NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31/12/2018

BOUYGUES

Making progress become reality

CONTENTS

Declaration of compliance:

The consolidated financial statements of Bouygues and its subsidiaries (the "Group") for the year ended 31 December 2018 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 2017, restated for the application of IFRS 9 and IFRS 15.

NOTE 1 SIGNIFICANT EVENTS OF 2018

1.1 Scope of consolidation as of 31 December 2018

1,229 entities were consolidated as of 31 December 2018, compared with 1,110 as of 31 December 2017. The net increase in 2018 mainly reflects the acquisitions of Alpiq Engineering Services, the Miller McAsphalt group and aufeminin.

31 December	2018	2017
Companies controlled by the Group	846	776
Joint operations	178	163
Joint ventures and associates	205	171
	1,229	**1,110**

1.2 Significant events

1.2.1 Significant events of 2018

The principal corporate actions and acquisitions of 2018 are described below:

- On 12 January 2018, the French government and Arcep (the French telecoms regulator) signed the "New Deal Mobile" agreement with the four mobile operators, aimed at extending quality mobile coverage to the French population. The desired objective of digital roll-out across French territory led to stringent coverage obligations being imposed on the operators, in return for a ten-year renewal of their licences to use frequencies in the 900 MHz, 1800 MHz and 2100 MHz bands. Given that Bouygues Telecom's current licences expire in 2022 (2100 MHz band) and in 2024 (900 MHz and 1800 MHz bands), Arcep (in decision No. 2018-0680 of 3 July 2018) amended the existing frequency licences to incorporate the new roll-out requirements. Subsequently (in decision 2018-1390 of 15 November 2018), Arcep formally renewed the 900 MHz, 1800 MHz and 2100 MHz licences for a further ten years. Consequently, Bouygues Telecom now holds licences to use the 900 MHz and 1800 MHz bands until 8 December 2034, and the 2100 MHz band until 11 December 2032. All frequency bands are now technologically equivalent, and hence can be used independently for 2G/3G/4G. In parallel, on 28 September 2018 the French government issued a new decree on licence fees, which stabilises the level of such fees from now on. Consequently, Bouygues Telecom has reversed out an accrued expense recognised from 2014 to 2017, which covered the risk of a rise in the fixed portion of the 1800 MHz frequency licence fee. The accrued expense, amounting to €110 million, was reversed out in the third quarter of 2018 and recognised in "Other operating income" (see Note 12 to the consolidated financial statements).

- On 17 January 2018, an agreement was signed for the acquisition by the TF1 group of the Axel Springer group's majority equity interest of 78.07% in the aufeminin group, which in its financial year ended 31 December 2017 generated sales of €113 million and an operating profit of €12 million. The acquisition was completed on 27 April 2018 at a price of €39.47 per share, or €294 million in total. On 22 May 2018, TF1 filed a mandatory simplified tender offer for the remaining shares at the same price. That offer closed on 4 July 2018, and was followed by a squeeze-out procedure filed on 3 October 2018. Having been approved on 16 October 2018, the squeeze-out was launched on 19 October 2018 and closed on 1 November 2018, giving the TF1 group 100% of the shares and voting rights of the aufeminin group. As of the date control was obtained, provisional goodwill of €204 million was recognised after the purchase price allocation and net debt increased by €332 million.

- In line with the memorandum of understanding signed on 30 August 2017, Colas completed the acquisition of the entire share capital of the Miller McAsphalt group on 28 February 2018. The Miller McAsphalt group is a major player in road construction and bitumen distribution in Canada, with a particularly strong presence in

Ontario. Over the last three years, it has generated average annual sales of approximately CAD 1.3 billion; it employs 3,300 people. The purchase price paid on the completion date was CAD 953 million, equivalent to €611 million. Out of the total purchase price, €410 million was financed by debt. Net debt increased by €555 million, and goodwill after the purchase price allocation amounted to €90 million as of the date control was obtained.

- On 26 March 2018, Bouygues Construction and Colas announced the acquisition of the entire share capital of Alpiq Engineering Services, which specialises in hard and soft services in construction and in energy, industrial and transport infrastructures. Alpiq Engineering Services employs nearly 7,650 people and generated sales of approximately CHF 1.7 billion in 2017, mainly in Switzerland (57%), Germany (24%) and Italy (12%). Following clearance from the European and Swiss competition authorities on 11 July 2018, the acquisition was completed on 31 July 2018 on the basis of an enterprise value of CHF 850 million (CHF 700 million for Bouygues Construction and CHF 150 million for Colas Rail). As of the date control was obtained, provisional goodwill of €563 million was recognised after the purchase price allocation, and net debt increased by €619 million.
- Under the agreement of 31 January 2017 between Bouygues Telecom and Cellnex (Spain), transfers of the 1,800 existing telecoms sites continued during 2018. As of 31 December 2017, 715 sites were presented in the balance sheet in “Held-for-sale assets and operations”, at a carrying amount of €38 million. During 2018, 964 sites were transferred for €273 million, including those covered by the agreement mentioned above, and there were no longer any held-for-sale assets as of 31 December 2018. This sale generated a gain on disposal of €196 million, recognised in “Other operating income” (see Note 12 to the consolidated financial statements). The sale of the 1,200 new sites is being spread over a five-year period as and when the sites are constructed.
- The TF1 group and the non-controlling shareholders of Newen Studios, a 70%-owned subsidiary of TF1, signed an agreement on 5 April 2018 with a view to the acquisition by TF1 of the remaining 30% of the share capital and voting rights, giving TF1 100% of Newen Studios. This transaction took place on 5 July 2018, following clearance from the French Competition Authority on 3 July 2018. The additional acquisition, amounting to €96 million, had already been recognised as a financial liability as of 31 December 2017.
- On 28 May 2018, Bouygues Construction announced the acquisition of 100% of AW Edwards, a well-established Australian construction company. The acquisition, finalised on 5 July 2018, marks a further step in the Group’s development strategy in Australia, and strengthens its position in the construction market. The company generated sales of AUD 277 million in 2017 and employs 250 people. As of the date control was obtained, provisional goodwill of €43 million was recognised pending finalisation of the purchase price allocation; the impact on net debt was immaterial.
- On 17 July 2018, the Alstom shareholders approved resolutions relating to the proposed merger between Alstom and the Siemens Mobility businesses, which remained subject to clearance from the competition authorities (see Note 1.3 to the financial statements). The Alstom shareholders also approved the renewal of the terms of office as directors of Olivier Bouygues and Bouygues SA (standing representative: Philippe Marien). On 17 July 2018, the commitment by Bouygues to retain its Alstom shares (as described in the consolidated financial statements for the year ended 31 December 2017) ended.
- On 25 October 2018, Bouygues Telecom announced that it was in exclusive negotiations with a view to acquiring a 43.6% equity interest in the business-to-business telecoms operator Keyyo, which generated sales of €24 million and EBITDA of €4 million in 2017.
- On 19 November 2018, a potential purchaser signed an undertaking to buy Smac (the waterproofing activity of Colas, representing sales of approximately €600 million), expiring seven months later. As of 31 December 2018, the assets and liabilities of Smac were presented in the balance sheet within “Held-for-sale assets and operations” and “Liabilities related to held-for-sale operations”, at carrying amounts of €332 million and €325 million respectively (see Notes 1.3 and 21 to the consolidated financial statements).
- On 12 December 2018, Axione (a Bouygues Construction subsidiary) and its financial partner Mirova signed a new contract to install and operate fibre optic (FTTH) in very dense areas, following a tendering procedure

launched by Bouygues Telecom. Under the terms of the contract, Axione and Mirova set up CityFast, an access service provider, to whom Bouygues Telecom transferred its existing fibre optic infrastructures in very dense areas for €46 million. This transaction generated a gain of €34 million, recognised in "Other operating income" (see Note 12 to the consolidated financial statements).

