



# CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2016



**NOTES**

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(figures in millions of euros unless otherwise indicated)

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Declaration of compliance:

The consolidated financial statements of Bouygues and its subsidiaries (the “Group”) for the year ended 31 December 2016 were prepared in accordance with International Financial Reporting Standards (IFRS) as 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 2015.

## NOTE 1 SIGNIFICANT EVENTS OF THE YEAR

### 1.1 Scope of consolidation as of 31 December 2016

1,065 entities were consolidated as of 31 December 2016, compared with 1,041 as of 31 December 2015. The net increase of 24 entities mainly includes changes relating to 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 businesses), as well as the acquisition by TF1 of the entities in the Newen Studios group.

(31 December)	2016	2015
Companies controlled by the Group	777	741
Joint operations	162	186
Joint ventures and associates	126	114
	1,065	1,041

### 1.2 Significant events

#### 1.2.1 Significant events of 2016

The principal corporate actions and acquisitions of 2016 are described below:

- On 5 January 2016, Bouygues announced that it had started preliminary discussions with Orange to explore all possible options, and that Bouygues and Orange had signed a confidentiality agreement. After three months of discussions, it was not possible to reach an agreement. As a result, at its meeting of 1 April 2016, Bouygues' Board of Directors decided unanimously to bring the negotiations to an end.
- On 26 January 2016, TF1 acquired a 70% equity interest in FLCP, renamed Newen Studios, the holding company of the Newen production company. The parties signed a shareholders' agreement setting out rules governing the operational management of Newen, and providing for call and put options relating to the residual equity interest. The vendors have a put option, and TF1 has a call option, over the residual equity interest, exercisable during a five-year period starting in 2018. Newen Studios is consolidated with effect from 1 January 2016. The commitment entered into by TF1 to buy out the 30% non-controlling interest was measured at fair value on the basis of discounted cash flow projections and the resulting amount has been recognised as a non-current financial liability, with the corresponding entry recorded as a deduction from consolidated shareholders' equity. The impact of this acquisition on the net debt of the Bouygues group is €293 million. On 24 February 2016, Newen Studios acquired 100% of the equity capital of Rendez Vous Production Serie (RDVPS), which is also consolidated with effect from 1 January 2016. Both acquisitions were accounted for using the partial goodwill method. The purchase price allocation resulted in the recognition of provisional goodwill of €114 million, after remeasuring acquired production and distribution rights at a provisional fair value of €68 million to be amortised over an average period of three years (depending on the nature of the programme) through "Other operating expenses" (see Note 12 to the financial statements) starting on 1 January 2016.
- On 28 January 2016, Alstom repurchased 91.5 million of its own shares, including 28,457,641 from Bouygues. The disposal of the shares held by Bouygues generated cash proceeds of €996 million. Following this transaction, Bouygues held an equity interest of 28.3% in Alstom, of which 20% is loaned to the French state under a stock lending transaction.

- On 2 February 2016, Colas announced the sale of its 15.56% equity interest in Atlandes (the company that holds the concession for the A63 motorway in France) to various investment funds for €96 million, including €29 million in the form of a reimbursement of current account advances. The gain on the sale, amounting to €65 million, was recognised in “Other financial income” in the fourth quarter of 2016.
- On 8 February 2016, the French state announced that the memorandum of understanding with Bouygues relating to Alstom had come into effect, along with a stock lending transaction by Bouygues, valid until 17 October 2017, that will enable the French state to exercise 20% of Alstom’s voting rights. Bouygues:
  - retains a seat on Alstom’s Board of Directors;
  - is entitled to the dividends on its entire shareholding in Alstom;
  - will recover the voting rights attached to the loaned shares in the event they are not purchased by the French state; and
  - will retain at least 8.3% of the voting rights.

In accordance with paragraphs 6 and 13 of IAS 28, Bouygues retains significant influence over Alstom, and the entire 28.3% equity interest in Alstom continues to be accounted for by the equity method as an investment in an associate.

- On 11 July 2016, Bouygues Telecom entered into a definitive agreement for the sale of towers to Cellnex. The agreement covers 500 towers for a total amount of €147 million. This sale generated a gain on disposal of €104 million, recognised in “Other operating income” in the year ended 31 December 2016 (see Note 12 to the financial statements).  
The sale was accompanied by a 20-year hosting and service framework agreement between the parties.
- On 9 November 2016, Bouygues sold a 46.1% equity interest in Adelac, the company that holds the concession for the A41 North motorway between Annecy and Geneva. This equity interest, which was owned by subsidiaries of Bouygues Construction (39.2%) and by Colas (6.9%), was sold for €130 million and generated a net gain on disposal of €129 million, recognised in “Share of net profits/losses of joint ventures and associates”.

### 1.2.2 Reminder of the significant events of 2015

The main acquisitions and corporate actions of 2015 are described below:

- On 31 March 2015, Eurosport SAS, 49% owned by TF1, acquired 100% of the capital of Eurosport France, which was previously 80% owned by TF1. As a result of this transaction, which generated a non-taxable capital gain of €34 million, the Eurosport group (including Eurosport France) came to be owned 51% by Discovery Communications and 49% by TF1.
- On 22 July 2015, pursuant to the initial agreements, the TF1 and Discovery Communications groups mutually agreed that TF1 would (i) exercise its put option over its 49% interest in Eurosport for €490 million and (ii) buy back Discovery's 20% interest in the pay-TV channels (TV Breizh, Histoire and Ushuaïa TV) for €15 million.

These transactions were completed on 1 October 2015. This new agreement extinguished the reciprocal commitments between the two groups.

- On 31 July 2015, Bouygues SA sold its 18.63% equity interest in Eranove for €47 million.
- Bouygues Construction sold its equity interest in Autoroute de Liaison Seine-Sarthe. This disposal took place in two stages: (i) 23.17% of the capital and shareholder loans on 30 September 2015 for €76 million, resulting in the loss of significant influence; and (ii) 10% of the capital and shareholder loans in June 2016 for €35 million. The residual 10% interest was shown as a held-for-sale asset at that amount in the balance sheet as of 30 September 2015 and 31 December 2015.
- On 15 October 2015, Bouygues Telecom sold its residual 15% equity interest in FPS Towers, a telecoms tower operator, for €50 million.
- The transaction between Alstom and General Electric was finalised on 2 November 2015. At its general meeting of 18 December 2015, Alstom asked its shareholders to approve a €3.2 billion public share buy-back offer covering a maximum of 91.5 million shares (representing 29.5% of the total number of shares) at a price of €35 per share. The shares repurchased via the public share buy-back offer were cancelled in January 2016.
- On 17 November 2015, Bouygues Telecom paid €467 million to acquire a 5 MHz block as part of the French state's auction of frequencies in the 700 MHz band.
- With the cost of refined products persistently remaining very much higher than the selling price of bitumen, Colas decided to discontinue operations at the Société de la Raffinerie de Dunkerque production facility and seek a buyer. This decision led to the recognition of a charge of €80 million in the year ended 31 December 2015, reported in "Other operating expenses" (see Note 12 to the financial statements).

### 1.3 Significant events and changes in scope of consolidation subsequent to 31 December 2016

- On 30 January 2017, TF1 confirmed that it had accepted a conditional offer from Mediawan SA to buy the TF1 group's 33.5% equity interest in Groupe AB. That equity interest had a carrying amount of €77 million as of 31 December 2016, based on financial statements as of 30 September 2016 (the most recent available).

- On 31 January 2017, Bouygues Telecom signed an agreement with Cellnex (Spain) covering 3,000 towers in France, for a total amount of €854 million.

The transaction involves the transfer by Bouygues Telecom of an initial batch of 1,800 existing towers to Cellnex over a two-year period for €500 million, followed by the joint construction of 1,200 new towers over a five-year period for €354 million.

In addition, Bouygues Telecom and Cellnex signed a renewable 15-year hosting and services agreement (see Note 18.2 to the financial statements).

As of 31 December 2016, the 1,800 towers were presented in the balance sheet as “held-for-sale assets”, at a carrying amount of €121 million.

## NOTE 2 GROUP ACCOUNTING POLICIES

### 2.1 Sectors of activity

The Bouygues group is a diversified industrial group, with operations in nearly 90 countries.

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

- Construction businesses:
  - Construction and services (Bouygues Construction)
  - Property development (Bouygues Immobilier)
  - Transport infrastructure (Colas)
- Media:
  - TF1
- Telecoms:
  - Mobile, fixed, TV and internet services (Bouygues Telecom)

The Bouygues group also holds an equity interest in Alstom (Transport), which stood at 28.3% as of 31 December 2016, 20% of which is loaned to the French state under a stock lending transaction.

### 2.2 Basis of preparation of the financial statements

The consolidated financial statements of the Bouygues group include the financial statements of Bouygues SA and its five business segments, along with its investments in joint ventures and associates 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 2013-03) issued on 7 November 2013 by the Autorité des Normes Comptables (ANC), the French national accounting standard-setter.

The consolidated financial statements were closed off by the Board of Directors on 22 February 2017, and will be submitted for approval by the forthcoming Annual General Meeting on 27 April 2017.

The consolidated financial statements for the year ended 31 December 2016 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 at and for the year ended 31 December 2015.

The Bouygues group applied the same standards, interpretations and accounting policies for the year ended 31 December 2016 as were applied in its consolidated financial statements for the year ended 31 December 2015, except for changes required to meet new IFRS requirements applicable from 1 January 2016 (see 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 2016:
  - **Amendments to IAS 7: Statement of Cash Flows**

These amendments lay down the principle that an entity should provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

These amendments are applicable to annual reporting periods beginning on or after 1 January 2017, and have been early adopted in the Bouygues consolidated financial statements for the year ended 31 December 2016.

Consequently, the Bouygues group provides a reconciliation between the opening and closing financial positions as regards liabilities included in financing activities, in Note 9 to the financial statements.

- **IFRS 9:**

On 24 July 2014, the IASB issued a new standard on financial instruments intended to replace most of the current IFRS pronouncements on this subject, in particular IAS 39. The new standard, which was endorsed by the European Union on 22 November 2016, is applicable from 1 January 2018. The Bouygues group does not intend to early adopt IFRS 9.

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

On 28 May 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 was endorsed by the European Union on 29 October 2016, is applicable from 1 January 2018. The Bouygues group does not intend to early adopt IFRS 15.

The sector of activity likely to be most affected by IFRS 15 is telecoms, due in particular to contracts that combine a subscription with money off a handset; such contracts will have to be split into separate components.

- Key standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union:

- **IFRS 16:**

On 13 January 2016, the IASB issued IFRS 16, "Leases". IFRS 16 will replace IAS 17, along with the associated IFRIC and SIC interpretations, and for lessees will end the distinction previously made between operating leases and finance leases. Lessees will be required to account for all leases with a term of more than one year in a manner similar to that currently specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease. IFRS 16, which has not yet been endorsed by the European Union, is applicable from 1 January 2019.

The impact of IFRS 16 is currently under review. Given the expected changes in lease accounting, the detailed information on leases as provided in the notes to the consolidated financial statements for the year ended 31 December 2016 is not indicative of the actual impact that IFRS 16 might have on those financial statements.

- Exercise of judgement and use of estimates:

In preparing consolidated financial statements to comply with IFRS standards and interpretations, the Group uses estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the end of the reporting period, 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.

An operation that is discontinued or classified as held-for-sale 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 the Group**

Companies over which Bouygues exercises control are consolidated.

- Assessment of exclusive control over TF1:

As of 31 December 2016 Bouygues held, directly or indirectly, 43.91% 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.

### **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.

## **2.4 Business combinations**

Since 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3.

In a business combination, goodwill at the acquisition date represents (i) the sum total of the consideration transferred and non-controlling interests minus (ii) the net amount recognised (usually at fair value) for the identifiable assets acquired and liabilities assumed, adjusted to reflect the fair value remeasurement of any previously-acquired equity interest. 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 price that would be received for selling an asset or paid for transferring a liability in an arm's length transaction between market participants as of the date of measurement.

Goodwill is allocated to the Cash Generating Unit (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 2.7.4 below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with IFRS 3, the previously-held equity interest in a step acquisition is remeasured at fair value at the date on which control is obtained; the resulting gain or loss is recognised in profit or loss for the period. In the event of loss of control with a retained equity interest, that retained interest is 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 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, 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. Non-controlling interests are measured on the basis of the carrying amount of the relevant 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 end of the reporting period are translated at the closing exchange rate. Translation differences are recognised in profit or loss for the period. 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**

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 the end of each reporting period.
- 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 national tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted in the relevant country by the end of the reporting period. As of 31 December 2016, temporary differences of French entities that are expected to reverse after 31 December 2019 were measured at a rate of 28.92%, which is the rate enacted by the French National Assembly for 2020. For 2017, 2018 and 2019, a tax rate of 34.43% was applied, the same rate as used for 2016.

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

## **2.7 Non-current assets**

### **2.7.1 Property, plant and equipment**

Property, plant and equipment is measured at acquisition cost net of accumulated depreciation and impairment. Depreciation is recognised on a straight line basis over the estimated useful life of the asset.

### 2.7.1.1 Principal useful lives by main asset category and sector of activity

	Construction	Media	Telecoms
- Mineral deposits (quarries)	a		
- Non-operating buildings	10 to 40 years	25 to 50 years	
- Industrial buildings	10 to 20 years		30 years
- Plant, equipment and tooling <sup>b</sup>	3 to 15 years	3 to 7 years	10 to 30 years
- Other property, plant and equipment (vehicles and office equipment) <sup>b</sup>	3 to 10 years	2 to 10 years	3 to 10 years

(a) Depreciated on the basis of the rate of depletion, up to a maximum of 40 years (Colas).

(b) Depending on the type of equipment.

In accordance with IAS 16, when an item of property, plant and equipment consists of components with different useful lives, each component is accounted for and depreciated as a separate item of property, plant and equipment.

Gains and losses on disposal represent the difference between the sale proceeds and the carrying amount, and are recognised in the income statement under “Other operating income and expenses” (see Note 2.13.3 to the financial statements) unless they meet the criteria for classification as non-current income or expenses.

Depreciation periods are reviewed annually, and may be adjusted if expectations differ from previous estimates.

### 2.7.1.2 Leases

Items of property, plant and equipment held under leases whereby the Bouygues group retains substantially all the risks and rewards of ownership (i.e. finance leases) are recognised as assets in the balance sheet, along with a corresponding liability.

Assets held under finance leases are recognised in the balance sheet in “Property, plant and equipment” at the lower of fair value or the present value of the minimum lease payments, less accumulated depreciation and impairment losses. They are depreciated over their estimated useful lives. The lease obligation is recognised as a liability under “Debt” in the balance sheet.

The amount of the Bouygues group’s irrevocable commitments under operating leases is disclosed in off balance sheet commitments.

### 2.7.1.3 Grants received

Investment grants received from national, regional or local governments are netted off the value of the assets concerned in the balance sheet, and depreciated at the same rate as those assets once receipt of the grant becomes unconditional.

## 2.7.2 Intangible assets

IAS 38 defines an intangible asset as an identifiable non-monetary asset without physical substance which is controlled by the entity. An asset is identifiable:

- if it is separable, i.e. capable of being independently sold, transferred, licensed, rented or exchanged;
- or if it is derived from contractual or other legal rights, whether separable or not.

An asset is controlled if the entity has the power to obtain the future economic benefits from that asset and to restrict the access of others to those benefits.

Intangible assets with finite useful lives are depreciable. Intangible assets with indefinite useful lives are not depreciable, but are subject to annual impairment testing and are reviewed at the end of each reporting period to ensure that their useful lives are still indefinite.

Intangible assets include:

- Development expenses
  - Development expenses are capitalised if the IAS 38 criteria are met, i.e. if they are expected to generate future economic benefits and their cost can be reliably measured.
  - In accordance with IFRS, incorporation and research expenses are expensed as incurred.
- Concessions, patents and similar rights

These include the following assets held by Bouygues Telecom:

Type of asset	Amortisation method	Period
UMTS licence	Straight line	17.5 years <sup>a</sup>
IAP-IRU and front fees (Indefeasible Right of Use)	Straight line	25 years
Software, IT developments, office applications, service access costs	Straight line	3 to 8 years
Licence to use 4G and 700 MHz frequencies	Straight line	20 years <sup>b</sup>

*(a) UMTS licence awarded in 2002: amortised from the date on which the broadband network opened (26 May 2005).*

*(b) The licences acquired in 2011 (for €228m) and 2012 (for €683m) were awarded for a 20-year period, and are being amortised from the date on which they came into service (1 October 2013), over 18 and 18.3 years respectively. The 5 MHz block acquired in November 2015 for €467m has not yet begun to be amortised.*

The fee for the UMTS licence, awarded for a 20-year period, comprises:

- a fixed component of €619 million, recognised as an intangible asset on the date the licence was awarded (12 December 2002);
- a variable component, calculated at 1% of sales generated by the operation of the third generation mobile network, recognised as incurred from the date on which the UMTS network opened (November 2007).

### **2.7.3 Other intangible assets**

Other intangible assets recognised by the Group include leasehold rights, and audiovisual rights (TF1).

#### **TF1 audiovisual rights**

This item includes shares in films and programmes produced or co-produced by TF1 SA, TF1 Films Production, TF1 Vidéo and TF1 Production; audiovisual distribution and trading rights owned by TF1 DA and TF1 Entreprises, Newen Studios audiovisual rights; and music rights owned by Une Musique.

Audiovisual rights are recognised as assets, at historical cost.

Amortisation methods for the various categories of audiovisual rights are as follows:

- producer shares in French drama acquired to meet broadcasters' regulatory obligations: amortised at least on a straight line basis over the projected period over which the rights will be exploited, reflecting the decline in future economic benefits from those shares;
- producer shares in French drama produced by the TF1 group: amortised on a reducing balance basis, taking account of the decline in the expected value of the economic benefits from those shares;
- shares in film co-productions and audiovisual distribution rights: amortised on a reducing balance basis, taking account of the decline in the expected value of the economic benefit;
- audiovisual trading rights: amortised on a straight-line basis over the contract term or expected period of exploitation;
- music rights: amortised over 2 years, 75% of gross value in the first year and the remaining 25% in the second year.

A provision for impairment of audiovisual rights is recorded individually as required. Impairment testing of audiovisual rights is based on an analysis of the future economic benefits derived from the rights relative to their carrying amount.

## 2.7.4 Impairment testing of non-current assets and investments in associates

Impairment tests are carried out on the carrying amount of non-current assets and investments in associates if there is objective evidence that they may have become impaired.

The carrying amounts of indefinite-lived intangible assets and goodwill are compared to their recoverable amounts at least at the end of each financial year.

### 2.7.4.1 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 3-year business plans prepared by the management of the business segment and presented to the subsidiary's Board of Directors and to the Bouygues Board of Directors.
  - The discount rate is determined on the basis of a weighted average cost of capital, in the case of equity by reference to a panel of comparable companies, and in the case of debt by applying two alternative capital structure scenarios: 1/3 debt - 2/3 equity (scenario 1); 2/3 debt - 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.

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, 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.

### 2.7.4.2 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.

### **2.7.5 Other non-current financial assets**

Other non-current financial assets include loans and receivables (including advances to non-consolidated companies), deposits and caution money, and investments in non-consolidated companies (i.e. those over which the Bouygues group exercises neither control nor significant influence).

Investments in non-consolidated companies are measured at fair value, with changes in fair value taken to shareholders' equity.

Fair value is the market price for listed investments, and estimated value in use for unlisted investments. Value in use is determined using the most appropriate financial criteria for each individual investment.

If there is objective evidence that an investment is impaired, the accumulated losses taken to shareholders' equity are recognised in the income statement.

Advances to non-consolidated companies, and other loans and receivables, are accounted for at amortised cost, determined using the effective interest method.

In the case of floating-rate loans and receivables, cash flows are periodically re-estimated to reflect changes in market interest rates, resulting in an adjustment to the effective interest rate and hence to the valuation of the loan or receivable.

Loans and receivables are reviewed for objective evidence of impairment. An impairment loss is recognised if the carrying amount of a financial asset is greater than the estimated recoverable amount as determined by impairment testing. Impairment losses are recognised in the income statement (see Note 3.2.4, "Non-current financial assets").

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

The Group (Bouygues Construction and Colas) holds equity interests in entities that have entered into concession arrangements or PPP contracts. These contracts, which are accounted for in accordance with IFRIC 12, are assessed on a case by case basis.

Under the financial receivable method, the initial receivable represents the fair value of the activity undertaken; this receivable is subsequently measured at amortised cost using the effective interest method as defined in IAS 39.

Consequently, the receivable represents the fair value of the activity undertaken, plus cumulative interest calculated using the effective interest method, minus payments received from the grantor.

## **2.8 Current assets**

### **2.8.1 Inventories**

Inventories are stated at the lower of cost (first in first out or weighted average cost, depending on the nature of the business) or market price.

Where the realisable value of inventory is lower than cost, the necessary provision for impairment is recognised.

### **2.8.2 Property development programmes**

Property development programme inventories are measured at cost; this includes land acquisition costs and taxes, construction and fitting-out costs, utilities connection costs, professional fees and ancillary costs.

All advertising costs are recognised in profit or loss as incurred.

Preliminary studies relating to property development programmes are recognised in inventory. If the probability of the programme being completed is low, especially if there is a risk of withdrawal or refusal of planning permission, the amount recognised is written down via a provision for impairment.

### **2.8.3 Programmes and broadcasting rights**

In order to secure broadcasting schedules for future years, the TF1 group enters into binding contracts, sometimes for a period of several years, under which it acquires (and the other party agrees to deliver) programmes and sports transmission rights.

A programme is treated as ready for transmission and recognised in inventory when the following two conditions are met: technical acceptance (for in-house and external productions), and opening of rights (for external productions).

