bouygues Telecom concluded three preliminary agreements with Orange, SFR and Free Mobile respectively with a view to terminating a set of disputes in litigation and prelitigation.

In a ruling of 28 May 2014 relating to articles published by *Le Canard Enchaîné* concerning the award of the contract for the new French Defence Ministry headquarters in Paris, the Paris Court of Appeal upheld the ruling of the Paris District Court of 14 March 2012, recognising the libellous nature of five allegations and finding that the newspaper had failed to provide proof. However, the same ruling also found that the journalists had acted in good faith and therefore dismissed Bouygues’ petitions.

III – RELATED-PARTY TRANSACTIONS

No related-party transactions liable to materially affect Bouygues' financial situation or results were concluded in the first half of 2014. Likewise, no change to related-party transactions liable to materially affect Bouygues' financial situation or results occurred during that period. Under the terms of agreements approved by the Board of Directors and the Annual General Meeting, Bouygues provided services to its sub-groups, mainly in the areas of management, human resources, information systems and finance.

More detailed information about related-party transactions is given in Note 14 of the notes to the condensed consolidated first-half financial statement.

IV – RECENT EVENTS

In early July 2014, a consortium comprising Bouygues Travaux Publics, a subsidiary of Bouygues Construction, the lead firm, and companies in the Solétanche Bachy group concluded a contract worth €164.9 million for the second tunnel package of the Line 14 extension of the Paris metro. In early July, Bouygues Construction also announced a contract worth more than €80 million for the construction of two buildings at Strasbourg Hospital.

In July, Bouygues Energies & Services acquired a majority interest in Plan Group, a Canadian technical services provider (mechanical and electrical contracting, maintenance and technical services, building automation systems and network infrastructure) which has most of its operations in Ontario.

On 18 July 2014, Bouygues announced that Alstom's contribution to Bouygues' net profit would henceforth be booked only in respect of Bouygues' first and third quarters and would be calculated from the half-year net results reported by Alstom (closing dates 31 March and 30 September). According to this new method, Alstom's contribution to Bouygues' net profit in the first quarter of 2014 came to €53 million and was calculated from the net profit posted by Alstom in the second half of 2013/14, bearing in mind that Bouygues did not book a contribution from Alstom in the fourth quarter of 2013. Bouygues did not book a contribution from Alstom for the second quarter of 2014 (it had booked a contribution of €59 million in the second quarter of 2013). The contribution from Alstom booked by Bouygues in the third quarter of 2014 is to be calculated on the basis of Alstom's results for the first half of 2014/15, to be reported on 5 November 2014. Bouygues is not to book a contribution from Alstom in the fourth quarter of 2014.

On 29 July 2014, the French media regulator, CSA, issued its decision not to allow LCI to migrate to freeview TV. LCI is examining a possible recourse to legal proceedings in the competent courts.

On 4 August 2014, following reports in the press, Bouygues issued a statement recalling that Bouygues Telecom was continuing to implement its transformation plan announced on 11 June 2014 aimed at securing an independent future. It further stated that the Bouygues group had not to date received any takeover bid for its subsidiary Bouygues Telecom.

On 23 July 2014, Alstom published figures relating to order intake and sales in the first quarter of FY2014/15. Between 1 April and 30 June 2014, Alstom booked orders worth €8.2 billion, twice the level in the first quarter of the previous year. Sales, at €4.3 billion, were down 1% like-for-like and at constant exchange, affected by the lower level of order intake in previous quarters at Thermal Power and Renewable Power (down 10% like-for-like) and Grid (down 5% like-for-like). Sales at Transport increased strongly, rising by 17% like-for-like and at constant exchange rates. The order book stood at €56 billion at 30 June 2014, representing 33 months of sales.

CONDENSED CONSOLIDATED FIRST-HALF FINANCIAL STATEMENTS

BOUYGUES GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET (€ million)

ASSETS	30/06/2014 Net	31/12/2013 Net ^(a) Restated	30/06/2013 Net ^(a) Restated
Property, plant and equipment	6,301	6,246	6,362
Intangible assets	1,797	1,866	1,876
Goodwill	5,245	5,245	5,598
Investments in joint ventures and associates	4,005	3,510	5,561
Other non-current financial assets	579	572	549
Deferred tax assets and non-current tax receivable	260	251	265
NON-CURRENT ASSETS	18,187	17,690	20,211
Inventories, programmes and broadcasting rights	3,139	3,025	3,091
Advances and down-payments on orders	463	473	524
Trade receivables	7,046	6,157	7,031
Tax asset (receivable)	194	196	172
Other current receivables and prepaid expenses	2,563	1,947	2,361
Cash and cash equivalents	3,382	3,546	2,569
Financial instruments - hedging of debt	14	14	15
Other current financial assets	7	16	13
CURRENT ASSETS	16,808	15,374	15,776
Held-for-sale assets and operations		1,151	
TOTAL ASSETS	34,995	34,215	35,987
LIABILITIES AND SHAREHOLDERS' EQUITY	30/06/2014	31/12/2013 Restated ^(a)	30/06/2013 Restated ^(a)
Share capital	336	319	319
Share premium and reserves	6,664	7,572	7,534
Translation reserve	1	16	119
Treasury shares			
Consolidated net profit/(loss) for the period	410	(757)	188
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	7,411	7,150	8,160
Non-controlling interests	1,541	1,519	1,443
SHAREHOLDERS' EQUITY	8,952	8,669	9,603
Non-current debt	6,966	6,601	7,551
Non-current provisions	2,375	2,173	2,131
Deferred tax liabilities and non-current tax liabilities	114	167	184
NON-CURRENT LIABILITIES	9,455	8,941	9,866
Advances and down-payments received	1,149	1,345	1,352
Current debt	1,053	1,006	353
Current taxes payable	136	120	62
Trade payables	6,562	6,774	7,311
Current provisions	812	792	688
Other current liabilities	6,313	6,004	6,301
Overdrafts and short-term bank borrowings	526	362	411
Financial instruments - hedging of debt	25	26	26
Other current financial liabilities	12	10	14
CURRENT LIABILITIES	16,588	16,439	16,518
Liabilities related to held-for-sale operations		166	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	34,995	34,215	35,987
Net surplus cash/(net debt)	(5,174)	(4,435)	(5,757)

^(a) The financial statements for the year ended 31 December 2013 and the six months ended 30 June 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11 (see Note 15).

BOUYGUES GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT (€ million)

	First half		Second quarter		Full year
	2014	2013 Restated ^(a)	2014	2013 Restated ^(a)	2013 Restated ^(a)
SALES^(b)	15,182	15,094	8,341	8,449	33,121
Other revenues from operations	36	51	17	26	96
Purchases used in production	(7,543)	(7,113)	(4,254)	(3,977)	(16,030)
Personnel costs	(3,522)	(3,491)	(1,806)	(1,809)	(7,037)
External charges	(3,183)	(3,404)	(1,619)	(1,827)	(7,017)
Taxes other than income tax	(310)	(311)	(153)	(156)	(638)
Net depreciation and amortisation expense	(662)	(666)	(350)	(347)	(1,403)
Net charges to provisions and impairment losses	(23)	(105)	(28)	(68)	(511)
Changes in production and property development inventories	(41)		5	(17)	55
Other income from operations ^(c)	535	608	273	299	1,339
Other expenses on operations	(335)	(316)	(196)	(149)	(656)
CURRENT OPERATING PROFIT/(LOSS)	134	347	230	424	1,319
Other operating income	737		437		
Other operating expenses	(348)		(244)		(91)
OPERATING PROFIT/(LOSS)	523	347	423	424	1,228
Financial income	21	22	11	12	52
Financial expenses	(184)	(179)	(93)	(90)	(356)
COST OF NET DEBT	(163)	(157)	(82)	(78)	(304)
Other financial income	37	26	22	17	70
Other financial expenses	(34)	(33)	(16)	(15)	(96)
Income tax expense	(59)	(98)	(54)	(151)	(360)
Investments in joint ventures and associates:					
Share of profits/(losses)	54	138	5	73	217
Net gain on Cofiroute disposal	253				
Alstom impairment loss					(1,404)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	611	223	298	270	(649)
Net profit/(loss) from discontinued and held-for-sale operations					
NET PROFIT/(LOSS) FOR THE PERIOD	611	223	298	270	(649)
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	410	188	125	230	(757)
Net profit/(loss) attributable to non-controlling interests	201	35	173	40	108
Basic earnings per share from continuing operations (€)	1.27	0.59	0.38	0.72	(2.37)
Diluted earnings per share from continuing operations (€)	1.26	0.59	0.37	0.72	(2.37)

^(a) The financial statements for the year ended 31 December 2013, the six months ended 30 June 2013 and the three months ended 30 June 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11 (see Note 15).

