Cover photo:
Challenger, head office of Bouygues group.

Bouygues Internal Communication Department
Produced by Phénomène • Bouygues group photo archives • February 2004

BOUYGUES

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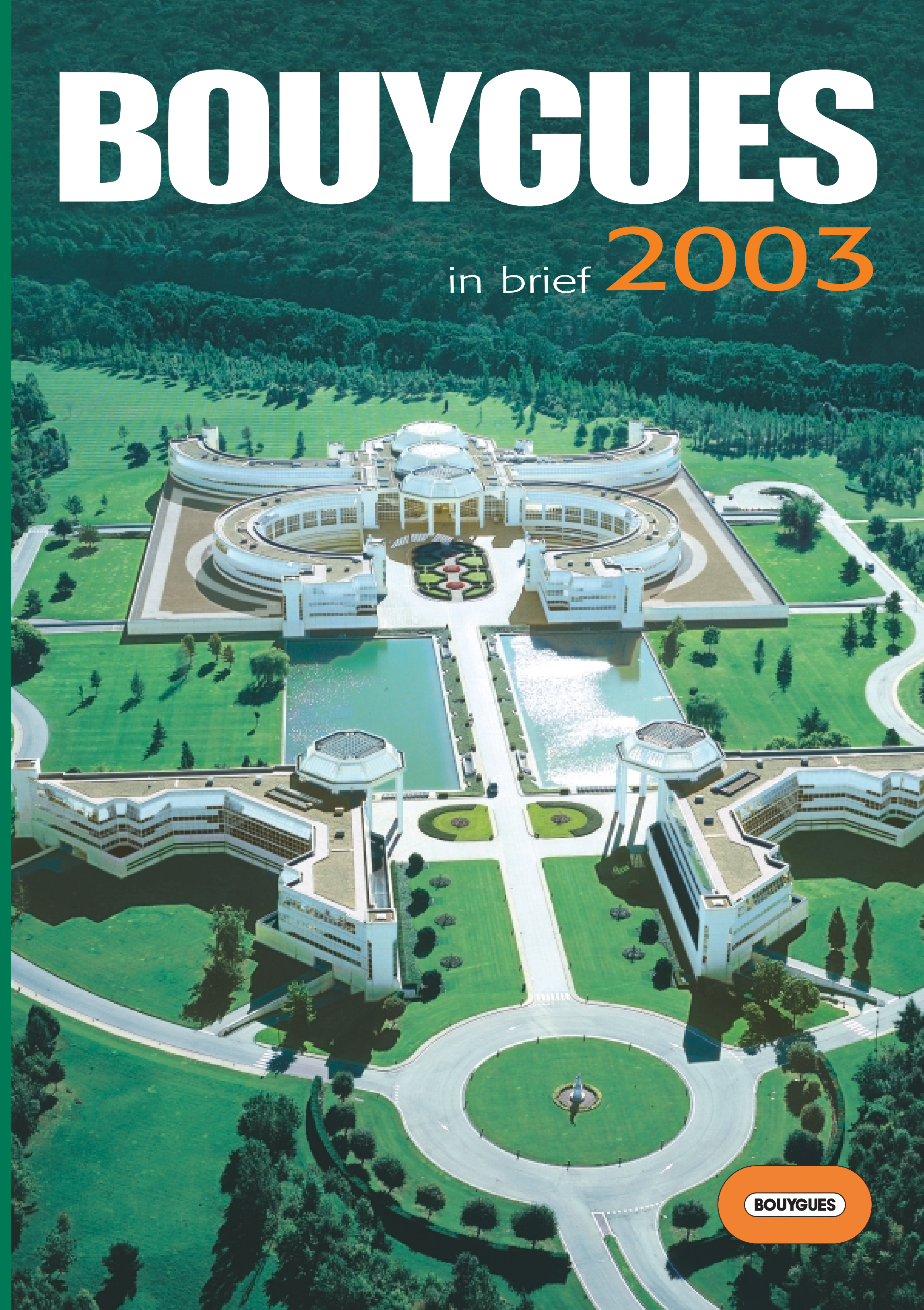
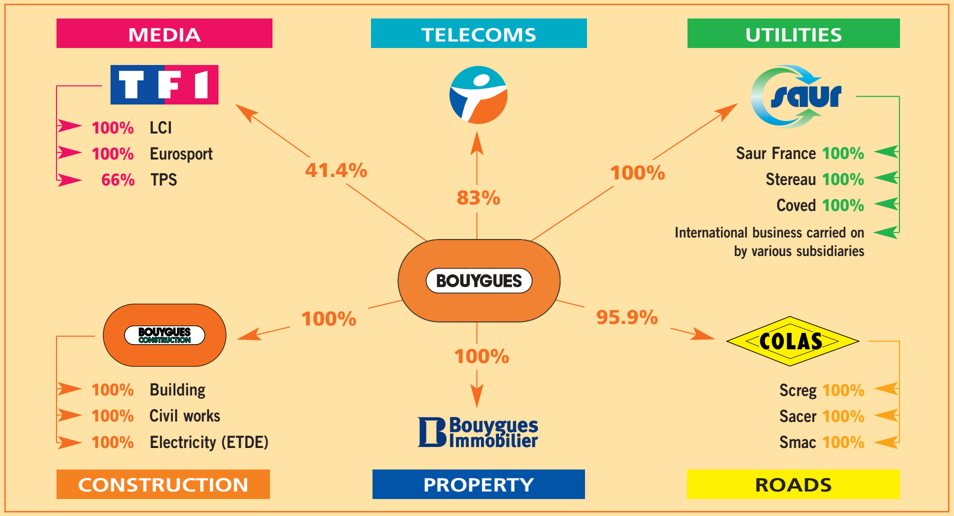
BOUYGUES

in brief 2003



BOUYGUES

Simplified Group organisation chart



Bouygues' strengths

- Strong and original corporate culture shared by all Group companies in every line of business.
- Solid positions in buoyant markets undergoing rapid development, where the Group can capitalise on its expertise and ability to innovate.
- Sound financial position with low debt and capacity to generate significant cash flow.
- Three business lines, construction, TF1 and Bouygues Telecom, each generates earnings of roughly €200m.

Significant events of 2003

Group

- Strong bottom-line growth: net earnings up 41% on 2002.
- Sharp improvement in cash position despite high capital spending.

Telecoms-Media

- Increase in the Group's stake in Bouygues Telecom. Bouygues now holds 83% of the equity.
- Successful introduction of Bouygues Telecom's i-mode™ mobile multimedia offering: 500,000 customers at end-2003.
- Margin improvement at TF1, which maintained its leadership in audience share.

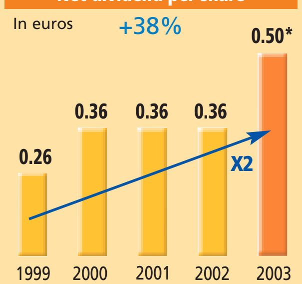
Utilities

- Sale of Saur Water Services by Saur, which reorganised its international business portfolio.

Construction

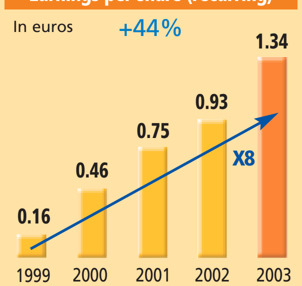
- Recovery confirmed at Bouygues Construction.
- Earnings held steady at a high level at Colas.
- Strong business activity at Bouygues Immobilier.

Net dividend per share



* to be proposed at the AGM on 22 April 2004

Earnings per share (recurring)



Strong 2003 earnings that prepare us well for the future

Solid earnings growth. In 2003 we reaped the benefits of the very large capital outlays Bouygues has made since 1999 – 4.8 billion euros – to strengthen our several lines of business, in particular Bouygues Telecom, Colas, and TPS by way of TF1. Those investments have brought significant earnings growth and are set to go on doing so. In 2003 alone, the Group's net earnings increased by 41%, excluding the capital gain on sale of Bouygues Offshore in 2002. Every one of the Group's business lines contributed to this performance.

Excellent financial situation. More than any other indicator, the Group's cash position provides an objective assessment of how solid our accounts are, and it has never been better. Cash increased by €400 million in 2003 despite the large investments (€1.1bn) that we made last year to increase Bouygues' stake in telecoms. Every one of our business lines improved its cash performance, without exception. Bouygues Immobilier posted positive net cash for the third year in a row, which is remarkable for a property developer.