In the case of rights and programmes for which those two criteria have not been met (programmes not yet delivered, sports rights for which the right to broadcast is not activated until the date of the event, etc.), the TF1 group takes the view that it does not control the asset, since it has neither the right nor the ability to broadcast the programme. Consequently, these rights are not recognised in the balance sheet.

Any advance payments made to acquire such rights are treated as supplier prepayments.

The “Programmes and broadcasting rights” line in the balance sheet includes:

- in-house productions, made by TF1 group companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by the TF1 group’s channels.

The value of programmes and broadcasting rights is measured as follows:

- in-house production: overall production cost (direct costs plus a portion of indirect production costs);
- broadcasting rights and co-productions: purchase cost, less consumption for the year calculated at the end of each reporting period.

TF1 SA programmes are deemed to have been consumed on transmission. If they are acquired for a single transmission, they are regarded as having been consumed in full at the time of this transmission. If they are acquired for two or more transmissions, consumption is calculated according to the type of programme using the rules described below (unless otherwise specified in the acquisition contract):

	<b>Type of programme</b>		
	<b>Dramas with a running time of at least 52 minutes</b>	<b>Films, TV movies, series and cartoons</b>	<b>Other programmes and broadcasting rights</b>
1st transmission	80%	50%	100%
2nd transmission	20%	50%	-

“Other programmes and broadcasting rights” in the table above refers to children’s programmes (other than cartoons), light entertainment, plays, factual and documentary programmes, news, sport, and dramas with a running time of less than 52 minutes.

A provision for impairment is recorded once it becomes probable that a programme will not be transmitted, or if the contractual value at which it was recognised in inventory exceeds the value attributable to it using the rules described above. Probability of transmission is assessed on the basis of the most recent programming schedules approved by management. If rights are resold, a provision is recorded once the sale is probable to cover any excess of the value at which the rights were initially recognised in inventory (or the amount of advance payments) over the actual or estimated selling price.

Programmes that have not been transmitted and the rights to which have expired are written off as a component of current operating profit, at which point any previously-recognised provisions are reversed.

Rights ordered under irrevocable contracts but not yet available for transmission are disclosed in Note 4.1 to the financial statements, and are priced at the contractual amount or the estimated future cash outflow, less any advance payments made.

**2.8.4 Trade receivables**

Trade receivables are carried at face value, net of impairment recorded to reflect the probability of recovery. These receivables are usually short-term and non interest-bearing. They are measured at the original invoice amount, unless application of an implied interest rate would have a material effect.

In line with the percentage of completion method of accounting for long-term contracts, trade receivables include:

- statements issued as works are executed or services provided, and accepted by the project owner;
- unbilled receivables, arising where works are entitled to acceptance but billing or acceptance by the project owner has been temporarily delayed.

### **2.8.5 Other current receivables**

Other receivables are carried at face value, net of impairment recorded to reflect the probability of recovery.

## **2.9 Financial instruments**

Some Group entities use hedging instruments to limit the impact on the income statement of fluctuations in exchange rates and interest rates. The Group's policy on the use of financial instruments is described below.

### **2.9.1 Risks to which the Group is exposed**

#### **2.9.1.1 Currency risk**

In general, the Bouygues group has little exposure to currency risk in routine commercial transactions, given that its international operations (primarily Bouygues Construction and Colas) do not involve exports. Where possible, expenses relating to a contract are incurred in the same currency as that in which the contract is billed. This applies to most projects executed outside France, on which local-currency expenses (sub-contracting and supplies) represent a much higher proportion than euro-denominated expenses. Exposure to currency risk is therefore limited to contract margins, and to any design work carried out in France. The Bouygues group also pays particular attention to risks relating to assets denominated in non-convertible currencies, and to country risk generally.

#### **2.9.1.2 Interest rate risk**

The Group's financial expenses have low sensitivity to interest rate risk, since the bulk of debt is at fixed-rate either in the form of fixed-rate bond issues, or via a portfolio of hedging instruments that convert floating-rate debt into fixed-rate debt.

Consolidated financial expenses would be only marginally affected by fluctuations in euro interest rates, or by a divergence in interest rate trends between the euro and other major currencies.

On average over the year, the amount of floating-rate debt in the balance sheet is less than the amount of surplus cash invested at floating rates.

#### **2.9.1.3 Exposure to commodities risk**

In general, the Bouygues group has little exposure to commodities risk. The main exposure is in the roads activity, which is sensitive to movements in the price of petroleum-based products. However, that exposure is relatively limited in that contracts are generally of a short duration or are index-linked. However, hedges may be contracted on an as-needed basis in connection with specific contracts.

### **2.9.2 Principles applied to all hedging instruments**

The only instruments used for hedging purposes are forward currency purchases and sales, currency swaps and purchases of currency options for currency risk hedging purposes; interest rate swaps, future rate agreements, and purchases of caps and collars for interest rate risk hedging purposes; and forward commodity purchases and sales, commodity swaps and commodity options for commodities risk hedging purposes.

These instruments:

- are used solely for hedging purposes;

- are contracted solely with high-quality French and foreign banks;
- carry no liquidity risk in the event of reversal.

Specific reports are prepared for those responsible for the management and supervision of the relevant Group companies describing the use of hedging instruments, the selection of counterparties, and more generally the management of exposure to currency risk, interest rate risk and commodities risk.

### **2.9.3 Hedging rules**

#### **2.9.3.1 Currency risk**

Group policy is to hedge systematically all residual currency exposure relating to commercial transactions. If the future cash flow is certain, the currency risk is hedged by buying or selling currency forward, or by means of currency swaps. For some large contracts, options may be taken out for hedging purposes before the contract award has been confirmed; if the hedged item ceases to exist (for example, if the service is not provided or the contract is cancelled), the hedge is closed out immediately.

In the interests of efficiency, the currency positions of some Group entities may be managed centrally, which in some cases may result in the offset of matching positions (currency derivatives are used solely for hedging purposes).

#### **2.9.3.2 Interest rate risk**

Group policy is for each sub-group to hedge some or all of its financial assets and liabilities, where these are foreseeable and recurring.

The aim is to control future interest expense by fixing the cost of debt using swaps and future rate agreements, or by limiting it through the use of caps, over a period equivalent to that of the financial liabilities to be hedged.

As with currency risk, the interest rate positions of some Group entities may, in the interests of efficiency, be managed centrally and partially offset.

#### **2.9.3.3 Commodities risk**

Group policy is for each sub-group to hedge some or all of the exposure to movements in commodity prices on specific contracts, primarily in the roads activity.

### **2.9.4 Accounting methods**

In general, the financial instruments used by the Group qualify for hedge accounting, which means that the hedging relationship is documented in accordance with the requirements of IAS 39. Two types of accounting treatment are used:

- fair value hedges: changes in the fair value of the hedging instrument and changes in the fair value of the hedged item are recognised symmetrically in the income statement;
- cash flow hedges: changes in the fair value of the hedging instrument are recognised in the income statement for the ineffective portion of the hedging relationship, and in shareholders' equity (until the hedge is closed out) for the effective portion.

As required by IFRS 13, the fair value measurement of derivative financial instruments takes account of credit risk (for derivative assets) and of own credit risk (for derivative liabilities). Those components have no material impact on the Bouygues group consolidated financial statements.

## **2.10 Consolidated shareholders' equity**

Treasury shares are deducted from consolidated shareholders' equity. No expense or income arising on the cancellation of treasury shares is recognised in the income statement.

If a Group subsidiary holds its own shares, an additional percentage interest in that subsidiary is recognised at Group level.

### **2.10.1 Translation reserve**

The translation reserve represents translation differences arising since 1 January 2004, when the reserve was deemed to be zero and the balance transferred to "Retained earnings".

### **2.10.2 Information about the management of capital**

The objective of Bouygues management in managing capital is to maintain consolidated shareholders' equity at a level consistent with:

- maintaining a reasonable gearing ratio (the ratio of net debt, as defined in Note 2.15.3, to shareholders' equity);
- distributing regular dividends to shareholders.

However, the level of equity may vary over short periods, especially if a strategically important investment opportunity arises.

The business plan is a key management tool, used by the parent company to assess the financial position of each business segment and of the Group as a whole, and the effects on consolidated shareholders' equity.

Within these overall principles, Group management allows subsidiaries within each segment and their parent company a degree of autonomy to manage their equity in line with their specific objectives and needs, given that equity capital requirements vary from business to business and segment to segment.

## **2.11 Non-current liabilities**

### **2.11.1 Non-current debt**

With the exception of derivative instruments accounted for as financial liabilities measured at fair value (including a counterparty risk component, which is immaterial), all other borrowings and financial liabilities are accounted for at amortised cost using the effective interest method.

Transaction costs directly attributable to the acquisition or issuance of a financial liability are offset against that liability, and amortised over the life of the liability using the effective interest method.

The portion of long-term debt due within less than one year is included in current liabilities.

### **2.11.2 Non-current provisions**

In accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", a provision is recorded at the end of the reporting period if the Group has an obligation to a third party resulting from a past event and it is probable that settlement of the obligation will result in a net outflow from the Group of resources embodying economic benefits.

The amount recognised as a provision represents the Group's best estimate of the net outflow of resources.

Non-current provisions are not usually associated with the normal operating cycle of each segment (see Note 2.12.2, "Current provisions").

Non-current provisions mainly comprise:

- Provisions established to cover the uninsured portion of risks under two-year and ten-year construction contract guarantees. These provisions are recognised in line with recognition of contract revenues, based on statistical data reflecting actual experience over the long term.
- Provisions related to tax exposures and to fines levied by the competition authorities.
- Provisions for litigation, claims and foreseeable risks relating to the Group's operations, especially foreign operations, including permanent withdrawal from projects and sundry risks and liabilities.
- Provisions for site rehabilitation and decommissioning costs (e.g. quarries).

Costs incurred as a result of a contractual obligation to remedy immediate environmental damage are covered by a provision.

- Provisions for employee benefits, which comprise:
  - Provisions for long-service awards.
  - Provisions for obligations to employees in respect of lump-sum benefits payable on retirement.

These provisions are calculated using the projected unit credit method based on final salary, and on the basis of the collective agreement for each business segment. The calculation takes account of:

- status, age and length of service for each employee category;
  - employee turnover, calculated on the basis of the average number of leavers by business segment, age bracket and employee category;
  - average salary and wages including bonuses and benefits in kind, uplifted by a coefficient to reflect the applicable percentage of employer's social security charges;
  - a final salary inflation rate;
  - a discount rate applied to the obligation over the projected period to the retirement date;
  - estimated mortality, based on mortality tables.
- Provisions for pension obligations (depending on the country and terms of the pension plan).

To cover their pension obligations, Group companies make regular payments to external bodies including public-sector and private-sector pension schemes and independent pension fund managers (defined-contribution plans). There are however some remaining defined-benefit plans still in existence, mainly in the Colas group (United Kingdom, Ireland and Canada). These plans are managed by independent pension fund managers; only a limited number of employees are involved, as it was decided some years ago to close these plans to new entrants. The fair value of the assets held to cover these plans as of the end of the reporting period did not require any material impairment to be recognised in the consolidated financial statements.

The actuarial assumptions used to measure the present value of the pension obligation and the service cost for the period in respect of defined-benefit plans represent the best estimate of the variables that will determine the final cost of the benefits. These assumptions are internally consistent. The discount rate and the rate of return on plan assets are determined by reference to the expected market rate, taking into account the estimated timing of benefit payments; the discount rate applied to the obligation is determined by reference to the market rate for high-quality corporate bonds at the end of the reporting period.

The Bouygues group recognises in consolidated shareholders' equity the effect of changes in actuarial assumptions on the pension obligation.

## **2.12 Current liabilities**

### **2.12.1 Advances and down-payments received on orders**

This item comprises advances and down-payments received from customers on construction contract starts.

### 2.12.2 Current provisions

- Provisions related to the normal operating cycle of each segment. These mainly comprise:
  - provisions for construction contract risks, including risks relating to construction project companies in the form of *Sociétés en Participation* (SEPs);
  - provisions for losses to completion on construction contracts: these relate to construction contracts in progress, and take account of claims accepted by the customer. They are measured on a contract by contract basis, with no netting between them.

### 2.12.3 Trade payables and other current liabilities

Because of the short-term nature of these liabilities, the carrying amounts shown in the consolidated financial statements are a reasonable estimate of market value.

## 2.13 Income statement

As allowed under IAS 1, “Presentation of Financial Statements”, the Bouygues group presents an income statement that classifies expenses by nature. In presenting its income statement, the Group has applied ANC Recommendation 2013-03 of 7 November 2013.

### 2.13.1 Revenue recognition

The Group recognises revenue when:

- it is probable that the future economic benefits of the transaction will flow to the Group;
- the amount of revenue can be reliably measured;
- at the transaction date, it is probable that the amount of the sale will be recovered.

#### Bouygues Telecom

Bouygues Telecom generates revenue from services, and from sales of handsets and accessories.

- Services:

Plans and commercial services (mobile and fixed) are invoiced one month in advance, and the corresponding revenue is recognised on a straight-line basis over the service period.

Revenues from call charges other than plans, and from roaming and interconnection fees, are recognised as the service is used.

Revenue generated by prepaid cards is recognised on sale of the card to the distributor or retailer but deferred until the card is activated, and then adjusted for unused minutes.

Services carried out on behalf of content providers in relation to SMS+ services and special numbers are not included in income and expenses for the period. Only the margin charged as consideration for the service is recognised in sales.

- Sales of handsets and accessories:

Sales of handsets and SIM cards are recognised on sale to the distributor or retailer, but the margin on the sale is eliminated until the line is activated by the customer. Since August 2013, retail and business customers have been able to pay for their handsets in instalments; the entire revenue from the sale of the handset is recognised when the customer signs up to the plan.

- Distributor/retailer commission:

All commission payable to distributors and retailers is recognised as an expense.

- Consumer loyalty programme:

Since November 2014, all retail plan customers earn benefits which they can use to obtain a handset upgrade, calculated on the basis of the age of their existing handset. Customers can then use the benefits to obtain a handset upgrade at a special price after 12 months, provided that they renew their plan for a minimum of 12 months.

In accordance with IFRIC 13 (paragraphs AG1 to AG3), Bouygues Telecom has measured the fair value of the benefits awarded under its loyalty programmes, and has not deferred any revenues as a result.

## **2.13.2 Accounting for construction contracts**

### **2.13.2.1 Construction activities**

All activities related to construction contracts are accounted for using the percentage of completion method.

Under this method, the revenue recognised equals the latest estimate of the total selling price of the contract multiplied by the actual completion rate determined by reference to the physical state of progress of the works. The latest estimate of the total selling price takes account of claims that have been accepted by the client or are highly probable.

If it is regarded as probable that a contract will generate a loss on completion, a provision for expected losses to completion is recognised as a current provision in the balance sheet. The loss is provided for in full as soon as it can be reliably measured, irrespective of the completion rate.

### **2.13.2 Property development activities**

Revenues and profits are recognised using the percentage of completion method once the following conditions have been met:

- building permit with no appeal;
- signature of notarised deed of sale or development contract;
- construction contract signed (order given to start works).

The percentage of completion represents costs recognised to date as a proportion of the total estimated costs to completion of the project.

Accrued expenses are recognised for finishing costs on this type of project, based on the percentage of completion; residual expenses on delivered projects are also recognised in “Trade payables”.

Overheads, including sales force costs and all advertising costs, are expensed as incurred.

### **2.13.3 Other non-current income and expenses**

These line items contain a very limited number of income and expense items, which are unusual and occur infrequently but are of particularly large amounts. The Bouygues group reports these items separately in its income statement to give users of the financial statements a better understanding of ongoing operational performance.

For a description of these items, see Note 12 to the financial statements.

### **2.13.4 Share-based payment**

In accordance with IFRS 2, stock subscription options granted to corporate officers or employees of the Group are accounted for in the financial statements as follows: the fair value of the options granted (corresponding to the fair value of the services rendered by the employees as consideration for the options) is recognised as an employee benefit under “Personnel costs” in the income statement, with the matching entry credited to shareholders' equity.

The amount of the employee benefit is measured at the grant date of the option using the Black & Scholes model, and is charged to the income statement over the vesting period of the rights.

## **2.14 Cash flow statement**

The consolidated cash flow statement is presented in accordance with IAS 7 and with CNC (now ANC) Recommendation 2013-03 of 7 November 2013, using the indirect method.

Consolidated net profit 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.

## **2.15 Other financial indicators**

### **2.15.1 EBITDA**

EBITDA is defined as current operating profit excluding net depreciation and amortisation expense, changes in provisions, and impairment losses. These items can be read directly off the face of the income statement, except for reversals of unutilised provisions and impairment losses which are presented as a footnote to the income statement.

The competitiveness and employment tax credit (*CICE*) 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.

Profits and losses from joint operations represent the Group’s share of profits or losses from non-consolidated companies, including entities in the form of *Sociétés en Participation* (SEPs), such as those that operate asphalt and binder production facilities.

### **2.15.2 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.

### **2.15.3 Net debt**

Net debt 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).

## **2.16 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.

## **2.17 Comparability of the consolidated financial statements**

Changes in the scope of consolidation during the year ended 31 December 2016 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 year ended 31 December 2015.

## NOTE 3 NON-CURRENT ASSETS

For a breakdown of non-current assets by business segment see Note 16, “Segment Information”.

### 3.1 Acquisitions of non-current assets during the year, net of disposals

(€ million)	2016	2015
Property, plant and equipment	1,660	1,436
Intangible assets	302	592 <sup>c</sup>
<b>Capital expenditure</b>	<b>1,962</b>	<b>2,028</b>
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies and other long-term investments)	233 <sup>a</sup>	53
<b>Acquisitions of non-current assets</b>	<b>2,195</b>	<b>2,081</b>
Disposals of non-current assets	(1,628) <sup>b</sup>	(847) <sup>d</sup>
<b>Acquisitions of non-current assets, net of disposals</b>	<b>567</b>	<b>1,234</b>

(a) Includes €194m of acquisitions made by TF1 (primarily Newen Studios and RDVPS).

(b) Disposals include the divestment of Alstom shares in the public share buy-back offer (€996m), the sale of 500 towers by Bouygues Telecom (€147m), the sale of Adelac (€130m) and the sale of Atlantes (€67m, net of current account advances reimbursed). See Note 1.2.1, “Significant events of 2016”.

(c) Includes Bouygues Telecom: acquisition for €467m of a 5 MHz block as part of the French state’s auction of frequencies in the 700 MHz band.

(d) Includes the disposal of Eurosport International (€490m); see Note 1.2.2, “Significant events of 2015”.

## 3.2 Non-current assets: movements during the period

### 3.2.1 Property, plant and equipment

<i>(€ million)</i>	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
<b>Gross value</b>					
<b>31/12/2014</b>	<b>2,270</b>	<b>11,844</b>	<b>2,903</b>	<b>453</b>	<b>17,470</b>
<b>Movements during 2015</b>					
Translation adjustments	27	83	13	7	130
Changes in scope of consolidation	(9)	(36)	(5)		(50)
Acquisitions during the period	56	938	234	208	1,436
Disposals, transfers & other movements	15	(284)	(149)	(247)	(665)
<b>31/12/2015</b>	<b>2,359</b>	<b>12,545</b>	<b>2,996</b>	<b>421</b>	<b>18,321</b>
of which finance leases	12	96	15		123
<b>Movements during 2016</b>					
Translation adjustments	5	39	14	(2)	56
Changes in scope of consolidation	(6)	(14)	(25)	(1)	(46)
Acquisitions during the period	47	1,016	344	253	1,660
Disposals, transfers & other movements	(25)	(513)	(170)	(333)	(1,041)
<b>31/12/2016</b>	<b>2,380</b>	<b>13,073</b>	<b>3,159</b>	<b>338</b>	<b>18,950</b>
of which finance leases	12	95	16		123
<b>Depreciation and impairment</b>					
<b>31/12/2014</b>	<b>(806)</b>	<b>(8,041)</b>	<b>(2,104)</b>		<b>(10,951)</b>
<b>Movements during 2015</b>					
Translation adjustments	(12)	(65)	(10)		(87)
Changes in scope of consolidation	4	28	5		37
Net expense for the period	(94)	(1,026)	(300)		(1,420)
Disposals, transfers & other movements	21	421	181		623
<b>31/12/2015</b>	<b>(887)</b>	<b>(8,683)</b>	<b>(2,228)</b>		<b>(11,798)</b>
of which finance leases	(7)	(60)	(11)		(78)
<b>Movements during 2016</b>					
Translation adjustments	(1)	(32)	(11)		(44)
Changes in scope of consolidation	3	9	4		16
Net expense for the period	(76)	(1,003)	(278)		(1,357)
Disposals, transfers & other movements	16	626	157		799
<b>31/12/2016</b>	<b>(945)</b>	<b>(9,083)</b>	<b>(2,356)</b>		<b>(12,384)</b>
of which finance leases	(7)	(62)	(11)		(80)
<b>Carrying amount</b>					
<b>31/12/2015</b>	<b>1,472</b>	<b>3,862</b>	<b>768</b>	<b>421</b>	<b>6,523</b>
of which finance leases	5	36	4		45
<b>31/12/2016</b>	<b>1,435</b>	<b>3,990</b>	<b>803</b>	<b>338</b>	<b>6,566</b>
of which finance leases	5	33	5		43

### Operating commitments not yet recognised involving future outflows of resources

<i>(€ million)</i>	Falling due			Total 2016	Total 2015
	Less than 1 year	1 to 5 years	More than 5 years		
Property, plant and equipment					
Colas: orders in progress for plant and equipment	20			20	8
Bouygues Telecom: orders in progress for network equipment assets	395			395	274
<b>TOTAL</b>		<b>415</b>		<b>415</b>	<b>282</b>

### 3.2.2 Intangible assets

(€ million)	Development expenses <sup>a</sup>	Concessions, patents and similar rights	Other intangible assets	Total
<b>Gross value</b>				
<b>31/12/2014</b>	<b>181</b>	<b>2,567</b>	<b>1,460</b>	<b>4,208</b>
<b>Movements during 2015</b>				
Translation adjustments		1	2	3
Changes in scope of consolidation			1	1
Acquisitions during the period	17	46	529	592
Disposals, transfers & other movements		(2)	(3)	(5)
<b>31/12/2015</b>	<b>198</b>	<b>2,612</b>	<b>1,989</b>	<b>4,799</b>
<b>Movements during 2016</b>				
Translation adjustments		1		1
Changes in scope of consolidation		(5)	1,006	1,001
Acquisitions during the period	41	36	225	302
Disposals, transfers & other movements		(8)	(44)	(52)
<b>31/12/2016</b>	<b>239</b>	<b>2,636</b>	<b>3,176</b>	<b>6,051</b>
<b>Amortisation and impairment</b>				
<b>31/12/2014</b>	<b>(142)</b>	<b>(1,050)</b>	<b>(1,268)</b>	<b>(2,460)</b>
<b>Movements during 2015</b>				
Translation adjustments		(1)	(2)	(3)
Changes in scope of consolidation				
Net expense for the period	(11)	(158)	(45)	(214)
Disposals, transfers & other movements		8	1	9
<b>31/12/2015</b>	<b>(153)</b>	<b>(1,201)</b>	<b>(1,314)</b>	<b>(2,668)</b>
<b>Movements during 2016</b>				
Translation adjustments		(1)		(1)
Changes in scope of consolidation		4	(825)	(821)
Net expense for the period	(12)	(157)	(233)	(402)
Disposals, transfers & other movements		14	7	21
<b>31/12/2016</b>	<b>(165)</b>	<b>(1,341)</b>	<b>(2,365)</b>	<b>(3,871)</b>
<b>Carrying amount</b>				
<b>31/12/2015</b>	<b>45</b>	<b>1,411</b>	<b>675</b>	<b>2,131</b>
<b>31/12/2016</b>	<b>74</b>	<b>1,295<sup>b</sup></b>	<b>811<sup>c</sup></b>	<b>2,180</b>

(a) Development expenses:

- Software development expenses are usually capitalised (mainly relates to Bouygues Telecom).