^(b) Of which sales generated abroad.

4,989 4,628 2,867 2,698 11,035

^(c) Of which reversals of unutilised provisions/impairment losses and other items.

153 189 78 88 434

BOUYGUES GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE (€ million)

	First half 2014	2013 Restated ^(a)	Full year 2013 Restated ^(a)
NET PROFIT/(LOSS) FOR THE PERIOD	611	223	(649)
Items not reclassifiable to profit or loss			
Actuarial gains/losses on employee benefits	(28)	4	(14)
Change in remeasurement reserve			
Net tax effect of items not reclassifiable to profit or loss	9	(1)	3
Share of non-reclassifiable income and expense of joint ventures and associates ^(b)	(9)	(20)	4
Items reclassifiable to profit or loss			
Change in cumulative translation adjustment of controlled entities	8	17	(16)
Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)	(7)	12	17
Net tax effect of items reclassifiable to profit or loss		(2)	
Share of reclassifiable income and expense of joint ventures and associates ^(b)	(26)	18	(42)
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	(53)	28	(48)
TOTAL RECOGNISED INCOME AND EXPENSE	558 ^(c)	251 ^(d)	(697)
Recognised income and expense attributable to the Group	356	218	(798)
Recognised income and expense attributable to non-controlling interests	202	33	101

^(a) The financial statements for the year ended 31 December 2013 and the six months ended 30 June 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11 (see Note 15).

^(b) Relates mainly to Alstom (accounted for by the equity method).

^(c) Of which income and expense recognised in the second quarter of 2014 = -€5m

^(d) Of which income and expense recognised in the second quarter of 2013 = €9m

BOUYGUES GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (€ million)

	Share capital & share premium	Reserves related to capital/retained earnings	Consolidated reserves and profit/(loss) for period	Treasury shares	Items recognised directly in equity	TOTAL ATTRIBUTABLE TO THE GROUP	Non-controlling interests	TOTAL
RESTATED POSITION AT 31 DECEMBER 2012^(a)	1,303	2,902	4,543		(174)	8,574	1,489	10,063
Movements during the first half of 2013								
Capital and reserves transactions, net	(99)	153	(153)	99	(24)	(24)		(24)
Acquisitions/disposals of treasury shares				(99)	(2)	(101)		(101)
Acquisitions/disposals without loss of control								
Dividend paid			(511)			(511)	(80)	(591)
Other transactions with shareholders			3			3		3
Net profit/(loss)			188			188	35	223
Translation adjustment					25	25	(3)	22
Other recognised income and expense					5	5	1	6
Total recognised income and expense^(c)			188		30	218	33	251
Other transactions (changes in scope of consolidation and other items)							2	2
RESTATED POSITION AT 30 JUNE 2013^(a)	1,204	3,055	4,070		(170)	8,159	1,444	9,603
Movements during the second half of 2013								
Capital and reserves transactions, net	3	(1)	1		26	29	1	30
Acquisitions of treasury shares					2	2		2
Acquisitions/disposals without loss of control					(26)	(26)	5	(21)
Dividend paid								
Other transactions with shareholders			3			3		3
Net profit/(loss)			(945)			(945)	73	(872)
Translation adjustment					(103)	(103)	(2)	(105)
Other recognised income and expense					32	32	(3)	29
Total recognised income and expense^(c)			(945)		(71)	(1,016)	68	(948)
Other transactions (changes in scope of consolidation and other items)			(1)			(1)	1	
RESTATED POSITION AT 31 DECEMBER 2013^(a)	1,207	3,054	3,128		(239)	7,150	1,519	8,669
Movements during the first half of 2014								
Capital and reserves transactions, net	415	(118)	118			415		415
Acquisitions of treasury shares					(2)	(2)		(2)
Acquisitions/disposals without loss of control								
Dividend paid		(511)				(511)	(88)	(599)
Other transactions with shareholders			2			2	(1)	1
Net profit/(loss)			410			410	201	611
Translation adjustment					(15) ^(b)	(15)	1	(14)
Other recognised income and expense					(39)	(39)		(39)
Total recognised income and expense^(c)			410		(54)	356	202	558
Other transactions (changes in scope of consolidation and other items)			1			1	(91)	(90)
POSITION AT 30 JUNE 2014	1,622	2,425	3,659		(295)	7,411	1,541^(d)	8,952

^(a) The financial statements for the years ended 31 December 2012 and 31 December 2013 and for the six months ended 30 June 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11 (see Note 15).

^(b) Change in translation reserve:

Attributable to:	Group	Non-controlling interests	Total
Controlled entities	7	1	8
Investments in joint ventures and associates	(22)		(22)
	(15)	1	(14)

^(c) See statement of recognised income and expense.

^(d) Includes TF1: €1,122m

BOUYGUES GROUP CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT (€ million)

	First half 2014	2013 Restated ^(a)	Full year 2013 Restated ^(a)
I - CASH FLOW FROM CONTINUING OPERATIONS			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations	611	223	(649)
Share of profits/(losses) effectively reverting to joint ventures and associates	(34)	(97)	1,341
Elimination of dividends (non-consolidated companies)	(12)	(10)	(19)
Charges to/(reversals of) depreciation, amortisation, impairment & non-current provisions	827	657	1,443
Gains and losses on asset disposals	(570)	(20)	(47)
Miscellaneous non-cash charges		(6)	(13)
Sub-total	822	747	2,056
Cost of net debt	163	157	304
Income tax expense for the period	59	98	360
Cash flow	1,044	1,002	2,720
Income taxes paid during the period	(116)	(79)	(294)
Changes in working capital related to operating activities ^(b)	(1,803)	(778)	(180)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	(875)	145	2,246
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	(635)	(672)	(1,380)
Proceeds from disposals of property, plant and equipment and intangible assets	43	59	109
Net liabilities related to property, plant and equipment and intangible assets	7	(205)	(70)
Purchase price of non-consolidated companies and other investments	(4)	(2)	(7)
Proceeds from disposals of non-consolidated companies and other investments	1	2	5
Net liabilities related to non-consolidated companies and other investments	(6)		
Effects of changes in scope of consolidation			
Purchase price of investments in consolidated activities	(21)	(30)	(99)
Proceeds from disposals of investments in consolidated activities	1,039	2	14
Net liabilities related to consolidated activities	(1)	(4)	1
Other effects of changes in scope of consolidation (cash of acquired and divested companies)	14	(26)	(24)
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)	40	(14)	11
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	477	(890)	(1,440)
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders & non-controlling interests and other transactions between shareholders	10	(76)	(72)
Dividends paid during the period			
Dividends paid to shareholders of the parent company	(110)	(511)	(511)
Dividends paid to non-controlling interests in consolidated companies	(88)	(79)	(79)
Change in current and non-current debt	405	(523)	(813)
Cost of net debt	(163)	(157)	(304)
Other cash flows related to financing activities	(3)	3	8
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	51	(1,343)	(1,771)
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	19	(30)	(58)
CHANGE IN NET CASH POSITION (A + B + C + D)	(328)	(2,118)	(1,023)
Net cash position at start of period	3,184	4,276	4,276
Net cash flows during the period	(328)	(2,118)	(1,023)
<u>Eurosport International</u> presented as a held-for-sale operation in the balance sheet:			
• Elimination of net cash position at 31 December 2013			(69)
Net cash position at end of period	2,856	2,158	3,184
II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS			
Net cash position at start of period			
Net cash flows during the period			
Net cash position at end of period			

(a) The financial statements for the year ended 31 December 2013 and the six months ended 30 June 2013 have been restated to reflect the first-time application of IFRS 10 and IFRS 11 (see Note 15).

(b) Definition of change in working capital related to operating activities: Current assets minus current liabilities (excluding income taxes paid, which are reported separately).

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(figures in millions of euros unless otherwise indicated)

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Declaration of compliance:

The interim condensed consolidated financial statements of Bouygues and its subsidiaries (the “Group”) for the six months ended 30 June 2014 were prepared in accordance with IAS 34, “Interim Financial Reporting”, a standard issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Because they are condensed, these financial statements do not include all the information required under the standards issued by the IASB, and should be read in conjunction with the full-year financial statements of the Bouygues group for the year ended 31 December 2013.