Good earnings expected in 2004. 2003 was excellent preparation for the earnings we can look forward to in 2004. Our order books are at record levels in both construction and roadworks, and the projects signed are of quality. Bouygues Construction's financial situation has now been set right by a major effort of reorganisation and budget discipline. 2003 also saw TF1's earnings improve quite significantly thanks not only to development of its core television business but also to TF1's diversification strategy, which is beginning to bear fruit. At Bouygues Telecom, having made our choice of i-mode™, developed by the world's leading mobile multimedia company NTT DoCoMo, we are seeing this standard achieve success in France, where already more than 570,000 customers have signed up for this new service.

We remain faithful to the values that have made Bouygues successful and guided our development for more than 50 years. Those values are expressed in an entrepreneurial approach that is prudent in its choices, creative in its proposals and responsible in its commitments. We are always concerned to satisfy our customers because that is a condition for satisfying our shareholders. Their confidence in us depends on our ability to work together harmoniously as a team to meet or exceed their expectations. This strong corporate culture, shared by all our business lines, is the source of the strength of the Bouygues group.

24 February 2004

Martin Bouygues
Chairman and CEO

Sales	Operating income	Net earnings	Debt-to-equity ratio	Cash flow	Free cash flow
€21,822m -2%	€1,238m +17%	€450m +41%*	45%	€2,073m +21%	€1,363m +48%

* excludes gain on sale of Bouygues Offshore

Earnings on a high growth track

2003 was an excellent year for the Bouygues group. With sales stable on a comparable basis, operating income increased by 17% and net earnings by 41% (excluding the effect of the gain on disposal of Bouygues Offshore in 2002).

Financial structure grew stronger as the debt-to-equity ratio fell to 45% from 50% in 2002. Cash flow increased by 21%. Net debt at year-end was €2.8 billion, a decrease of €415 million, despite the acquisition of 16% of Bouygues Telecom for €1.1 billion.

Strong earnings growth at Bouygues Telecom, TF1 and Colas in the past few years enabled all three of those business lines to achieve roughly €200 million of net earnings in 2003: €201 million for Bouygues Telecom, €192 million for TF1 and €204 million for Colas.

Bouygues Construction confirmed its recovery by posting net earnings of €32 million.

In millions of euros

Consolidated income statement

	2002	2003
Sales	**22,247**	**21,822**
Operating income	**1,058**	**1,238**
Net financial items	(291)	(219)
Earnings before tax and exceptional items	**767**	**1,019**
Net exceptional items	368	(14)
Income tax	(316)	(380)
Net earnings of consolidated companies	**819**	**625**
Share in earnings of companies accounted for by the equity method	52	43
Amortisation of goodwill	(42)	(42)
Net earnings before minority interests	**829**	**626**
Minority interests	(163)	(176)
Consolidated net earnings attributable to the Group	**666**	**450**

Consolidated balance sheet at 31 December

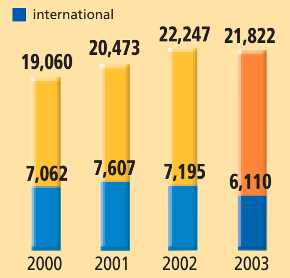
ASSETS	2002	2003
Fixed assets	**12,357**	**11,983**
Inventories, programmes and broadcasting rights	1,778	1,874
Trade and other receivables	8,742	8,596
Current assets	**10,520**	**10,470**
Cash and cash equivalents	1,906	2,616
Total assets	**24,783**	**25,069**
EQUITY AND LIABILITIES		
Shareholders' equity (Group share)	5,011	5,131
Minority interests	1,024	894
Other equity	344	167
Shareholders' equity and other equity	**6,379**	**6,192**
Provisions for liabilities and charges	1,882	1,896
Financial liabilities	4,825	5,160
Long-term capital	**13,086**	**13,248**
Current liabilities	**11,415**	**11,579**
Short-term bank borrowings and overdrafts	282	242
Total equity and liabilities	**24,783**	**25,069**

Consolidated cash flow statement

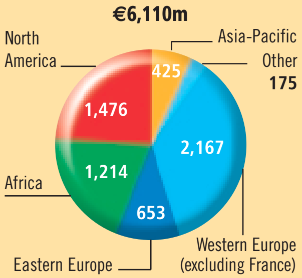
	2002	2003
A - Operating activities		
Cash flow from operations	1,713	2,073
Change in working capital requirement	438	239
Net cash from operating activities	**2,151**	**2,312**
B - Investing activities		
Net investment	(2,867)	(1,573)
Other investing activities	67	80
Net cash used for investing activities	**(2,800)**	**(1,653)**
C - Financing activities		
Dividends paid during the year	(229)	(213)
Other financing activities	562	310
Net cash from financing activities	**333**	**97**
D - Impact of exchange rate movements	**(17)**	**(6)**
Change in cash and cash equivalents (A+B+C+D)	**(333)**	**750**
Cash at beginning of period	1,957	1,624
Cash at end of period	1,624	2,374

Main drivers (in €m)

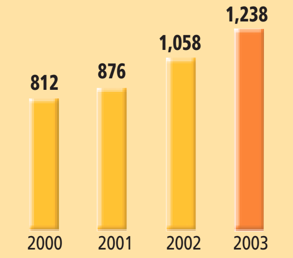
Sales: -2%



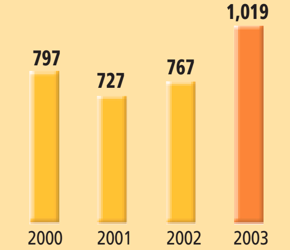
International sales



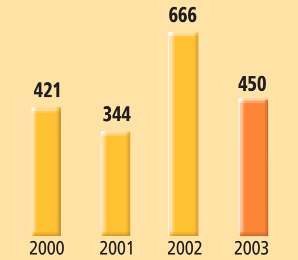
Operating income: +17%



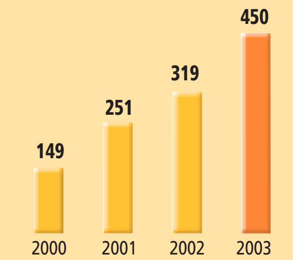
Earnings before tax and exceptional items: +33%



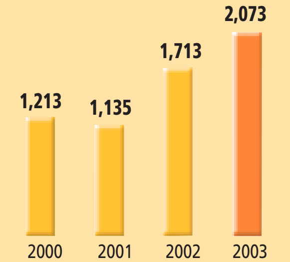
Net earnings: -32%



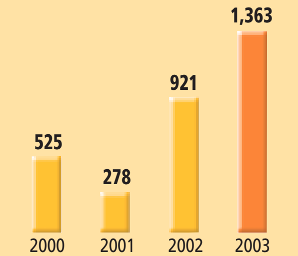
Recurring net earnings: +41%



Cash flow: +21%

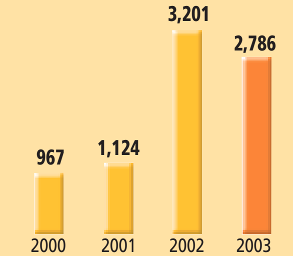


Free cash flow: +48%



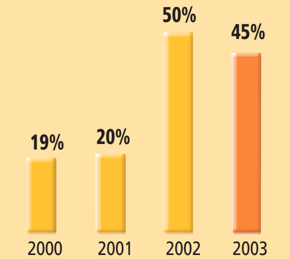
Net debt: -13%

At 31 December

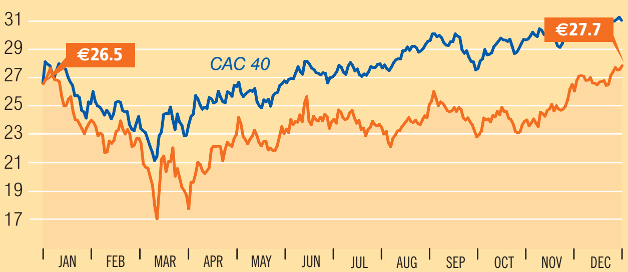


Debt-to-equity ratio

At 31 December



Stock market performance in 2003



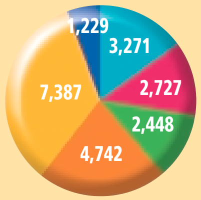
Sales and earnings by business line (in €m)

Bouygues Telecom sales increased by 12%, as did net sales from network, which reached €2,995m. Bouygues Telecom's success is proving the merits of being positioned in market segments with high value added and choosing i-mode™ as its mobile multimedia offering. TF1 posted a 5% rise in sales with a 2.4% increase in net advertising revenue from the core channel. Its diversification business continues to expand thanks notably to TPS and TF1 Video.

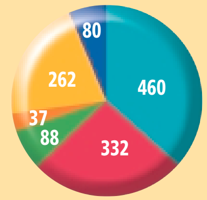
The 3% decline in sales at Saur was due to the reorganisation of its business portfolio abroad (disposal of Saur Water Services) and the contraction of activity in Côte d'Ivoire. In France, Saur's sales were up 2%.