- Development expenses of a permanent and recurring nature that do not meet the IAS 38 capitalisation criteria are expensed (mainly relates to Colas).

- In accordance with IFRS, research costs are expensed as incurred.

- Research and development costs expensed were €59m in 2016 and €60m in 2015.

(b) Includes Bouygues Telecom's UMTS licence (carrying amount €213m) and 4G frequency user licence (€844m).

(c) Includes €467m for the acquisition during 2015 of 700 MHz frequencies classified as intangible assets in progress and €174m for acquisitions of audiovisual rights (TF1).

## Operating commitments not yet recognised involving future outflows of resources

The table below shows the maturities of audiovisual rights acquisition contracts entered into for the purpose of securing future programming schedules.

Intangible assets (€ million)	Falling due			Total 2016	Total 2015
	Less than 1 year	1 to 5 years	More than 5 years		
TF1 audiovisual rights	16	13		29	26
<b>TOTAL</b>	<b>16</b>	<b>13</b>		<b>29</b>	<b>26</b>

### 3.2.3 Goodwill

(€ million)	Gross value	Impairment	Carrying amount
<b>31/12/2014</b>	<b>5,367</b>	<b>(81)</b>	<b>5,286</b>
<b>Movements during 2015</b>			
Changes in scope of consolidation	(42)	7	(35)
Impairment losses charged during the period		(9)	(9)
Other movements (including translation adjustments)	14	5	19
<b>31/12/2015</b>	<b>5,339</b>	<b>(78)</b>	<b>5,261</b>
<b>Movements during 2016</b>			
Changes in scope of consolidation	129	1	130
Impairment losses charged during the period		(1)	(1)
Other movements (including translation adjustments)	(25)	2	(23)
<b>31/12/2016</b>	<b>5,443</b>	<b>(76)</b>	<b>5,367</b>

Changes in scope of consolidation during 2016 mainly related to TF1, and included €114 million for Newen Studios and RDVPS (see Note 1.2.1, “Significant Events of 2016”).

For goodwill on joint ventures and associates, see Note 3.2.5.

#### 3.2.3.1 Split of goodwill by Cash Generating Unit (CGU)

CGU (€ million)	31/12/2016		31/12/2015	
	Total	% Bouygues or subsidiaries	Total	% Bouygues or subsidiaries
Bouygues Construction <sup>a</sup>	471	99.97	488	99.97
Colas <sup>b</sup>	1,118	96.60	1,125	96.60
TF1 <sup>b</sup>	1,130	43.91	1,000	43.98
Bouygues Telecom <sup>b</sup>	2,648	90.53	2,648	90.53
<b>TOTAL</b>	<b>5,367</b>		<b>5,261</b>	

(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.

#### Information about impairment testing of goodwill as of 31 December 2016:

- The recoverable amounts of Bouygues Telecom, TF1 and Colas were determined using the method described in Note 2.7.4.1, based on three-year cash flow projections corresponding to the business plans of each of the three subsidiaries as presented to the subsidiary’s Board of Directors and the Board of Directors of Bouygues SA.
  - Cash flows beyond the projection period were extrapolated using a perpetual growth rate.

- The discount rates (weighted average cost of capital) and growth rates used as of 31 December 2016 were as follows:

	Discount rate		Perpetual growth rate
	Scenario 1 <sup>a</sup>	Scenario 2 <sup>a</sup>	
- Bouygues Telecom	4.97%	4.70%	2%
- TF1	6.18%	5.78%	2%
- Colas	5.32%	5.01%	2%

(a) Depending on the capital structure: ½ debt - ½ equity (scenario 1); ⅔ debt - ⅓ equity (scenario 2).

- Assumptions used in the Bouygues Telecom business plan:
  - The normative cash flows used for Bouygues Telecom rely on the following assumptions:
    - an intensification of investment in very-high-speed mobile and fixed broadband, translating into:
      - €1.2 billion of capital expenditure in 2017 to maintain leadership in 4G over the long term and prepare for the arrival of 5G, and to ramp-up roll-out of the FTTH network to meet the growing demand from households for very-high-speed broadband;
      - pragmatic infrastructure management, with self-financed investment in key infrastructure backed by sharing, leasing or divestment of infrastructure with the least differentiation;
    - an optimised cost structure, the transformation plan having exceeded the target of €400 million cost savings in 2016 relative to end 2013;
    - the expected benefits, from the end of 2018, of the agreement between Bouygues Telecom and SFR to share their mobile networks in less dense areas , which will give customers the best 4G coverage (target: 92% in 2017, 99% in 2018) and very high service quality while optimising capital expenditure and operating costs.
  - The business plans used for TF1 were prepared on the basis of sales growth rates and operating margins consistent with actual performances over the previous five years. Those business plans take account of factors including:
    - the ongoing implementation of a resolutely multi-channel, multi-media and multi-activity strategy, combining pulling power with targeted reach on each channel and developing growth areas in DTT, digital and production, with a particular focus on:
      - developing attractive and distinctive content with a competitive cost base, in particular by expanding production activities;

- broadening the distribution of content by multiplying the number of distribution channels and strengthening the bond with the viewer/consumer;
- generating increased revenue from both linear and non-linear content;
- the impacts of the economic situation and competitive environment on advertising spend;
- the impact of future major sporting events;
- the acceleration of the transformation of the TF1 group, and the organic growth of its activities.

### Sensitivity analysis

An analysis was performed for the Bouygues Telecom, TF1 and Colas CGUs in order to determine the sensitivity of the calculation to the key parameters (discount rates, growth rates, normative cash flows), either individually or using combined scenarios for discount rates and normative cash flows (including reasonably possible changes in normative cash flows).

For these CGUs, the recoverable amount would equal the carrying amount of the assets tested if the assumptions shown below (taken individually) were to be applied:

	Change in discount rate		Change in normative cash flows	
	Scenario 1 <sup>a</sup>	Scenario 2 <sup>a</sup>	Scenario 1 <sup>a</sup>	Scenario 2 <sup>a</sup>
- Bouygues Telecom	+229 bp	+256 bp	(47)%	(52)%
- TF1	+220 bp	+260 bp	(38)%	(45)%
- Colas	+965 bp	+996 bp	(80)%	(82)%

(a) Depending on the capital structure: ½ debt - ½ equity (scenario 1); ⅔ debt - ⅓ equity (scenario 2).

For Bouygues Telecom, in the event of a 20% reduction in normative cash flows combined with an increase of 100 basis points in the discount rate, the recoverable amount would be greater than the carrying amount by €615 million under scenario 1 and by €1,170 million under scenario 2. If the perpetual growth rate applied to the normative cash flows were to be halved and all other assumptions described above were unchanged, the recoverable amount would be greater than the carrying amount by €2,485 million under scenario 1 and by €3,185 million under scenario 2.

For TF1, in the event of a 20% reduction in normative cash flows combined with an increase of 100 basis points in the discount rate, the recoverable amount would be greater than the carrying amount by €30 million under scenario 1, and by €240 million under scenario 2. If the perpetual growth rate applied to the normative cash flows were to be halved and all other assumptions described above were unchanged, the recoverable amount would be greater than the carrying amount by €620 million under scenario 1 and by €880 million under scenario 2.

## Conclusion on impairment testing

For all the CGUs tested, the recoverable amounts determined under both capital structure scenarios remain greater than the carrying amount of the assets.

### 3.2.4 Non-current financial assets

As of 31 December 2016, these comprised:

- investments in joint ventures and associates (accounted for by the equity method): €2,429 million;
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc): €523 million;
- deferred tax assets: €367 million.

<i>(€ million)</i>	Investments in joint ventures and associates	Investments in non-consolidated companies	Other non-current assets	Total gross value	Amortisation and impairment	Carrying amount	Deferred tax assets
<b>31/12/2014</b>	5,568	322	471	6,361	(1,698)	4,663	288
<b>Movements during 2015</b>							
Changes in scope of consolidation	(49)	27		(22)	22		(3)
Acquisitions and other increases	16	14	66	96		96	61
Amortisation and impairment, net					305	305	
Disposals and other reductions	(809)	(38)	(81)	(928)		(928)	
Transfers and other allocations	(201)	9		(192)	(1)	(193)	6
<b>31/12/2015</b>	4,525	334	456	5,315	(1,372)	3,943	352
<b>AMORTISATION AND IMPAIRMENT</b>	(1,124)	(181)	(67)	(1,372)			
<b>CARRYING AMOUNT</b>	3,401	153	389	3,943			352

<i>(€ million)</i>	Investments in joint ventures and associates <sup>a</sup>	Investments in non-consolidated companies	Other non-current assets	Total gross value	Amortisation and impairment	Carrying amount	Deferred tax assets <sup>b</sup>
<b>31/12/2015</b>	4,525	334	456	5,315	(1,372)	3,943	352
<b>Movements during 2016</b>							
Changes in scope of consolidation	2	3	14	19	(6)	13	(1)
Acquisitions and other increases	51	11	34	96		96	
Amortisation and impairment, net					1,094 <sup>d</sup>	1,094	
Disposals and other reductions	(2,398) <sup>d</sup>	(39)	(71)	(2,508)		(2,508)	
Transfers and other allocations	287	20		307	7	314	16
<b>31/12/2016</b>	2,467	329	433	3,229	(277)	2,952 <sup>c</sup>	367
<b>AMORTISATION AND IMPAIRMENT</b>	(38)	(179)	(60)	(277)			
<b>CARRYING AMOUNT</b>	2,429	150	373	2,952			367

(a) Includes goodwill on associates of €990m as of 31 December 2016.

(b) See Note 7.

(c) Includes €1,938m for Alstom.

(d) Mainly as a result of the Alstom public share buy-back offer (see Note 3.2.5.2.).

### 3.2.5 Joint ventures and associates

(€ million)

	Share of net assets held	Share of profit/(loss) <sup>a</sup> for the period	Goodwill on associates	Carrying amount
<b>31/12/2014</b>	<b>2,490</b>	<b>169</b>	<b>1,478</b>	<b>4,137</b>
<b>Movements during 2015</b>				
Translation adjustments	(48)			(48)
Acquisitions and share issues	16			16
Net profit/(loss) for the period		(108)		(108)
Impairment losses charged during the period			307	307
Appropriation of prior-year profit, disposals, transfers and other movements	(497)	(169)	(237)	(903)
<b>31/12/2015</b>	<b>1,961</b>	<b>(108)</b>	<b>1,548</b>	<b>3,401</b>
<b>Movements during 2016</b>				
Translation adjustments	33			33
Acquisitions and share issues	51			51
Net profit/(loss) for the period		274		274
Impairment losses charged during the period			(7)	(7)
Appropriation of prior-year profit, disposals, transfers and other movements	(880)	108	(551) <sup>b</sup>	(1,323)
<b>31/12/2016</b>	<b>1,165</b>	<b>274</b>	<b>990</b>	<b>2,429</b>

(a) Excluding impairment losses.

(b) Includes reduction of €553m relating to share buy-backs carried out by Alstom.

A list of the joint ventures and associates in which the Bouygues group holds an interest is provided in Note 23, "List of principal consolidated companies at 31 December 2016".

As of 31 December 2016, the total carrying amount of €2,429 million included €240 million for joint ventures (see Note 3.2.5.1, "Joint ventures") and €2,189 million for investments in associates (see Note 3.2.5.2, "Investments in associates").

#### 3.2.5.1 Joint ventures

(€ million)

	31/12/2015	Net movement in 2016	31/12/2016	of which: share of profit/loss and impairment
Miscellaneous joint ventures	197	43	240	56
<b>TOTAL</b>	<b>197</b>	<b>43</b>	<b>240</b>	<b>56</b>

Most of these joint ventures are industrial entities (quarries, emulsion plants) operated jointly by Colas and partners from outside the Bouygues group.

### 3.2.5.2 Investments in associates

Principal associates:

(€ million)	31/12/2015	Net movement in 2016	31/12/2016	of which: share of profit/loss and impairment
Alstom	2,977	(1,039)	1,938	36
Bouygues Construction				
Concession companies	14	2	16	119
Miscellaneous associates	9	(6)	3	2
Colas				
Tipco Asphalt (Thailand)	89	16	105	25
Miscellaneous associates	35	8	43	23
TF1				
Miscellaneous associates	74	4	78	8
Other associates	6		6	(2)
<b>TOTAL</b>	<b>3,204</b>	<b>(1,015)</b>	<b>2,189</b>	<b>211</b>

The share of profit/loss of associates includes a €129 million gain on the sale of the equity interest in Adelaç (A41 motorway concession company; see Note 1.2.1, "Significant Events of 2016").

#### **Alstom:**

Given the time-lag between the annual accounting period-ends of Alstom (31 March) and of Bouygues (31 December), no contribution from Alstom to the net profit of Bouygues was recognised in the fourth quarter of 2016.

Alstom's contribution to the net profit of Bouygues for 2016 was €36 million, after taking account of:

- the results published by Alstom for the second half of its 2015/2016 financial year and the first half of its 2016/2017 financial year;
- the derecognition (based on relative values) of the fair value adjustments and goodwill allocated to Alstom's Energy activities, which have been sold;
- the effects of the public share buy-back offer carried out by Alstom in January 2016; and
- the reversal of the residual balance of the impairment loss recognised as of 31 December 2015.

The carrying amount of the interest in Alstom as of 31 December 2016 was €1,938 million, including €865 million of goodwill and €120 million of non-depreciable fair value adjustments relating mainly to the Alstom brand name. This is €1,039 million less than the carrying amount as of 31 December 2015, reflecting (i) the €996 million payment made to Bouygues in connection with the public share buy-back offer and (ii) a decrease of €43 million in equity at Group level.

The impairment loss recognised against Alstom as of 31 December 2015 was reduced to zero as of 31 March 2016, essentially as a result of the derecognition of goodwill following the sale of Alstom's Energy activities and the calculation of the effects of the public share buy-back offer. The residual balance was released to profit or loss. After taking account of the figures released by Alstom for the first half of its 2016/17 financial year, the carrying amount per share in the balance sheet as of 31 December 2016 was €31.21, below the range of recoverable amounts estimated by Bouygues.

Alstom's profit contribution to the Bouygues group in 2015 was nil, following the partial reversal of the impairment loss recognised by Bouygues in 2013.

Summary information about the assets, liabilities, income and expenses of Alstom:

Amounts shown are for 100% of Alstom (€ million)	Alstom	
	30/09/2016 <sup>a</sup>	31/03/2016 <sup>a</sup>
Non-current assets	5,714	5,677
Current assets	8,784	7,904
Held-for-sale assets	25	41
<b>TOTAL ASSETS</b>	<b>14,523</b>	<b>13,622</b>
Shareholders' equity	3,415	3,328
Non-current liabilities	3,046	3,012
Current liabilities	8,035	7,167
Liabilities related to held-for-sale assets	27	115
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>14,523</b>	<b>13,622</b>
Sales	3,570	6,881
Current operating profit/(loss)	200	366
Net profit/(loss)	136	3,011
Net profit/(loss) attributable to the Group	128	3,001

(a) Financial statements published by Alstom (financial year-end 31 March 2016).

Reconciliation to the carrying amount of the interest held by the Bouygues group:

(€ million)	31/12/2016	31/12/2015
Alstom: Shareholders' equity attributable to the group as published	3,367	3,658
Share attributable to Bouygues (28.3% as of 31/12/2016)	953	1,066
Fair value remeasurements and goodwill recognised at Bouygues group level	985	1,911
<b>Net assets recognised in the Bouygues consolidated financial statements</b>	<b>1,938</b>	<b>2,977</b>

Given the time-lag in publication, the amounts reported as of 31 December 2016 are based on the figures published by Alstom as of 30 September 2016.

### Information about impairment testing of the investment in Alstom as of 31 December 2016

The investment in Alstom was tested for impairment as of 31 December 2016 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 were based on forecasts prepared by a panel of financial analysts.

The discount rate (weighted average cost of capital) and growth rate used for Alstom as of 31 December 2016 were as follows:

	Discount rate		Perpetual growth rate
	Scenario 1 <sup>a</sup>	Scenario 2 <sup>a</sup>	
Alstom	7.47%	6.93%	2%

(a) Depending on the capital structure: ½ debt - ½ equity (scenario 1); ⅔ debt - ⅓ equity (scenario 2)

### Sensitivity analysis

An analysis was performed for the investment in Alstom in order to determine the sensitivity of the calculation to the key parameters (discount rates, growth rates, normative cash flows), either individually or using combined scenarios for discount rates and normative cash flows (including reasonably possible changes in normative cash flows).

The recoverable amount would equal the carrying amount of the assets tested if the assumptions shown below (taken individually) were to be applied:

	Change in discount rate		Change in normative cash flows	
	Scenario 1 <sup>a</sup>	Scenario 2 <sup>a</sup>	Scenario 1 <sup>a</sup>	Scenario 2 <sup>a</sup>
Alstom	+391 bp	+445 bp	(46)%	(51)%

(a) Depending on the capital structure: ½ debt - ½ equity (scenario 1); ⅔ debt - ⅓ equity (scenario 2).

In the event of a 20% reduction in normative cash flows combined with an increase of 100 basis points in the discount rate, the recoverable amount would be greater than the carrying amount by €200 million under scenario 1, and by €320 million under scenario 2.

### Conclusion on impairment testing

The recoverable amounts determined under both capital structure scenarios remain greater than the carrying amount of the Bouygues group's investment in Alstom as of 31 December 2016.

### 3.2.6 Investments in non-consolidated companies and other non-current financial assets

Principal investments in non-consolidated companies as of 31 December 2016:

Investment (€ million)	31/12/2016				31/12/2015				
	Gross value	Impairment	Carrying amount	% interest	Total assets	Total current & non-current liabilities	Total sales	Net profit/(loss)	Carrying amount
<b>French companies</b>									
<b>Colas</b>									
Asphalt, binder and quarry companies <sup>a</sup>	24	(7)	17						17
<b>TF1</b>									
Sylver									1
Sofica valor 7	17		17	99.9%					14
<b>Sub-total</b>	<b>41</b>	<b>(7)</b>	<b>34</b>						<b>32</b>
<b>Foreign companies</b>									
<b>Bouygues Construction</b>									
IEC Investments (Hong Kong)	67		67	15%	134	31	53	(9)	65
VSL Corporation (United States)	22	(22)		100%					
<b>TF1</b>									
Teads	4		4	7%					4
A1-international (Netherlands)	13	(13)		50%					
<b>Colas</b>									
Asphalt, binder and quarry companies <sup>a</sup>	2	(1)	1						1
<b>Sub-total</b>	<b>108</b>	<b>(36)</b>	<b>72</b>						<b>70</b>
Other investments <sup>a</sup>	180	(136)	44						51
<b>TOTAL</b>	<b>329</b>	<b>(179)</b>	<b>150</b>						<b>153</b>

(a) The information provided for "Asphalt, binder and quarry companies" and "Other investments" relates to a large number of companies, for which individual information is not disclosed on grounds of immateriality.