They were prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of 30 June 2014. These standards comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee – previously the International Financial Reporting Interpretations Committee (IFRIC), itself the successor body to the Standing Interpretations Committee (SIC). The Group has not early adopted as of 30 June 2014 any standard or interpretation not endorsed by the European Union.

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise the balance sheet, the income statement, the statement of recognised income and expense, the statement of changes in shareholders’ equity, the cash flow statement, and the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2013, and from the interim condensed consolidated financial statements for the six months ended 30 June 2013.

NOTE 1 SIGNIFICANT EVENTS OF THE PERIOD

1.1 Scope of consolidation as of 30 June 2014

1,048 entities were consolidated as of 30 June 2014, compared with 1,126 as of 31 December 2013. The net reduction of 78 entities includes the deconsolidation of entities set up for property co-promotion programmes (*Sociétés Civiles Immobilières – SCIs*) and construction project companies (*Sociétés en Participation – SEPs*) on project completion (mainly in the construction segment). It also includes the divestment at the end of May 2014 of 17 entities in the Eurosport International business.

	30 June 2014	31 December 2013
Companies controlled by the Group	766	822
Joint operations	172	202
Joint ventures and associates	110	102
	1,048	1,126

1.2 Significant events

1.2.1 Significant events of the first half of 2014

The principal acquisitions and corporate actions of the first half of 2014 are presented below in chronological order:

- On 21 January 2014, Discovery Communications and the TF1 group signed an agreement for Discovery Communications to acquire a controlling interest in the Eurosport International group (the Eurosport group excluding Eurosport France) via a deepening of the broad strategic partnership between the two groups that began in December 2012. The deal, which enabled Discovery Communications to increase its interest in the capital of Eurosport SAS (the parent company of the Eurosport group) by raising its stake from 20% to 51%, took place nearly a year earlier than the date envisaged in the initial agreement of December 2012. TF1 is to retain its 80% interest in Eurosport France at least until 1 January 2015.

Final clearance was obtained from the competent authorities in April 2014, and completion of the sale of an additional 31% interest in Eurosport SAS to Discovery Communications took place on 30 May 2014.

The acquisition by Discovery Communications of the additional 31% interest was based on an enterprise value of €902 million for the Eurosport group, before deducting the valuation of Eurosport France (€85 million). These valuations were increased by the amount of net surplus cash held by the entities at the transaction closing date.

In addition, TF1 retains the possibility of exercising its put option over its residual 49% stake, which could increase the interest held by Discovery Communications to 100%. This 49% stake is recognised in “Investments in joint ventures and associates” as of 30 June 2014, at a carrying amount of €489 million.

Following the transactions completed in the first half of 2014 (purchase of an additional 31% interest in Eurosport SAS from TF1 by Discovery Communications, and activation of TF1’s put option over its residual 49% stake), the total amount of off balance sheet commitments under the agreements with Discovery Communications was €622 million as of 30 June 2014, compared with €504 million as of 31 December 2013 (see Note 13 to the financial statements).

For accounting purposes, the assets and liabilities of Eurosport International are presented in the balance sheet as of 31 December 2013 in the line items “Held-for-sale assets and operations” and “Liabilities related to held-for-sale operations”, in accordance with the policies described in Note 2.2. However, the results of Eurosport International for the first five months of 2014 are not classified as being from a held-for-sale operation because Eurosport International does not meet

the definition of (i) a cash generating unit for goodwill impairment testing purposes or (ii) an operation that is material to the Group.

The sale of the 31% additional interest to Discovery Communications and the remeasurement of the residual 49% stake following loss of control generated a pre-tax gain of €308 million, reported in "Other operating income" (see Note 10 to the financial statements).

- On 31 January 2014, Colas sold its financial interest of 16.67% in the capital of Cofiroute to Vinci Autoroutes. The transaction price of €780 million was received during the first quarter. The net gain on disposal amounted to €253 million, and was recognised during the first quarter in "Share of profits/losses from investments in joint ventures and associates".
- During the first half of 2014, Bouygues Telecom signed a number of out-of-court agreements to settle a series of lawsuits described in the Registration Document for the year ended 31 December 2013. Under those agreements, Bouygues Telecom will receive a total of €400 million, of which €133 million had been received as of 30 June 2014 (see Note 10 to the financial statements).
- On 11 June 2014, Bouygues Telecom presented its group works council with a project to radically transform the company's organisational structure and reposition its business model.

The outcome of this strategic rethinking of Bouygues Telecom's future is a project to streamline the company's structures, processes and offerings so as to restore transparency and flexibility in a changed market. This transformation would result in a headcount reduction of 1,516, a provision for which was recognised in "Other operating expenses" as of 30 June 2014 (see Note 10 to the financial statements).

- To support the proposals announced by Alstom and General Electric, on 22 June 2014 Bouygues signed an agreement with the French state under which the French state, or any other French state-controlled entity chosen by the French state, could buy part of the equity interest in Alstom held by Bouygues. This agreement is conditional upon completion of the transactions announced on 21 June 2014 by Alstom, and on payment of an exceptional dividend or on the delivery of shares under a share repurchase tender offer. The underlying principles of this agreement are:
 - during a 20-month period following full completion of the transactions announced on 21 June 2014 by Alstom, the French state has a call option to acquire a maximum of 20% of the share capital of Alstom from Bouygues at the market price less a customary discount, provided that such price is at least equal to the equivalent of an adjusted price of €35 per share;
 - during a period of eight trading days immediately following the end of this 20-month period, the French state may acquire a maximum of 15% of the share capital of Alstom from Bouygues at the market price less a customary discount;
 - with effect from full completion of the transactions announced on 21 June 2014 by Alstom, Bouygues will allow the French state, by means of a stock lending transaction, to exercise 20% of the voting rights of Alstom, and will support the appointment of two directors designated by the French state to serve on the Alstom Board of Directors;
 - Bouygues will retain one seat on the Board of Directors and will be entitled to the dividends on all of the shares, including those loaned to the French state; it will also retain the possibility of selling its shares to a third party at any time at a mutually agreed price subject to the French state having first refusal over the loaned securities.

Consequently, Bouygues retains significant influence over Alstom via its equity interest, which will continue to be accounted for by the equity method. The promises to sell represent reciprocal off balance sheet commitments.

1.2.2 Reminder of significant events of the first half of 2013

The principal acquisitions and corporate actions of the first half of 2013 are presented below:

- On 7 January 2013, Bouygues repurchased 5,074,906 of its own shares, representing 1.57% of its share capital, for €99 million. On 26 February 2013, the Bouygues Board of Directors decided to cancel these shares.
- Arcep, the French electronic communications and postal services regulator, approved Bouygues Telecom's request to refarm the 1800 MHz frequencies from 1 October 2013 for the roll-out of 4G, on condition that Bouygues Telecom returns part of its frequencies.
- On 29 May 2013, Bouygues redeemed the €709 million outstanding on its May 2006 4.5% bond issue.

1.3 Consolidated sales for the first half of 2014

Consolidated sales for the first half of 2014 were €15,182 million, virtually unchanged from the first half of 2013 (€15,094 million).

1.4 Significant events and changes in scope of consolidation subsequent to 30 June 2014

The Group is not aware of any significant post balance sheet events.

NOTE 2 GROUP ACCOUNTING POLICIES

2.1 Business areas

The Bouygues group is a diversified industrial group, with operations in more than 80 countries.

The Group's businesses are organised into a number of sectors of activity:

- Construction:
 - Bouygues Construction (building and civil works, energies and services)
 - Bouygues Immobilier (property)
 - Colas (roads)
- Telecoms/media
 - TF1 (television)
 - Bouygues Telecom (mobile, fixed, TV and internet services).
- The Bouygues group also holds a 29.3% interest in the Alstom group (Alstom Thermal Power, Alstom Renewable Power, Alstom Transport, Alstom Grid).

2.2 Basis of preparation of the financial statements

The financial statements of the Bouygues group include the financial statements of Bouygues SA and its subsidiaries, its investments in associates and joint ventures, and its joint operations. The financial statements are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated, and take account of the recommendations on the presentation of financial statements (Recommendation 2009-R-03) issued on 2 July 2009 by the Conseil National de la Comptabilité – CNC (now called Autorité des Normes Comptables – ANC), the French national accounting standard-setter.

They were adopted by the Board of Directors on 27 August 2014.

The interim condensed consolidated financial statements for the six months ended 30 June 2014 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as of and for the year ended 31 December 2013 and the six months ended 30 June 2013.