The decline in sales at Bouygues Construction (-14%) was due mainly to the disposal of Bouygues Offshore in 2002. Excluding this disposal, sales were down 4% overall, up 6% in France but down 14% on international markets. Sales at Colas were stable overall, up 4% in France and down 5% internationally. If exchange rates had not changed, Colas' top line would have increased by 4%. Sales at Bouygues Immobilier declined by 4% owing to a slowdown in the commercial/corporate property segment (down 24%). Growth in the residential property segment remained brisk (up 17%).

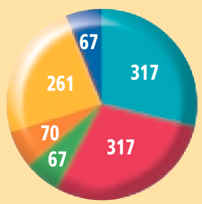
Sales



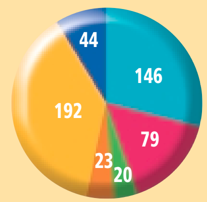
Operating income



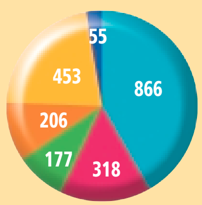
Earnings before tax and exceptionals



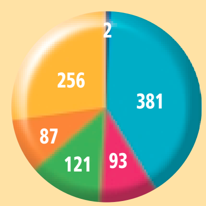
Net earnings (Group share)



Cash flow



Net operating investment



- Bouygues Telecom
- TF1
- Saur
- Bouygues Construction
- Colas
- Bouygues Immobilier

2004 Objectives (in €m)

Sales (o)

at comparable scope

€22,380m (+3%)

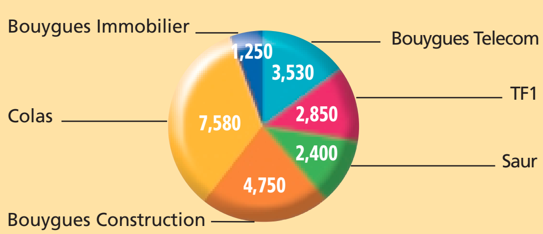
international

€6,060m (-1%)

Net earnings

Significant earnings growth

Sales by line of business (o)



People, our greatest resource

The culture of the Bouygues group puts people first. It is built around the essential values of team spirit, individual responsibility, ethical conduct and respect.

Attracting talent

With more than 7,900 recruitments in France in 2003 (up 4.6%), Bouygues continues to play a dynamic part on the employment market despite difficult economic conditions. For its new recruits, nearly 70% of whom are under the age of 30, Bouygues organises induction days led by managers from the six business areas to initiate them to the history and values of the Group. In 2003 a thousand management employees participated in these sessions. In addition, each month some twenty managers are invited to a luncheon at which they can converse freely with Martin Bouygues.

Developing skills

The Group's training expenditures in France were up 3% in 2003 to €71m, which represents 3.7% of payroll expense excluding social charges. The subsidiaries provide vocational and management training for their employees.

Colas has worked with USIRF, a union for roadwork professionals, to establish vocational certificates for workers in infrastructure utilities, implemented in 2003. This certification programme is intended to confer a professional diploma as validation of the skills acquired by employees through in-house training. In addition, an international programme organised by Bouygues in partnership with Insead each year offers 25 Group managers the opportunity to receive management training in France and North America.

Give employees a stake in the Group's success

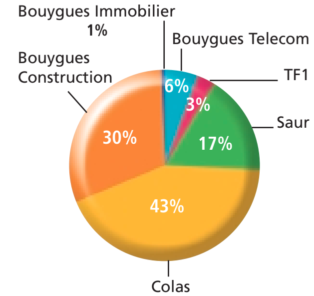
Bouygues is strongly committed to its policy of setting pay on an individualised basis that depends on the professionalism, performance and potential of each person. Moreover, at year-end 2003 Group employees held 11% of the shares and 16% of the voting rights of Bouygues SA. Bouygues leads all other companies in the CAC 40 index in percentage of employee share ownership.

Les Compagnons du Minorange

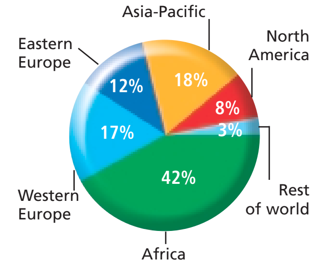
Founded in 1963 in the construction division, the Order of the Compagnons du Minorange celebrated its fortieth anniversary last year. As the flag-bearer at the work site for professional, moral and human values and dedication to the job well done, the Order has expanded on the same principles to other Group companies (Colas and Saur). In all, there are now 1,772 guild workers belonging to 22 orders, including orders established abroad, notably in Africa.

At 31 December 2003

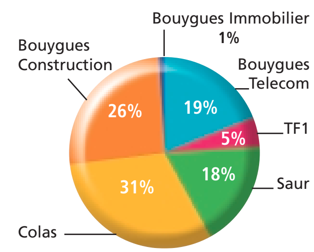
124,300 employees: +3.1%



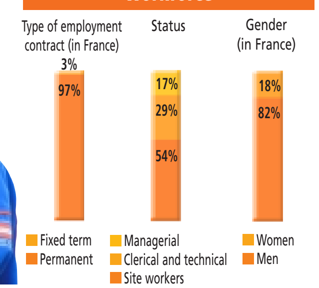
55,900 outside France: +4.7%



7,900 new recruits in France: +4.6%



Workforce



Environment and society: a sense of responsibility

With its strong entrepreneurial culture marked by a sense of responsibility, the Bouygues group favours a pragmatic approach to progress in preserving the environment and sustaining economic and social development.

A detailed report on social and environmental issues is included in the Bouygues annual report for 2003.

Environment

Economise on the use of natural resources. Bouygues Telecom, TF1 and Saur have all undertaken to monitor their energy consumption and implement plans to reduce it. Colas has perfected several processes to recycle pavements and reduce consumption of new materials. Bouygues Construction and Bouygues Immobilier have developed expertise in constructing buildings bearing the High Environmental Quality label, which is aimed in particular at reducing water and energy consumption.

Integrate into the living environment. For Bouygues Telecom, this means constant efforts to ensure that its base stations blend in visually with their surroundings. For the construction businesses, it also means being respectful of those living or working near job sites. Thus, on an increasingly systematic basis, Bouygues Construction is studying traffic plans with local authorities to reduce disturbances in the vicinity of its job sites.

Manage waste. At Saur in France, 67% of the 65,000 tonnes of sewage sludge of suitable agronomic quality is reprocessed for use in agriculture. In France, protocols established by Colas with outside contractors have made possible sorting and treatment of special industrial scrap from the workshops; in 2003, 379 tonnes of such scrap were reprocessed, an increase of 34%.

Certify. The Group companies most concerned by environmental problems have launched a gradual but proactive programme of ISO 14001 certification.

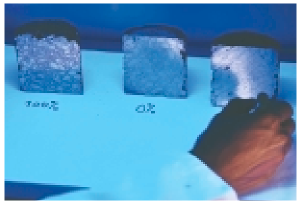
At year-end 2003 Colas had obtained 43 certifications in France (compared with 23 at year-end 2002), and the company plans to achieve systematic certification of all its industrial activities within a brief time frame. This environmental approach is also being generalised to international operations.

Some of Bouygues Construction's lines of business have likewise started on this environmental certification process. In 2003 Bouygues TP became one of the first large construction businesses in France to obtain triple certification: ISO 14001 (environment), ISO 9001 (quality) and OHSAS 18001 (health and safety).

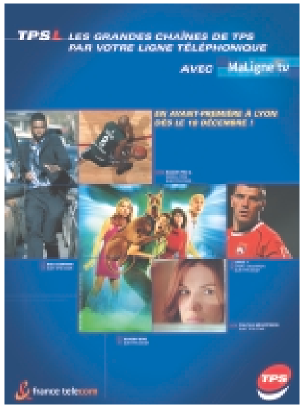
Saur is gradually implementing environmental management systems that will lead in the medium term to ISO 14001 certification of all its activities in France and abroad.

Research and innovation

Innovate for the environment. Saur has developed several processes to treat and re-use sewage sludge. It is working on two approaches: composting sludge along with green waste, and solar drying. At Colas as well, the environment has been one of the major orientations of research and development in the past few years. The company has been developing non-polluting products and substances, recycled products and energy-saving techniques. In 2003, for example, Colas created a revolutionary bitumen-free binder entirely of vegetable origin.



Innovate for the welfare of all. Protecting the health and improving the safety and comfort of consumers, neighbours and workers is also a research priority for Group companies. Bouygues Construction, for example, has developed the "cigar cutter", a remotely controlled tracked vehicle that replaces the pneumatic hammer for certain renovation work. At the same time that it makes tasks less laborious for the workers, it also suppresses noise in excess of 10 dB, limiting the environmental nuisance for others in the vicinity.