- On 31 December 2018, Bouygues Construction sold a 49% equity interest in Axione. The shareholder agreement provides for joint control of Axione, which from that date is accounted for by the equity method. The overall gain arising on the sale (excluding transaction costs and taxes) amounts to €106 million, comprising a €52 million gain on the sale of the 49% interest and €54 million for the remeasurement of the retained 51% equity interest.

1.2.2 Reminder of the significant events of 2017

The principal corporate actions and acquisitions of 2017 are described below:

- On 30 January 2017, TF1 accepted a conditional offer from Mediawan SA to buy TF1's 33.5% equity interest in Groupe AB. As of 31 December 2017, the conditions had been met and the final purchase price determined, and the resulting gain of €14 million was recognised in "Share of net profits/losses of joint ventures and associates" in the 2017 consolidated income statement (see Note 3.2. to the consolidated financial statements).

- On 31 January 2017, Bouygues Telecom signed an agreement with Cellnex (Spain) covering 3,000 telecoms sites 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 sites to Cellnex over a two-year period for €500 million, followed by the joint construction of 1,200 new sites over a five-year period for €354 million. In addition, Bouygues Telecom and Cellnex signed a renewable 15-year hosting and services agreement. As of 31 December 2017, 1,085 sites had been transferred for a total of €307 million. "Held-for-sale assets and operations" was reduced to €38 million to reflect the reduction in the number of sites still held by Bouygues Telecom; the resulting gain of €223 million was recognised in "Other operating income" in the consolidated income statement for the year ended 31 December 2017 (see Note 12 to the consolidated financial statements).

- On 25 July 2017, Bouygues Telecom and Cellnex signed an extension to their agreement of 31 January 2017 concerning the addition of up to 600 more sites at a selling price of up to €170 million. The additional sites did not meet the definition of "Held-for-sale assets and operations" as of 31 December 2017, since it was as yet uncertain how many sites would actually be sold.

- On 25 July 2017, Bouygues Immobilier and AccorHotels announced the formation of a 50/50 joint venture to accelerate the development of Nextdoor in France and Europe. This transaction generated a gain of €28 million (arising from the divestment of 50% of Nextdoor and the remeasurement of the residual equity interest), recognised in "Other income from operations" in the consolidated income statement for the year ended 31 December 2017.

- On 30 August 2017, Colas Canada signed a memorandum of understanding in Toronto under which it is to acquire the entire share capital of the Miller and McAsphalt group.

- On 26 September 2017, Siemens and Alstom signed a memorandum of understanding that included a reciprocal exclusivity agreement to combine their rail activities. In return for transferring its Mobility and Rail Traction Drives businesses to Alstom, Siemens would receive newly issued shares representing 50% of the share capital of Alstom on a fully diluted basis. Alstom shareholders would receive a €4 per share dividend by way of control premium, plus a further dividend of up to €4 per share paid out of the proceeds from the exercise of Alstom's put options over its share of its joint ventures with General Electric.

  In connection with this transaction, the French state terminated its loan of Alstom shares from the Bouygues group on 17 October 2017 without exercising the call option it had been granted by Bouygues in 2014.

Bouygues fully supports the proposed transaction and will vote in favour of it on the Alstom Board of Directors and at the Extraordinary General Meeting of Alstom shareholders called to approve the transaction. Bouygues also committed to retain its Alstom shares until the earlier of (i) the Extraordinary General Meeting or (ii) 31 July 2018.

Closing of the transaction was subject to clearance from various regulatory authorities, including the European Commission, and to confirmation by the Autorité des Marchés Financiers (AMF) that Siemens would not be required to file a compulsory public tender offer for Alstom following completion of the transfer.

On completion of the transaction, Bouygues would have an equity interest of approximately 14% in the new entity.

- On 6 October 2017, the *Conseil Constitutionnel* (French Constitutional Council) declared the 3% tax on dividends paid by French companies to be unconstitutional. As a result, a tax gain of €90 million (plus late payment interest of €9 million) was recognised in the fourth quarter of 2017.

1.3 Significant events and changes in scope of consolidation subsequent to 31 December 2018

- On 18 January 2019, Bouygues Telecom finalised the acquisition of a 43.6% equity interest in Keyyo, representing an investment of just over €29 million. A voluntary public tender offer for all of the remaining shares at the same price was launched on 21 January 2019, taking the overall investment to a maximum of €61 million. On 5 February 2019, the Autorité des Marchés Financiers confirmed that the public offer was compliant.
- On 6 February 2019, the European Commission rejected the merger between Alstom and Siemens, who decided not to challenge that decision. The proposed merger has therefore been abandoned.
- On 12 February 2019, Bouygues Construction filed arbitration proceedings against Alpiq Engineering Services following differences of opinion as to the amount of the final purchase price adjustment determined in connection with the sale of the services and engineering operations in 2018. Bouygues Construction is claiming an amount of CHF 205.1 million (€180 million), while Alpiq Engineering Services is claiming a payment of CHF 12.9 million (€11 million).
- On 14 February 2019, Colas announced that it had signed an agreement to sell Smac to a subsidiary of OpenGate Capital. This divestment will reduce Colas sales by approximately €600 million, but is not expected to have a material impact on operating profit. Completion is subject to clearance from the competition authorities, especially in France.

NOTE 2 GROUP ACCOUNTING POLICIES

2.1 Sectors of activity

Bouygues is a diversified services group organised into three sectors of activity:

- Construction:
  - Construction and services (Bouygues Construction);
  - Property development (Bouygues Immobilier);
  - Transport infrastructure (Colas).
- Media:
  - The TF1 group ("TF1").
- Telecoms:
  - Mobile, fixed, TV and internet services (Bouygues Telecom).

The Bouygues group also holds an equity interest in Alstom (Transport), which stood at 27.79% as of 31 December 2018.