The Bouygues group applied the same standards, interpretations and accounting policies for the six months ended 30 June 2014 as applied in its financial statements for the year ended 31 December 2013, except for changes required to meet new IFRS requirements applicable from 1 January 2014 as described below.

- Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption with effect from 1 January 2014:
 - **IFRS 10 “Consolidated Financial Statements”, IFRS 11 “Joint Arrangements”, IFRS 12 “Disclosures of Interests in Other Entities”, IAS 27 “Separate Financial Statements” (as amended in 2011), IAS 28 “Investments in Associates and Joint Ventures” (as amended in 2011):** These standards were endorsed by the European Union on 29 December 2012 and are mandatorily applicable from 1 January 2014. The principal changes and impacts of these standards are described below.

IFRS 10 replaces the provisions about consolidated financial statements previously included in IAS 27, “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation – Special Purpose Entities”; it also redefines the concept of control over an entity.

IFRS 11 replaces IAS 31, “Interests in Joint Ventures” and SIC 13 “Jointly Controlled Entities – Non-Monetary Contributions by Venturers”, and describes how joint arrangements should be treated.

Under this new standard, joint arrangements over which two or more parties exercise joint control are accounted for on the basis of the rights and obligations of each of the parties to the arrangement, taking account of factors such as the structure and legal form of the arrangement, the contractual terms agreed to by the parties to the arrangement and, when relevant, other facts and circumstances:

- Joint ventures, which give the parties rights over the net assets, are accounted for using the equity method, the proportionate consolidation method being no longer permitted.
- In the case of joint operations (which give each party direct rights over the assets and obligations for the liabilities), the assets and liabilities (income and expenses) of the joint operation are accounted for in accordance with the interests held in the joint operation.

IFRS 11 applies principally to Bouygues group joint arrangements set up for various property co-promotion programmes (*Sociétés Civiles Immobilières – SCIs*); various contracts carried out by construction project companies in the form of *Sociétés en Participation – SEPs* (a form of silent partnership under French law) or other legal forms; and various companies that operate quarries or emulsion plants (see Note 3.6 to the financial statements).

IFRS 12 establishes the disclosure requirements relating to interests held in subsidiaries, joint arrangements, associates, and/or unconsolidated structured entities. This standard will apply to the Group for the first time in the preparation of the consolidated financial statements for the year ended 31 December 2014, and will require new disclosures in the notes to the financial statements. Some of the information required under IFRS 12 is disclosed in the interim condensed consolidated financial statements for the six months ended 30 June 2014 in order to enable users to interpret the consolidated financial statements correctly.

The main impacts identified arise from the first-time application of IFRS 10, “Consolidated Financial Statements” and IFRS 11, “Joint Arrangements”, and more specifically from the fact that the joint ventures in which the Group has an interest will be accounted for by the equity method, rather than by the proportionate consolidation method as of present.

The joint ventures affected by the first-time application of these new standards are mainly those relating to contracting and industrial companies held jointly by Colas and a partner, which will be accounted for by the equity method from 1 January 2014. The impact of the retrospective application of these standards as of 1 January 2013, for the year ended 31 December 2013 and for the first half of 2013, is presented in Note 15 to the consolidated financial statements.

A number of difficulties relating to the application of IFRS 11 have been referred to the IFRS Interpretations Committee. The Group will take account of any future clarifications in its consolidated financial statements.

▪ **IFRIC 21: Levies**

This interpretation was endorsed by the European Union on 13 June 2014, and was not early adopted by the Bouygues group with effect from 1 January 2014. The effects of IFRIC 21, which is mandatorily applicable from 1 January 2015, will relate to the timing of the recognition of certain levies (such as C3S and IFER) during interim accounting periods.

- Other key standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union.

- **IFRS 15: Revenue from Contracts with Customers.**

On May 28, 2014, the IASB issued a new standard on revenue recognition intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 11 and IAS 18. The new standard, which has not yet been endorsed by the European Union, is applicable from January 1, 2017 with early adoption permitted.

The impact of IFRS 15, which has not been early adopted by the Group, is currently under review.

- Seasonal fluctuations

Sales and operating profit are subject to significant seasonal fluctuations due to low activity levels during the first half, primarily at Colas due to weather conditions. The extent of these fluctuations varies from year to year. In accordance with IFRS, sales for interim accounting periods are recognised on the same basis as full-year sales.

- Elective accounting treatments and estimates used in the valuation of certain assets, liabilities, income and expenses:

Preparing consolidated financial statements to comply with IFRS standards and interpretations requires the use of estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the balance sheet date, and the amounts of income and expenses reported for the period.

These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

The main items involved are the impairment testing of goodwill and equity investments, share-based payment (stock options), employee benefits (lump-sum retirement benefits, pensions, etc.), the fair value of unlisted financial instruments, deferred tax assets, and provisions.

Where no standard or interpretation applies to specific transactions, events or conditions, Group management exercises its judgement to define and apply accounting policies that will provide relevant information that gives a fair presentation and is comparable between periods, such that the consolidated financial statements:

- represent faithfully the financial position, financial performance and cash flows of the Group;
- reflect the economic substance of the underlying transactions;
- are neutral, prudent, and complete in all material respects.

Disclosures about judgements made by management are provided in the notes to the consolidated financial statements.

- Held-for-sale assets and discontinued or held-for-sale operations:

A non-current asset, or a group of directly-associated assets and liabilities, is regarded as being held for sale if its carrying amount will be recovered primarily through a sale rather than through continuing use. For this to be the case, the asset must be available for sale in its immediate condition, and its sale must be highly probable. Such held-for-sale assets or asset groups are measured at the lower of the carrying amount or the estimated selling price less costs to sell.

A discontinued or held-for-sale operation is one that is material to the Group (having been treated as a cash generating unit) and that has either been disposed of or has been classified as a held-for-sale asset. Income statement and cash flow information about such discontinued or held-for-sale operations is reported in separate line items in the consolidated financial statements for all periods presented.

2.3 Consolidation methods

2.3.1 Companies controlled by Bouygues

Companies over which Bouygues exercises control are consolidated by the full consolidation method.

- Assessment of exclusive control over TF1:

As of 30 June 2014, Bouygues held 43.5% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:

- Bouygues has consistently and regularly held a large majority of the voting rights exercised at TF1 general meetings, and no other shareholder directly or indirectly controls a higher share of voting rights than Bouygues.
- Bouygues has had exclusive power to determine decisions at TF1 general meetings during at least two consecutive financial years.

Other factors indicating the existence of exclusive control include:

- the large number of seats on the TF1 Board of Directors allocated to Bouygues;
- the role of Bouygues in appointing key executives of TF1.

All these factors clearly establish that Bouygues exercises exclusive control over TF1.

2.3.2 Jointly-controlled companies

A joint venture or joint operation is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. In the case of joint operations (which give each party direct rights over the assets and obligations for the liabilities), the assets, liabilities, income and expenses of the joint operation are accounted for in accordance with the interests held in the joint operation. Joint ventures, which give the parties rights over the net assets, are accounted for using the equity method.

2.3.3 Companies over which Bouygues exercises significant influence

An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

The net profit or loss and the assets and liabilities of such entities are accounted for by the equity method.

- Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by its 29.3% interest in the capital and its control of two seats on the Board of Directors.

As of 30 June 2014, the investment in Alstom is reported under "Investments in joint ventures and associates" and accounted for by the equity method; it is carried at net acquisition cost (including goodwill) plus any net profit contribution for the period, giving a total carrying amount (net of a €1,404 million impairment loss as of 30 June 2014) of €3,094 million (including €1,106 million of goodwill).

Given the time-lag between the half-year accounting period-ends of Alstom (30 September) and of Bouygues (30 June), no share of Alstom's profits or losses has been recognised by Bouygues for the second quarter of 2014 pending publication by Alstom of its half-year financial statements. The share of Alstom profits recognised by Bouygues for the six months ended 30 June 2014 is €53 million (representing the contribution from Alstom for the six months ended 31 March 2014, as recognised by Bouygues in the first quarter of 2014). This compares with the €117 million share of Alstom profits recognised by Bouygues in the six months ended 30 June 2013 (€58 million in the first quarter and €59 million in the second quarter).

Amortisation of fair value remeasurements of Alstom's identifiable intangible assets and other items had a negative impact of €6 million on net profit attributable to the Bouygues group for the six months ended 30 June 2014.