Innovate to improve the services that we offer. In December 2003, after a year of trials, TPS launched TPSL, a digital TV package delivered via ADSL over ordinary telephone lines. Also in 2003, Bouygues Immobilier set up an Innovation Committee that has gathered up nearly 300 ideas. One of those ideas, for housing equipped with a multimedia network, will be brought to market during the year.

Civil society

As a supplier of infrastructure and essential services for the long term, the Bouygues group establishes ongoing relations with local authorities and maintains responsible dialogue with society. Numerous corporate support actions in the humanitarian, medical, social and cultural domains are undertaken at the initiative of Bouygues subsidiaries or the parent company.

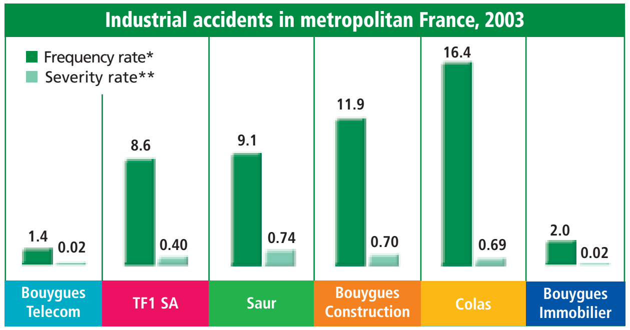
Kabul Hospital

In 2003 Bouygues mobilised to build a children's hospital in Kabul, Afghanistan. The first phase of work will be completed in June 2004, enabling the hospital to open in autumn 2004.

Safety

Safety is another priority for Bouygues, and this is reflected in workplace accident statistics in France that are often better than those of the activity sector as a whole.

Owing to the diversity of the Group's activities and the differing levels of risk in each, aggregated figures are not meaningful, and the data are not comparable from one business area to another.



* Number of industrial accidents resulting in lost work days, per million man hours.
** Number of work days lost due to industrial accidents, per thousand man hours.

Bouygues Telecom

Sales 2003
€3,283m (+12%*)

Ebitda/Sales from network
33.4% (vs 31.5%)

Net earnings (Group share)
€201m (+55%)

Employees
6,900

Sales objective 2004
€3,550m (+8%)

*excluding third-party sales

Significant events

- January: **Bouygues SA buys E.ON's shareholding** in Bouygues Telecom, increasing its equity stake to 72.9%.
- March: **Référence** and **Intégral** contract plans introduced.
- May: **Extended GSM** launched to improve network coverage.
- June: **Number portability implemented;** Bouygues Telecom wins **Trophy for Social Innovation in telecoms.**
- July: Agreement signed for **coverage of blind spots.**
- October: **Bouygues further increases its equity stake.**
- November: **enhanced i-mode™** capabilities (photo, animation, localisation); launch of **iPDA** with Microsoft; **Campus i-mode™** for content providers and partners.

Mobile telephony and multimedia

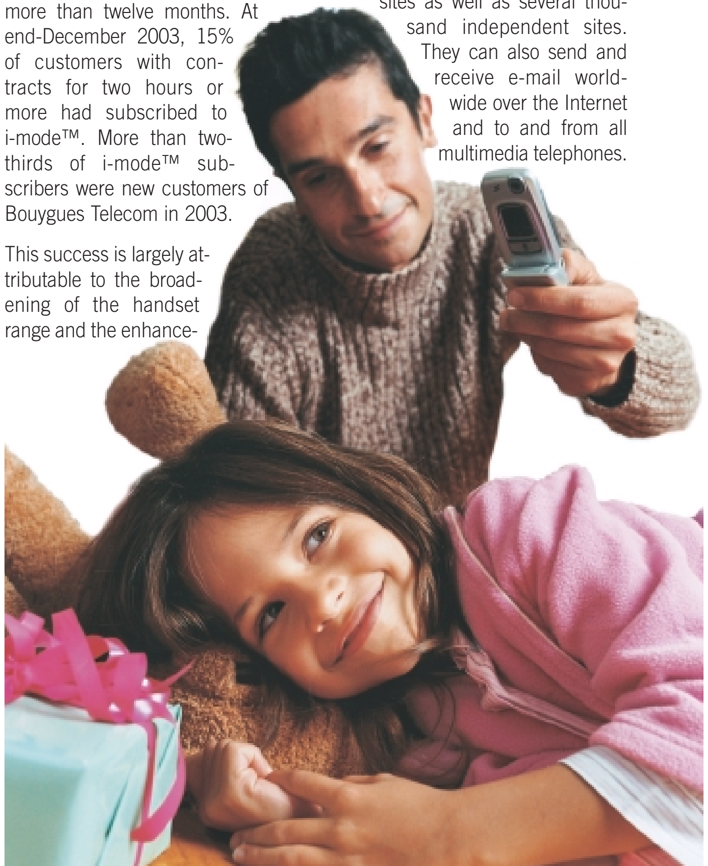
Established in 1994, Bouygues Telecom has developed rapidly in the intensely competitive mobile phone market. With 6.5 million customers in metropolitan France, 4.2 million of them contract customers, the company's ambition is "to become the preferred brand of mobile communication service". Its objective is to be constantly improving its customer appeal and customer service.

i-mode™: a resounding success

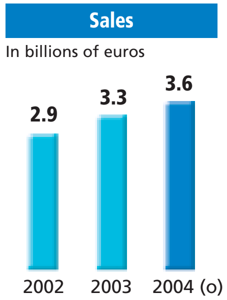
Launched in France in late 2002 as a Bouygues Telecom exclusive, this pocket Internet service has won over more than half a million customers in a little more than twelve months. At end-December 2003, 15% of customers with contracts for two hours or more had subscribed to i-mode™. More than two-thirds of i-mode™ subscribers were new customers of Bouygues Telecom in 2003.

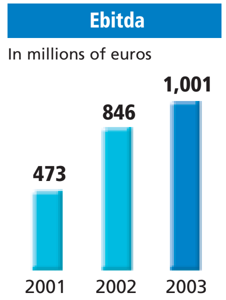
This success is largely attributable to the broadening of the handset range and the enhancement of the service offering to include picture messaging, a catalogue of more than 70 games, Java applications to monitor news in real time (general, stock market, sports) and "Près d'ici" ("near here") localisation services.

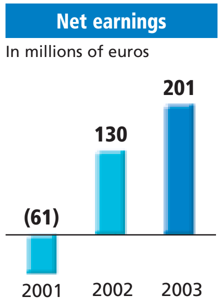
i-mode™ customers now have access to more than 220 official sites as well as several thousand independent sites. They can also send and receive e-mail worldwide over the Internet and to and from all multimedia telephones.

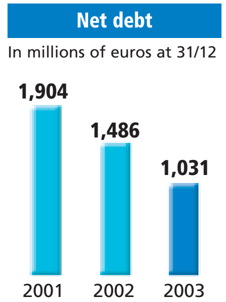


- **Sharp decrease in net debt: –31%**
- **Further rise in Ebitda/Sales margin**









Marketing creativity

• Contract

The first company to offer billing by the second from the first second of the call, Bouygues Telecom simplified its range of contract plans in 2003. The high-end plans, Référence and Intégral, include from 2 to 10 hours of airtime per month, while the Mini-Forfait plans for more occasional users include 45 minutes to 1.5 hours. New in 2003, Super Millennium, a particularly generous unlimited plan, has met with great success.

• Prepaid

Bouygues Telecom switched to billing by the second on all prepaid cards in January 2003. The Nomad card is currently the only prepaid offering on the French market to be charged by the second from the first second, at no extra cost. The range of refill options was expanded in November with the objective of making it simpler and better suited to customer needs.