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. 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 (Recommendations 2013-03 of 7 November 2013 and 2016-01 of 2 December 2016) issued 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 20 February 2019, and will be submitted for approval by the forthcoming Annual General Meeting on 25 April 2019.

The consolidated financial statements for the year ended 31 December 2018 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as of and for the year ended 31 December 2017, restated to take account of the first-time application of IFRS 9 and IFRS 15 as of 1 January 2018 (see Note 23 to the consolidated financial statements).

The Bouygues group applied the same standards, interpretations and accounting policies for the year ended 31 December 2018 as were applied in its consolidated financial statements for the year ended 31 December 2017, except for changes required to meet new IFRS requirements applicable from 1 January 2018 (see below).

- New standards effective within the European Union and mandatorily applicable from 1 January 2018:
  - **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 was endorsed by the European Union on 22 November 2016 and is mandatorily applicable from 1 January 2018. The Group did not early adopt IFRS 9.

The Group has applied the classification, measurement and impairment principles of IFRS 9 retrospectively, with no restatement of prior period comparatives. The hedge accounting principles of IFRS 9 have also been applied by the Group with effect from 1 January 2018, using a prospective approach in accordance with the standard.

The impacts of applying IFRS 9 as of 1 January 2018 are not material, and are presented in Note 23 to the consolidated financial statements.

- **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 was endorsed by the European Union on 22 September 2016 and is applicable from 1 January 2018. The Group did not early adopt IFRS 15. It has applied IFRS 15 retrospectively with effect from 1 January 2018, with the 2017 comparatives restated to reflect the impacts of the new standard.

  The impacts of applying IFRS 15 on the financial statements for the year ended 31 December 2017 are presented in Note 23 to the consolidated financial statements.

- New standard and interpretation effective within the European Union and mandatorily applicable from 1 January 2019:

  - **IFRS 16: Leases**

    On 13 January 2016, the IASB issued IFRS 16, "Leases", which replaces IAS 17 and the associated IFRIC and SIC interpretations. The new standard was endorsed by the European Union on 31 October 2017 and is applicable from 1 January 2019. Bouygues has not early adopted IFRS 16, and for first-time application has elected the retrospective approach with presentation of a comparative period.

    The process of inventorising lease contracts and collecting the related data has been ongoing through 2017 and 2018. The estimated impacts of applying IFRS 16 on the balance sheet as of 31 December 2017 (as restated for IFRS 15 and IFRS 9), the interim periods of 2018 and the year ended 31 December 2018 are presented in Note 24 to the consolidated financial statements.

  - **IFRIC 23: Uncertainty Over Income Tax Treatments**

    On 7 June 2017, the IFRS Interpretations Committee issued IFRIC 23. IFRIC 23 clarifies the accounting treatments used to recognise the fiscal consequences of uncertainties relating to income taxes. The Group has not elected early adoption of IFRIC 23, and is reviewing the potential consequences of applying it. IFRIC 23 was endorsed by the European Union on 23 October 2018 and is applicable from 1 January 2019.

    The impacts of applying IFRIC 23 as of 1 January 2019 are not material, and are presented in Note 24 to the consolidated 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; measurement of identifiable assets and liabilities in a purchase price allocation when an acquisition is made; employee benefits (lump-sum retirement benefits, pensions, etc.); the fair value of unlisted financial instruments; the recoverability of deferred tax assets; provisions (for litigation and claims, etc.); and end-of-contract margins on construction and property development contracts (see Note 2.13.2 to the consolidated financial statements).

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 control over TF1:

As of 31 December 2018 Bouygues held, directly or indirectly, 43.80% of the capital and voting rights of TF1. All the factors mentioned below, taken collectively, establish that the Bouygues group has control over TF1:

- Bouygues has the power to direct the relevant activities of TF1. The Bouygues group:
  - 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;
  - has had exclusive power to determine decisions at TF1 general meetings during at least two consecutive financial years.

- Bouygues has exposure and rights to variable returns. Due to its 43.80% equity interest, the Bouygues group has high exposure to variable returns from TF1 in the form of dividends.
- Bouygues has the ability to affect the returns it obtains through the power it exercises. The Bouygues group:
  - holds five of the 11 seats on the TF1 Board of Directors;
  - has a dominant role in appointing key executives of TF1, given that both members of the Director Selection Committee are representatives of the Bouygues group.

2.3.2 Jointly-controlled companies

A joint venture or joint operation derives from 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 (i.e. acquisition price) 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. The revised IFRS 3 allows entities to elect one of two methods of accounting for non-controlling interests in each business combination:

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

Fair value is the 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 ("Impairment testing of non-current assets, joint ventures and associates"), in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised 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 within current operating profit 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;

- 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 2018, the temporary differences and tax losses available for carry-forward of French entities were measured at the following rates as approved by the French National Assembly, according to the period in which they are expected to reverse:

- 32.02% for 2019;
- 28.92% for 2020;
- 27.37% for 2021;
- 25.83% for 2022 and later.

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 [b]	3 to 15 years	3 to 7 years	10 to 30 years
• Other property, plant and equipment (vehicles and office equipment) [b]	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 income from operations” unless they meet the criteria for classification within “Other operating income and expenses” (see Note 2.13.3 to the consolidated financial statements).

Depreciation periods are reviewed annually, and may be adjusted if expected use differs 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 amount of the Bouygues group's commitments under operating leases is disclosed in "Off balance sheet commitments" (see Note 18.3 to the consolidated financial statements).

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 [a]
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 the 2.6 GHz, 800 MHz and 700 MHz frequencies	Straight line	20 years [b]

(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 (2.6 GHz, for €228m) and 2012 (800 MHz, 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 dates on which the 700 MHz frequencies are being brought into service depend on the dates of (i) transfer of digital terrestrial television transmission to the telecoms sector, (ii) opening to commercial use and (iii) rate of coverage of the population.

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 owned by TF1.

Audiovisual rights

This item includes shares in films and audiovisual programmes produced or co-produced by TF1 SA, TF1 Films Production, TF1 Vidéo and TF1 Production; audiovisual distribution and trading rights owned by TF1 Droits Audiovisuels and TF1 Entertainment; audiovisual rights produced by Newen Studios; 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 by broadcasters: amortised as a minimum on a straight line basis over the projected period of rights exploitation, in line with the expected pattern of consumption of future economic benefits;
- producer shares in French drama produced by TF1: 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 two 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, joint ventures and associates

Impairment tests are carried out on the carrying amount of non-current assets and investments in joint ventures and 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, Colas, Bouygues Telecom and Bouygues Construction

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the 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 and Bouygues Construction: using the DCF method, taking account of the specific characteristics of each investment.
    - The cash flows used are derived from three-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 the recoverable amount exceeds the carrying amount in both scenarios, sensitivity to each of the parameters is analysed on the basis of both scenarios.
- If the recoverable amount is less than the carrying amount in either or both of the scenarios a more detailed analysis is performed to determine the recoverable amount, for example by using an independent valuer.