2.3.4 Concession arrangements, PPPs and investments in non-consolidated entities

- Concession arrangements and Public-Private Partnership (PPP) contracts:

The Bouygues Construction group enters into concession arrangements and PPP contracts with local authorities via entities in which the Group holds an equity interest, generally of less than 20%. Given the effectively limited role of the Group in these entities, they are not consolidated. Equity interests in concession operating entities are in the majority of cases accounted for as associates by the equity method, or otherwise are not consolidated.

- In accordance with IAS 39, equity investments in non-consolidated companies are measured at fair value.

2.4 Business combinations

With effect from 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3 and IAS 27, which use the concept of "obtaining control" in determining the accounting treatment to be applied to acquisitions or disposals of equity interests; depending on the circumstances, the impacts of such acquisitions and disposals are recognised either in profit or loss or in equity.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities of the acquiree, which are measured at fair value at the acquisition date and presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including non-controlling interests), rather than remeasuring just the percentage interest acquired.

The revised IFRS 3 allows entities to elect one of two methods of accounting for non-controlling interests in each business combination:

- at fair value (full goodwill method), i.e. the non-controlling interests are allocated their share of goodwill;
- at the non-controlling interests' proportionate share of the acquired entity's identifiable assets and liabilities (partial goodwill method), i.e. no share of goodwill is allocated to the non-controlling interests.

Fair value is the amount for which an asset or Cash Generating Unit (CGU) could be sold between knowledgeable, willing parties in an arm's length transaction.

Goodwill represents the excess of the cost of a business combination over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; non-controlling interests are either measured at fair value or not, depending on the option elected (see above). Goodwill is allocated to the CGU benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured (business segment for the Bouygues group).

The purchase price allocation period is limited to the time required to identify and measure the acquired entity's assets and liabilities, the non-controlling interests, the consideration transferred and the fair value of any previously-held equity interest, subject to a maximum period of 12 months.

Negative goodwill (i.e. gain from a bargain purchase) is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified annually using the methods described in the sections on impairment testing in Note 2.7. below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised IFRS 3, any previously-held equity interest is remeasured at fair value at the date on which control is obtained, with the resulting gain or loss recognised in profit or loss for

the period. In the event of loss of control, the retained equity interest is also remeasured at fair value; the gain or loss on remeasurement is recognised in profit or loss for the period, along with the gain or loss arising on the disposal.

In the event of a change in percentage interest with no effect on control, the difference between the consideration transferred and the carrying amount of the non-controlling interest is recognised directly in equity attributable to the Group. Consequently, no additional goodwill is recognised.

All acquisition-related costs are recognised as an expense in profit or loss for the period.

In the event of a partial divestment of the component operations of a Cash Generating Unit (CGU), the Bouygues group usually allocates the goodwill in proportion to the value of the divested operation relative to the value of the CGU as measured at the date of divestment in accordance with the IFRS 7 hierarchy of valuation methods, unless it can be demonstrated that another method better reflects the goodwill of the divested operation; this policy complies with paragraph 86 of IAS 36.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Non-controlling interests in these items are measured on the basis of the carrying amount of the items as shown in the balance sheet of the acquired entity.

2.5 Foreign currency translation

2.5.1 Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rate. Translation differences are recognised as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.5.2 Financial statements of entities with a functional currency other than the euro

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

2.6 Assessment of income taxes

Income taxes of consolidated entities for interim periods are assessed in accordance with IAS 34: the income taxes of each entity are recognised on the basis of the best estimate of the average annual effective income tax rate for the financial year (except in the case of holding companies, which recognise income taxes on the basis of the actual tax position at the end of the period).

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
 - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
 - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes. Such assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which to offset the temporary differences, and are reviewed at each balance sheet date.
- Tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using known applicable national tax rates for the relevant country as of the balance sheet date.

Deferred taxes are not discounted, and are reported in non-current assets and liabilities.

2.7 Non-current assets

2.7.1 Impairment testing of TF1, Bouygues Telecom and Colas

Method applied

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the Cash Generating Unit (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The recoverable amount of CGUs is measured as follows:

- For TF1 and Colas, which are listed on the stock market: on the basis of the quoted share price if this exceeds the carrying amount of the assets (after allowing for a control premium where applicable), or by using the Discounted Cash Flow (DCF) method as described below, taking account of the specific characteristics of the investment.
- For Bouygues Telecom: using the DCF method, taking account of the specific characteristics of the investment.
 - The cash flows used are derived from business plans prepared by the management of the business segment and presented to the subsidiary's Board of Directors.
 - The discount rate is determined on the basis of a weighted average cost of capital appropriate to the sector of activity in which the business segment operates, by reference to a panel of comparable companies. Two alternative capital structure scenarios are applied: $\frac{1}{3}$ debt - $\frac{2}{3}$ equity (scenario 1); $\frac{2}{3}$ debt - $\frac{1}{3}$ equity (scenario 2).
 - The terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets.

The recoverable amount of the assets of the CGU as determined above is then compared with their carrying amount in the consolidated balance sheet. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised. Any such losses are allocated in the first instance to any goodwill carried in the balance sheet, and may not be subsequently reversed.

Information about impairment testing of goodwill as of 30 June 2014:

The goodwill recognised for TF1, Bouygues Telecom and Colas as of 30 June 2014 has not been subject to further impairment testing.

As regards Bouygues Telecom, the cash flows for impairment testing purposes as of 31 December 2013 took account of an acceleration of the transformation plan during 2014 to address the radical changes and uncertainties in the telecoms market. On 11 June 2014, Bouygues Telecom announced the implementation of a transformation plan that would result in a headcount reduction of 1,516, a provision for which was recognised in “Other operating expenses” as of 30 June 2014 (see Note 10 to the financial statements).

This transformation plan follows on from measures implemented at the start of 2012 that generated €599 million of savings in the mobile business between the end of 2011 and the end of 2013. The new plan, which does not materially alter the normative cash flows estimated at the time of preparation of the 2013 full-year financial statements, is intended to streamline Bouygues Telecom’s structures, processes and offerings and to generate annual savings of €300 million from 2016 onwards.

As regards TF1, the recoverable amount used for goodwill impairment testing purposes as of 31 December 2013, determined on the basis of the quoted market price plus a control premium, exceeded the carrying amount. This situation is not affected by the fall in the quoted share price of TF1 shares during the first half of 2014, insofar as the recoverable amount determined on the basis of future cash flows as per the most recently available business plan (prepared at the end of 2013) still exceeds the carrying amount of the investment in TF1. This recoverable amount will be reassessed once TF1 management has prepared a new business plan.

2.7.2 Impairment testing of the investment in Alstom

Method applied

Because goodwill included in the carrying amount of a joint venture or associate is not reported separately, it is not tested separately for impairment, in line with IAS 36. An impairment loss is recognised if the carrying amount of the investment exceeds its recoverable amount; this loss is charged against the carrying amount of the investment, and may be reversed.

The investment in Alstom is tested for impairment by comparing its carrying amount with its recoverable amount, determined by reference to value in use as derived from cash flow projections established by Bouygues management, which in turn are based on forecasts prepared by a panel of financial analysts.

Information about impairment testing as of 30 June 2014:

In the absence of any evidence of impairment since the last test was performed for the purposes of the 2013 full-year financial statements, the carrying amount of the investment as of 30 June 2014 has not been subject to further impairment testing.

2.7.3 Consolidated carrying amount of listed shares

Note 3.4 to the financial statements includes a table showing the consolidated carrying amount of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price as of 30 June 2014.

2.8 Cash flow statement

The consolidated cash flow statement is presented in accordance with IAS 7 and with CNC (now ANC) Recommendation 2009-R-03 of 2 July 2009, using the indirect method.

The net profit of consolidated entities is adjusted to eliminate the impact of transactions with no cash effect, and of income and expenses related to investing or financing activities.

Cash flow is defined as consolidated net profit before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

The cash flow statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings.

2.9 Other financial indicators

2.9.1 EBITDA

EBITDA is defined as current operating profit excluding net depreciation and amortisation expense and changes in provisions, and impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

The competitiveness and employment tax credit to which French companies are entitled is recognised in current operating profit, as a reduction in personnel costs.

The main components of current operating profit included in the line items "Other income from operations" and "Other expenses on operations" are net foreign exchange differences on commercial transactions, gains and losses on disposals of non-current assets, profits and losses from joint operations, royalties on the licensing of patents, and (in the case of Colas) revenue from sales of raw material (bitumen) to coating and emulsion entities in the form of *Sociétés en Participation (SEPs)* or economic interest groupings that subsequently sell such coatings and emulsions on to Colas.