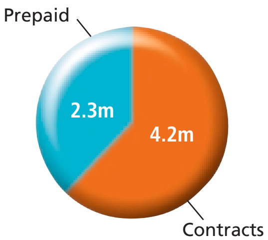
Consolidated balance sheet at 31/12

ASSETS *(in millions of euros)*	2002	2003
FIXED ASSETS	3,322	3,199
Inventories and work in progress	103	96
Trade and other receivables	1,378	1,283
CURRENT ASSETS	1,481	1,379
Cash and cash equivalents	441	303
TOTAL ASSETS	5,244	4,881
EQUITY AND LIABILITIES *(in millions of euros)*		
Authorised capital and reserves	1,350	1,553
Minority interests	3	-
SHAREHOLDERS' EQUITY	1,353	1,553
Other equity	795	767
SHAREHOLDERS' EQUITY AND OTHER EQUITY	2,148	2,320
Provisions for liabilities and charges	54	36
Financial liabilities	1 842	1 232
LONG-TERM CAPITAL	4,044	3,589
CURRENT LIABILITIES	1,115	1,190
Short-term bank borrowings and overdrafts	85	102
TOTAL EQUITY AND LIABILITIES	5,244	4,881

Consolidated income statement

(in millions of euros)	2002	2003
SALES	2,945	3,283
OPERATING INCOME	305	461
Net financial items	(150)	(144)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	155	317
Net exceptional items	-	47
Income tax	(26)	(166)
NET EARNINGS OF CONSOLIDATED COMPANIES	129	198
Share in earnings of companies accounted for by the equity	-	-
Amortisation of goodwill	-	-
NET EARNINGS BEFORE MINORITY INTERESTS	129	198
Minority interests	1	3
CONSOLIDATED NET EARNINGS attributable to the Group	130	201

6.5 million customers
metropolitan France



Market share by value

18.2% in 2003
(17.6% in 2002)

i-mode™ (end 2003)

500,000 customers
220 services
12m e-mail messages in 2003

Customer service

2,500 customer advisers
455 "Bouygues Telecom Clubs"

SMS messages in 2003

Over 2 billion (+33%)

Network

11,000 base stations

International coverage

Roaming agreements with 352 operators in 177 countries

- **Business customers**

Thanks to its new service offerings, especially mobile multimedia, and to number portability, Bouygues Telecom has been the winner in competitive bidding for numerous large corporate accounts: SNCF, EDF-GDF, Ford, DHL, BNP-Paribas, the Council of Europe, Géodis, Interpol, Stéria and, most recently, Danone, Volkswagen and ESF.

Listening to customers

2,500 customer advisers are there to listen to customers in order to provide a solution suited to their needs. Bouygues Telecom's intention is to forge relationships with customers based on confidence and quality, which help to maintain customer loyalty. In 2003 the company made its customer service even more available by:

- developing an emergency hotline service available 24/7 (for loss, theft, etc.),
- offering free use of an interactive voice assistance server (614/630/634),
- developing a variety of contact solutions,
- increasing the reliability of the information systems.

Network quality

In areas that already have coverage, Bouygues Telecom continues to add dual-band capability, which further enhances network coverage and increases traffic capacity to make room for unlimited airtime offerings. More than 1,600 sites throughout the territory were modified for this purpose in 2003. In rural areas, Bouygues Telecom is replacing its 1,800 MHz base stations with 900 MHz stations that cover a greater area. At the same time, the company continues to extend its coverage, especially in rural areas. Nearly 600 new sites were added in 2003.

"Clubs Bouygues Telecom" boutiques

The 455 Bouygues Telecom boutiques spread across the whole of France ensure a local retail presence for most customers. Bouygues Telecom offerings are also available at more than 10,000 other outlets ranging from mass merchandisers to small shops, as well as on the Internet at L@ Boutique, a full-service online store. In 2003 the retail network balanced its already strong city-centre presence by investing in fast-growing suburban shopping centres.

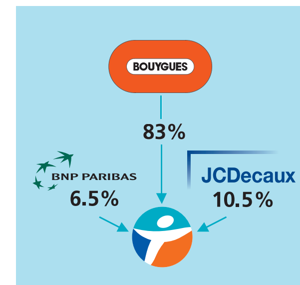
Bouygues Telecom Caraïbe

Bouygues Telecom Caraïbe, a wholly owned subsidiary set up in January 2000, opened its network for business a year later, first in Martinique and Guadeloupe and then in French Guiana. The company offers services tailored to the local market, primarily prepaid plans, and now has more than 116,000 customers. It has also continued to deploy its network, which is now virtually complete.

Bouygues increases its stake

Following a change in strategy by the German group E.ON, Bouygues bought part of E.ON's holding of Bouygues Telecom shares in January 2003. The transaction involved a 5.8% stake and raised Bouygues' holding to 72.9%.

On 30 December 2003 Bouygues acquired the remainder of E.ON's holding, amounting to 10.14% of Bouygues Telecom's shares, by exercising a call option that was valid through October 2005. Bouygues now holds 83% of the shares of Bouygues Telecom.



OUTLOOK FOR 2004

Bouygues Telecom is aiming for top-line growth of about 8%. On the strength of its simple and innovative solutions, the company will pursue its efforts to win over customers and become their preferred provider in terms of usage and services.

The company has set itself four major objectives:

- Develop mobile multimedia services, in particular i-mode™. Provided at a reasonable cost, these services are useful and can generate additional revenue from individual and business customers.
- Stay positioned in the high value added market segments – heavy users and business customers – by offering generous package plans carefully tailored to usage patterns.
- Improve profitability not only by increasing sales but also by controlling operating costs and marketing expenditures.
- Prepare for the deployment of high data rate solutions (first EDGE, then UMTS).

Number one television group in France

Sales 2003
€2,743m (+4%)
Operating income
€334m (+14%)
Net earnings (Group share)
€192m (+24%)
Employees
3,700
Sales objective 2004
€2,867m (+5%)

Significant events

- **Conflict in Iraq:** 14 reporting teams, 54 journalists and technicians sent.
- **Record audience** of 12.2m viewers (50.2% share) for the series *L'affaire Dominici.*
- **TPSL** (digital TV over ADSL) launched in Lyon in partnership with France Télécom in December.
- TF1 and France Télévisions announced in September a **French-language international 24-hour news channel,** to be launched before year-end 2004.
- TF1 acquires a 34.3% equity stake in **Publications Metro France,** publisher of the Metro free daily in Paris, Lyon and Marseille.

France's leading general-interest TV channel, TF1 is successfully continuing its diversification into publishing and distribution of spin-off products, Internet activities, theme channels, sale of audiovisual rights, and pay TV via TPS. In 2003 its net earnings attributable to the Group improved sharply (up 24%).

Broadcasting

Watched by more of the French population than any other channel, TF1 garnered an audience share of 31.5% in 2003. Thanks to its combination of regular programming and special events, the channel achieved 95 of the top 100 audience ratings and was the evening prime-time leader more than 90% of the time. TF1's strengths: dramatic series (*Navarro, Julie Lescaut, L'affaire Dominici,* etc.), news (51.8% audience share on average for the 1pm news show, 40.8% and rising for the 8pm broadcast), films, entertainment shows (10.1 million viewers for the final of *Star Academy III*) and sport.

Advertising

Net advertising revenue of the core channel increased by 2.4% against a backdrop of unstable economic conditions and a climate of uncertainty due to the conflict in Iraq. With visibility lacking, advertisers took a wait-and-see stance and made mainly short-term advertising buys. Even so, TF1 strengthened its leading position by snaring a 54.7% share of the TV advertising market, up slightly from the previous period.

Diversification

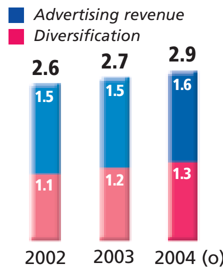
The company's diversification activities posted top-line growth of 7.3% thanks to good performances by:

- TF1 Video, which scored hits with *Lord of the Rings - The Two Towers, Jean-Marie Bigard* and the *Ushuaïa Nature* boxed sets,
- TPS, which had 1,527,000 subscribers at year-end,
- Teleshopping, which enjoyed good sales results and brisk Internet business,
- TF6, which grew by 34.5%.

- **Improvement in margins**
- **Audience share unequalled in Europe**

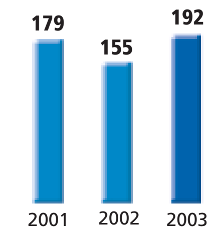
Sales

In billions of euros

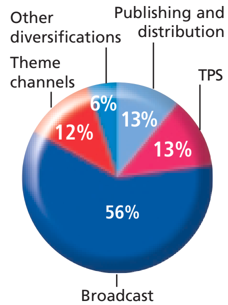


Net earnings

In millions of euros

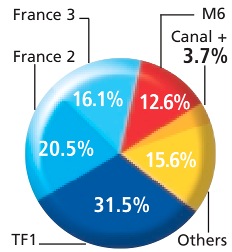


Sales by segment



Audience shares

Individuals aged 4 and over



Source Médiamétrie

OUTLOOK FOR 2004

While keeping control of programming costs, which are set to rise by 4–5%, TF1 is intent on bolstering the already strong position of the TV channel. It is the main source of revenue to finance developments in production, acquisition, distribution and exploitation of content. Aiming to make TPS the leading player in pay TV in France, TF1 will shortly be rolling out its new TPSL offering in major cities. This service, launched in Lyon in December 2003, provides a TV programming over high-speed (ADSL) telephone lines.

The diversification businesses are on track to move into profit in 2004, and TPS (excluding ADSL) should reach break-even. Consolidated sales of the TF1 group are set to increase by 4-5% and advertising revenues by 3-5% as the economic outlook improves and some sectors previously barred from advertising on TV are allowed to run commercial spots. Caution is in order, however, in view of the advertising markets' low visibility and high volatility. Net earnings are set to increase again in 2004.