<b>Other non-current financial assets</b>	<b>373</b>
▪ Advances to non-consolidated companies	85
▪ Loans receivable	145
▪ Other long-term investments	143
▪ Deposits and caution money paid (net)	112
▪ Mutual funds	16
▪ Other investments with carrying amounts of less than €2 million individually	15

## Analysis of investments in non-consolidated companies and other non-current financial assets (excluding joint ventures and associates) by category

(€ million)	Available-for-sale financial assets <sup>a</sup>	Financial assets at fair value through profit or loss	Held-to-maturity assets	Loans and receivables <sup>b</sup>	Total
<b>31/12/2015</b>	<b>189</b>	<b>6</b>	<b>78</b>	<b>269</b>	<b>542</b>
Movements during 2016	(2)	(6)		(11)	(19)
<b>31/12/2016</b>	<b>187</b>		<b>78</b>	<b>258<sup>c</sup></b>	<b>523</b>
Due within less than 1 year	6			18	24
Due within 1 to 5 years				77	77
Due after more than 5 years	181		78	163	422

(a) Impact of fair value remeasurements recognised in equity (except in the event of a significant or prolonged decline in value, in which case an impairment loss is recognised in profit or loss). Mainly relates to investments in non-consolidated companies (€150m at 31 December 2016), the vast majority of which are measured at value in use (level 3 in the fair value hierarchy).

(b) Measured at amortised cost.

(c) Includes financial receivables relating to Public-Private Partnership (PPP) activities.

### Fair value of financial assets and financial liabilities

Under IFRS 13, the fair value hierarchy that reflects the significance of the inputs used in making fair value measurements has three levels:

- level 1 (unadjusted quoted prices): price accessible to the entity on the date of measurement in active markets, for identical assets or liabilities;
- level 2 (observable inputs): inputs relating to the asset or liability, other than quoted market prices classified as level 1 inputs, that are observable either directly (such as a price) or indirectly (i.e. derived from observable prices);
- level 3 (unobservable inputs): inputs that are not observable on markets, including observable inputs that require significant adjustment (for example, extrapolation of yield curves over long, unobservable periods). Within the Bouygues group, this applies mainly to investments in non-consolidated companies.

	Level 1 Quoted prices	Level 2 Observable inputs	Level 3 Unobservable inputs	31/12/2016
Available-for-sale financial assets		6	181	<b>187</b>
Held-to-maturity assets		78		<b>78</b>
Cash and cash equivalents	4,581			<b>4,581</b>
Financial instruments, net	(2)			<b>(2)</b>

## Joint operations

Joint operations are recognised in proportion to the interest held by the Group in the assets, liabilities, income and expenses of the joint operation. A list of the main joint operations in which the Bouygues group holds an interest is provided in Note 23, "List of principal consolidated companies at 31 December 2016".

Aggregate amounts of assets/liabilities and key income statement indicators are shown below:

Bouygues share (€ million)	31/12/2016	31/12/2015
Non-current assets	164	123
Current assets	1,293	1,335
<b>TOTAL ASSETS</b>	<b>1,457</b>	<b>1,458</b>
Shareholders' equity	(174)	(218)
Non-current liabilities	62	132
Current liabilities	1,569	1,544
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>1,457</b>	<b>1,458</b>
<b>SALES</b>	<b>1,937</b>	<b>1,907</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>138</b>	<b>(59)</b>
<b>NET PROFIT/(LOSS)</b>	<b>132</b>	<b>(65)</b>

## NOTE 4 CURRENT ASSETS

### 4.1 Inventories

(€ million)

	31/12/2016			31/12/2015		
	Gross value	Impairment <sup>a</sup>	Carrying amount <sup>b</sup>	Gross value	Impairment <sup>a</sup>	Carrying amount
Property development inventories	1,605	(118)	1,487	1,635	(123)	1,512
Raw materials and finished goods	870	(64)	806	894	(60)	834
Programmes and broadcasting rights	803	(141)	662	828	(115)	713
<b>TOTAL</b>	<b>3,278</b>	<b>(323)</b>	<b>2,955</b>	<b>3,357</b>	<b>(298)</b>	<b>3,059</b>

(a) Includes:

- impairment losses charged in the period	(132)	(159)
- impairment losses reversed in the period	106	162

(b) Includes Bouygues Immobilier: properties under construction €1,257m; completed properties €110m.

### Operating commitments not yet recognised involving future outflows of resources

(€ million)

TF1	Falling due			Total 2016	Total 2015
	Less than 1 year	1 to 5 years	More than 5 years		
Programmes and broadcasting rights	583	712	76	1,371	1,376
Sports transmission rights	64	105		169	86
<b>FUTURE PROGRAMMING SCHEDULES<sup>a</sup></b>	<b>647</b>	<b>817</b>	<b>76</b>	<b>1,540</b>	<b>1,462</b>
Comparative at 31 December 2015	523	796	143	1,462	

(a) 2016: Contracts expressed in foreign currencies: €112m in US dollars.

The increase in sports transmission rights commitments reflects the signature in 2016 of contracts relating to the 2018 and 2022 Football World Cups.

Bouygues Immobilier	Falling due			Total 2016	Total 2015
	Less than 1 year	1 to 5 years	More than 5 years		
<b>ACQUISITIONS OF LAND BANKS</b>	<b>374</b>			<b>374</b>	<b>372</b>
Comparative at 31 December 2015	372			372	

Bouygues Telecom

<b>AGREEMENTS TO SECURE HANDSET SUPPLIES</b>	<b>409</b>			<b>409</b>	<b>372</b>
Comparative at 31 December 2015	372			372	

### 4.2 Advances and down-payments made on orders

(€ million)

	31/12/2016			31/12/2015		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments made on orders	396	(1)	395	447	(1)	446

### 4.3 Trade receivables, tax assets and other current receivables

(€ million)

	31/12/2016			31/12/2015		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	6,953	(586)	6,367	6,434	(620)	5,814
Current tax assets (tax receivable)	287	(2)	285	235	(2)	233
Total other current receivables:						
Employees, social security, government and other	1,338	(9)	1,329	1,275	(8)	1,267
Sundry receivables	1,140	(198)	942	932	(188)	744
Prepaid expenses	238		238	206		206
<b>TOTAL OTHER CURRENT RECEIVABLES</b>	<b>2,716</b>	<b>(207)</b>	<b>2,509</b>	<b>2,413</b>	<b>(196)</b>	<b>2,217</b>
<b>TOTAL</b>	<b>9,956</b>	<b>(795)</b>	<b>9,161</b>	<b>9,082</b>	<b>(818)</b>	<b>8,264</b>

#### Split of carrying amount of trade receivables between non past due and past due balances

(€ million)

	Non past due	Past due by:			Total
		0-6 months	6-12 months	> 12 months	
Trade receivables	4,913	1,094	268	678	6,953
Impairment of trade receivables	(8)	(45)	(50)	(483)	(586)
<b>CARRYING AMOUNT OF TRADE RECEIVABLES: 31/12/ 2016</b>	<b>4,905</b>	<b>1,049</b>	<b>218</b>	<b>195<sup>a</sup></b>	<b>6,367</b>
Carrying amount of trade receivables: 31/12/2015	4,327	1,117	183	187	5,814

(a) Includes €106m for Bouygues Construction, €56m for Colas and €28m for Bouygues Telecom.

An analysis of trade receivables more than 12 months past due and not covered by impairment allowances revealed no additional credit risk (recoverable VAT, offset with trade creditors, etc.).

### 4.4 Cash and cash equivalents

(€ million)

Cash and cash equivalents	31/12/2016			31/12/2015		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Cash	3,482		3,482 <sup>a</sup>	3,092		3,092
Cash equivalents	1,267		1,267 <sup>b</sup>	693		693
<b>TOTAL</b>	<b>4,749</b>		<b>4,749</b>	<b>3,785</b>		<b>3,785</b>

(a) Includes €807m of term deposits with maturities of less than 3 months recorded in the books of Bouygues SA.

(b) €1,185m of these cash equivalents are held by Bouygues SA.

Surplus cash is invested with high-quality French and foreign banks.

Cash equivalents are readily convertible into cash.

Cash equivalents are measured at fair value.

All investments of cash and equivalents were accessible as of 31 December 2016.

The net cash position shown in the cash flow statement breaks down by currency as follows:

	Euro	Pound sterling	Swiss franc	Other European currencies	US dollar	Other currencies	Total 31/12/2016	Total 31/12/2015
<i>(€ million)</i>								
Cash	2,366	97	303	70	136	510	3,482	3,092
Cash equivalents	1,245		8	1		13	1,267	693
Overdrafts and short-term bank borrowings	(109)		(4)	(1)		(54)	(168)	(196)
<b>Total 31/12/2016</b>	<b>3,502</b>	<b>97</b>	<b>307</b>	<b>70</b>	<b>136</b>	<b>469</b>	<b>4,581</b>	<b>3,589</b>
Total 31/12/2015	2,660	110	237	63	114	405	3,589	

#### 4.5 Analysis of depreciation, amortisation, impairment and provisions in the balance sheet and income statement

	31/12/2015	Translation adjustments	Charges and reversals through current operating profit				Other movements <sup>a</sup>	31/12/2016
			Depreciation, amortisation	Impairment losses, provisions	Reversals (unutilised)	Other impairment losses & provisions <sup>c</sup>		
Depreciation, amortisation & impairment of property, plant and equipment and intangible assets	(14,465)	(45)	(1,599)	(49)		(111)	15	(16,254)
Impairment of goodwill	(78)	1		(1)			2	(76)
Impairment of investments in non-consolidated companies	(181)	3				6	(7)	(179)
Impairment of other non-current financial assets	(1,192)			(2)	2	3	1,092 <sup>b</sup>	(97)
<b>Sub-total: non-current assets</b>	<b>(15,916)</b>	<b>(41)</b>	<b>(1,599)<sup>d</sup></b>	<b>(52)<sup>d</sup></b>	<b>2<sup>d</sup></b>	<b>(102)<sup>d</sup></b>	<b>1,102</b>	<b>(16,606)</b>
Impairment of inventories	(298)			(57)	31		1	(323)
Impairment of trade receivables	(620)	2		(16)	34		14	(586)
Impairment of cash equivalents								
Impairment of other current assets	(197)			(8)	1	(4)		(208)
<b>Sub-total: current assets</b>	<b>(1,115)</b>	<b>2</b>		<b>(81)</b>	<b>66</b>	<b>(4)</b>	<b>15</b>	<b>(1,117)</b>
<b>TOTAL DEDUCTED FROM ASSETS</b>	<b>(17,031)</b>	<b>(39)</b>	<b>(1,599)</b>	<b>(133)</b>	<b>68</b>	<b>(106)</b>	<b>1,117</b>	<b>(17,723)</b>
Non-current provisions	(2,160)	8		(180) <sup>d</sup>	136 <sup>d</sup>	35 <sup>d</sup>	(38)	(2,199)
Current provisions	(1,092)	(5)		(148)	220	5	18	(1,002)
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>(3,252)</b>	<b>3</b>		<b>(328)</b>	<b>356</b>	<b>40</b>	<b>(20)</b>	<b>(3,201)</b>

(a) Reversals on disposals, and changes in scope of consolidation.

(b) The figure of €1,092m relates to the reversal of impairment losses against Alstom goodwill (see Note 3.2.5.2).

(c) Recognised in "Other operating income and expenses" or "Other financial income and expenses".

(d) The net amount of depreciation, amortisation, non-current provisions and impairment charged against assets is €1,760m (see the cash flow statement).

## NOTE 5 CONSOLIDATED SHAREHOLDERS' EQUITY

### 5.1 Share capital of Bouygues SA (€)

As of 31 December 2016, the share capital of Bouygues SA consisted of 354,908,547 shares with a €1 par value. Movements during 2016 were as follows:

	31/12/2015	Movements during 2016		31/12/2016
		Reductions	Increases	
Shares	345,135,316		9,773,231	354,908,547
<b>NUMBER OF SHARES</b>	<b>345,135,316</b>		<b>9,773,231</b>	<b>354,908,547</b>
Par value	€1			€1
<b>SHARE CAPITAL (€)</b>	<b>345,135,316</b>		<b>9,773,231</b>	<b>354,908,547</b>

The capital increase during the year of €207 million (see the consolidated statement of changes in shareholders' equity) comprised:

- 2,372,768 shares issued on exercise of stock options (€57 million);
- 7,400,463 shares issued under the Bouygues Confiance n°8 employee share ownership plan (€150 million, including €38 million due to be collected in January 2017).

### 5.2 Shareholders' equity at 31 December 2016 attributable to the group and to non-controlling interests

(€ million)	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves and profit/(loss) for period	Items recognised directly in equity	Total 2016
Attributable to the Group	355	1,705	808	1,787	3,428	57	8,140
Attributable to non-controlling interests					1,278	2	1,280
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>355</b>	<b>1,705</b>	<b>808</b>	<b>1,787</b>	<b>4,706</b>	<b>59</b>	<b>9,420</b>

### 5.3 Analysis of income and expense recognised directly in equity

(€ million)	Ref.	2016 Attributable to the Group	2015 Attributable to the Group
Translation adjustment	5.3.1	11	84
Fair value remeasurement reserve (financial instruments)	5.3.2	(2)	(29)
Actuarial gains/(losses)	5.3.3	(76)	8
Tax on items recognised directly in equity		21	5
Share of restatements of joint ventures and associates		6 <sup>a</sup>	(202)
<b>ATTRIBUTABLE TO THE GROUP</b>		<b>(40)</b>	<b>(134)</b>
		<b>Non-controlling interests</b>	<b>Non-controlling interests</b>
Other expenses and income attributable to non-controlling interests			1
<b>TOTAL</b>		<b>(40)</b>	<b>(133)</b>

(a) Mainly comprises:

- Alstom: actuarial gains/losses €(42)m, translation adjustment €23m.
- Bouygues Construction: €13m in fair value remeasurements of hedging instruments and other financial assets.
- Colas: translation adjustment €9m.

#### 5.3.1 Translation reserve (attributable to the Group)

Principal translation adjustments in the year ended 31 December 2016 arising on the consolidated financial statements of foreign subsidiaries, joint ventures and associates reporting in the following currencies:

	31/12/2015	Movements during 2016	31/12/2016
US dollar	55	14	69
Canadian dollar	(13)	21	8
Pound sterling	9	1	10
Thai baht	8	3	11
South African rand	97	(27)	70
Swiss franc	34	5	39
Czech koruna	5		5
Croatian kuna	3	1	4
Polish zloty	4	(1)	3
Other currencies	(56)	(35) <sup>b</sup>	(91) <sup>a</sup>
<b>TOTAL</b>	<b>146</b>	<b>(18)<sup>c</sup></b>	<b>128</b>

(a) Includes cumulative translation adjustments on joint ventures and associates: €(76)m, of which €(98)m relates to Alstom.

(b) Includes Alstom: €23m, and €(62)m related to the sale of the Energy business.

(c) Split: subsidiaries €11m, joint ventures and associates €33m, sale of the Energy business €(62)m.

### 5.3.2 Fair value remeasurement reserve (attributable to the Group)

This reserve contains amounts recognised directly in equity on the remeasurement at fair value of financial instruments used for hedging purposes and of available-for-sale financial assets.

(€ million)	31/12/2015	Movements during 2016	31/12/2016
Gross movement (fully consolidated entities) <sup>a</sup>	(56)	(2)	(58)

(a) Mainly relates to cash flow hedges, currency hedges, and fair value remeasurement of available-for-sale financial assets.

### 5.3.3 Actuarial gains and losses on employee benefits (IAS19) (attributable to the Group)

(€ million)	31/12/2015	Movements during 2016	31/12/2016
Gross movement (fully consolidated entities)	(105)	(76) <sup>a</sup>	(181)

(a) Mainly the impact of the fall in the Iboxx A10+ rate (1.71% at 31 December 2016, versus 2.09% at 31 December 2015), and changes in actuarial assumptions in the UK.

## 5.4 Analysis of “Other transactions with shareholders” attributable to the Group

The impact on consolidated shareholders’ equity of share-based payment (IFRS 2) is as follows:

(€ million)	31/12/2016	31/12/2015	(charged to profit or loss)
Transfer to reserves:			
TF1	1	1	
Bouygues SA	9	5	2016 expense calculated on basis of plans awarded since June 2012
Bouygues Confiance n°7 plan		4	Cost of employee benefits
Bouygues Confiance n°8 plan	3		Cost of employee benefits
<b>TOTAL</b>	<b>13</b>	<b>10</b>	

## 5.5 Analysis of “Acquisitions/disposals without loss of control” and “Other transactions”

The net reduction of €177 million reflects:

- a reduction of €60 million in the shareholders’ equity of Alstom, essentially as a result of the sale of the Energy business;
- a reduction of €117 million in shareholders’ equity due to other factors, mainly (i) the tax saving recognised in equity as a result of the Bouygues Confiance n°8 employee share ownership plan and (ii) commitments by TF1 to buy out non-controlling interests (see Note 9.2).

## NOTE 6 NON-CURRENT AND CURRENT PROVISIONS

### 6.1 Non-current provisions

<i>(€ million)</i>	Long-term employee benefits <sup>a</sup>	Litigation and claims <sup>b</sup>	Guarantees given <sup>c</sup>	Other non-current provisions <sup>d</sup>	Total
<b>31/12/2014</b>	<b>719</b>	<b>325</b>	<b>379</b>	<b>882</b>	<b>2,305</b>
<b>Movements during 2015</b>					
Translation adjustments	4		4	1	9
Changes in scope of consolidation	(1)	(2)		(3)	(6)
Charges to provisions	32	91	116	109	348
Reversals of provisions (utilised or unutilised)	(55)	(82)	(109)	(254)	(500) <sup>e</sup>
Actuarial gains and losses	(7)				(7)
Transfers and other movements		31	2	(22)	11
<b>31/12/2015</b>	<b>692</b>	<b>363</b>	<b>392</b>	<b>713</b>	<b>2,160</b>
<b>Movements during 2016</b>					
Translation adjustments	(9)	1	(2)	2	(8)
Changes in scope of consolidation		(1)	2	(19)	(18)
Charges to provisions	43	111	102	121	377
Reversals of provisions (utilised or unutilised)	(44)	(94)	(98)	(184)	(420) <sup>f</sup>
Actuarial gains and losses	80				80
Transfers and other movements	2	(1)	(2)	29	28
<b>31/12/2016</b>	<b>764</b>	<b>379</b>	<b>394</b>	<b>662</b>	<b>2,199</b>

Provisions are measured on the basis of management's best estimate of the risk.

<b>(a) Long-term employee benefits (see Note 19.2)</b>	<b>764</b>	<b>Principal segments involved:</b>	
Lump-sum retirement benefits	502	Bouygues Construction	203
Long service awards and other benefits	149	Colas	423
Other long-term employee benefits	113	TF1	42
		Bouygues Telecom	57
<b>(b) Litigation and claims</b>	<b>379</b>	Bouygues Construction	170
Provisions for customer disputes	137	Bouygues Immobilier	34
Subcontractor claims	75	Colas	111
Employee-related and other litigation and claims	167	Bouygues Telecom	57
<b>(c) Guarantees given</b>	<b>394</b>	Bouygues Construction	301
Provisions for guarantees given	300	Bouygues Immobilier	24
Provisions for additional building/civil engineering/civil works guarantees	94	Colas	69
<b>(d) Other non-current provisions</b>	<b>662</b>	Bouygues Construction	179
Provisions for miscellaneous foreign risks	39	Colas	314
Provisions for subsidiaries and affiliates	29	Bouygues Telecom	133
Dismantling and site rehabilitation	266		
Other non-current provisions	150		
<b>(e) including reversals of unutilised provisions in 2015</b>	<b>(221)</b>		
<b>(f) including reversals of unutilised provisions in 2016</b>	<b>(161)</b>		

## 6.2 Current provisions

Provisions relating to the operating cycle amounted to €1,002 million as of 31 December 2016:

<i>(€ million)</i>	Provisions for customer warranties	Provisions for project risks and project completion <sup>a</sup>	Provisions for expected losses to completion <sup>a</sup>	Other current provisions <sup>b</sup>	Total
<b>31/12/2014</b>	<b>57</b>	<b>398</b>	<b>271</b>	<b>347</b>	<b>1,073</b>
<b>Movements during 2015</b>					
Translation adjustments		18	(5)		13
Changes in scope of consolidation	(2)	(3)	3	(3)	(5)
Charges to provisions	26	186	201	146	559
Reversals of provisions (utilised or unutilised)	(25)	(190)	(135)	(187)	(537) <sup>c</sup>
Transfers and other movements	(2)	2	(1)	(10)	(11)
<b>31/12/2015</b>	<b>54</b>	<b>411</b>	<b>334</b>	<b>293</b>	<b>1,092</b>
<b>Movements during 2016</b>					
Translation adjustments	(1)	2		4	5
Changes in scope of consolidation	(2)			2	
Charges to provisions	16	148	178	134	476 <sup>d</sup>
Reversals of provisions (utilised or unutilised)	(20)	(187)	(227)	(118)	(552)
Transfers and other movements	2			(21)	(19)
<b>31/12/2016</b>	<b>49</b>	<b>374</b>	<b>285</b>	<b>294</b>	<b>1,002</b>

*(a) Mainly Bouygues Construction and Colas.  
(Individual project provisions are not disclosed for confidentiality reasons).*

<b>(b) Other current provisions:</b>	<b>294</b>	<b>Principal segments involved:</b>	
Reinsurance costs	3	Bouygues Construction	104
Restructuring provisions	40	Bouygues Immobilier	45
Customer loyalty programmes (Bouygues Telecom)	8	Colas	101
Site rehabilitation (current portion)	14	TF1	25
Miscellaneous current provisions	229		

*(c) including reversals of unutilised provisions in 2015* (170)

*(d) including reversals of unutilised provisions in 2016* (222)

## NOTE 7 DEFERRED TAX ASSETS AND LIABILITIES

### 7.1 Deferred tax assets

<i>(€ million)</i>	31/12/2015	Movements during 2016	31/12/2016
<b>Deferred tax assets</b>			
Bouygues Construction	111	(10)	101
Bouygues Immobilier	27	(1)	26
Colas	139	14	153
TF1			
Bouygues Telecom	27	(27)	
Bouygues SA & other	48	39	87
<b>TOTAL</b>	<b>352</b>	<b>15</b>	<b>367</b>

Deferred tax assets mainly arise from temporary differences (such as provisions temporarily non-deductible for tax purposes), and from tax losses with a genuine probability of recovery.