2.9.2 Free cash flow

Free cash flow is defined as cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital), minus capital expenditure (net of disposals) for the period.

2.9.3 Net debt

This represents the aggregate of:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

2.10 Statement of recognised income and expense

The Bouygues group presents a statement of recognised income and expense, disclosing a comparative net profit figure on the line "Total recognised income and expense" which includes income and expenses recognised directly in equity.

2.11 Comparability of the consolidated financial statements

Changes in the scope of consolidation during the six months ended 30 June 2014 did not have a material effect on the consolidated financial statements presented for that period, and do not impair comparisons with the consolidated financial statements for the six months ended 30 June 2013.

NOTE 3 NON-CURRENT ASSETS

For an analysis of the carrying amount of property, plant and equipment and intangible assets by business segment see Note 12, "Segment Information".

3.1 Property, plant and equipment

Net (€ million)	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
30/06/2014	1,409	3,737	774	381	6,301
of which finance leases	4	40	3		47
31/12/2013 Restated	1,399	3,734	808	305	6,246
of which finance leases	6	40	4		50

3.2 Intangible assets

Net (€ million)	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
30/06/2014	40	1,569	188	1,797 ^(a)
31/12/2013 Restated	42	1,632	192	1,866

(a) Includes €1,504 million for Bouygues Telecom (primarily UMTS licences and 4G frequency licences)

3.3 Goodwill

3.3.1 Movement in the carrying amount of goodwill in the period

<i>(€ million)</i>	Gross	Impairment	Carrying amount
31/12/2013 Restated	5,326	(81)	5,245
Changes in scope of consolidation	(1)	5	4
Other movements (including translation adjustments)	(5)	1	(4)
Impairment losses			
30/06/2014	5,320	(75)	5,245

3.3.2 Split of goodwill by Cash Generating Unit (CGU)

CGU	30/06/2014		31/12/2013 Restated	
	Total	% Bouygues	Total	% Bouygues
<i>(€ million)</i>				
Bouygues Construction (subsidiaries) ^(a)	420	99.97%	414	99.97%
Colas ^(b)	1,134	96.60%	1,140	96.60%
TF1 ^(b)	1,042	43.49%	1,042	43.52%
Bouygues Telecom ^(b)	2,648	90.53%	2,648	90.53%
Other	1		1	
Total	5,245		5,245	

(a) Only includes goodwill on subsidiaries acquired by the CGU

(b) Includes goodwill on subsidiaries acquired by the CGU and on acquisitions made at parent company (Bouygues SA) level for the CGU

3.4 Consolidated carrying amount of listed shares

(in euros)

	Consolidated carrying amount per share	Closing market price per share on 30/06/2014
TF1	15.12	11.97 ^(a)
Colas	97.68	146.00
Alstom	34.17	26.63

(a) €13.77 after adjustment to reflect a control premium

3.5 Associates and joint ventures

(€ million)

31/12/2013 Restated	3,510
Changes in scope of consolidation	486 ^(a)
Share of net profit/(loss) for the period	54 ^(b)
Translation adjustments	(22)
Other income and expense recognised directly in equity	(13)
Net profit/(loss) and other recognised income and expense	19
Distribution	(20)
Other movements	10
30/06/2014	4,005

(a) The Eurosport International group has been accounted for as an associate by the equity method with effect from 30 May 2014 (see Note 1.2.1, "Significant events of the first half of 2014"). Goodwill is provisionally measured at €399 million.

(b) Includes €47 million for Alstom (profit contribution of €53 million, minus €6 million for amortisation of fair value remeasurements)

The balance as of 30 June 2014 comprises €142 million for joint ventures (see Note 3.6.) and €3,863 million for associates (see Note 3.7.).

3.6 Investments in joint ventures

Investments in joint ventures, which are accounted for by the equity method, amounted to €142 million as of 30 June 2014.

(€ million)

Share of net assets of joint ventures	30/06/2014	31/12/2013
Miscellaneous investments	142	148
Total	142	148
of which: share of net profit/(loss) for the period	2	13

Joint operations are recognised in proportion to the interest held by the Group in its assets, liabilities, income and expenses.

The contribution from joint operations as recognised in the financial statements for the six months ended 30 June 2014 was as follows:

- Sales: €746 million, comprising €253 million for *sociétés en participation* (SEPs) and affiliates in France, and €42 million for entities set up for property co-promotion programmes in the form of *sociétés civiles immobilières* (SCIs) and *sociétés civiles de construction vente* (SCCVs).
- Current operating profit/loss: -€18 million, comprising €1 million for SEPs and affiliates in France, and €1 million for SCIs and SCCVs.

3.7 Investments in associates

(€ million)

Share of net assets of associates	30/06/2014	31/12/2013
Alstom	3,094	3,079
Eurosport International group	489	
Other associates	280	283
Total	3,863	3,362
of which: share of net profit/(loss) for the period	52	204
of which: Alstom impairment loss	-	(1,404)

3.8 Reconciliation of information about the principal investments in associates to the carrying amount of the interest held by the Bouygues group

Alstom (€ million)

	30/06/2014	31/12/2013
Alstom: Shareholders' equity attributable to the group as published	5,044	4,963
Share attributable to Bouygues (29.29% as of 30 June 2014)	1,477	1,456
Fair value remeasurements and goodwill recognised at Bouygues group level	1,617	1,623
Net assets recognised in the Bouygues consolidated financial statements	3,094	3,079

Given the time-lag in publication, the amounts recognised as of 30 June 2014 and 31 December 2013 are based on the figures published by Alstom as of 31 March 2014 and as of 30 September 2013, respectively (see Note 2.3.3.).

Eurosport International group (€ million)

	30/06/2014	31/12/2013
Eurosport International group: Shareholders' equity attributable to the group	185	-
Share attributable to Bouygues (49%)	91	-
Provisional goodwill	399	-
Net assets recognised in the Bouygues consolidated financial statements	489	-

NOTE 4 CURRENT ASSETS

Inventories

(€ million)

	30/06/2014			31/12/2013 Restated		
	Gross	Impairment	Carrying amount	Gross	Impairment	Carrying amount
Property development inventories	1,506	(127)	1,379	1,545	(124)	1,421
Raw materials and finished goods	1,112	(41)	1,071	984	(43)	941
Programmes and broadcasting rights (TF1)	801	(112)	689	790	(127)	663
TOTAL	3,419	(280)	3,139	3,319	(294)	3,025

NOTE 5 CONSOLIDATED SHAREHOLDERS' EQUITY

Share capital of Bouygues SA

As of 30 June 2014, the share capital of Bouygues SA consisted of 335,727,874 shares with a par value of €1.

	31/12/2013	Movements		30/06/2014
		Reductions	Increases	
Shares	319,264,996		16,462,878 ^(a)	335,727,874
NUMBER OF SHARES	319,264,996		16,462,878	335,727,874
Par value	€1			€1
SHARE CAPITAL (€)	319,264,996		16,462,878	335,727,874

(a) Movements in the number of shares in the period:

- 553,965 new shares issued on exercise of stock options
- 15,908,913 new shares issued for dividends taken in the form of shares

NOTE 6 NON-CURRENT AND CURRENT PROVISIONS

6.1 Non-current provisions

(€ million)	Long-term employee benefits ^(a)	Litigation and claims ^(b)	Guarantees given ^(c)	Other non-current provisions ^(d)	Total
31/12/2013 Restated	647	331	380	815	2,173
Translation adjustments	2			1	3
Changes in scope of consolidation	(1)	(1)		(5)	(7)
Charges to provisions	25	33	39	247	344
Reversals of provisions (utilised or unutilised)	(20)	(47)	(35)	(75)	(177) ^(e)
Actuarial gains and losses	29 ^(f)				29
Transfers and other movements		(1)	1	10	10
30/06/2014	682	315	385	993	2,375
(a) Long-term employee benefits	682	Principal segments involved:			
Lump-sum retirement benefits	470	Bouygues Construction			191
Long service awards	142	Colas			380
Other long-term employee benefits	70	TF1			32
		Bouygues Telecom			45
(b) Litigation and claims	315	Bouygues Construction			162
Provisions for customer disputes	149	Bouygues Immobilier			47
Subcontractor claims	24	Colas			87
Employee-related and other litigation and claims	142				
(c) Guarantees given	385	Bouygues Construction			300
Provisions for guarantees given	297	Bouygues Immobilier			33
Provisions for additional building/civil engineering/civil works guarantees	88	Colas			52
(d) Other non-current provisions	993	Bouygues Construction			212
Provisions for risks related to official inspections	222	Colas			293
Provisions for miscellaneous foreign risks	77	Bouygues Telecom			406
Provisions for subsidiaries and affiliates	63				
Dismantling and site rehabilitation	247				
Other non-current provisions	384				

As of 30 June 2014, other non-current provisions include the effect of the redundancy plan being implemented by Bouygues Telecom.