Consolidated balance sheet at 31/12

ASSETS *(in millions of euros)*	2002	2003
FIXED ASSETS	1,232	1,220
Inventories, programmes and broadcasting rights	676	704
Trade and other receivables	1,176	1,104
CURRENT ASSETS	1,852	1,808
Cash and cash equivalents	54	185
TOTAL ASSETS	3,138	3,213
EQUITY AND LIABILITIES *(in millions of euros)*		
Authorised capital and reserves	806	866
Minority interests	1	-
SHAREHOLDERS' EQUITY	807	866
Other equity	-	-
SHAREHOLDERS' EQUITY AND OTHER EQUITY	807	866
Provisions for liabilities and charges	140	165
Financial liabilities	529	627
LONG-TERM CAPITAL	1,476	1,658
CURRENT LIABILITIES	1,643	1,554
Short-term bank borrowings and overdrafts	19	1
TOTAL EQUITY AND LIABILITIES	3,138	3,213

Consolidated income statement

(in millions of euros)	2002	2003
SALES	2,625	2,743
OPERATING INCOME	293	334
Net financial items	(30)	(14)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	263	320
Net exceptional items	(4)	(8)
Income tax	(94)	(115)
NET EARNINGS OF CONSOLIDATED COMPANIES	165	197
Share in earnings of companies accounted for by the equity method	(1)	-
Amortisation of goodwill	(9)	(12)
NET EARNINGS BEFORE MINORITY INTERESTS	155	185
Minority interests	-	7
CONSOLIDATED NET EARNINGS attributable to the Group	155	192

Utilities: water, energy, environmental services

Sales 2003
€2,450m (-3%)

Operating income
€87m (vs €108m)

Net earnings (Group share)
€-17m (vs €27m)

Employees
21,100

Sales objective 2004
€2,400m (+2%*)

*at constant scope

Significant events

- **International:** Saur Water Services (Great Britain) sold to an Australian investment fund in late September 2003.
- **Saur France:** Saphir customer management software deployed throughout the service area. Extreme weather conditions, with summer drought followed by flooding at year-end.
- **Environmental services:** Coved withdraws from the incineration business by selling its Cideme subsidiary.
- **Stereau:** Contracts signed for the Guilvinec (Finistère), Roques-sur-Garonne (Haute-Garonne), Thuit-Signol and La-Couture-Boussey (Eure) water treatment plants, which illustrate how Stereau has positioned itself in the innovative solar drying and membrane technologies.

Saur is active in all stages of the water cycle business: construction of drinking water production plants and water supply; wastewater disposal and construction and operation of wastewater treatment plants. Saur also provides power generation, transmission and distribution services and handles solid waste collection and processing.

Saur France

As the country's third-largest contract operator of water and sewage systems, Saur France provides drinking water and treats wastewater for 6 million residents of 7,000 municipalities. The company has succeeded in maintaining its market share against intense competition and is achieving top-line growth of 2.7%. In 2003 the company expanded in activities related to its core business, such as refitting and upgrading of water facilities and laying and refurbishment of pipes and mains.

International

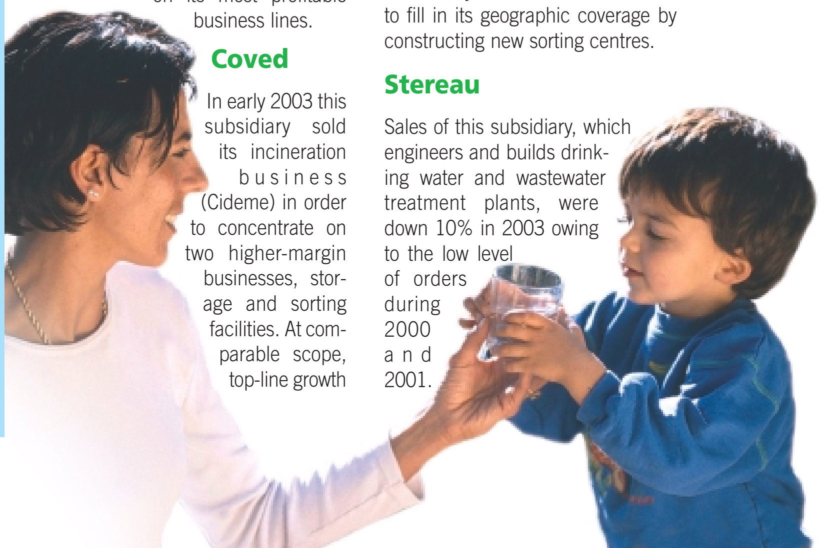
With the sale of Saur Water Services in Great Britain, international business shrank by 12%. Saur forged ahead with its policy of refocusing on its most profitable business lines.

Coved

In early 2003 this subsidiary sold its incineration business (Cideme) in order to concentrate on two higher-margin businesses, storage and sorting facilities. At comparable scope, top-line growth was nearly 11%. Coved continued to fill in its geographic coverage by constructing new sorting centres.

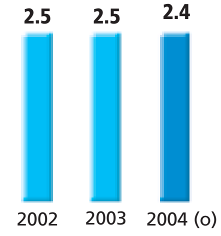
Stereau

Sales of this subsidiary, which engineers and builds drinking water and wastewater treatment plants, were down 10% in 2003 owing to the low level of orders during 2000 and 2001.

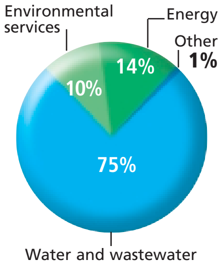


• *Improvement in net earnings excluding the sale of Saur Water Services*

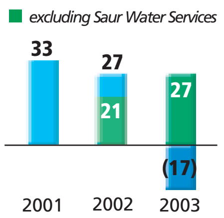
Sales



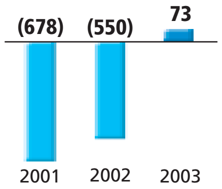
Sales by segment



Net earnings



Net cash



OUTLOOK FOR 2004

Saur is aiming for top-line growth of 2% at comparable scope. Saur France will pursue steady growth by renewing its portfolio of existing contracts while building up its business with industrial customers. When completed, the deployment of the Saphir CRM software, which entails organisational changes, will make it possible to achieve improved productivity.

At Stereau, the level of orders taken in 2002 was good, and this should ensure top-line growth. In addition, the company has targeted several projects abroad.

The market for environmental services is expanding rapidly. At Coved, the very favourable trend in its order backlog confirms its forecasts of medium-term growth.

Internationally, after the difficulties encountered with all-private concession approach, the various players in the market – national and local governments, international institutions, etc. – are seeking to establish more effective models founded on a better public/private division of roles.

Consolidated balance sheet at 31/12

ASSETS *(in millions of euros)*	**2002**	**2003**
FIXED ASSETS	**2,012**	**1,133**
Inventories	61	60
Trade and other receivables	1,310	1,329
CURRENT ASSETS	**1,371**	**1,389**
Cash and cash equivalents	96	313
TOTAL ASSETS	**3,479**	**2,835**
EQUITY AND LIABILITIES *(in millions of euros)*		
Authorised capital and reserves	610	542
Minority interests	33	32
SHAREHOLDERS' EQUITY	**643**	**574**
Other equity	29	29
SHAREHOLDERS' EQUITY AND OTHER EQUITY	**672**	**603**
Provisions for liabilities and charges	494	452
Financial liabilities	586	202
LONG-TERM CAPITAL	**1,752**	**1,257**
CURRENT LIABILITIES	**1,667**	**1,540**
Short-term bank borrowings and overdrafts	60	38
TOTAL EQUITY AND LIABILITIES	**3,479**	**2,835**

Consolidated income statement

(in millions of euros)	**2002**	**2003**
SALES	**2,516**	**2,450**
OPERATING INCOME	**108**	**87**
Net financial items	(30)	(20)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	**78**	**67**
Net exceptional items	(38)	(63)
Income tax	(4)	(7)
NET EARNINGS OF CONSOLIDATED COMPANIES	**36**	**(3)**
Share in earnings of companies accounted for by the equity method	9	2
Amortisation of goodwill	(10)	(9)
NET EARNINGS BEFORE MINORITY INTERESTS	**35**	**(10)**
Minority interests	(8)	(7)
CONSOLIDATED NET EARNINGS attributable to the Group	**27**	**(17)**

Sales 2003
€5,002m (-5%*)

Earnings before tax and exceptionals
€70m (x2.2*)

Net earnings (Group share)
€32m (vs -€37m*)

Employees
37,700

Sales objective 2004
€5,030m (+1%)

* pro forma

Major projects

Contracts signed

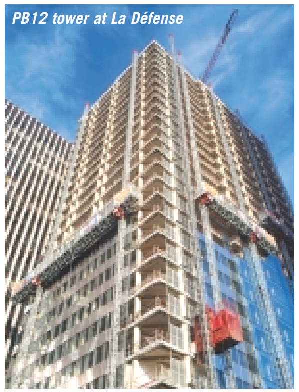
- Renovation of future headquarters of newspaper Le Monde in Paris (€34m)
- Additional packages of TGV Est rail line
- Hospital in London (€110m)
- Port of Tangier (€225m)
- Exhibition centre in Turkmenistan (€49m)
- Office buildings in Sakhalin, Russia (€55m)
- Exhibition centre in Hong Kong (€225m)

Work in progress

- A28 motorway (France)
- Nuclear simulation centre in Bordeaux (€135m)
- TGV Est rail line (€101m)
- UK Home Office (€325m)
- Groene Hart (Netherlands, €417m) and Ferden (Switzerland, €210m) tunnels
- Motorway in Jamaica (€122m)
- Mosque and museum in Turkmenistan (€117m).