### 7.2 Deferred tax liabilities

<i>(€ million)</i>	31/12/2015	Movements during 2016	31/12/2016
<b>Deferred tax liabilities</b>			
Bouygues Construction	9	(2)	7
Bouygues Immobilier		8	8
Colas	73	(2)	71
TF1	12	31	43
Bouygues Telecom		27	27
Bouygues SA & other	3		3
<b>TOTAL</b>	<b>97</b>	<b>62</b>	<b>159</b>

The deferred tax position as of 31 December 2016 represented a net asset of €208 million; see Note 7.3 for a detailed analysis.

### 7.3 Net deferred tax asset/liability by business segment

(€ million)

Net deferred tax asset/liability by segment/type	Net deferred tax asset/ (liability) at 31/12/2015	Changes in scope of consolidation	Translation adjustments	Movements during 2016		Other items <sup>a</sup>	Net deferred tax asset/ (liability) at 31/12/2016
				Gain	Expense		
<b>A – Tax losses</b>							
Bouygues Construction	5			1	(1)		5
Bouygues Immobilier	3			1			4
Colas	9			3			12
TF1	1						1
Bouygues Telecom	53				(13)		40
Bouygues SA	41			26	(31)	31	67 <sup>b</sup>
<b>SUB-TOTAL</b>	<b>112</b>			<b>31</b>	<b>(45)</b>	<b>31</b>	<b>129</b>
<b>B – Temporary differences</b>							
Bouygues Construction	97	(1)		9	(12)	(4)	89
Bouygues Immobilier	24	(8)			(2)		14
Colas	57	(1)	(1)	8	(3)	10	70
TF1	(13)	(38)		6		1	(44)
Bouygues Telecom	(26)			9	(50)		(67)
Bouygues SA & other	4			12	(11)	12	17
<b>SUB-TOTAL</b>	<b>143</b>	<b>(48)</b>	<b>(1)</b>	<b>44</b>	<b>(78)</b>	<b>19</b>	<b>79</b>
<b>TOTAL</b>	<b>255</b>	<b>(48)</b>	<b>(1)</b>	<b>75</b>	<b>(123)</b>	<b>50</b>	<b>208</b>

(a) Mainly deferred taxes recognised in equity (on fair value remeasurements of financial instruments, actuarial gains/losses on employee benefits, the Bouygues Confiance n°8 employee share ownership plan, etc.).

(b) Overall tax loss arising on group tax election.

The movement shown for TF1 reflects the first-time consolidation of the Newen Studios group and deferred tax liabilities arising on intangible assets identified as part of the purchase price allocation.

Principal sources of deferred taxation (€m):	31/12/2016	31/12/2015
<ul style="list-style-type: none"> <li>■ Deferred tax assets on employee benefits (mainly lump-sum retirement benefits)</li> <li>■ deferred tax assets on provisions temporarily non-deductible for tax purposes</li> <li>■ restricted provisions booked solely for tax purposes</li> <li>■ tax losses</li> <li>■ other items</li> </ul>	<p>172</p> <p>92</p> <p>(150)</p> <p>129</p> <p>(35)</p> <hr/> <p>208</p>	<p>175</p> <p>138</p> <p>(126)</p> <p>112</p> <p>(44)</p> <hr/> <p>255</p>

## 7.4 Period to recovery of deferred tax assets

31/12/2016	Less than 2 years	2 to 5 years	More than 5 years	Total
<i>(€ million)</i>				
Estimated period to recovery of deferred tax assets	227	62	78 <sup>a</sup>	367

(a) Mainly Colas (primarily deferred tax assets on employee benefits and tax losses).

## 7.5 Unrecognised deferred tax assets

Some deferred tax assets were not recognised as of 31 December 2016 due to the low probability of recovery (mainly tax losses, which in the case of France are relevant only to companies not included in the Bouygues SA group tax election).

<i>(€ million)</i>	31/12/2015	Movements during 2016	31/12/2016
Bouygues Construction	144		144
Bouygues Immobilier	39	1	40
Colas	87	(7)	80
TF1	16	(1)	15
<b>TOTAL UNRECOGNISED DEFERRED TAX ASSETS</b>	<b>286</b>	<b>(7)</b>	<b>279</b>

## NOTE 8 NON-CURRENT AND CURRENT DEBT

### 8.1 Interest-bearing debt by maturity

	Current debt				Non-current debt						Total 31/12/2016	Total 31/12/2015
	Accrued interest	1 to 3 months	4 to 12 months	Total maturing in less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 6 years	6 or more years		
Bond issues	113			113	500	980	996		795	2,025	5,296	4,548
Bank borrowings		34	68	102	79	55	333	136	41	59	703	691
Finance lease obligations		2	6	8	4	2	1	1	1		9	12
Other borrowings		15	27	42	18	124	14	6	3	7	172	54
<b>TOTAL DEBT</b>	<b>113</b>	<b>51</b>	<b>101</b>	<b>265</b>	<b>601</b>	<b>1,161</b>	<b>1,344</b>	<b>143</b>	<b>840</b>	<b>2,091</b>	<b>6,180</b>	<b>5,305</b>
Comparative at 31/12/2015	128	26	677	831	128	573	1,037	1,350	48	2,169		5,305

The table below lists all outstanding Bouygues bond issues. The quoted price in each case is presented as a percentage of the nominal, on a full price basis (i.e. including accrued interest):

ISIN	Issue date	Maturity	Nominal value on maturity	Interest rate	Quoted price at 31/12/2016, as % of nominal on full price basis <sup>a</sup>
FR0010853226	12/02/2010	12/02/2018	500	4.000%	104.5010
FR0010957662	29/10/2010	29/10/2019	1,000	3.641%	110.1880
FR0010212852	22/07/2005	22/07/2020	1,000	4.250%	114.4560
FR0011193515	09/02/2012	09/02/2022	800	4.500%	120.3290
FR0011332196	02/10/2012	16/01/2023	700	3.625%	117.4110
FR0010379255	06/10/2006	06/10/2026	595	5.500%	125.7800
FR0013222494	07/12/2016	07/06/2027	750	1.375%	99.3710
<b>TOTAL</b>			<b>5,345</b>		

(a) source : Bloomberg

Finance lease obligations (included in debt) by business segment	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
(€ million)							
Non-current: 31/12/2016	1		8				9
Current: 31/12/2016			7		1		8
Non-current: 31/12/2015		2	9		1		12
Current: 31/12/2015			7				7

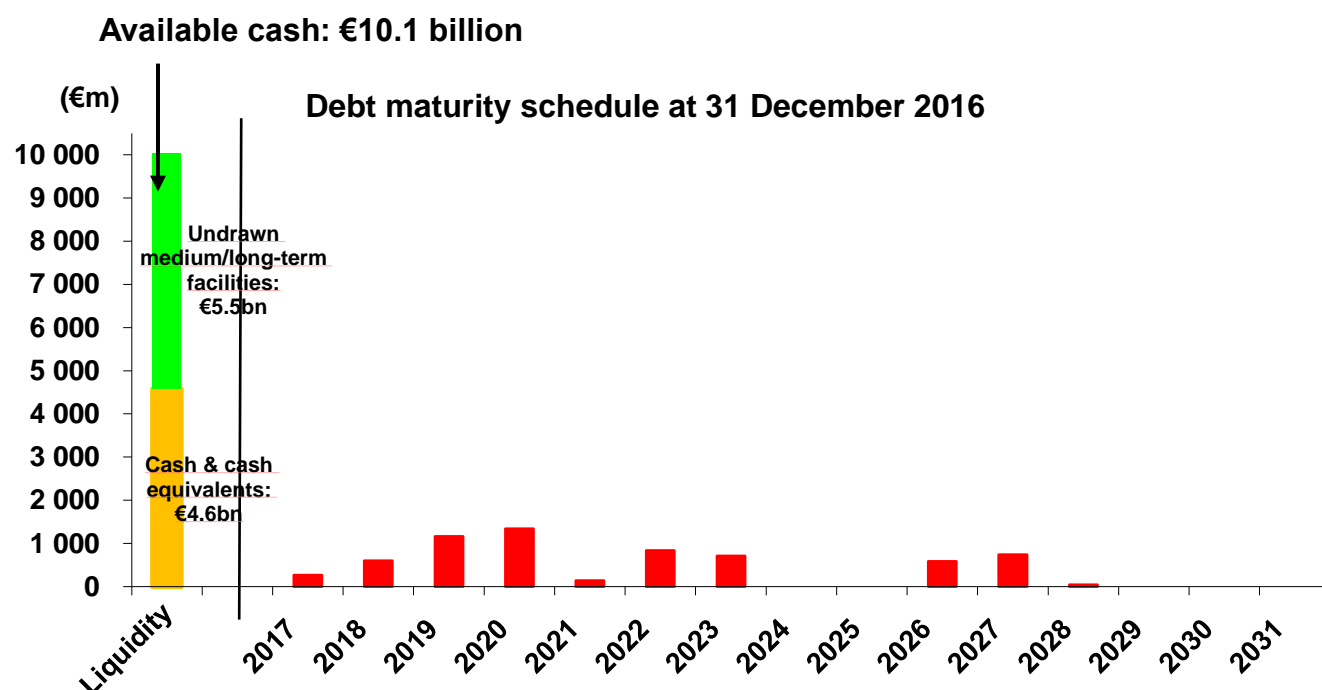
## 8.2 Confirmed credit facilities and drawdowns

Description (€ million)	Confirmed facilities – Maturity				Drawdowns – Maturity			
	Less than 1 year	1 to 5 years	More than 5 years	Total	Less than 1 year	1 to 5 years	More than 5 years	Total
Bond issues (mainly Bouygues SA)	113	2,476	2,820	5,409	113	2,476	2,820	5,409
Bank borrowings <sup>a</sup>	1,697	4,329	242	6,268	102	603	100	805
Finance lease obligations	8	8	1	17	8	8	1	17
Other borrowings	42	162	10	214	42	162	10	214
<b>TOTAL CREDIT FACILITIES</b>	<b>1,860</b>	<b>6,975</b>	<b>3,073</b>	<b>11,908</b>	<b>265</b>	<b>3,249</b>	<b>2,931</b>	<b>6,445</b>

(a) Confirmed undrawn credit facilities: €5,463m

## 8.3 Liquidity at 31 December 2016

As at 31 December 2016, available cash stood at €4,579 million, net of a €2 million liability in respect of financial instruments contracted to hedge net debt. The Group also had €5,463 million of undrawn confirmed credit facilities as at the same date.



The bond issues maturing 2018, 2019, 2022, 2023, 2026 and 2027 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.

## 8.4 Split of current and non-current debt by interest rate type

Split of current and non-current debt, including the effect of all open interest rate hedges at the end of the reporting period:

(%)	31/12/2016	31/12/2015
Fixed rate debt <sup>a</sup>	95	98
Floating rate debt	5	2

(a) Rates fixed for more than one year.

## 8.5 Interest rate risk

The split of financial assets and financial liabilities by type of interest as of 31 December 2016 is shown below:

(€ million)	Floating rate	Fixed rate	Total
Financial liabilities (debt) <sup>a</sup>	(1,015)	(5,430)	(6,445)
Financial assets (net cash) <sup>b</sup>	4,579		4,579
<b>Net pre-hedging position</b>	<b>3,564</b>	<b>(5,430)</b>	<b>(1,866)</b>
Interest rate hedges	704	(704)	
<b>Net post-hedging position</b>	<b>4,268</b>	<b>(6,134)</b>	<b>(1,866)</b>
Adjustment for seasonal nature of some activities <sup>c</sup>	(499)		
<b>Net post-hedging position after adjustment</b>	<b>3,769</b>		

(a) Call options and contingent consideration recognised as financial liabilities under IAS 39 are treated as fixed rate.

(b) Net of a €2m liability in respect of the fair value of financial instruments contracted to hedge net debt.

(c) Colas: operations, and cash flows from operations, are subject to marked seasonal fluctuations. This adjustment gives an approximation of the average cash position over the full year, which is used as the basis for analysing the sensitivity of interest expense to changes in interest rates. It corresponds to the difference between the average cash position over the full year, and the net cash position in the balance sheet at 31 December.

The effect of an immediate 1% rise in short-term interest rates on the net post-hedging position after adjustment (as presented above) would be to reduce the cost of net debt by €38 million over a full year.

## 8.6 Split of current and non-current debt by currency

(€ million)	Europe			US dollar	Hong Kong dollar	Other currencies	Total
	Euro	Pound sterling	Other currencies				
<b>Non-current: 31/12/2016</b>	<b>5,463</b>	<b>645</b>	<b>10</b>	<b>30</b>	<b>4</b>	<b>28</b>	<b>6,180</b>
<b>Current: 31/12/2016</b>	<b>221</b>	<b>7</b>	<b>2</b>		<b>3</b>	<b>32</b>	<b>265</b>
Non-current: 31/12/2015	4,551	660	7	18	13	56	5,305
Current: 31/12/2015	805	8	5	7	3	3	831

An analysis of debt by business segment is provided in Note 16.

Details by segment of collateral and pledges given by the Bouygues group are provided in Note 18.1.

## NOTE 9 MAIN COMPONENTS OF CHANGE IN NET DEBT

### 9.1 Change in net debt

(€ million)	31/12/2015	Cash flows	Changes in scope of consolidation	Translation adjustments	Fair value adjustments	Other movements	31/12/2016
Cash and cash equivalents	3,785	908	66	(6)		(4)	4,749
Overdrafts and short-term bank borrowings	(196)	21	25	(23)		5	(168)
<b>NET CASH POSITION (A)</b>	<b>3,589</b>	<b>929<sup>a</sup></b>	<b>91<sup>a</sup></b>	<b>(29)<sup>a</sup></b>		<b>1<sup>a</sup></b>	<b>4,581</b>
Non-current debt	5,305	743 <sup>b</sup>	191 <sup>c</sup>	15		(74)	6,180
Current debt	831	(656) <sup>b</sup>	18	(1)		73	265
Financial instruments, net	14	(46)			33	1	2
<b>TOTAL DEBT (B)</b>	<b>6,150</b>	<b>41</b>	<b>209</b>	<b>14</b>	<b>33</b>		<b>6,447</b>
<b>NET DEBT (A)-(B)</b>	<b>(2,561)</b>	<b>888</b>	<b>(118)</b>	<b>(43)</b>	<b>(33)</b>	<b>1</b>	<b>(1,866)</b>

(a) Net cash position as analysed in the 2016 cash flow statement (net cash flows + non-monetary movements).

(b) Net cash inflow from financing activities as analysed in the 2016 cash flow statement: €87m.

(c) Mainly relating to call options over non-controlling interests at TF1.

### 9.2 Principal changes in net debt in the year ended 31 December 2016

<b>NET DEBT AT 31 DECEMBER 2015</b>	<b>(2,561)</b>
Acquisitions/disposals of consolidated activities, non-consolidated companies and other investments including changes in scope of consolidation and commitments to buy out non-controlling interests	860 <sup>a</sup>
Transactions involving the share capital of Bouygues SA	189 <sup>b</sup>
Bouygues Confiance n°8 plan - amounts to be collected in 2017	(38)
Dividends paid	(662)
Payment for frequencies in 700 MHz band	(234)
Operating items and other	580
<b>NET DEBT AT 31 DECEMBER 2016</b>	<b>(1,866)</b>

(a) Includes Alstom share buy-back, acquisition of Newen Studios (including options to buy out non-controlling interests) and effects of changes in the scope of consolidation.

(b) Mainly comprises increases in the share capital of Bouygues SA (Bouygues Confiance n°8 employee share ownership plan and exercise of stock options).

## NOTE 10 CURRENT LIABILITIES

<i>(€ million)</i>	<b>31/12/2016</b>	<b>31/12/2015</b>
Advances and down-payments received on orders <sup>a</sup>	1,010	1,178
Current debt <sup>b</sup>	265	831
Current taxes payable	109	118
Trade payables	7,140	6,513
Current provisions <sup>c</sup>	1,002	1,092
Other current liabilities:		
. Other operating liabilities (employees, social security, government)	2,625	2,488
. Deferred income	2,073	1,807
. Other non-financial liabilities <sup>d</sup>	2,461	2,670
Overdrafts and short-term bank borrowings	168	196
Financial instruments – liabilities	19	35
Other current financial liabilities	24	52
<b>TOTAL</b>	<b>16,896</b>	<b>16,980</b>

*(a) As of 31 December 2016, "Advances and down-payments received on orders" included €215m (€244m as of 31 December 2015) received from customers on signature of deeds of sale in respect of off-plan sales under property development programmes. These sums are not refundable and are used to finance work on the programmes; virtually all of these sums had been disbursed as of 31 December 2016.*

*(b) See analysis in Note 8, "Non-current and current debt".*

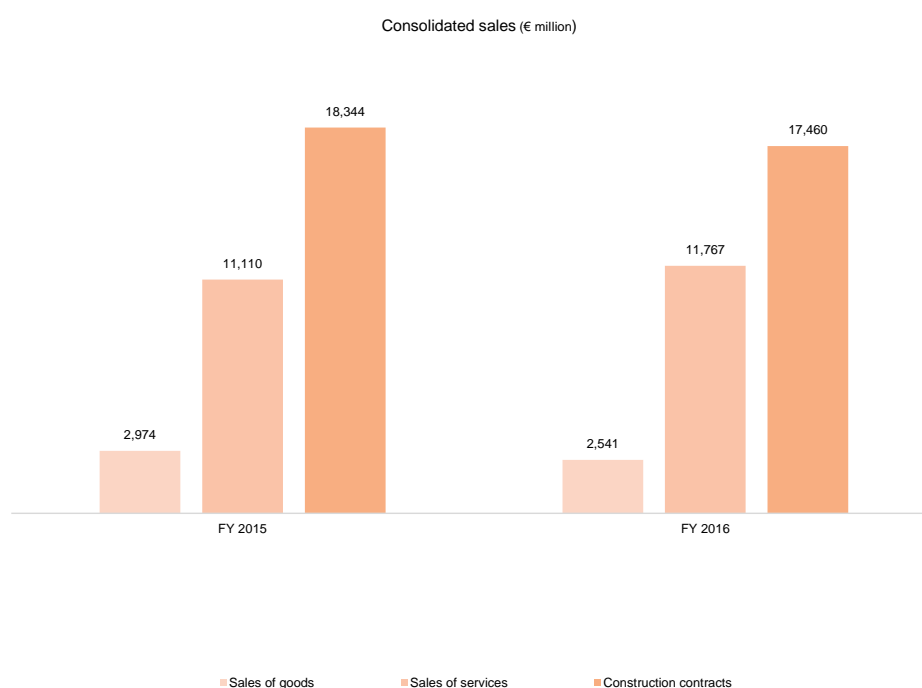
*(c) See analysis in Note 6.2, "Current provisions".*

*(d) In 2015, includes the €467m payable by Bouygues Telecom for the acquisition of 700MHz frequencies; two instalments totalling €234m were paid during 2016, and of the remaining balance half will be paid in December 2017 and half in December 2018.*

## NOTE 11 ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS

### 11.1 Analysis by accounting classification

(€ million)	2016	2015
Sales of goods	2,541	2,974
Sales of services	11,767	11,110
Construction contracts	17,460	18,344
<b>SALES</b>	<b>31,768</b>	<b>32,428</b>
<b>OTHER REVENUES FROM OPERATIONS</b>	<b>132</b>	<b>92</b>
<b>TOTAL REVENUES</b>	<b>31,900</b>	<b>32,520</b>



There were no material exchanges of goods or services in the years ended 31 December 2016 and 2015.

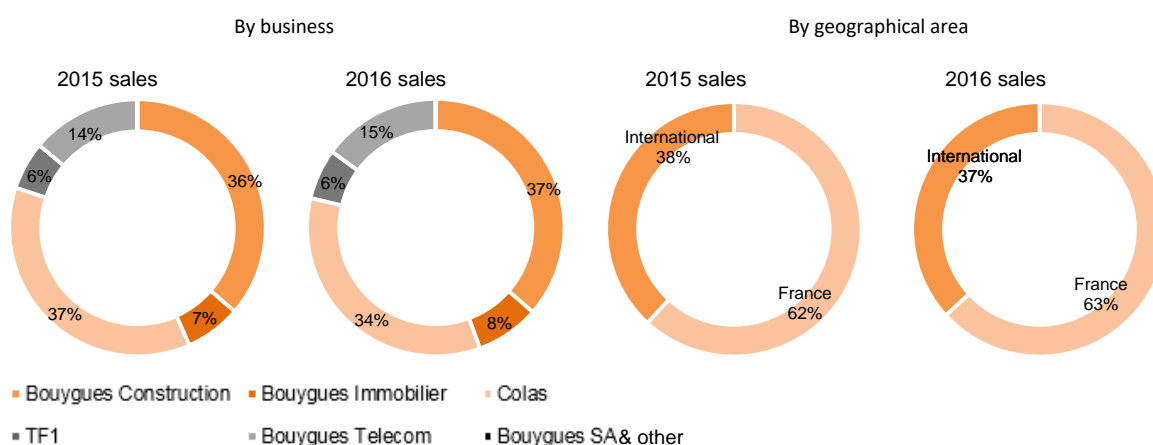
### Consolidated balance sheet: information about construction contracts

(€ million)	Bouygues Construction	Colas	Total
Works not yet billed	641	447	1,088
Warranty retentions	220	92	312
Works billed in advance	(1,530)	(346)	(1,876)
Advance payments received	(356)	(89)	(445)

## 11.2 Analysis by business segment

( <i>€ million</i> )	2016 sales			2015 sales		
	France	International	Total	France	International	Total
Bouygues Construction	5,297	6,273	11,570	5,493	6,283	11,776
Bouygues Immobilier	2,414	129	2,543	2,191	100	2,291
Colas	5,662	5,226	10,888	5,981	5,915	11,896
TF1	1,957	63	2,020	1,904	60	1,964
Bouygues Telecom	4,736		4,736	4,484		4,484
Bouygues SA & other	5	6	11	5	12	17
<b>CONSOLIDATED SALES</b>	<b>20,071</b>	<b>11,697</b>	<b>31,768</b>	<b>20,058</b>	<b>12,370</b>	<b>32,428</b>

Split of total sales



## 11.3 Analysis by geographical area

Sales are allocated to the territory in which the sale is generated.