(e) of which: reversals of unutilised provisions in the first half of 2014..... (62)

(f) Increase in lump-sum retirement benefit obligation in line with a change in the IBOXX A10+ rate: 2.70% applied as of 30 June 2014, versus 3.24% in the 2013 published financial statements.

6.2 Current provisions

Provisions related to the operating cycle (€ million)	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for expected losses to completion	Other current provisions	Total
31/12/2013 Restated	55	330	174	233	792
Translation adjustments	1	1	1		3
Changes in scope of consolidation	(1)				(1)
Charges to provisions	3	48	58	113	222
Reversals of provisions (utilised or unutilised)	(7)	(78)	(59)	(59)	(203) ^(a)
Transfers and other movements		(6)	6	(1)	(1)
30/06/2014	51	295	180	286	812

(a) Of which: reversals of unutilised provisions in the first half of 2014: (53)

NOTE 7 NON-CURRENT AND CURRENT DEBT

7.1 Breakdown of debt by maturity

(€ million)

	Current debt		Non-current debt	
	Total 30/06/2014	Total 31/12/2013 Restated	Total 30/06/2014	Total 31/12/2013 Restated
Bond issues	966	927	6,136	6,131
Bank borrowings	58	54	771 ^(a)	400
Finance lease obligations	10	10	19	24
Other debt	19	15	40	46
TOTAL DEBT	1,053	1,006	6,966	6,601

(a) Includes €249 million subscribed by Bouygues Telecom

7.2 Covenants and trigger events

The bond issues maturing 2015, 2016, 2018, 2019, 2022, 2023 and 2026 contain a change of control clause relating to Bouygues SA.

The bank credit facilities contracted by Bouygues SA and its subsidiaries contain no financial covenants or trigger event clauses.

NOTE 8 MAIN COMPONENTS OF CHANGE IN NET DEBT

(€ million)

	31/12/2013 Restated	Movements in the period	30/06/2014
Cash and cash equivalents	3,546	(164)	3,382
Overdrafts and short-term bank borrowings	(362)	(164)	(526)
NET CASH AND CASH EQUIVALENTS	3,184	(328)^(a)	2,856
Non-current debt	(6,601)	(365)	(6,966)
Current debt	(1,006)	(47)	(1,053)
Financial instruments – hedging of net debt	(12)	1	(11)
TOTAL DEBT	(7,619)	(411)	(8,030)
NET DEBT	(4,435)	(739)	(5,174)

(a) Net cash flows as analysed in the cash flow statement for the period

NOTE 9 ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS

9.1 Analysis by accounting classification

(€ million)	1st half	
	2014	2013 Restated
Sales of goods	1,431	1,415
Sales of services	5,389	5,484
Construction contracts	8,362	8,195
SALES	15,182	15,094
OTHER REVENUES FROM OPERATIONS	36	51
TOTAL REVENUES	15,218	15,145

9.2 Analysis by business segment

(€ million)	First half 2014				First half 2013 Restated			
	France	International	Total	%	France	International	Total	%
Construction	2,779	2,642	5,421	36	2,794	2,293	5,087	34
Property	1,154	35	1,189	8	1,091	52	1,143	7
Roads	3,107	2,137	5,244	34	3,324	2,078	5,402	36
Media	982	170	1,152	8	977	202	1,179	8
Telecoms	2,169		2,169	14	2,279		2,279	15
Bouygues SA & other	2	5	7	0	1	3	4	0
CONSOLIDATED SALES	10,193	4,989	15,182	100	10,466	4,628	15,094	100

(€ million)	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total	
							1st half 2014	Total 1st half 2013 Restated
Total sales	5,558	1,192	5,294	1,175	2,177	70	15,466	15,379
Inter-segment sales	(137)	(3)	(50)	(23)	(8)	(63)	(284)	(285)
THIRD-PARTY SALES	5,421	1,189	5,244	1,152	2,169	7	15,182	15,094

NOTE 10 OPERATING PROFIT

(€ million)	1st half	
	2014	2013 Restated
CURRENT OPERATING PROFIT/(LOSS)	134	347
Other operating income	737	
Other operating expenses	(348) (a)	
OPERATING PROFIT/(LOSS)	523	347

(a) Mainly comprises:

Bouygues Telecom: primarily other operating income of €429 million and other operating expenses of €348 million (litigation, adaptation costs); see Note 1.2.1. "Significant events of the first half of 2014".

TF1: pre-tax impact (+€308 million) of the sale of a 31% interest in Eurosport International and remeasurement of the residual 49% stake following loss of control; see Note 1.2.1. "Significant events of the first half of 2014".

NOTE 11 INCOME TAX EXPENSE

(€ million)

	1st half	
	2014	2013 Restated
Tax payable to the tax authorities	(100)	(78)
Deferred taxes, net	41	(20)
INCOME TAX GAIN/(EXPENSE)	(59)	(98)

The effective tax rate for the first half of 2014 was 16%, versus 54% for the first half of 2013, mainly because the gain on disposal of Eurosport International is taxed at a reduced rate.

NOTE 12 SEGMENT INFORMATION

The table below shows the contribution made by each business segment to key items in the income statement, balance sheet and cash flow statement:

(€ million)

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	Total
Income statement – First half of 2014							
Current operating profit/(loss)	180	71	(114)	50	(41)	(12)	134
Operating profit/(loss)	180	71	(114)	373	44	(31)	523 (a)
Share of profits/(losses) of joint ventures and associates	(7)		396	2	(1)	(83)	307 (b)
Net profit/(loss) attributable to the Group	123	42	306	141	22	(224)	410
Income statement – First half of 2013 – Restated							
Current operating profit/(loss)	204	84	(87)	71	91	(16)	347
Operating profit/(loss)	204	84	(87)	71	91	(16)	347
Share of profits/(losses) of joint ventures and associates	(5)	(2)	37		(1)	109	138
Net profit/(loss) attributable to the Group	131	45	(31)	18	49	(24)	188
Balance sheet at 30 June 2014							
Property, plant and equipment	602	21	2,290	186	3,061	141	6,301
Intangible assets	43	20	76	104	1,504	50	1,797
Net surplus cash/(net debt)	2,338	26	(331)	425	(971)	(6,661)	(5,174)
Balance sheet at 31 December 2013 – Restated							
Property, plant and equipment	592	21	2,273	190	3,028	142	6,246
Intangible assets	44	18	79	107	1,566	52	1,866
Net surplus cash/(net debt)	3,006	271	31	189	(783)	(7,149)	(4,435)
Other financial indicators – First half of 2014							
Acquisitions of property, plant and equipment and intangible assets, net of disposals	87	6	145	17	337		592
EBITDA	213	66	34	36	332	(15)	666
Cash flow	235	68	53	81	614	(7)	1,044
Free cash flow	90	37	(59)	16	262	(116)	230
Other financial indicators – First half of 2013 – Restated							
Acquisitions of property, plant and equipment and intangible assets, net of disposals	55	4	108	17	415	14	613
EBITDA	241	88	58	90	469	(17)	929
Cash flow	307	88	100	99	417	(9)	1,002
Free cash flow	183	53	9	60	(30)	(141)	134 (c)

(a) Includes impact of Eurosport International: +€308 million (€323 million at TF1 level, minus €15 million for derecognition of goodwill at Bouygues level)

(b) Includes gain on Cofiroute: +€253 million (€385 million at Colas level, minus €132 million for derecognition of goodwill at Bouygues level); and Alstom: share of profits in the first half of 2014 of €47 million (profit contribution of €53 million, minus €6 million for amortisation of fair value remeasurements, see Note 2.3).

(c) After stripping out capitalised interest of €21 million, adjusted free cash flow for the first half of 2013 was €155 million.

NOTE 13 OFF BALANCE SHEET COMMITMENTS

There have been no material changes in off balance sheet commitments as disclosed in the financial statements for the year ended 31 December 2013, other than the effects of the transaction between Discovery Communications and TF1.