Full-service contractor

Bouygues Construction is active in building, civil works, electrical contracting and maintenance. It combines the strength of a large group with the responsiveness of a network of smaller contracting businesses. In recent months the company has seen its earnings improve markedly.



PB12 tower at La Défense

France

- The building market stayed at the plateau reached in 2002, but activity in the regions continued at a high level, sustained by maintenance and renovation work as well as public infrastructure projects. In the Greater Paris area, sales were down 12%, as a result of the decline in the market, in particular for large office projects.
- Civil works were up nearly 77% as work began during the second half on a number of large infrastructure projects, including the A28 motorway.

International

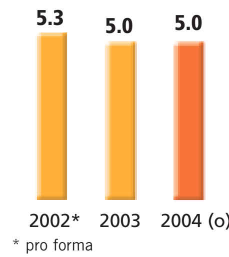
- In Western Europe and in Central and Eastern Europe, activity was characterised by large, high-value projects (Home Office in London, Groene Hart tunnel in the Netherlands, sports arena in Budapest, etc.).
- In Asia-Pacific, after several years of decline, Bouygues Construction is seeing a recovery in demand, confirmed by the recent contract to build an exhibition centre in Hong Kong (€225m).
- In Central America and the Caribbean, a growth area for the company, activity remained buoyant on the strength of infrastructure projects.
- In Africa, activity was stable.

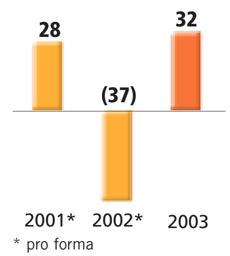
Electrical contracting

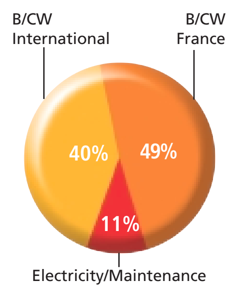
ETDE's top line was up 11% owing largely to its acquisition of six companies, and the level of new orders was good.

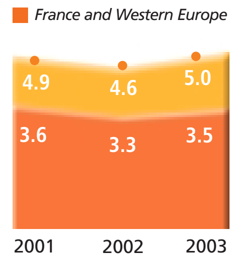
TBM on the Lok Ma Chau worksite in Hong Kong

- ***Order book at a new record high***
- ***Earnings rebound confirmed***









OUTLOOK FOR 2004

In France, the building market is set to stabilise after the slowdown seen in 2003. Some signs of recovery are appearing in the residential sector. The maintenance and renovation business, which is relatively non-cyclical, will continue to grow.

Activity in civil works should hold steady thanks to private financing of public investment projects, particularly for transport infrastructure.

Internationally, economic uncertainties threaten to weigh on the construction industry. However, the United Kingdom and Asia, where Bouygues Construction has recently signed some large contracts, will be areas of strong activity.

The electrical contracting division, with its external growth strategy, is set to keep advancing.

At year-end 2003, new orders stood at €5.4 billion, compared with €4.9 billion at year-end 2002.

Consolidated balance sheet at 31/12

ASSETS *(in millions of euros)*	2002*	2003
FIXED ASSETS	663	590
Inventories	78	81
Trade and other receivables	2,039	1,962
CURRENT ASSETS	2,117	2,043
Cash and cash equivalents	1,288	1,572
TOTAL ASSETS	4,068	4,205
EQUITY AND LIABILITIES *(in millions of euros)*		
Authorised capital and reserves	210	222
Minority interests	5	6
SHAREHOLDERS' EQUITY	215	228
Other equity	-	-
SHAREHOLDERS' EQUITY AND OTHER EQUITY	215	228
Provisions for liabilities and charges	522	542
Financial liabilities	134	149
LONG-TERM CAPITAL	871	919
CURRENT LIABILITIES	3,069	3,209
Short-term bank borrowings and overdrafts	128	77
TOTAL EQUITY AND LIABILITIES	4,068	4,205

Consolidated income statement

(in millions of euros)	2002*	2003
SALES	5,253	5,002
OPERATING INCOME	4	37
Net financial items	28	33
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	32	70
Net exceptional items	(44)	(12)
Income tax	(26)	(27)
NET EARNINGS OF CONSOLIDATED COMPANIES	(38)	31
Share in earnings of companies accounted for by the equity method	2	3
Amortisation of goodwill	-	-
NET EARNINGS BEFORE MINORITY INTERESTS	(36)	34
Minority interests	(1)	(2)
CONSOLIDATED NET EARNINGS attributable to the Group	(37)	32

*pro forma

World leader in *roadworks*

Sales 2003
€7,426m (=)

Operating income
€262m (-10%)

Net earnings (Group share)
€204m (-2%)

Employees
53,100

Sales objective 2004
€7,620m (+3%)

Significant events

Notable projects

- France: building 27 km of the A89 motorway, repairing 50 km of the A10 and 14 km of the Cannes-Grasse rail line, constructing several packages of the Bordeaux tram line and the Dourges logistics platform, roofing and cladding of the Grande Halle exhibition centre in central France, signalling for terminal 2E at Charles de Gaulle airport.
- International: building 42 km of motorway in Romania, 80 km of roads in Madagascar and 37 km in Georgia (United States).

Production of materials

- 93.5 million tonnes of aggregates.
- 51 million tonnes of asphalt mixes.
- 1.3 million tonnes of emulsions and binders (world's largest producer).
- Colas has 20–25 years of reserves of roadbuilding materials.

Active in every area of transport infrastructure, Colas integrates all the upstream industrial activities, from quarries and mixing plants to factories producing emulsions and binders. The company has operations in more than 40 countries. In 2003 it once again achieved good performance.

Colas posted a modest increase in sales without any significant external growth and despite flat or weak demand growth in the markets where it does most of its business.

France

Colas enjoyed a high level of business thanks to rising spending by local authorities and continued private investment. Sales were up in roadworks (4%), traffic signalling and safety (3%) and railway work (15%) but flat in waterproofing and down in pipelines and mains. A few acquisitions enabled Colas to pursue growth in production of materials, notably the Castille quarry in the south of France, which produces 450,000 tonnes a year and represents 12.5 million tonnes of reserves.

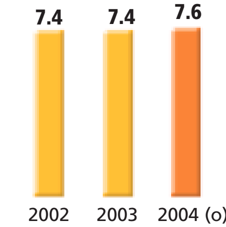
International

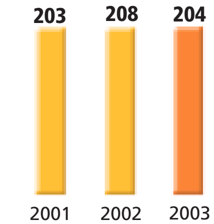
Extreme weather conditions for a good part of the year in the eastern United States, coupled with the depreciation of the dollar against the euro and difficult working conditions for several projects in Africa, led to a 5% decline in sales. At comparable scope and exchange rates, however, business was up 2% over 2002.

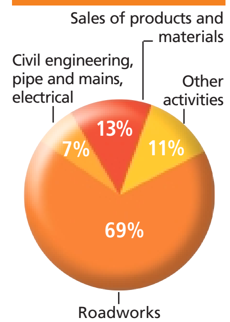
Colas achieved good performance in Europe, particularly Central Europe (Hungary, Czech Republic and Romania), where business increased by nearly 20%.

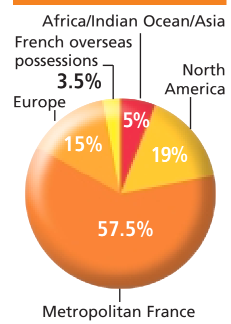
Business in Asia was flat.

• Earnings remained strong despite unfavourable exchange rates









OUTLOOK FOR 2004

The order book was up 8% at end January 2004, and business is off to a good start in the first quarter. Weather-related uncertainties call for continued caution, but the general level of confidence is higher than it was last year at the same time.