If the carrying amount in the consolidated balance sheet 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 investments in joint ventures and associates

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.

In principle, the investment in Alstom is tested for impairment using the higher of (i) the quoted market price or (ii) value in use determined using the discounted cash flow (DCF) method based on projections established by Bouygues management, which in turn are derived from 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 either to shareholders' equity in "Items not reclassifiable to profit or loss" or to the income statement in "Other financial income" or "Other financial expenses", depending on the treatment elected by the Group for each individual investment.

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.

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 accounted for at amortised cost. In accordance with IFRS 9 an impairment allowance is recognised on initial recognition to reflect the expected risk of loss during the next 12 months, and charged to profit or loss (see Note 3.2.4 to the consolidated financial statements).

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 IFRS 9.

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 building permits, 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, TF1 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.), TF1 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.

However, any advance payments made to acquire such rights are treated as supplier prepayments.

The "Inventories" line in the balance sheet includes programmes and broadcasting rights:

- in-house productions, made by TF1 companies for TF1 channels;
- external productions, comprising broadcasting rights acquired by TF1 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):

	Type of programme		
	Dramas with a running time of at least 52 minutes	Films, TV movies, series and cartoons	Other programmes and broadcasting rights
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 TF1 programme department. 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 (in the case of output deals), 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.

For contracts accounted for using the percentage of completion method, trade receivables include invoices and statements issued as works are executed or services provided, and accepted by the project owner.

For Bouygues Telecom, when a subscription is sold along with a subsidised handset, this constitutes two separate performance obligations; the handset subsidy is recognised in "Trade receivables" and charged to profit or loss over the average life of the contract (see Note 2.13.1 to the consolidated financial statements).

2.8.5 Customer contract assets

"Customer contract assets" (see Note 4.4 to the consolidated financial statements) comprises:

- assets representing sales recognised on a percentage of completion basis where billing is contingent on the supply of other goods and services and/or on the attainment of contractually agreed milestones;
- customer contract origination and execution costs (mainly at Bouygues Telecom).
  - Contract origination costs are incremental costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained, and which qualify for recognition as an asset under IFRS 15. For Bouygues, this mainly applies to variable consideration paid to distributors and retailers to acquire new customers. The resulting asset is charged to profit or loss over the average life of the customer contract.

- Customer contract execution costs are line activation costs which qualify for recognition as an asset under IFRS 15; they are charged to profit or loss over the average life of the customer contract.

2.8.6 Other current receivables and prepaid expenses

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 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 fluctuations in commodity prices (especially petroleum-based products); there is also some exposure to the prices of certain metals in the road safety & signalling, waterproofing and railways businesses. 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 Foreign exchange 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 order 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 business segment to hedge some or all of its financial assets and liabilities, where those 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 business segment 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 IFRS 9. Two types of accounting treatment are used:

- fair value hedges, in which 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, in which 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 9, 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. 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 ratio of net debt (see Note 2.15.4 to the consolidated financial statements) 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 of its five segments 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 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, 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 business segment.

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 voluntary 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 Current provisions

Current provisions, which relate to the normal operating cycle of each segment, 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, which 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.

2.12.2 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.

2.12.3 Customer contract liabilities

Customer contract liabilities represent the Group's obligation to transfer goods and services for which payment has already been received from a customer, or where the Group has an unconditional right to receive payment. They include advances and down-payments received on orders, and differences arising from the percentage of completion on a contract (see Note 10.2 to the consolidated financial statements).

2.13 Income statement

As allowed under IAS 1, the Bouygues group presents an income statement that classifies expenses by nature. In presenting its income statement, the Group has applied ANC Recommendations 2013-03 of 7 November 2013 and 2016-01 of 2 December 2016.

2.13.1 Revenue recognition

The Group recognises revenue when:

- a customer contract, and the performance obligations within that contract, have been identified;
- a transaction price has been determined, and allocated between the performance obligations;
- the distinct performance obligations under the contract have been satisfied;
- 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.

Most contracts entered into by the Group. However, some contracts at Bouygues Telecom (as described below) are split into two performance obligations.

Bouygues Telecom

Bouygues Telecom generates revenue from services with no handset sale; from sales of stand-alone handsets and accessories; and from sales of services with subsidised handsets.

- Sales of services with no handset sale:

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.

Revenue from call charges other than plans, and from roaming and interconnection fees, is recognised as the service is used, based on a best estimate of the pattern of consumption.

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.

- Stand-alone 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.

- Sales of services with subsidised handsets:

When the sale of a handset is accompanied by the customer subscribing to a plan, the sale of the handset is accounted for by recognising a customer contract asset in the balance sheet for the amount of the subsidy, i.e. the difference between (i) the price paid by the customer on initial subscription and (ii) the transaction price. This contract asset is recognised within "Trade receivables", and charged to profit or loss over the average life of the contract.

2.13.2 Accounting for construction contracts

2.13.2.1 Construction businesses

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 or to completed 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 is can be reliably measured, irrespective of the completion rate.

2.13.2.2 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 with the customer;
- construction contract signed (order given to start works).

The percentage of completion represents costs recognised to date (including land-related costs) as a proportion of the total estimated costs to completion of the project, taking account of the progress towards legal completion of the sale in the case of property sales.

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 operating 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, refer to Note 12 to the consolidated financial statements.

For all acquisitions of a business completed on or after 1 January 2018, amortisation of intangible assets recognised in the purchase price allocation is charged against current operating profit, in the same way as for depreciation of property, plant and equipment.

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 over the vesting period of the rights 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.

2.14 Cash flow statement

The consolidated cash flow statement is presented in accordance with the amended IAS 7 and with ANC Recommendations 2013-03 of 7 November 2013 (using the indirect method) and 2016-01 of 2 December 2016.

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 charges to non-current 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 before (i) net depreciation and amortisation expense, (ii) net provisions and impairment losses, and (iii) effects of acquisitions of control or losses of control. Those effects relate to the impact of remeasuring previously-held interests or retained interests.

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 asphalt and emulsion entities in the form of *Sociétés en Participation* (SEPs) or economic interest groupings that subsequently sell the asphalt and emulsion back to Colas.

Profits and losses from joint operations represent the Group's share of profits or losses from non-consolidated companies (SEPs, etc.), for example 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 after net income tax expense, but before changes in working capital related to operating activities), minus capital expenditure (net of disposals) for the period.

2.15.3 Changes in working capital related to operating activities

"Changes in working capital related to operating activities" as presented in the cash flow statement is obtained by aggregating the following items:

- net change in inventories and work in progress;
- net change in advances and down-payments made on orders;
- net change in trade receivables;
- net change in customer contract assets;
- net change in trade payables;
- net change in customer contract liabilities;
- net change in current provisions;
- net change in other current asset and liability items (excluding taxes, cash and cash equivalents and current debt, hedging instruments, and receivables/liabilities related to property, plant & equipment and intangible assets).