( <i>€ million</i> )	2016 sales		2015 sales	
	Total	%	Total	%
France	20,071	63	20,058	62
European Union (28 members)	3,400	11	3,835	12
Rest of Europe	1,313	4	1,207	4
Africa	1,203	4	1,279	4
Middle East	184	1	122	
North America	3,016	9	3,335	10
Central and South America	331	1	271	1
Asia-Pacific	1,864	6	1,939	6
Oceania	386	1	382	1
<b>TOTAL</b>	<b>31,768</b>	<b>100</b>	<b>32,428</b>	<b>100</b>

The Bouygues group has operations in the United Kingdom, mainly in construction. These operations are carried out locally within the United Kingdom, and have no material exposure to uncertainties

relating to imports and exports. Sales generated in 2016 amounted to £1,631 million (€1,991 million), compared with £1,594 million (€2,196 million) in 2015. This year-on-year fall of €205 million reflects mainly the 11% fall in the average euro/sterling exchange rate (from €1.38 in 2015, to €1.22 in 2016) following the vote by the United Kingdom to leave the European Union, which had a negative impact of €255 million.

#### 11.4 Split by type of contract, France/International

(%)	2016			2015		
	France	International	Total	France	International	Total
Public-sector contracts <sup>a</sup>	28	51	37	29	52	38
Private-sector contracts	72	49	63	71	48	62

*(a) Sales billed directly to government departments, local authorities or public enterprises (mainly works and maintenance contracts) in France and abroad.*

## NOTE 12 OPERATING PROFIT AND EBITDA

(€ million)	2016	2015
<b>CURRENT OPERATING PROFIT/(LOSS)</b>	<b>1,121</b>	<b>941</b>
Other operating income <sup>a</sup>	113	32
Other operating expenses <sup>a</sup>	(287)	(305)
<b>OPERATING PROFIT/(LOSS) <sup>b</sup></b>	<b>947</b>	<b>668</b>

See Note 16 for an analysis by business segment.

(a) Mainly comprises:

### 2016

**Bouygues Telecom:** Net income of €20m, including the €104m gain on the sale of 500 towers to Cellnex, partly offset by €84m of accelerated depreciation arising from the roll-out of network sharing.

**TF1:** Net expense of €84m comprising:

- one-off additional expense of €25m related to a change in the accounting treatment of French drama;
- amortisation of €25m charged against the fair value of rights remeasured as part of the Newen Studios purchase price allocation;
- other costs of €34m incurred on the reorganisation of the TF1 group and the freeview migration of LCI.

**Colas:** Expense of €62m, including €51m on the discontinuation of the Société de la Raffinerie de Dunkerque (SRD) refinery at Dunkirk and €11m of miscellaneous adaptation costs.

**Bouygues Construction:** Adaptation costs of €23m arising from the ongoing implementation of the new organisational structure that began in 2015.

**Bouygues Immobilier:** Adaptation costs of €13m.

**Bouygues SA:** Expense of €12m relating to costs incurred on the proposed transaction with Orange.

### 2015

**Bouygues Telecom:** Net expense of €123m, mainly on the rollout of network sharing with SFR.

**Bouygues Immobilier:** Adaptation costs of €4m.

**TF1:** Adaptation costs of €17m relating to news operations, primarily discontinuation of the print media activities of Publications Metro France.

**Bouygues Construction:** Mainly comprises costs of €35m incurred on implementation of the new organisational structure in 2015.

**Colas:** Restructuring costs of €95m relating to the restructuring of French subsidiaries and SRD.

(b) Of which rental expenses of €1,588m, including expenses relating to leases with a service component, short-term leases and leases for low-value assets.

The Bouygues group reported EBITDA of €2,757 million in 2016, up €346 million year-on-year. EBITDA is calculated on the basis of current operating profit, to which the following adjustments are made:

(€ million)	2016	2015
<b>CURRENT OPERATING PROFIT/(LOSS)</b>	<b>1,121</b>	<b>941</b>
Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses		
. Net depreciation & amortisation expense	1,599	1,454
. Net charges to provisions & impairment losses	461	417
Elimination of items included in other operating income:		
. Reversals of unutilised provisions and impairment	(424)	(401)
<b>EBITDA</b>	<b>2,757</b>	<b>2,411</b>

## NOTE 13 COST OF NET DEBT AND OTHER FINANCIAL INCOME AND EXPENSES

### 13.1 Analysis of cost of net debt

<i>(€ million)</i>	2016	2015
<b>Financial expenses, comprising:</b>	<b>(248)</b>	<b>(308)</b>
Interest expense on debt <sup>a</sup>	(232)	(285)
Interest expense related to treasury management	(16)	(23)
<b>Financial income, comprising:</b>	<b>26</b>	<b>33</b>
Interest income from cash and cash equivalents	23	27
Income and gains on disposal from cash and cash equivalents	3	6
<b>COST OF NET DEBT</b>	<b>(222)</b>	<b>(275)</b>

*(a) Interest expense on debt is lower mainly as a result of (i) the reduction in net debt, (ii) less onerous financing terms (commercial paper, plus new bond issue in December 2016) and (iii) the redemption of bond issues in July 2015 and May 2016.*

### 13.2 Other financial income and expenses

<i>(€ million)</i>	2016	2015
Other financial income	125	91
Other financial expenses	(84)	(85)
<b>OTHER FINANCIAL INCOME/(EXPENSES), NET</b>	<b>41</b>	<b>6</b>

“Other financial income and expenses” include gains or losses on disposals of investments in non-consolidated companies (including the €65 million gain on the sale of the equity interest in Atlandes), interest paid to investors on calls for funds (commercial property), commitment fees, changes in the fair value of “Other current financial assets”, dividends received from non-consolidated companies, and other items.

## NOTE 14 INCOME TAXES

### 14.1 Analysis of income tax expense

(€ million)

	2016			2015		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(58)	(143)	(201)	(93)	(130)	(223)
Deferred tax liabilities	(46)	9	(37)	70		70
Deferred tax assets	(14)	3	(11)	27	8	35
<b>TOTAL</b>	<b>(118)</b>	<b>(131)</b>	<b>(249)</b>	<b>4</b>	<b>(122)</b>	<b>(118)</b>

See Note 16 for an analysis by business segment.

### 14.2 Tax proof (reconciliation between standard tax rate and effective tax rate)

Differences between the standard corporate income tax rate applicable in France and the effective tax rate based on the consolidated financial statements are explained as follows:

(€ million)

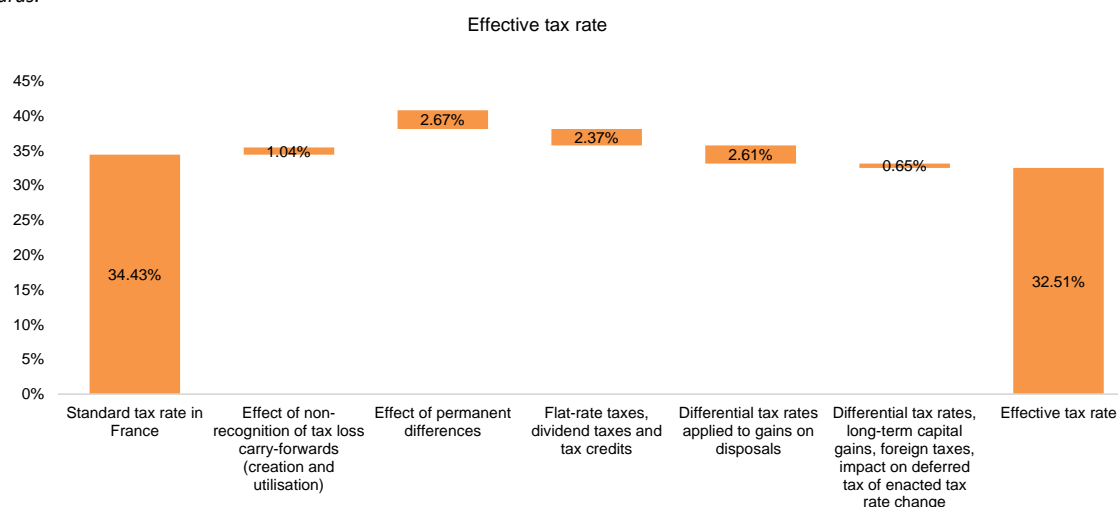
	2016	2015
<b>NET PROFIT/(LOSS) FOR THE PERIOD (100%)</b>	<b>784</b>	<b>480</b>
<b>Eliminations:</b>		
Income tax expense	249	118
Net (profit)/loss of discontinued and held-for-sale operations	N/A	N/A
Share of net (profits)/losses of joint ventures and associates	(267)	(199)
<b>NET PRE-TAX PROFIT FROM CONTINUING OPERATIONS EXCLUDING JOINT VENTURES AND ASSOCIATES</b>	<b>766</b>	<b>399</b>
Standard tax rate in France	34.43%	38.00%
Effect of non-recognition of tax loss carry-forwards (creation and utilisation)	1.04%	11.12% <sup>d</sup>
Effect of permanent differences	2.67%	0.61% <sup>d</sup>
Flat-rate taxes, dividend taxes and tax credits	(2.37%)	(3.58%)
Differential tax rates applied to gains on disposals <sup>a</sup>	(2.61%)	(3.21%)
Differential tax rates, long-term capital gains, foreign taxes, impact on deferred tax of enacted tax rate change	(0.65%)	(13.36%)
<b>EFFECTIVE TAX RATE</b>	<b>32.51%<sup>b</sup></b>	<b>29.58%<sup>c</sup></b>

(a) Sale of Atlandes in 2016 and effect of deconsolidation of Eurosport International in 2015.

(b) Effective tax rate after stripping out the sale of Atlandes: 35%.

(c) Effective tax rate after stripping out the sale of Eurosport International: 32%.

(d) The 2015 tax proof has been restated in order to reflect the effect of the group tax election on the non-recognition of tax loss carry-forwards.



## NOTE 15 NET PROFIT FROM CONTINUING OPERATIONS AND BASIC/DILUTED EARNINGS PER SHARE

Basic earnings per share from continuing operations is calculated by dividing net profit from continuing operations attributable to the Group by the weighted average number of shares outstanding during the year, excluding the average number of ordinary shares bought and held as treasury shares.

	2016	2015
Net profit from continuing operations attributable to the Group (€m)	732	403
Weighted average number of shares outstanding	346,559,092	337,985,966
<b>BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)</b>	<b>2.11</b>	<b>1.19</b>

Diluted earnings per share from continuing operations is calculated by reference to the weighted average number of shares outstanding, adjusted for the conversion of all potentially dilutive shares (i.e. stock subscription options legally exercisable and in the money at the end of the reporting period).

	2016	2015
Net profit from continuing operations attributable to the Group (€m)	732	403
Weighted average number of shares outstanding	346,559,092	337,985,966
Adjustment for potentially dilutive effect of stock options	1,361,620	2,999,082
<b>DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)</b>	<b>2.10</b>	<b>1.18</b>

## NOTE 16    SEGMENT INFORMATION

Segment information is provided in two forms:

**1. Analysis by business segment (CGU):** Bouygues Construction (Construction), Bouygues Immobilier (Property), Colas (Roads), TF1 (Media), Bouygues Telecom (Telecoms), and Bouygues SA & other.

**2. Analysis by geographical area:** France (including overseas departments), European Union, Rest of Europe, Africa, Asia-Pacific-Oceania, Americas and Middle East (property, plant and equipment is allocated by location of assets as of 31 December).

Inter-segment sales are generally conducted on an arm's length basis.

An analysis of sales by geographical area is provided in Note 11.3.

The operating segments used in reporting by business segment are those reviewed by the chief operational decision-maker of the Group, and are not aggregated for segment reporting purposes. This information is used to allocate resources to operating segments, and to monitor their performance.

Operating segment information is compiled using the same accounting policies as used in the preparation of the consolidated financial statements, as described in the notes to the financial statements.

The "Bouygues SA & other" segment includes contributions from corporate holding companies, and from entities dedicated to the centralised financing of the Group.

## 16.1 Analysis by business segment – year ended 31 December 2016

(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 2016
<b>Income statement</b>							
Total sales	11,815	2,568	11,006	2,063	4,761	133	32,346
Inter-segment sales	(245)	(25)	(118)	(43)	(25)	(122)	(578)
<b>THIRD-PARTY SALES</b>	<b>11,570</b>	<b>2,543</b>	<b>10,888</b>	<b>2,020</b>	<b>4,736</b>	<b>11</b>	<b>31,768</b>
Net depreciation & amortisation expense	(225)	(7)	(402)	(177)	(782)	(6)	(1,599)
Net charges to provisions & impairment losses	(193)	(35)	(155)	(80)	(1)	3	(461)
<b>CURRENT OPERATING PROFIT/(LOSS)</b>	<b>326</b>	<b>167</b>	<b>386</b>	<b>129</b>	<b>149</b>	<b>(36)</b>	<b>1,121</b>
Other operating income					113		113
Other operating expenses	(23)	(13)	(62)	(84)	(93)	(12)	(287)
<b>OPERATING PROFIT/(LOSS)</b>	<b>303</b>	<b>154</b>	<b>324</b>	<b>45</b>	<b>169</b>	<b>(48)</b>	<b>947</b>
Cost of net debt	14	(2)	(13)	(1)	(8)	(212)	(222)
Income taxes	(119)	(51)	(108)	(6)	(60)	95	(249)
Share of profits/(losses) of joint ventures and associates	121	(1)	82	10		55	267
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>322</b>	<b>91</b>	<b>359</b>	<b>44</b>	<b>92</b>	<b>(124)</b>	<b>784</b>
Net profit of discontinued and held-for-sale operations							
<b>NET PROFIT/(LOSS)</b>	<b>322</b>	<b>91</b>	<b>359</b>	<b>44</b>	<b>92</b>	<b>(124)</b>	<b>784</b>
<b>NET PROFIT/(LOSS) ATT. TO THE GROUP</b>	<b>320</b>	<b>91</b>	<b>343</b>	<b>18</b>	<b>83</b>	<b>(123)</b>	<b>732</b>
<b>Balance sheet</b>							
Property, plant and equipment	680	32	2,396	174	3,117	167	6,566
Intangible assets	43	37	74	236	1,743	47	2,180
Goodwill	471		1,118	1,130	2,648		5,367
Investments in joint ventures and associates	22	5	375	89		1,938 <sup>b</sup>	2,429
Other non-current financial assets	252	12	185	32	10	32	523
Deferred tax assets and non-current tax receivable	73	26	172			96	367
Cash and cash equivalents	890	90	417	53	23	3,276	4,749
Other assets							12,673
<b>TOTAL ASSETS</b>							<b>34,854</b>
Non-current debt	546	34	125	224	995	4,256	6,180
Non-current provisions	853	89	917	57	247	36	2,199
Deferred tax liabilities & non-current tax liabilities	7	8	71	43	27	3	159
Current debt	19	4	73	8	40	121	265
Other liabilities							26,051
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>							<b>34,854</b>
<b>Net surplus cash/(net debt)<sup>c</sup></b>	<b>3,387</b>	<b>(124)</b>	<b>517</b>	<b>187</b>	<b>(1,012)</b>	<b>(4,821)</b>	<b>(1,866)</b>
<b>Cash flow statement</b>							
<b>Cash flow</b>	<b>534</b>	<b>161</b>	<b>699</b>	<b>267</b>	<b>873</b>	<b>(30)</b>	<b>2,504</b>
<b>Acquisitions of property, plant &amp; equipment and intangible assets, net of disposals</b>	<b>173</b>	<b>28</b>	<b>384</b>	<b>209</b>	<b>802</b>	<b>42</b>	<b>1,638</b>
<b>Acquisitions of investments in consolidated companies and other investments, net of disposals</b>	<b>(139)</b>	<b>18</b>	<b>(135)</b>	<b>182</b>		<b>(997)</b>	<b>(1,071)</b>
<b>Other indicators</b>							
<b>EBITDA</b>	<b>537</b>	<b>178</b>	<b>801</b>	<b>364</b>	<b>916</b>	<b>(39)</b>	<b>2,757</b>
<b>Free cash flow</b>	<b>256</b>	<b>80</b>	<b>194</b>	<b>51</b>	<b>3</b>	<b>(189)</b>	<b>395</b>

(a) The net profit attributable to the Group excluding exceptional items amounts to €632 million, and corresponds to the net profit attributable to the Group excluding (i) the gains arising on the sale of Adelaç €(129)m and of Atlandes €(60)m and (ii) non-current expenses of €89 million net of taxes.

(b) Comprises €1,938m for Alstom.

(c) Contribution at business segment level, including Bouygues Relais and Uniservice intra-Group current accounts (these intra-Group accounts are eliminated in the "Bouygues SA & other" column).