Colas has many strengths: a network of profitable businesses in which much of the activity is non-cyclical; a large share of industrial activities; a revenue stream earned 95% in developed countries; solid finances; and 1,200 business units in close proximity to their markets.

After two years of limited external growth, and with privatisation of France's motorway network ruled out for the time being, Colas is set to resume an acquisition strategy oriented towards industrial activities, notably production of aggregates, and new acquisitions in North America and Europe. If international economic conditions improve, and depending on what opportunities arise, Colas could see renewed growth in 2004.

Consolidated balance sheet at 31/12

ASSETS *(in millions of euros)*	2002	2003
FIXED ASSETS	1,675	1,682
Inventories	191	196
Trade and other receivables	1,977	2,050
CURRENT ASSETS	2,168	2,246
Cash and cash equivalents	383	385
TOTAL ASSETS	4,226	4,313
EQUITY AND LIABILITIES *(in millions of euros)*		
Authorised capital and reserves	945	1,041
Minority interests	22	17
SHAREHOLDERS' EQUITY	967	1,058
Other equity	-	-
SHAREHOLDERS' EQUITY AND OTHER EQUITY	967	1,058
Provisions for liabilities and charges	458	489
Financial liabilities	161	61
LONG-TERM CAPITAL	1,586	1,608
CURRENT LIABILITIES	2,574	2,636
Short-term bank borrowings and overdrafts	66	69
TOTAL EQUITY AND LIABILITIES	4,226	4,313

Consolidated income statement

(in millions of euros)	2002	2003
SALES	7,415	7,426
OPERATING INCOME	292	262
Net financial items	(13)	(1)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	279	261
Net exceptional items	1	2
Income tax	(100)	(85)
NET EARNINGS OF CONSOLIDATED COMPANIES	180	178
Share in earnings of companies accounted for by the equity method	38	38
Amortisation of goodwill	(12)	(12)
NET EARNINGS BEFORE MINORITY INTERESTS	206	204
Minority interests	2	-
CONSOLIDATED NET EARNINGS attributable to the Group	208	204

A leader in property development

Bouygues Immobilier is active in all areas of property development: apartments, cluster housing, offices, retail space, hotels, land development. The company posted excellent sales results and a rise in earnings (up 19%) while continuing to strengthen its financial position.

Sales 2003
€1,230m (-5%)

Operating income
€80m (+29%)

Net earnings (Group share)
€44m (+19%)

Employees
800

Sales objective 2004
€1,250m (+2%)

Significant events

Commercial/Corporate

- Delivery of headquarters buildings in the Greater Paris area for Taylor Nelson Sofres in Montrouge and Steria in Issy-les-Moulineaux; offices for Danone in Lisbon; the Innovatis building in Saint-Denis and the Grand Large building in Marseille.
- Last fully-serviced development site at La Défense acquired.
- Continued development of shopping centres in Spain and Portugal.

Residential

- Contracts signed for first High Environmental Quality programmes in Rueil-Malmaison and Roissy-en-Brie.
- First commercial launch of a residential programme in Warsaw, Poland.

Quality

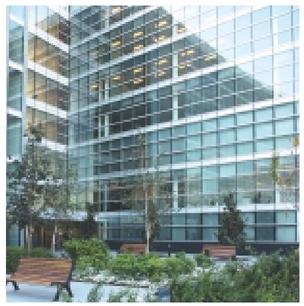
- ISO 9001 certification (2000 version) achieved for all activities in France and Spain.

Residential property

The housing market continued to expand, buoyed by very low interest rates, strong rental demand and effective tax incentives. Reservations in the regions increased sharply (up 37%): the rising pace of migration to the Atlantic crescent, Provence-Alpes-Côte d'Azur and Rhône-Alpes regions resulted in strong demand for both principal and secondary residences.

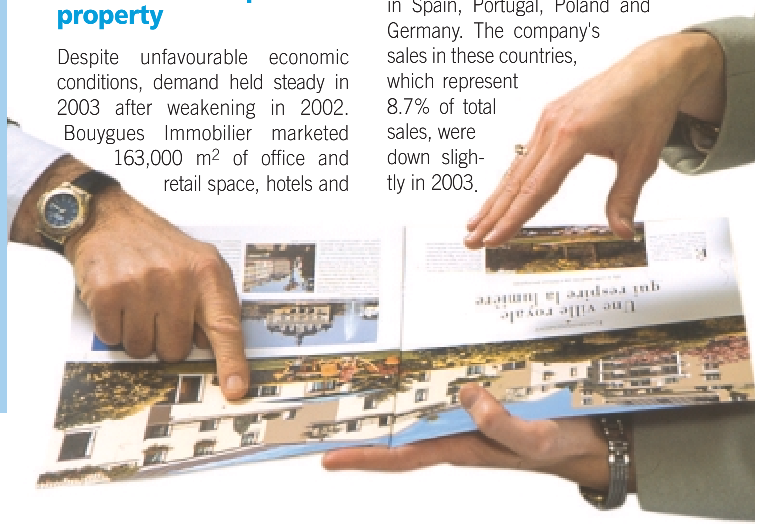
Commercial/corporate property

Despite unfavourable economic conditions, demand held steady in 2003 after weakening in 2002. Bouygues Immobilier marketed 163,000 m² of office and retail space, hotels and other business premises, an increase of 61% due notably to two large property operations in Paris and two others in Spain. Sales decreased by 26%, however, owing to the completion of several large projects during the year and the progress status by year-end 2003 of new projects brought to market.



Europe outside France

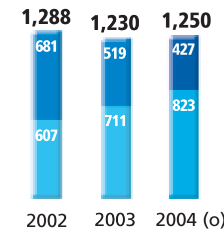
Bouygues Immobilier has operations in Spain, Portugal, Poland and Germany. The company's sales in these countries, which represent 8.7% of total sales, were down slightly in 2003.



- **Cash flow positive for the 3rd straight year**
- **Strong sales activity**

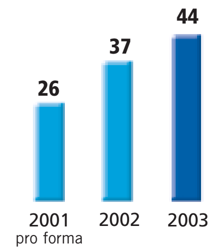
Sales

In millions of euros



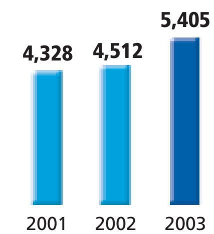
Net earnings

In millions of euros



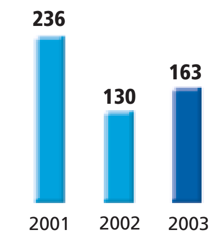
Residential property

Housing reservations



Commercial property

Reservations in thousand sq.m.



OUTLOOK FOR 2004

Bouygues Immobilier is intent on strengthening its leading position in property development in France and becoming a major player in Europe. Its key strategic objectives for 2004 are:

- Pursue rapid but prudent growth by expanding in the residential sector, mainly in the regions. Emphasise risk management in the office property business, and concentrate efforts outside France on the Iberian peninsula and Poland.
- Maintain high profitability.
- Keep financial structure solid by controlling the amount of debt.

Sales in 2004 are set to hold steady thanks to the strong sales activity in 2003. The company foresees a slight increase in housing reservations in a market that is levelling off and moderate activity in business property. The aggregate value of reservations is therefore expected to decline slightly.

Consolidated balance sheet at 31/12

ASSETS *(in millions of euros)*	2002	2003
FIXED ASSETS	120	110
Inventories	608	667
Trade and other receivables	841	954
CURRENT ASSETS	1,449	1,621
Cash and cash equivalents	94	133
TOTAL ASSETS	1,663	1,864
EQUITY AND LIABILITIES *(in millions of euros)*		
Authorised capital and reserves	183	203
Minority interests	12	15
SHAREHOLDERS' EQUITY	195	218
Other equity	-	-
SHAREHOLDERS' EQUITY AND OTHER EQUITY	195	218
Provisions for liabilities and charges	97	107
Financial liabilities	61	45
LONG-TERM CAPITAL	353	370
CURRENT LIABILITIES	1,307	1,494
Short-term bank borrowings and overdrafts	3	-
TOTAL EQUITY AND LIABILITIES	1,663	1,864

Consolidated income statement

(in millions of euros)	2002	2003
SALES	1,288	1,230
OPERATING INCOME	62	80
Net financial items	(12)	(13)
EARNINGS BEFORE TAX AND EXCEPTIONAL ITEMS	50	67
Net exceptional items	4	(7)
Income tax	(15)	(12)
NET EARNINGS OF CONSOLIDATED COMPANIES	39	48
Share in earnings of companies accounted for by the equity method	-	-
Amortisation of goodwill	-	-
NET EARNINGS BEFORE MINORITY INTERESTS	39	48
Minority interests	(2)	(4)
CONSOLIDATED NET EARNINGS attributable to the Group	37	44