2.15.4 Net debt/Net surplus cash

Net debt (or net surplus cash) is obtained by aggregating the following items:

- 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).

If the aggregate of these items is positive, it represents net surplus cash; if negative, it represents net debt.

From 1 January 2019 onwards, the Group will publish a net debt/net surplus cash figure adjusted to reflect current and non-current lease obligations arising from the first-time application of IFRS 16.

NOTE 3 NON-CURRENT ASSETS

For a breakdown of non-current assets by business segment see Note 16 to the consolidated financial statements.

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

	2018	2017 restated
Property, plant and equipment	1,880	1,630
Intangible assets	298	301
Capital expenditure	**2,178**	**1,931**
Acquisitions of non-current financial assets (investments in consolidated and non-consolidated companies and other long-term investments)	1,599 [a]	234
Acquisitions of non-current assets	**3,777**	**2,165**
Disposals of non-current assets	(783) [b]	(663) [c]
Acquisitions of non-current assets, net of disposals	**2,994**	**1,502**

(a) Includes acquisitions: €807m made by Colas (including the Miller McAsphalt group for €611m and Alpiq Engineering Services for €127m); €455m made by Bouygues Construction (including Alpiq Engineering Services for €316m and AW Edwards for €120m); and €329m by TF1 (mainly the aufeminin group for €294m).

(b) Disposals include the sale of sites, towers and fibre optic infrastructure by Bouygues Telecom (€344m).

(c) Disposals include the sale of 1,085 sites by Bouygues Telecom (€307m) and the sale of Groupe AB for (€90m).

3.2 Non-current assets: movements during the period

3.2.1 Property, plant and equipment

	Land and buildings	Plant, equipment and tooling	Other property, plant and equipment	PP&E under construction and advance payments	Total
Gross value					
31/12/2016 restated	**2,380**	**12,880**	**3,159**	**338**	**18,757**
Movements during 2017					
Translation adjustments	(55)	(203)	(35)	(3)	(296)
Changes in scope of consolidation	45	37	(5)	(1)	76
Acquisitions during the period	49	984	292	305	1,630
Disposals, transfers and other movements	(17)	(643)	(188)	(214)	(1,062)
31/12/2017 restated	**2,402**	**13,055**	**3,223**	**425**	**19,105**
of which finance leases	9	50	16		75
Movements during 2018					
Translation adjustments	6	20	2	(1)	27
Changes in scope of consolidation	238	244	198	6	686
Acquisitions during the period	61	1,094	366	359	1,880
Disposals, transfers and other movements	(26)	(1,243)	(410)	(276)	(1,955)
31/12/2018	**2,681**	**13,170**	**3,379**	**513**	**19,743**
of which finance leases	11	63	28		102
Depreciation and impairment					
31/12/2016 restated	**(945)**	**(9,044)**	**(2,356)**		**(12,345)**
Movements during 2017					
Translation adjustments	20	144	31		195
Changes in scope of consolidation	3	1	(2)		2
Net expense for the period	(76)	(928)	(300)		(1,304)
Disposals, transfers and other movements	26	782	197		1,005
31/12/2017 restated	**(972)**	**(9,045)**	**(2,430)**		**(12,447)**
of which finance leases	(7)	(34)	(14)		(55)
Movements during 2018					
Translation adjustments	(4)	(19)	(3)		(26)
Changes in scope of consolidation	(19)	(127)	(115)		(261)
Net expense for the period	(83)	(923)	(304)		(1,310)
Disposals, transfers and other movements	28	1,305	400		1,733
31/12/2018	**(1,050)**	**(8,809)**	**(2,452)**		**(12,311)**
of which finance leases	(8)	(32)	(12)		(52)
Carrying amount					
31/12/2017 restated	**1,430**	**4,010**	**793**	**425**	**6,658**
of which finance leases	2	16	2		20
31/12/2018	**1,631**	**4,361**	**927**	**513**	**7,432**
of which finance leases	3	31	16		50

Operating commitments not yet recognised involving future outflows of resources

Property, plant and equipment	Falling due: Less than 1 year	1 to 5 years	More than 5 years	Total 2018	Total 2017
Colas: orders in progress for plant and equipment	20			20	24
Bouygues Telecom: orders in progress for network equipment assets	470	50		520	490
TOTAL	**490**	**50**		**540**	**514**

3.2.2 Intangible assets

	Development expenses [a]	Concessions, patents and similar rights	Other intangible assets	Total
Gross value				
31/12/2016 restated	**239**	**2,636**	**3,176**	**6,051**
Movements during 2017				
Translation adjustments		(3)	(4)	(7)
Changes in scope of consolidation		(14)	13	(1)
Acquisitions during the period	58	34	210	302
Disposals, transfers and other movements		174	(139)	35
31/12/2017 restated	**297**	**2,827**	**3,256**	**6,380**
Movements during 2018				
Translation adjustments		(1)	(2)	(3)
Changes in scope of consolidation		83	4	87
Acquisitions during the period	67	33	198	298
Disposals, transfers and other movements	(7)	202	(137)	58
31/12/2018	**357**	**3,144**	**3,319**	**6,820**
Amortisation and impairment				
31/12/2016 restated	**(165)**	**(1,341)**	**(2,365)**	**(3,871)**
Movements during 2017				
Translation adjustments		3	3	6
Changes in scope of consolidation		14	(7)	7
Net expense for the period	(16)	(161)	(249)	(426)
Disposals, transfers and other movements		5	31	36
31/12/2017 restated	**(181)**	**(1,480)**	**(2,587)**	**(4,248)**
Movements during 2018				
Translation adjustments		1		1
Changes in scope of consolidation		(2)	62	60
Net expense for the period	(25)	(173)	(271)	(469)
Disposals, transfers and other movements		32	2	34
31/12/2018	**(206)**	**(1,622)**	**(2,794)**	**(4,622)**
Carrying amount				
31/12/2017 restated	**116**	**1,347**	**669**	**2,132**
31/12/2018	**151**	**1,522** [b]	**525** [c]	**2,198**

(a) Software development expenses are generally capitalised (applies mainly to Bouygues Telecom), while development expenses of a permanent and recurring nature that do not meet the IAS 38 capitalisation criteria are expensed (applies mainly to Colas).In accordance with IFRS, research costs are expensed as incurred. Research and development costs expensed were €74m in 2018 and €72m in 2017.

(b) Includes for Bouygues Telecom: €141m for the UMTS licence, €736m for the 2.6 GHz and 800 MHz frequency user licences, and €326m for the 700 MHz spectrum frequency user licence.

(c) Includes €149m for the portion of 700 MHz frequencies acquired in 2015 that have not yet been brought into use and hence are classified as intangible assets, and €144m 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 by TF1 for the purpose of securing future programming schedules.