Following the acquisition by Discovery Communications of a further 31% interest in Eurosport SAS, the parent company of the Eurosport group, the off balance sheet commitments between Discovery Communications and the TF1 group are now as follows:

13.1 Off balance sheet commitments relating to equity interests:

The commitments shown below are measured at the most recent enterprise value.

(€ million)	30/06/2014	Expiry			31/12/2013
		Less than 1 year	1 to 5 years	More than 5 years	
Other	622	20	602		504
TOTAL SUNDRY CONTRACTUAL COMMITMENTS GIVEN	622	20	602		504
Other	622	20	602		504
TOTAL SUNDRY CONTRACTUAL COMMITMENTS RECEIVED	622	20	602		504
NET BALANCE	-	-	-	-	-

Breakdown:

(€ million)		30/06/2014	31/12/2013
Total call options granted by TF1	(a), (d)	88	368
Total put options granted by TF1	(a)	-	68
TOTAL COMMITMENTS GIVEN BY TF1		88	436
Total call options granted to TF1		-	-
Total put options granted to TF1	(b), (c)	534	68
TOTAL COMMITMENTS RECEIVED BY TF1		534	68
TOTAL COMMITMENTS RELATING TO EQUITY INTERESTS – TF1/DISCOVERY		622	504

Eurosport group:

(a) In association with the sale of an additional 31% equity interest in Eurosport SAS and further to the repurchase on 14 May 2014 by the TF1 group of 80% of the shares of Eurosport France, the TF1 group granted Eurosport SAS a call option over all of those shares, exercisable between 1 January 2015 and 31 December 2017.

(b) During the same period, TF1 has a put option to sell its entire interest in Eurosport France to Eurosport SAS.

(c) Following the sale of an additional 31% equity interest in Eurosport SAS, TF1 has a put option to sell its remaining 49% equity interest in Eurosport SAS to Discovery Communications during specified periods between 1 July 2015 and 30 September 2016.

Pay-TV theme channels:

(d) Discovery Communications has an option to acquire, during a 180-day period commencing 30 May 2014, an additional 29% equity interest in the pay-TV theme channels, thereby raising its interest to 49%.

13.2 Other commitments not measured in note 13.1:

The following commitments have not been measured as they are subject to conditions that have not yet been met.

Following the acquisition by Discovery Communications of an additional 31% equity interest in Eurosport SAS and in the event that Discovery Communications does not exercise its option to acquire an additional 29% equity interest in the pay-TV theme channels, TF1 would be able to sell Discovery Communications an additional 15% equity interest in those channels during the following 12 months, raising the percentage interest held by Discovery Communications to 35%.

If TF1 withdraws completely from the Eurosport group, Discovery Communications can sell TF1 its entire equity interest in the theme channels during a one-year period commencing 21 December 2018.

NOTE 14 RELATED-PARTY DISCLOSURES

Transactions with: (€ million)	Expenses		Income		Receivables		Payables	
	First half 2014	First half 2013 restated	First half 2014	First half 2013 restated	30/06/14	31/12/2013 restated	30/06/14	31/12/2013 restated
Parties with an ownership interest	2	4	0	1	0		0	
Joint ventures and joint operations	21	17	87	99	268	284	183	123
Associates	31	24	105	113	79	95	56	68
Other related parties	25	29	428	277	337	131	299	136
Total	79	74	620	490	684	510	538	327
. Maturity								
less than 1 year					618	449	538	327
1 to 5 years					3	43		
more than 5 years					63	18		
. of which impairment of doubtful receivables (mainly non-consolidated companies)					113	106		

NOTE 15 IMPACTS OF FIRST-TIME CONSOLIDATION ACCOUNTING STANDARDS

The schedules below show the effects of the new mandatorily applicable accounting standards (IFRS 10 and IFRS 11) on the comparative periods (year ended 31 December 2013, six months ended 30 June 2013) and on the opening balance sheet as of 1 January 2013.

- Impacts on the income statement for the first half of 2013 and the year ended 31 December 2013

<i>(€ million)</i>	First half 2013			Full year 2013		
	Published	Restatement	Restated	Published	Restatement	Restated
Sales	15,207	(113)	15,094	33,345	(224)	33,121
Current operating profit/(loss)	356	(9)	347	1,344	(25)	1,319
Cost of net debt	(157)		(157)	(309)	5	(304)
Income tax expense	(102)	4	(98)	(367)	7	(360)
Share of profits/(losses) of joint ventures and associates	134	4	138	(1,199)	12	(1,187)
Net profit/(loss) for the period	224	(1)	223	(648)	(1)	(649)
Net profit/(loss) attributable to the Group	188		188	(757)		(757)
Net profit/(loss) attributable to non-controlling interests	36	(1)	35	109	(1)	108
Income and expense recognised directly in equity	28		28	(48)		(48)
Recognised income and expense	252	(1)	251	(696)	(1)	(697)

- The principal restatements arising from the first-time application of IFRS 11 relate to:
 - Colas:
 - negative impacts on sales of €204 million for the year ended 31 December 2013 and of €104 million for the first half of 2013;
 - negative impacts on current operating profit of €27 million for the year ended 31 December 2013 and of €11 million for the first half of 2013.

These impacts arise because contracting companies and industrial companies jointly held by Colas and a partner are accounted for by the equity method with effect from 1 January 2014.
 - TF1: negative impacts on sales of €10 million for the year ended 31 December 2013 and of €5 million for the first half of 2013.
 - Bouygues Construction:
 - negative impacts on sales of €10 million for the year ended 31 December 2013 and of €4 million for the first half of 2013 ;
 - positive impacts on current operating profit of €2 million for the year ended 31 December 2013 and of €2 million for the first half of 2013.

- Impacts on the balance sheet as of 1 January, 30 June and 31 December 2013

	1 January 2013			30 June 2013			31 December 2013		
	Published	Restate- ment	Restated	Published	Restate- ment	Restated	Published	Restate- ment	Restated
(€ million)									
Non-current assets	20,170	1	20,171	20,209	2	20,211	17,684	6	17,690
Current assets	16,584	(98)	16,486	15,876	(100)	15,776	15,469	(95)	15,374
Total assets	36,754	(97)	36,657	36,085	(98)	35,987	34,304	(89)	34,215
Shareholders' equity	10,078	(15)	10,063	9,617	(14)	9,603	8,684	(15)	8,669
Non-current liabilities	9,845	(22)	9,823	9,886	(20)	9,866	8,959	(18)	8,941
Current liabilities	16,831	(60)	16,771	16,582	(64)	16,518	16,495	(56)	16,439
Total liabilities and equity	36,754	(97)	36,657	36,085	(98)	35,987	34,304	(89)	34,215
Net debt	(4,172)	(4)	(4,176)	(5,758)	1	(5,757)	(4,427)	(8)	(4,435)

- Impacts on the cash flow statement for the first half of 2013 and the year ended 31 December 2013

	First half 2013			Full year 2013		
	Published	Restatement	Restated	Published	Restatement	Restated
(€ million)						
Net cash generated by/(used in) operating activities	143	2	145	2,252	(6)	2,246
Net cash generated by/(used in) investing activities	(893)	3	(890)	(1,438)	(2)	(1,440)
Net cash generated by/(used in) financing activities	(1,342)	(1)	(1,343)	(1,776)	5	(1,771)
Effect of foreign exchange fluctuations	(31)	1	(30)	(60)	2	(58)
Change in net cash position	(2,123)	5	(2,118)	(1,022)	(1)	(1,023)
Net cash position at start of period	4,298	(22)	4,276	4,298	(22)	4,276
Net cash position at end of period	2,175	(17)	2,158	3,207	(23)	3,184

CERTIFICATE OF RESPONSIBILITY

I certify that to the best of my knowledge the condensed consolidated first-half financial statements for the past half-year have been prepared in accordance with the relevant accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of affiliated undertakings and that the attached half-year review provides an accurate representation of significant events in the first six months of the year and of their impact on the first-half financial statements, of the main related-party transactions and of the main risks and uncertainties for the remaining six months.

Done at Paris,
27 August 2014

Chairman and CEO

Martin Bouygues

AUDITORS' REPORT ON THE FIRST-HALF FINANCIAL STATEMENTS
for the period 1 January to 30 June 2014

Statutory auditors' report on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meetings and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code ("*Code Monétaire et Financier*"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of Bouygues, for the period from January 1 to 30 June 2014,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and consistency with the condensed half-yearly consolidated financial statements.

Courbevoie and Paris-La Défense, 27 August 2014

The Statutory Auditors

MAZARS
Guillaume Potel

Ernst & Young Audit
Laurent Vitse