## 16.2 Analysis by business segment – year ended 31 December 2015

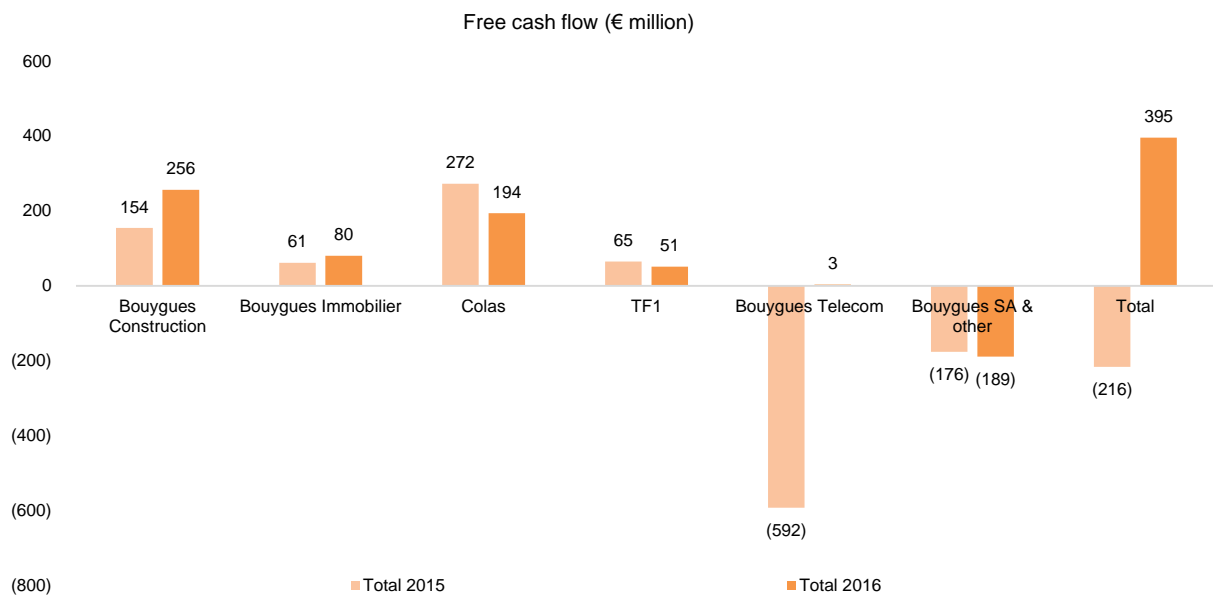
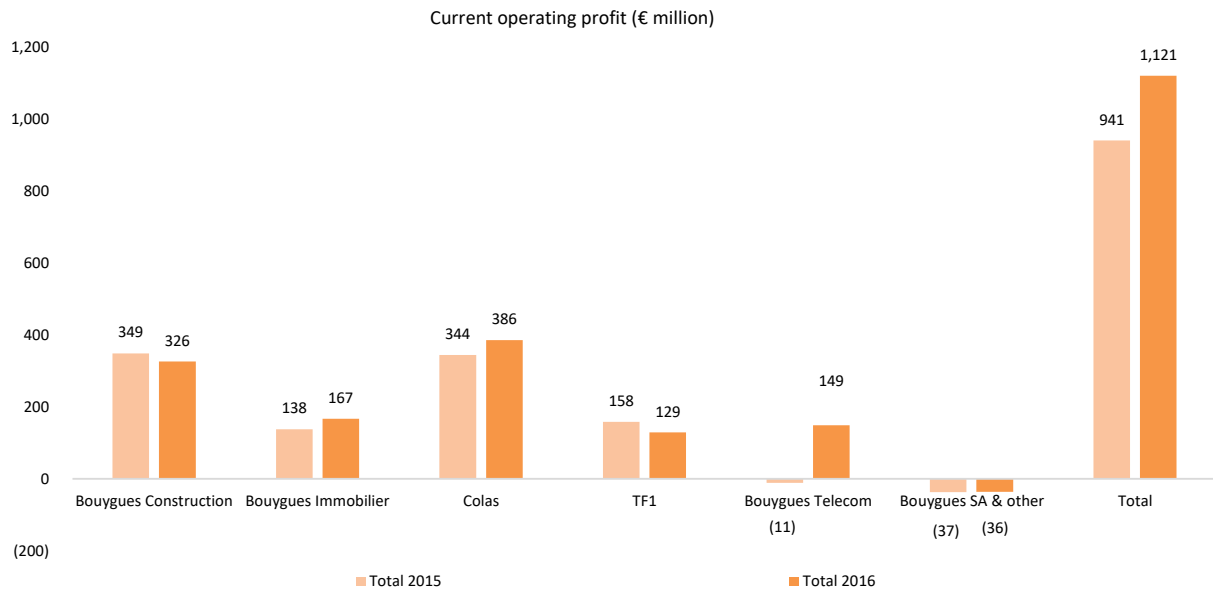
(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 2015
<b>Income statement</b>							
Total sales	11,975	2,304	11,960	2,004	4,505	135	32,883
Inter-segment sales	(199)	(13)	(64)	(40)	(21)	(118)	(455)
<b>THIRD-PARTY SALES</b>	<b>11,776</b>	<b>2,291</b>	<b>11,896</b>	<b>1,964</b>	<b>4,484</b>	<b>17</b>	<b>32,428</b>
Net depreciation & amortisation expense	(189)	(7)	(420)	(57)	(773)	(8)	(1,454)
Net charges to provisions & impairment losses	(238)	(9)	(186)	11	(1)	6	(417)
<b>CURRENT OPERATING PROFIT/(LOSS)</b>	<b>349</b>	<b>138</b>	<b>344</b>	<b>158</b>	<b>(11)</b>	<b>(37)</b>	<b>941</b>
Other operating income					32		32
Other operating expenses	(35)	(4)	(95)	(17)	(155)	1	(305)
<b>OPERATING PROFIT/(LOSS)</b>	<b>314</b>	<b>134</b>	<b>249</b>	<b>141</b>	<b>(134)</b>	<b>(36)</b>	<b>668</b>
Cost of net debt	9	(1)	(19)	1	(8)	(257)	(275)
Income tax expense	(108)	(45)	(68)	(42)	51	94	(118)
Share of profits/(losses) of joint ventures and associates	56	(1)	78	6	34	26	199
<b>NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS</b>	<b>288</b>	<b>77</b>	<b>238</b>	<b>103</b>	<b>(65)</b>	<b>(161)</b>	<b>480</b>
Net profit of discontinued and held-for-sale operations							
<b>NET PROFIT/(LOSS)</b>	<b>288</b>	<b>77</b>	<b>238</b>	<b>103</b>	<b>(65)</b>	<b>(161)</b>	<b>480</b>
<b>NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP</b>	<b>276</b>	<b>77</b>	<b>226</b>	<b>44</b>	<b>(59)</b>	<b>(161)</b>	<b>403<sup>a</sup></b>
<b>Balance sheet</b>							
Property, plant and equipment	717	22	2,396	170	3,081	137	6,523
Intangible assets	40	30	70	124	1,820	47	2,131
Goodwill	488		1,125	1,000	2,648		5,261
Investments in joint ventures and associates	27	5	307	85		2,977 <sup>b</sup>	3,401
Other non-current financial assets	250	11	205	30	11	35	542
Deferred tax assets and non-current tax receivable	86	27	165		27	47	352
Cash and cash equivalents	860	69	428	12	19	2,397	3,785
Other assets							11,840
<b>TOTAL ASSETS</b>							<b>33,835</b>
Non-current debt	575	41	176		875	3,638	5,305
Non-current provisions	828	84	841	53	258	96	2,160
Deferred tax liabilities and non-current tax liabilities	9		73	12		3	97
Current debt	7	10	44		34	736	831
Other liabilities							25,442
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>							<b>33,835</b>
<b>Net surplus cash/(net debt)<sup>c</sup></b>	<b>3,272</b>	<b>5</b>	<b>560</b>	<b>701</b>	<b>(890)</b>	<b>(6,209)</b>	<b>(2,561)</b>
<b>Cash flow statement</b>							
<b>Cash flow</b>	<b>467</b>	<b>120</b>	<b>670</b>	<b>164</b>	<b>654</b>	<b>(8)</b>	<b>2,067</b>
<b>Acquisitions of property, plant &amp; equipment and intangible assets, net of disposals</b>	<b>214</b>	<b>13</b>	<b>311</b>	<b>58</b>	<b>1,289</b>	<b>5</b>	<b>1,890</b>
<b>Acquisitions of investments in consolidated companies and other investments, net of disposals</b>	<b>(45)</b>	<b>1</b>	<b>(10)</b>	<b>(521)</b>	<b>(45)</b>	<b>(36)</b>	<b>(656)</b>
<b>Other indicators</b>							
<b>EBITDA</b>	<b>533</b>	<b>124</b>	<b>844</b>	<b>195</b>	<b>752</b>	<b>(37)</b>	<b>2,411</b>
<b>Free cash flow<sup>d</sup></b>	<b>154</b>	<b>61</b>	<b>272</b>	<b>65</b>	<b>(592)</b>	<b>(176)</b>	<b>(216)</b>

(a) Net profit attributable to the Group excluding exceptional items amounts to €489m, and corresponds to net profit attributable to the Group excluding (i) non-current expenses of €156m net of taxes and (ii) the €(70)m contribution from associates of Bouygues Construction during the third quarter of 2015.

(b) Comprises €2,977m for Alstom.

(c) Contribution at business segment level, including Bouygues Relais and Uniservice intra-Group current accounts (these intra-Group accounts are eliminated in the "Bouygues SA & other" column).

(d) After eliminating the acquisition of 700 MHz frequencies for €467m, adjusted free cash flow for the year ended 31 December 2015 was €251m.



## 16.3 Analysis by geographical area

(€ million)	France <sup>a</sup>	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
<b>Balance sheet</b>								<b>31/12/2016</b>
Property, plant and equipment <sup>b</sup>	5,046	299	97	149	256	702	17	6,566
Intangible assets	2,134	24		2	3	17		2,180
<b>Cash flow statement</b>								
Purchase price of property, plant & equipment and intangible assets	1,572	70	23	54	98	130	15	1,962

(a) Including French overseas territories.

(b) Includes assets held under finance leases.

(€ million)	France <sup>a</sup>	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
<b>Balance sheet</b>								<b>31/12/2015</b>
Property, plant and equipment <sup>b</sup>	4,969	319	97	159	304	668	6	6,523
Intangible assets	2,089	21			6	15		2,131
<b>Cash flow statement</b>								
Purchase price of property, plant & equipment and intangible assets	1,850	5	12	22	129	5	5	2,028

(a) Including French overseas territories.

(b) Includes assets held under finance leases.

## NOTE 17 FINANCIAL INSTRUMENTS

The tables below show aggregate notional amounts for each type of financial instrument used, split by residual maturity and by currency.

### 17.1 Hedging of interest rate risk, foreign exchange risk and commodities risk

#### 17.1.1 Analysis by business segment

(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 31/12/2016	Total 31/12/2015
Forward purchases	364		176	121	24		685	886
Forward sales	367		123	11			501	370
Currency swaps	7					596	603	397
Interest rate swaps <sup>a</sup>	13		107		650	138	908	1,717
Commodities derivatives			4				4	1

(a) Of which pay fixed rate €778m, and pay floating rate €130m.

#### 17.1.2 Analysis by maturity and original currency

(€ million)	Maturity			Total	Original currency				
	< 1 year	1 to 5 years	> 5 years		EUR	GBP	USD	HKD	Other currencies
Forward purchases	651	34		685	224	13	343	4	101
Forward sales	412	89		501	32	34	263	96	76
Currency swaps	603			603		165	96	121	221
Interest rate swaps	123	714	71	908	833	67		8	
Commodities derivatives	4			4	4				

### 17.2 Market value of hedging instruments

Derivatives recognised as assets (€ million)	Original currency					Total	Fair value hedge	Cash flow hedge	Hedge of net investment in a foreign operation
	EUR	USD	GBP	HKD	Other currencies				
Forward purchases	2	11		1	1	15		15	
Forward sales	7		2			9		9	
Currency swaps									
Interest rate swaps									
Commodities derivatives									
<b>Total assets</b>	<b>9</b>	<b>11</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>24</b>		<b>24</b>	
Derivatives recognised as liabilities (€ million)	Original currency					Total	Fair value hedge	Cash flow hedge	Hedge of net investment in a foreign operation
	EUR	USD	GBP	HKD	Other currencies				
Forward purchases	(9)		(1)			(10)	(2)	(8)	
Forward sales		(12)		(2)	(1)	(15)	(1)	(14)	
Currency swaps		(1)	(1)	(1)		(3)		(3)	
Interest rate swaps	(2)		(16)			(18)		(18)	
Commodities derivatives									
<b>Total liabilities</b>	<b>(11)</b>	<b>(13)</b>	<b>(18)</b>	<b>(3)</b>	<b>(1)</b>	<b>(46)</b>	<b>(3)</b>	<b>(43)</b>	
<b>Total</b>	<b>(2)</b>	<b>(2)</b>	<b>(16)</b>	<b>(2)</b>		<b>(22)</b>	<b>(3)</b>	<b>(19)</b>	

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a negative market value of €8 million; in the event of a -1.00% movement, it would have a negative market value of €38 million.

In the event of a +1.00% movement in the exchange rate of the euro against the other currencies, the hedging instruments portfolio would have a negative market value of €21 million; in the event of a -1.00% movement, it would have a negative market value of €24 million.

These calculations were prepared by the Bouygues group, or obtained from the banks with which the instruments were contracted.

## NOTE 18 OFF BALANCE SHEET COMMITMENTS

This note supplements the disclosures provided in Notes 3, 4 and 8.

No material off balance sheet commitments have been omitted from this disclosure, in accordance with applicable accounting standards.

### 18.1 Guarantee commitments

<i>(€ million)</i>	31/12/2016	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Falling due			31/12/2015
								Less than 1 year	1 to 5 years	More than 5 years	
Pledges, mortgages and collateral	74	5		69				39	21	14	79
Guarantees and endorsements given	137	69	7	46	15			39	60	38	128
<b>TOTAL GUARANTEE COMMITMENTS GIVEN</b>	<b>211</b>	<b>74</b>	<b>7</b>	<b>115</b>	<b>15</b>			<b>78</b>	<b>81</b>	<b>52</b>	<b>207</b>
Guarantees and endorsements received	12		10		2			9	3		2
<b>TOTAL GUARANTEE COMMITMENTS RECEIVED</b>	<b>12</b>		<b>10</b>		<b>2</b>			<b>9</b>	<b>3</b>		<b>2</b>
<b>NET BALANCE</b>	<b>199</b>	<b>74</b>	<b>(3)</b>	<b>115</b>	<b>13</b>			<b>69</b>	<b>78</b>	<b>52</b>	<b>205</b>

In connection with its ordinary activities, the Bouygues group grants multi-year guarantees (such as ten-year building guarantees), which are usually covered by statistically-based provisions on the liabilities side of the balance sheet. Contract guarantees provided by banks to Group customers represent off balance sheet commitments for those banks; where such guarantees are liable to result in payments being made, a provision is recognised by Bouygues in the consolidated balance sheet.

## 18.2 Sundry contractual commitments

(€ million)	31/12/2016	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Falling due			31/12/2015
								Less than 1 year	1 to 5 years	More than 5 years	
Image transmission	91				91			25	65	1	150
Network	987					987		123	242	622	776
Other	353				59	294		343	10		588
<b>TOTAL SUNDRY CONTRACTUAL COMMITMENTS GIVEN</b>	<b>1,431</b>				<b>150</b>	<b>1,281</b>		<b>491</b>	<b>317</b>	<b>623</b>	<b>1,514</b>
Image transmission	91				91			25	65	1	150
Network	987					987		123	242	622	776
Other	351				57	294		341	10		588
<b>TOTAL SUNDRY CONTRACTUAL COMMITMENTS RECEIVED</b>	<b>1,429</b>				<b>148</b>	<b>1,281</b>		<b>489</b>	<b>317</b>	<b>623</b>	<b>1,514</b>
<b>NET BALANCE</b>	<b>2</b>				<b>2</b>			<b>2</b>			

“Sundry contractual commitments given” relates mainly to service agreements entered into by Bouygues Telecom with owners of towers (TDF, FPS, Infracos and Cellnex), and commitments in respect of equity interests.

Contractual commitments given by TF1 amounted to €150 million as of 31 December 2016, €186 million lower than at end 2015; €170 million of this was mainly due to the fact that TF1’s commitment to buy shares in Newen Studios was activated in January 2016.

Contractual commitments given by Bouygues Telecom amounted to €1,281 million, an increase of €103 million, mostly relating to service agreements following the divestments to Cellnex during 2016. They do not include the commitments arising from the deal agreed with Cellnex in January 2017 (see Note 1.3 to the financial statements) in respect of the renewable 15-year hosting and service agreements, the amount of which is expected to be similar to the amount of the transaction.

## 18.3 Operating lease commitments

Operating lease commitments represent the minimum future lease payments due until the normal renewal date of the lease under operating leases relating to current operations (land, buildings, plant & equipment, etc.). After revaluation (projected increase in rentals), these amounts mainly take account of a discounting calculation (incremental borrowing rate).

(€ million)	31/12/2016	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Falling due			31/12/2015
								Less than 1 year	1 to 5 years	More than 5 years	
<b>Operating lease commitments</b>											
Commitments given	1,332	44	80	209	69	930		177	597	558	1,395
Commitments received	1,332	44	80	209	69	930		177	597	558	1,395
<b>Operating lease commitments, net</b>											

Operating lease commitments fell by a net €63 million during the year, reflecting the following factors:

- an increase of €126 million in construction activities and at TF1, of which €44 million was due to commercial property leases contracted by Bouygues Immobilier for “Nextdoor” workspace premises.
- a decrease of €189 million at Bouygues Telecom due to the sale of towers to Cellnex and the termination of leases as part of the mobile network-sharing project with SFR (the new service agreements with Infracos, the joint Bouygues/SFR entity that carries the leases for the shared networks, are included in “Sundry contractual commitments”).

Bouygues Telecom’s operating leases commitments of €930 million mainly relate to commercial leases of property and land intended to house technical installations for the network (includes network site rentals of €355 million, property and other rentals of €46 million, rentals for the Technopôle site of €116 million, and fibre optic and other miscellaneous commitments of €413 million).

## 18.4 Finance leases (already recognised as liabilities in the balance sheet)

(€ million)	31/12/2016	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Falling due			31/12/2015
								Less than 1 year	1 to 5 years	More than 5 years	
Finance leases	19	4		14		1		8	9	2	19

## 18.5 Other commitments

### 18.5.1 Bouygues Telecom

#### Licences to use frequencies in the 800 MHz and 700 MHz bands

The 20-year licences to use frequencies in the 800 MHz and 700 MHz bands awarded to Bouygues Telecom are subject to an obligation to open the frequencies to Mobile Virtual Network Operators (MVNOs), and to roll out coverage of the French population progressively (98% within 12 years, 99.6% within 15 years).

These coverage obligations include a priority roll-out zone defined by Arcep (the French electronic communications and postal services regulator) to be covered simultaneously by the 700 MHz and 800 MHz frequencies, and an obligation to provide coverage in each French administrative department (90% within 12 years, 95% within 15 years).

The 700MHz licence includes a new obligation to provide day-to-day coverage of 90% of trains on the French railway network within 15 years.

#### Licence to use frequencies in the 2600 MHz band

The 20-year licence to use frequencies in the 2600 MHz band awarded to Bouygues Telecom is subject to an obligation to open the frequencies to MVNOs, and to roll out coverage of the French population progressively (25% within 4 years, 60% within 8 years, 75% within 12 years).

This coverage obligation may be fulfilled by any other frequencies owned by Bouygues Telecom. At present, it is primarily fulfilled via Bouygues Telecom’s 1800 MHz frequencies that have been refarmed to 4G.

### **Authorisation to reform frequencies in the 1800 MHz band for technologies other than GSM**

Arcep decision 2013-0514, issued on 4 April 2013, amended Bouygues Telecom's licence to allow for the possibility of refarming frequencies in the 1800 MHz band for technologies other than GSM, and in particular to meet its 4G coverage obligations.

On 1 October 2013, Bouygues Telecom opened its national 4G network: by the end of 2016, 85% of the population had 4G coverage in the 2600, 1800 or 800 MHz bands.

### **Licence to transmit on frequencies in the 900 MHz and 1800 MHz bands**

The licence to transmit in the 900 MHz and 1800 MHz bands, renewed on 9 December 2009 for a period of 15 years, imposed on Bouygues Telecom an obligation to cover 99% of the population by 31 December 2010. Bouygues Telecom is in compliance with this obligation.

The obligation includes coverage of blind spots and the main roads in each administrative department.

### **Blind spots**

The law of 6 August 2015 on growth, business and equality of economic opportunity required the blind spots programme (initially launched in 2004) to be extended to additional municipalities that currently have no coverage in the town or village centre, and a reduction in the residual blind spots identified in previous laws passed in 2004 and 2008.

The law also introduced a new programme aimed at providing coverage in areas with concentrations of businesses, tourist sites and public facilities that currently have no network access.

For both these programmes, municipalities will make high ground available to the operators for mast sites.

The four mobile operators signed an agreement in February 2016 under which each will contribute its fair share in reducing residual blind spots and extending the original programme.

As of 31 December 2016, the progress made by Bouygues Telecom on its commitments was in compliance with the deadlines stipulated in the law and with the timetable issued by Arcep. In particular, Bouygues Telecom had by 31 December 2016 installed 3G at over 80% of the sites for which it had been allocated responsibility, and will have completed 3G installation at all of its blind spot sites by 30 June 2017 subject to municipalities making the necessary infrastructure available.

### **18.5.2 Alstom**

As mentioned in Note 1.1, "Significant events of 2016", the French state announced on 8 February 2016 that the memorandum of understanding entered into with Bouygues on 22 June 2014 relating to Alstom had come into effect.

The principal terms that came into effect, as set forth in Notice 214C1292 published by the AMF on 3 July 2014, are as follows:

- On 4 February 2016, Bouygues entered into a simple loan agreement with the French state under which Bouygues loaned to the French state on that date 43,825,360 Alstom shares, enabling the French state to hold 20% of the share capital and voting rights of Alstom as of that date. Under the same agreement, the loan attracts variable remuneration equal to the dividends paid in respect of the loaned shares, after neutralising the tax effects. The loan expires when the call options described below are exercised, or on 17 October 2017 if they are not exercised.
- Bouygues has granted the French state a call option exercisable at any time up to and including 5 October 2017 for a number of shares representing 20% of the share capital of Alstom as of 28 January 2016 (i.e. 43,825,360 shares) at an exercise price equal to 95% of the Volume Weighted Average Price (VWAP) of Alstom shares during the 60 trading days preceding the date of exercise, subject to a minimum price of €35 per share (adjusted to take account of any dividend and any transaction affecting Alstom's share capital).
- Bouygues has also granted the French state a second call option, exercisable in the event that the call option described above is not exercised. This second option is exercisable between 6 October 2017 and 17 October 2017 and is for a number of shares representing 15% of the share capital of Alstom as of 28 January 2016 (i.e. 32,869,020 shares) at an exercise price equal to 98% of the Volume Weighted Average Price (VWAP) of Alstom shares during the 60 trading days preceding 5 October 2017.
- Bouygues is free to sell some or all of the callable shares to a third party at any time, provided that (i) it has previously sold all of the other Alstom shares in its possession and (ii) the French state is offered first refusal on the callable shares (and on those shares alone).
- Under the corporate governance terms of the memorandum of understanding of 22 June 2014, Bouygues (represented by Philippe Marien) and Olivier Bouygues sit on the Alstom Board of Directors.

As of 31 December 2016, the shares in Alstom held by Bouygues that are callable by the French state are not classified as available for sale because it is not highly probable that the option will be exercised.

If the French state were to exercise its call option at any time up to and including 5 October 2017, Bouygues would receive a cash inflow for the proceeds from the disposal of 43,825,360 Alstom shares, and a gain or loss on disposal per share equivalent to the difference between the exercise price (minimum €35) and the carrying amount per share in the consolidated financial statements.

If the French state were to exercise its call option between 6 October 2017 and 17 October 2017, Bouygues would receive a cash inflow for the proceeds from the disposal of 32,869,020 Alstom shares, and a gain or loss on disposal per share equivalent to the difference between the discounted share price (which was €26.36 on 21 February 2017) and the carrying amount per share in the consolidated financial statements. For information, the carrying amount per share as of 31 December 2016 was €31.21.

## **18.6 Contingent assets and liabilities**

### **Bouygues Telecom**

#### **Guarantees received:**

- On the sale of Darty Telecom on 2 May 2012, Établissements Darty et fils provided a vendor's asset and liability guarantee to Bouygues Telecom.

This guarantee is capped, and may be called in at any time within 18 months from the date of the sale, subject to exceptions arising from statutes of limitation.

**Guarantees given:**

- On the sale of 85% of the share capital of FPS Towers on 21 November 2012, Bouygues Telecom provided a vendor's asset and liability guarantee to the purchaser, Antin Infrastructure Luxembourg X.

This guarantee is capped, and may be called in at any time during an 18-month period from 21 November 2012 (or from the date of sale of the site, in the case of sites sold after 21 November 2012), except in tax matters where it will expire 20 days after the end of the prescription period under the relevant statute of limitation.

## NOTE 19 EMPLOYEE BENEFIT OBLIGATIONS AND EMPLOYEE SHARE OWNERSHIP

### 19.1 Average headcount

	2016	2015
Managerial staff	21,442	21,527
Technical, supervisory & clerical staff	19,483	20,909
Site workers	25,490	26,634
<b>SUB-TOTAL - HEADCOUNT FRANCE</b>	<b>66,415</b>	<b>69,070</b>
Expatriate staff and local employment contracts	56,200	56,999
<b>TOTAL AVERAGE HEADCOUNT</b>	<b>122,615</b>	<b>126,069</b>

### 19.2 Employee benefit obligations

(€ million)	31/12/2015	Movements during 2016	31/12/2016
Lump-sum retirement benefits	477	25	502
Long service awards and other benefits	146	3	149
Other post-employment benefits (pensions)	69	44	113
<b>TOTAL</b>	<b>692</b>	<b>72</b>	<b>764</b>

These obligations are covered by non-current provisions.