Intangible assets	Falling due: Less than 1 year	Falling due: 1 to 5 years	Falling due: More than 5 years	Total 2018	Total 2017 restated
Audiovisual rights	44	5		49	30
TOTAL	**44**	**5**		**49**	**30**

3.2.3 Goodwill

	Gross value	Impairment	Carrying amount
31/12/2016 restated	**5,443**	**(76)**	**5,367**
Movements during 2017			
Changes in scope of consolidation	47	3	50
Impairment losses charged during the period			
Other movements (including translation adjustments)	(33)	1	(32)
31/12/2017 restated	**5,457**	**(72)**	**5,385**
Movements during 2018			
Changes in scope of consolidation	902	5	907
Impairment losses			
Other movements (including translation adjustments)	9		9
31/12/2018	**6,368**	**(67)**	**6,301**

The effects of changes in scope of consolidation in 2018 relate mainly to the acquisition of the Alpiq Engineering Services group (€489 million for Bouygues Construction and €74 million for Colas); €90 million of goodwill on the acquisition of the Miller McAsphalt group by Colas; €204 million on the acquisition of the aufeminin group by TF1; and €43 million on the acquisition of AW Edwards by Bouygues Construction.

The provisional goodwill on the acquisitions of aufeminin, the Miller McAsphalt group and Alpiq Engineering Services, measured at the exchange rate prevailing on the date control was obtained, was determined as follows:

	aufeminin	Miller McAsphalt	Alpiq Engineering Services
Acquisition price	**294**	**611**	**443**
Non-current assets	(88)	(417)	(200)
Current assets	(100)	(384)	(532)
Non-current liabilities	64	61	78
Current liabilities	9	219	774
Net assets	(115)	(521)	120
Unacquired portion	25		
Net assets acquired	**(90)**	**(521)**	**120**
Provisional goodwill	**204**	**90**	**563**

For goodwill on joint ventures and associates, see Note 3.2.5 to the consolidated financial statements.

3.2.3.1 Consolidated carrying amount of listed shares as of 31 December 2018

in euros	Consolidated carrying amount per share	Closing market price per share on 31/12/2018
TF1	13.64	7.08
Colas	104.42	140.00

3.2.3.2 Split of goodwill by Cash Generating Unit (CGU)

	31/12/2018		31/12/2017 restated	
CGU	**Total**	**% Bouygues or subsidiaries**	**Total**	**% Bouygues or subsidiaries**
Bouygues Construction [a]	975	99.97	457	99.97
Colas [b]	1,292	96.65	1,131	96.60
TF1 [b]	1,386	43.80	1,149	43.81
Bouygues Telecom [b]	2,648	90.53	2,648	90.53
TOTAL	**6,301**		**5,385**	

(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 2018

- The recoverable amounts of Bouygues Construction, Bouygues Telecom, TF1 and Colas were determined using the method described in Note 2.7.4.1 to the consolidated financial statements, based on three-year cash flow projections corresponding to the business plans of each of the four 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 2018 were as follows:

	Discount rate		
	Scenario 1 (%) [a]	Scenario 2 (%) [a]	Perpetual growth rate (%)
Bouygues Construction	4.79	4.61	2
Bouygues Telecom	4.44	4.29	2
TF1	5.96	5.67	2
Colas	4.96	4.76	2

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

For both Bouygues Construction and Colas, there is no reasonably possible scenario that would cause the recoverable amount of the assets to fall below their carrying amount. Consequently, the assumptions used for business plans and sensitivity analyses are presented for Bouygues Telecom and TF1 only.

- Assumptions used in the Bouygues Telecom business plan:
  - The normative cash flows used for Bouygues Telecom rely on the following assumptions:
    - ongoing investment in very-high-speed mobile and fixed, translating into:

        - €1.2 billion of capital expenditure in 2018 to secure sustainable leadership in 4G and prepare for the arrival of 5G, and to accelerate roll-out of the FTTH network to meet the growing demand for residential very-high-speed broadband;

        - pragmatic infrastructure management, with self-funded investment in key infrastructure backed by sharing, rental or divestment of less strategic infrastructure;

    - EBITDA/sales from services margin (calculated before first-time application of IFRS 16) in the region of 30%, with sales services growth of over 3%;

    - profitable growth momentum, generating free cash flow (calculated before first-time application of IFRS 16) of €300 million in 2019.

- 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 impacts on advertising spend of the economic situation and competitive environment, and of trends in how content is consumed;

    - the acceleration of the transformation of TF1, and the organic growth of its activities;

    - average annual cost of programmes including major sporting events of €990 million for the five unencrypted channels for the 2019-2020 period, compared with €1,014 million in 2018;

    - the impact of future major sporting events;

    - for 2019, double-digit current operating margin, and sales from activities other than advertising on the five unencrypted channels accounting for at least one-third of consolidated sales;

    - the ongoing implementation of a resolutely multi-channel, multi-media and multi-line strategy that allies mass audience power with targeting across all platforms, plus the expansion of production activities and the development of new monetisation techniques, involving:

    - securing the stream of Core Business TV content (including news) and advertising;

    - delivering a high-performance digital offering;

    - ongoing build-up of Newen to reinforce the production side;

    - opening up new distribution channels (platformization, OTT) and exploiting data.

Sensitivity analysis

For the Bouygues Telecom and TF1 CGUs, sensitivity analyses were performed to determine the sensitivity of the calculation to 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 [a]	Scenario 2 [a]	Scenario 1 (%) [a]	Scenario 2 (%) [a]
Bouygues Telecom	+160 bp	+175 bp	(42)%	(46)%
TF1	+367 bp	+396 bp	(53)%	(57)%

(a) Depending on the capital structure: ⅓ debt - ⅔ 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 €322 million lower than the carrying amount under scenario 1, and €10 million greater than the carrying amount 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 €1,511 million under scenario 1 and by €1,932 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 €779 million under scenario 1, and by €1,005 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 €1,646 million under scenario 1 and by €1,933 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. Consequently, we have not performed a more in-depth estimate of the recoverable amounts of the CGUs.

3.2.4 Non-current financial assets

As of 31 December 2018, these comprised:

- investments in joint ventures and associates (accounted for by the equity method): €2,633 million;
- other non-current financial assets (loans, receivables, investments in non-consolidated companies, etc): €536 million;
- deferred tax assets: €317 million.

	Investments in joint ventures and associates	Investments in non-consolidated companies	Other non-current assets	Total	Amortisation and impairment	Carrying amount	Deferred tax assets
31/12/2016 restated	**2,467**	**329**	**433**	**3,229**	**(277)**	**2,952**	**348**
Movements during 2017							
Translation adjustments	(43)	(11)	(13)	(67)	1	(66)	(2)
Changes in scope of consolidation	(41)	(5)	(1)	(47)		(47)	
Acquisitions and other increases		38	5	43		43	
Amortisation and impairment, net					4	4	
Disposals and other reductions		(34)	(2)	(36)		(36)	
Transfers and other movements	159	5	41	205	1	206	(23)
Impact of first-time application of IFRS 9 as of 31/12/2017		(165)	(5)	(170)	184	14	
31/12/2017 restated	**2,542**	**157**	**458**	**3,157**	**(87)**	**3,070**	**323**
AMORTISATION & IMPAIRMENT	**(40)**		**(47)**	**(87)**			
CARRYING AMOUNT 31/12/2017 restated	**2,502**	**157**	**411**	**3,070**			**323**

	Investments in joint ventures and associates [a]	Investments in non-consolidated companies	Other non-current assets	Total	Amortisation and impairment	Carrying amount	Deferred tax assets [b]
31/12/2017 restated	**2,542**	**157**	**458**	**3,157**	**(87)**	**3,070**	**323**
Movements during 2018							
Translation adjustments	(21)		1	(20)		(20)	(1)
Changes in scope of consolidation	11		23	34	6	40	(1)
Acquisitions and other increases		24	7	31		31	
Amortisation, impairment and changes in fair value, net		(1)		(1)	2	1	
Disposals and other reductions		(75)		(75)		(75)	
Transfers and other movements	136	5	(24)	117	5	122	(4)
31/12/2018	**2,668** [c]	**110**	**465**	**3,243**	**(74)**	**3,169**	**317**
AMORTISATION & IMPAIRMENT	**(35)**		**(39)**	**(74)**			
CARRYING AMOUNT 31/12/2018	**2,633**	**110**	**426**	**3,169**			**317**

(a) Includes goodwill on associates of €1,019m as of 31 December 2018.

(b) See Note 7 to the consolidated financial statements.

(c) Includes €2,087m for Alstom.

3.2.5 Joint ventures and associates

	Share of net assets held	Share of profit/ (loss) for period [a]	Goodwill on associates	Carrying amount	
31/12/2016 restated	**1,165**	**274**	**990**	**2,429**	
Movements during 2017					
Translation adjustments	(41)		(2)	(43)	
Acquisitions and share issues					
Net profit/(loss) for the period		165		165	
Impairment losses charged during the period			(2)	(2)	
Appropriation of prior-year profit, disposals, transfers and other movements	257	(274)	(30)	(47)	
31/12/2017 restated	**1,381**	**165**	**956**	**2,502**	
Movements during 2018					
Translation adjustments	(22)		1	(21)	
Acquisitions and share issues					
Net profit/(loss) for the period		305		305	
Impairment losses charged during the period			(2)	(2)	
Appropriation of prior-year profit, disposals, transfers and other movements	(51)	(165)	65	(151)	b
31/12/2018	**1,308**	**305**	**1,020**	**2,633**	

(a) Excluding impairment losses.
(b) Includes reduction of €152m for the impact of the first-time application by Alstom of IFRS 9 and IFRS 15 as of 1 April 2018.

A list of the joint ventures and associates in which the Bouygues group holds an interest is provided in Note 25 to the consolidated financial statements.

As of 31 December 2018, the total carrying amount of €2,633 million included €361 million for joint ventures (see Note 3.2.5.1 to the consolidated financial statements) and €2,272 million for investments in associates (see Note 3.2.5.2 to the consolidated financial statements).

3.2.5.1 Joint ventures

	31/12/2017 restated	Net movement in 2018	31/12/2018	of which: share of profit/loss and impairment losses	
Miscellaneous joint ventures	287	(2)	285	61	a
Axione		76	76		
TOTAL	**287**	**74**	**361**	**61**	

(a) Relates mainly to the sale of SCI Batignolles by Bouygues Immobilier.

"Miscellaneous joint ventures" mainly comprise 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:

	31/12/2017 restated	Net movement in 2018	31/12/2018	of which: share of profit/loss and impairment losses
Alstom	2,028	59	2,087	230
Bouygues Construction				
Concession companies	21	(1)	20	5
Miscellaneous associates	2		2	
Colas				
Tipco Asphalt (Thailand)	111	(2)	109	4
Miscellaneous associates	46		46	3
TF1				
Miscellaneous associates	2	(1)	1	
Other associates	5	2	7	
TOTAL	**2,215**	**57**	**2,272**	**242**

Alstom:

Given the difference in 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 2018.

Alstom's contribution to the net profit of Bouygues for the 2018 financial year includes €230 million in respect of the results published by Alstom for the second half of its 2017/2018 financial year and the first half of its 2018/2019 financial year.

The carrying amount of the interest in Alstom as of 31 December 2018 was €2,087 million, including €865 million of goodwill and €120 million of non-depreciable fair value adjustments relating mainly to the Alstom brand name. This is €59 million more than the carrying amount as of 31 December 2017, and takes account of a reduction in Alstom's shareholders' equity following its first-time application of IFRS 9 and IFRS 15 with effect from 1 April 2018. The Bouygues group's share of that reduction is €152 million, including an impact on profit or loss of €10 million for the first half of Alstom's 2017/18 financial year and of €21 million for the second half of Alstom's 2017/18 financial year. The effect of this reduction in equity (including the immaterial portion impacting the Alstom income statement for the 2017/18 financial year) was recognised in the shareholders' equity of the Bouygues group as of 31 December 2018, within the line item "Other transactions (changes in scope of consolidation and other items)" in the consolidated statement of changes in shareholders' equity.
The consolidated carrying amount per share as of 31 December 2018 was €33.61, below the quoted market price of €35.27 as of 31 December 2018.

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

Amounts shown are for 100% of Alstom	Alstom	
	30/09/2018 [a]	31/03/2018 [a]
Non-current assets	3,974	3,857
Current assets	7,086	6,918
Held-for-sale assets	2,602	2,390
TOTAL ASSETS	**13,662**	**13,165**
Shareholders' equity	4,021	3,479
Non-current liabilities	1,955	2,184
Current liabilities	7,680	7,495
Liabilities related to held-for-sale assets	6	7
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**13,662**	**13,165**
SALES	**4,010**	**7,951**
CURRENT OPERATING PROFIT/(LOSS)	**219**	**381**
NET PROFIT/(LOSS)	**567**	**485**
NET PROFIT ATTRIBUTABLE TO THE GROUP	**563**	**475**

(a) Financial statements published by Alstom on 30 September 2018: for the year ended 31 March 2018 restated for IFRS 9 and 15, and the six months ended 30 September 2018.

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

	31/12/2018	31/12/2017 restated
Alstom: shareholders' equity attributable to the group as published	**3,965**	**3,726**
Share attributable to Bouygues (27.79% as of 31/12/2018)	**1,102**	**1,043**
Fair value remeasurements and goodwill recognised at Bouygues group level	985	985
Net assets recognised in the Bouygues consolidated financial statements	**2,087**	**2,028**

Given the time-lag in publication, the amounts reported as of 31 December 2018 are based on the figures published by Alstom as of 30 September 2018.