### 19.3 Employee benefit obligations and pension obligations (post-employment benefits) excluding long-service awards

The tables below give details about the Group's post-employment benefit obligations.

#### 19.3.1 Defined-contribution plans

(€ million)	2016	2015
Amount recognised as an expense	(1,727)	(1,724)

This defined-contribution expense consists of contributions to:

- the public health insurance scheme and the supplementary health insurance scheme;
- pension funds (compulsory and supplementary schemes);
- unemployment insurance funds.

## 19.3.2 Defined-benefit plans

### 19.3.2.1 Amounts recognised in the balance sheet

(€ million)	Lump-sum retirement benefits		Pensions		Total	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Present value of obligation	507	483	508	438	1,015	921
Fair value of plan assets (dedicated funds)	(5)	(6)	(395)	(369)	(400)	(375)
<b>NET OBLIGATION RECOGNISED AS A PROVISION</b>	<b>502</b>	<b>477</b>	<b>113</b>	<b>69</b>	<b>615</b>	<b>546</b>
Ratio of plan assets to present value of obligation			78%	84%		

(€ million)	Lump-sum retirement benefits		Pensions	
	2016	2015	2016	2015
<b>START OF PERIOD</b>	<b>477</b>	<b>483</b>	<b>69</b>	<b>89</b>
Service cost	24	6	(7)	
Interest cost on the obligation	8	8	6	6
<b>Net expense/(gain) recognised in profit or loss</b>	<b>32</b>	<b>14</b>	<b>(1)</b>	<b>6</b>
Reversals of provisions (utilised)	(27)	(22)	(4)	(18)
Changes in scope of consolidation and effect of exchange rates		(1)	(9)	2
Actuarial gains and losses recognised in equity	21	3	59	(10)
Transfers and other movements	(1)		(1)	
<b>END OF PERIOD</b>	<b>502</b>	<b>477</b>	<b>113</b>	<b>69</b>

### 19.3.2.2 Analysis by business segment: year ended 31 December 2016

(€ million)	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Income statement impact of change in provision for lump-sum retirement benefits, net of reversals	(2)	1	2	2	4	(2)	5
Income statement impact of change in provision for pensions, net of reversals			(5)				(5)
<b>Non-current provisions (balance sheet):</b>							
• lump-sum retirement benefits	165	19	217	42	43	16	502
• pensions	8		105				113

### 19.3.2.3 Analysis by geographical area: 31 December 2016

(€ million)	France <sup>a</sup>	European Union	Rest of Europe	Africa	Americas	Asia-Pacific	Middle East	Total
Income statement impact of change in provision for lump-sum retirement benefits, net of reversals	5							5
Income statement impact of change in provision for pensions, net of reversals		(4)			(1)			(5)
<b>Non-current provisions (balance sheet):</b>								
• lump-sum retirement benefits	490	1	1	3	3	3	1	502
• pensions	3	97			13			113

(a) Including French overseas territories.

### 19.3.2.4 Main actuarial assumptions used to measure lump-sum retirement benefit obligations

	2016	2015
Discount rate <sup>a</sup>	1.71% (iBoxx A10+)	2.09% (iBoxx A10+)
Mortality table	INSEE	INSEE
<b>Retirement age (depending on business segment):</b>		
• Managerial staff	62/65 years	62/65 years
• Technical, supervisory & clerical staff, and site workers	62/65 years	62/65 years
Salary inflation rate (depending on business segment) <sup>b</sup>	1% to 2.5%	1.3% to 2.5%

(a) A reduction of 70 basis points in the discount rate would increase the obligation by €47m as of 31 December 2016. Under Group accounting policies, any such actuarial losses would have been recognised directly in equity.

(b) Includes general inflation.

## 19.4 Employee share ownership

### Stock options

Total number of effectively exercisable options: 10,654,673.

**Quoted share price at 31 December 2016: €34.04**

Plan grant date	Outstanding options at 31/12/2016	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)	Number of effectively exercisable options
30/06/2010	3,222,703	30/06/2014	30/06/2011	34.08	3,222,703
14/06/2011	2,251,690	14/06/2015	14/06/2012	31.43	2,251,690
13/06/2012	1,905,305	14/06/2016	14/06/2013	20.11	1,905,305
28/03/2013	2,583,725	29/03/2017	27/03/2014	22.28	1,937,794
27/03/2014	2,674,363	28/03/2018	27/03/2015	30.32	1,337,182
28/05/2015	2,681,200	29/05/2017	29/05/2016	37.11	
30/05/2016	2,690,300	30/05/2018	30/05/2017	29.00	
<b>TOTAL</b>	<b>18,009,286</b>				<b>10,654,673</b>

Stock options are effectively exercisable if they meet both of the following conditions:

- they must be legally exercisable as of 31 December 2016, either by normal exercise (2 or 4 years after the plan grant date) or by partial exercise ahead of the normal exercise date under the terms of the company savings scheme;
- they must be in the money as of 31 December 2016, in other words the exercise price must be less than the closing share price on that date (€34.04).

## NOTE 20 DISCLOSURES ON RELATED PARTIES AND REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

### 20.1 Related party disclosures

Transaction (€ million)	Expenses		Income		Receivables		Payables	
	2016	2015	2016	2015	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Parties with an ownership interest	3	4						
Joint operations	65	84	346	364	441	338	279	292
Joint ventures and associates	36	60	68	69	42	50	26	31
Other related parties	53	47	147	192	86	91	65	79
<b>TOTAL</b>	<b>157</b>	<b>195</b>	<b>561</b>	<b>625</b>	<b>569</b>	<b>479</b>	<b>370</b>	<b>402</b>
Maturity								
• less than 1 year					534	445	370	400
• 1 to 5 years					19	20		2
• more than 5 years					16	14		
of which impairment of doubtful receivables (mainly non-consolidated companies)					72	74		

Identity of related parties:

- parties with an ownership interest: SCDM (a company controlled by Martin and Olivier Bouygues);
- joint operations: primarily construction project companies;
- joint ventures and associates: includes transactions with concession companies, quarry companies and Alstom;
- other related parties: mainly transactions with non-consolidated companies in which the Group has an interest.

### 20.2 Disclosures about remuneration and benefits paid to directors and senior executives (Bouygues)

These disclosures cover members of the Group Management Committee in post on 31 December 2016.

**Direct remuneration:** €16,096,126, comprising basic remuneration of €7,020,894, variable remuneration of €9,075,232 paid in 2017 on the basis of 2016 performance, and €367,925 of directors' fees.

Directors' fees paid to non-executive directors amounted to €432,635.

**Short-term benefits:** none.

**Post-employment benefits:** Members of the Group Management Committee belong to a supplementary retirement scheme based on 0.92% of their reference salary for each year's membership of the scheme. This supplementary pension is capped at eight times the annual French social security ceiling, and management of the scheme is contracted out to an insurance company. Contributions paid into the fund managed by the insurance company amounted to €6,000,000 in 2016.

**Long-term benefits:** none.

**Termination benefits:** The provision for lump-sum retirement benefits payable to members of the Group Management Committee in post as of 31 December 2016 increased by €1,759,045.

**Share-based payment:** 480,000 stock options were awarded to members of the Group Management Committee on 30 May 2016, at an exercise price of €28.997 each. The earliest exercise date is 1 June 2018, and the expense recognised in the year ended 31 December 2016 was €357,959.

## NOTE 21 ADDITIONAL CASH FLOW STATEMENT INFORMATION

### 21.1 Cash flows of acquired and divested subsidiaries

Breakdown by business segment of cash flows resulting from acquisitions and divestments of subsidiaries.

#### 21.1.1 Continuing operations

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 2016
<i>(€ million)</i>							
Cash and cash equivalents	(17)	(1)		(72)		(1)	(91)
Inventories	2	23	9				34
Trade and other receivables	(13)	(51)	(15)	(89)			(168)
Non-current assets (other than goodwill)	135		31	(215)		1,016	967
Goodwill			7	(129)			(122)
Trade payables & other current liabilities	52	19	15	80		1	167
Non-current liabilities		(16)		207			191
Non-current provisions	(20)		1	1			(18)
Non-current taxes	1	8		40			49
<b>NET ACQUISITION/DIVESTMENT COST – CONSOLIDATED ACTIVITIES</b>	<b>140</b>	<b>(18)</b>	<b>48</b>	<b>(177)</b>		<b>1,016</b>	<b>1,009</b>
Cash of acquired and divested companies	17	1		72		1	91
Net liabilities related to consolidated activities	(1)	1	(2)				(2)
<b>NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DIVESTMENTS OF SUBSIDIARIES</b>	<b>156</b>	<b>(16)</b>	<b>46</b>	<b>(105)</b>		<b>1,017</b>	<b>1,098</b>

The principal acquisitions and divestments in the period were as follows:

- TF1: acquisition of Newen Studios and RDVPS;
- Bouygues SA: primarily, divestment of Alstom shares under the public share buy-back offer.

### 21.2 Calculation of free cash flow

	2016	2015
<i>(€ million)</i>		
<b>CASH FLOW</b>	<b>2,504</b>	<b>2,067</b>
Cost of net debt	(222)	(275)
Income taxes	(249)	(118)
<b>Cash flow after cost of debt and income taxes</b>	<b>2,033</b>	<b>1,674</b>
Purchase price of property, plant & equipment and intangible assets	(1,962)	(2,028)
Proceeds from disposals of property, plant & equipment and intangible assets	324	138
<b>Net capital expenditure</b>	<b>(1,638)</b>	<b>(1,890)</b>
<b>FREE CASH FLOW</b>	<b>395</b>	<b>(216)</b> <sup>a</sup>

(a) After eliminating the acquisition of 700 MHz frequencies, adjusted free cash flow for the year ended 31 December 2015 was €251m.

## NOTE 22 AUDITORS' FEES

The table below shows fees paid to the auditors (and member firms of their networks) responsible for the audit of the consolidated financial statements of Bouygues and fully consolidated companies, as expensed through the income statement in 2016.

(€ '000)	Mazars network				EY network				Other firms*				Total	
	Amount (*)		%		Amount (*)		%		Amount (*)		%		2016	2015
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015		
<b>A – Audit</b>														
Audit of consolidated and individual company financial statements <sup>b</sup>	(6,714)	(6,912)	95%	97%	(4,751)	(4,680)	88%	94%	(5,549)	(5,673)	80%	87%	(17,014)	(17,265)
• Bouygues SA	(233)	(234)			(234)	(236)							(467)	(470)
• Fully consolidated subsidiaries	(6,481)	(6,678)			(4,517)	(4,444)			(5,549)	(5,673)			(16,547)	(16,795)
Related engagements	(299)	(91)	4%	1%	(589)	(255)	11%	5%	(1,041)	(415)	15%	6%	(1,929)	(761)
• Bouygues SA	(20)	(20)			(62)	(65)				(27)			(82)	(112)
• Fully consolidated subsidiaries	(279)	(71)			(527)	(190)			(1,041)	(388)			(1,847)	(649)
<b>SUB-TOTAL</b>	<b>(7,013)</b>	<b>(7,003)</b>	<b>99%</b>	<b>98%</b>	<b>(5,340)</b>	<b>(4,935)</b>	<b>99%</b>	<b>99%</b>	<b>(6,590)</b>	<b>(6,088)</b>	<b>95%</b>	<b>93%</b>	<b>(18,943)</b>	<b>(18,026)</b>
<b>B – Other services</b>														
Company law, tax and employment law	(38)	(108)	1%	2%	(72)	(65)	1%	1%	(243)	(293)	3%	4%	(353)	(466)
Other		(11)	0%	0%	0	0	0%	0%	(102)	(161)	2%	3%	(102)	(172)
<b>SUB-TOTAL</b>	<b>(38)</b>	<b>(119)</b>	<b>1%</b>	<b>2%</b>	<b>(72)</b>	<b>(65)</b>	<b>1%</b>	<b>1%</b>	<b>(345)</b>	<b>(454)</b>	<b>5%</b>	<b>7%</b>	<b>(455)</b>	<b>(638)</b>
<b>TOTAL FEE EXPENSE</b>	<b>(7,051)</b>	<b>(7,122)</b>	<b>100%</b>	<b>100%</b>	<b>(5,412)</b>	<b>(5,000)</b>	<b>100%</b>	<b>100%</b>	<b>(6,935)</b>	<b>(6,542)</b>	<b>100%</b>	<b>100%</b>	<b>(19,398)</b>	<b>(18,664)</b>

(\*) Excluding VAT.

(a) In the interests of comprehensiveness, this table includes fees paid to other firms.

(b) Includes services provided by independent experts and member firms to the auditors in connection with their audit engagement.

## NOTE 23 LIST OF PRINCIPAL CONSOLIDATED COMPANIES AT 31 DECEMBER 2016

Company	City/Country	% interest		% direct and indirect control <sup>a</sup>	
		2016	2015	2016	2015
<b>FRANCE</b>					
<b>Companies controlled by Bouygues</b>					
<b>Construction</b>					
<b>Bouygues Construction SA</b>	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Ile-de-France SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment International SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues TP SA	Saint-Quentin-en-Yvelines	99.97	99.97		
BYTP Régions France SA	Labège	99.97	99.97		
Axione	Malakoff	99.97	99.97		
Brézillon SA	Margny-lès-Compiègne	99.32	99.32		
Challenger SNC	Saint-Quentin-en-Yvelines	99.97	99.97		
DTP SAS	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Centre Sud Ouest (formerly DV Construction SA)	Mérignac	99.97	99.97		
Bouygues Energies & Services SAS	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues E&S FM France	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Sud-Est (formerly GFC Construction SA)	Colombier Saugnieu	99.97	99.97		
Bouygues Bâtiment Grand Ouest (formerly Quille Construction SA)	Nantes	99.97	99.97		
Kohler Investment	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Nord Est (formerly Pertuy Construction)	Nancy	99.97	99.97		
Quille SA	Rouen	99.97	99.97		
Linkcity IDF (formerly Sodéarif SA)	Saint-Quentin-en-Yvelines	99.96	99.96		
Bouygues Bâtiment IDF PPP SA	Saint-Quentin-en-Yvelines	99.97	99.97		
Linkcity Sud-Est (formerly Cirmad Grand Sud)	Colombier Saugnieu	99.97	99.97		

(a) Where percentage control differs from percentage interest.

Company	City/Country	% interest		% direct and indirect control <sup>a</sup>	
		2016	2015	2016	2015
<b>Property</b>					
<b>Bouygues Immobilier</b>	Issy-les-Moulineaux	100.00	100.00		
SCCV Lavoisier	Issy-les-Moulineaux	100.00	100.00		
SLC SA	Lyon	100.00	100.00		
Urbis Réalisations SA	Toulouse	100.00	100.00		
<b>Roads</b>					
<b>Colas SA and its regional subsidiaries</b>	Boulogne-Billancourt	96.60	96.60		
Aximum	Chatou	96.59	96.59	100.00	100.00
Colas Rail and its subsidiaries	Maisons-Laffitte	96.59	96.59	100.00	100.00
Grands Travaux Océan Indien (GTOI) SA	Le Port (Reunion Island)	96.59	96.59	99.99	99.99
Smac and its subsidiaries	Boulogne-Billancourt	96.59	96.59	100.00	100.00
Spac and its subsidiaries	Clichy	96.59	96.59	100.00	100.00
<b>Media</b>					
<b>Télévision Française 1 SA</b>	Boulogne-Billancourt	43.91	43.98		
Dujardin and its subsidiaries	Cestas	43.91	43.98	100.00	100.00
E-TF1	Boulogne-Billancourt	43.91	43.98	100.00	100.00
HD1	Boulogne-Billancourt	43.91	43.98	100.00	100.00
La Chaîne Info	Boulogne-Billancourt	43.91	43.98	100.00	100.00
Newen Studios and its subsidiaries	Paris	43.91	-	100.00	-
NT1	Boulogne-Billancourt	43.91	43.98	100.00	100.00
Télé Monte Carlo	Monaco	43.91	35.18	100.00	80.00
Téléshopping	Boulogne-Billancourt	43.91	43.98	100.00	100.00
TF1 Droits Audiovisuels	Boulogne-Billancourt	43.91	43.98	100.00	100.00
TF1 Entertainment (formerly Entreprises)	Boulogne-Billancourt	43.91	43.98	100.00	100.00
TF1 Publicité	Boulogne-Billancourt	43.91	43.98	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt	43.91	43.98	100.00	100.00
<b>Telecoms</b>					
<b>Bouygues Telecom SA and its subsidiaries</b>	Paris	90.53	90.53		
<b>Other subsidiaries</b>					
Bouygues Relais SNC	Paris	100.00	100.00		
GIE 32 Hoche	Paris	90.00	90.00		
Société Française de Participation & Gestion (SFPG) SA and its subsidiaries	Paris	99.80	99.76		
<b>Joint operations</b>					
<b>Construction</b>					
Evesa	Paris	47.48 <sup>b</sup>	47.48	47.99	47.99
Oc'via Construction	Saint-Quentin-en-Yvelines	73.15 <sup>c</sup>	73.15	74.00	74.00

(a) Where percentage control differs from percentage interest.

(b) 32.99% Bouygues Construction, 14.49% Colas.

(c) 49.00% Bouygues Construction, 24.15% Colas Rail.

Company	City/Country	% interest		% direct and indirect control <sup>a</sup>	
		2016	2015	2016	2015
<b>Joint ventures and associates</b>					
<b>Construction</b>					
Adelac SAS	Archamps	Disposal	45.85	Disposal	46.09
Consortium Stade de France SA	Saint-Denis	33.32	33.32		
<b>Media</b>					
Groupe AB	La Plaine Saint-Denis	14.71	14.73		33.50
<b>Other joint ventures and associates</b>					
Alstom	Levallois-Perret	28.28	29.15		
<b>INTERNATIONAL</b>					
<b>Companies controlled by Bouygues</b>					
<b>Construction</b>					
Americaribe Inc.	Miami/United States	99.97	99.97		
Bouygues Development Ltd	London/United Kingdom	99.97	99.97		
Bouygues Thaï Ltd	Nonthaburi/Thailand	48.99	48.99		
Bouygues UK Ltd	London/United Kingdom	99.97	99.97		
Bymaro	Casablanca/Morocco	99.96	99.96		
Dragages et TP (Hong Kong) Ltd	Hong Kong/China	99.97	99.97		
BYME Engineering (Hong Kong)	Hong Kong/China	89.97	89.97		
DTP Singapour Pte Ltd	Singapore	99.97	99.97		
Bouygues E&S Contracting UK	East Kilbride/Scotland	99.97	99.97		
Bouygues E&S FM UK	London/United Kingdom	99.97	99.97		
Karmar SA	Warsaw/Poland	99.97	99.97		
Bouygues E&S Schweiz AG (formerly Mibag)	Zurich/Switzerland	99.97	99.97		
Leadbitter Bouygues Holding Ltd and its subsidiaries	Abingdon/United Kingdom	Merged	99.97		
Losinger Marazzi AG	Köniz/Switzerland	99.97	99.97		
Losinger Holding AG	Lucerne/Switzerland	99.97	99.97		
Plan Group Inc. and its subsidiaries	Toronto/Canada	84.97	84.97		
Thomas Vale Group and its subsidiaries	Worcestershire/United Kingdom	99.97	99.97		
VCES Holding SRO and its subsidiaries	Prague/Czech Republic	99.97	99.97		
VSL International Ltd	Köniz/Switzerland	99.97	99.97		
<b>Property</b>					
Bouygues Immobilier Polska Sarl	Warsaw/Poland	100.00	100.00		
<b>Roads</b>					
Colas Australia	Sydney/Australia	96.60	96.60	100.00	100.00

(a) Where percentage control differs from percentage interest.

Company	City/Country	% interest		% direct and indirect control <sup>a</sup>	
		2016	2015	2016	2015
Colas Belgium and its subsidiaries	Brussels/Belgium	96.59	96.59	100.00	100.00
Colas Canada Inc.	Montreal Quebec/Canada	96.60	96.60	100.00	100.00
Colas Cz	Prague/Czech Republic	95.73	95.73	99.10	99.10
Colas Danmark A/S	Glostrup/Denmark	96.60	96.60	100.00	100.00
Colas Hungaria and its subsidiaries	Budapest/Hungary	96.60	96.60	100.00	100.00
Colas Inc. and its subsidiaries	Morristown New Jersey/United States	96.60	96.60	100.00	100.00
Colas Ltd and its subsidiaries	Rowfant, Crawley/United Kingdom	96.60	96.60	100.00	100.00
Colas du Maroc and its subsidiaries	Casablanca/Morocco	96.60	96.60	100.00	100.00
Colas Suisse Holding SA and its subsidiaries	Lausanne/Switzerland	95.85	95.85	99.22	99.22
ISK	Kosice/Slovakia	96.60	96.60	100.00	100.00
<b>Other subsidiaries</b>					
Challenger Réassurance	Luxembourg	99.99	99.99		
Uniservice	Geneva/Switzerland	99.99	99.99		
<b>Joint operations</b>					
<b>Construction</b>					
Bombela Civils Jv Ltd	Johannesburg/South Africa	44.99	44.99		
<b>Joint ventures and associates</b>					
<b>Construction</b>					
Bina Fincom	Zagreb/Croatia	44.99	44.99		
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99		
<b>Roads</b>					
Gamma Materials	Beau Bassin/Mauritius	48.24	48.24	49.94	49.94
Tipco Asphalt	Bangkok/Thailand	30.52	30.72	31.60	31.80

A complete list of companies included in the consolidation is available from Karine Adam-Gruson, Head of Investor Relations.

(a) Where percentage control differs from percentage interest.