Information about impairment testing of the investment in Alstom as of 31 December 2018

In principle, the investment in Alstom is tested for impairment using the higher of (i) the quoted market price or (ii) value in use determined using the discounted cash flow (DCF) method. At the end of 2018, the quoted market price (€35.27) was 5% higher than the consolidated carrying amount (€33.61), so the DCF calculation was not performed. This approach is confirmed by the 3-month median consensus forecast for the Alstom share price as of 18 February 2019 (€40.71).

Conclusion on impairment testing

The recoverable amount determined on the basis of the quoted market price as of 31 December 2018 is greater than the carrying amount of the Bouygues group's investment in Alstom.

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

The table below shows the principal investments in non-consolidated companies as of 31 December:

	31/12/2018		31/12/2017 restated	
Investment	**Fair value**	**% interest**	**Fair value**	**% interest**
French companies				
Colas				
Asphalt, binder and quarry companies [a]	15		15	
TF1				
Studio71	28	6%	35	6%
SUB-TOTAL	**43**		**50**	
Foreign companies				
Bouygues Construction				
Cross Yarra Partnership (Australia)	14	10%		
Lumesa (Switzerland)	3	47%		
Hong Kong IEC Limited (Hong Kong)		Disposal	58	15%
VSL Corporation (United States)		100%		100%
TF1				
Wibbitz (Israel)	4	7.84%	4	7.84%
Colas				
Asphalt, binder and quarry companies [a]	1		1	
SUB-TOTAL	**22**		**63**	
Other investments [a]	**45**		**44**	
TOTAL	**110**		**157**	

(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.

The net change in investments in non-consolidated companies during 2018 was a decrease of €47 million. The principal movements were the disposal of Hong-Kong IEC Limited and the acquisition of Cross Yarra Partnership (Australia) at Bouygues Construction.

	31/12/2018	31/12/2017 restated
• Advances to non-consolidated companies	**103**	**114**
• Loans receivable	**175**	**159**
• Deposits and caution money paid (net)	106	105
• Mutual funds	24	17
• Other investments with carrying amounts of less than €2 million individually	18	16
• Other long-term investments	**148**	**138**
Other non-current financial assets	**426**	**411**

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

	Financial assets at fair value through OCI [a b]	Financial assets at fair value through profit or loss [c]	Financial assets at amortised cost [d]	Total
31/12/2017 restated	**129**	**57**	**382**	**568**
Movements during 2018	(62)	28	2	(32)
31/12/2018	**67**	**85**	**384**	**536**
Due within less than 1 year			13	13
Due within 1 to 5 years			53	53
Due after more than 5 years	67	85	318	470

(a) Mainly relates to investments in non-consolidated companies (€42m at 31 December 2018), the vast majority of which are measured at level 3 in the fair value hierarchy.
(b) Movements recognised in "Other Comprehensive Income" (consolidated statement of recognised income and expense).
(c) Mainly relates to investments in non-consolidated companies (€68m at 31 December 2018), the vast majority of which are measured at level 3 in the fair value hierarchy.
(d) 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	31/12/2018
Financial assets at fair value through OCI [a]			67	**67**
Financial assets at fair value through profit or loss			85	**85**
Net cash	2,690			**2,690**
Financial instruments (net) and other current financial assets and liabilities	(25)			**(25)**

(a) Movements recognised in "Other Comprehensive Income" (consolidated statement of recognised income and expense).

NOTE 4 CURRENT ASSETS

4.1 Inventories

	31/12/2018			31/12/2017 restated		
	Gross value	Impairment [a]	Carrying amount	Gross value	Impairment [a]	Carrying amount
Property development inventories	1,624	(116)	1,508 [b]	1,513	(120)	1,393
Raw materials and finished goods	1,206	(66)	1,140	896	(65)	831
Programmes and broadcasting rights	667	(161)	506	748	(150)	598
TOTAL	**3,497**	**(343)**	**3,154**	**3,157**	**(335)**	**2,822**

(a) Includes:

	31/12/2018	31/12/2017 restated
- Impairment losses charged in the period	(95)	(102)
- impairment losses reversed in the period	91	88

(b) Includes Bouygues Immobilier: properties under construction €1,332m; completed properties €107m.

Operating commitments not yet recognised involving future outflows of resources

TF1	Falling due: Less than 1 year	1 to 5 years	More than 5 years	31/12/2018	31/12/2017 restated
Programmes and broadcasting rights	496	902	18	1,416	1,294
Sports transmission rights	45	107	7	159	222
FUTURE PROGRAMMING SCHEDULES [a]	**541**	**1,009**	**25**	**1,575**	
Total 31/12/2017 restated	551	934	31		1,516

(a) Contracts expressed in foreign currencies: €64m in US dollars as of 31 December 2018, €48m in US dollars as of 31 December 2017.

Bouygues Immobilier	Falling due: Less than 1 year	1 to 5 years	More than 5 years	31/12/2018	31/12/2017 restated
ACQUISITIONS OF LAND BANKS [b]	**376**			**376**	**400**
Total 31/12/2017 restated	400				400

(b) Binding commitments signed by Bouygues Immobilier, which is committed to buy the land if the suspensive conditions (usually obtaining a building permit) are met.

Bouygues Telecom	Falling due: Less than 1 year	1 to 5 years	More than 5 years	31/12/2018	31/12/2017 restated
AGREEMENTS TO SECURE HANDSET SUPPLIES [c]	**119**			**119**	**262**
Total 31/12/2018	262				262

(c) Handset supplies are generally secured under triennial contracts with the handset vendor that specify a minimum order quantity. The vendor commits to supplying the handsets, and Bouygues Telecom commits to buying the specified quantity.

4.2 Advances and down-payments made on orders

	31/12/2018			31/12/2017 restated		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Advances and down-payments made on orders	484	(1)	483	433	(1)	432

4.3 Trade receivables, tax assets and other current receivables

	31/12/2018			31/12/2017 restated		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Trade receivables (including unbilled receivables)	6,963	(574)	6,389	6,734	(604)	6,130
Customer contract assets	2,026		2,026	1,570		1,570
Current tax assets (receivable)	262	(2)	260	333	(2)	331
Other current receivables and prepaid expenses:						
▪ Employees, social security, government and other	1,543	(8)	1,535	1,421	(10)	1,411
▪ Sundry receivables	1,110	(235)	875	1,051	(198)	853
▪ Prepaid expenses	274		274	298		298
TOTAL OTHER CURRENT RECEIVABLES AND PREPAID EXPENSES	**2,927**	**(243)**	**2,684**	**2,770**	**(208)**	**2,562**
TOTAL	**12,178**	**(819)**	**11,359**	**11,407**	**(814)**	**10,593**

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

	Non past due	Past due by:			Total
		0-6 months	6-12 months	> 12 months	
Trade receivables	4,627	1,344	282	710	6,963
Impairment of trade receivables	(20)	(61)	(56)	(437)	(574)
CARRYING AMOUNT OF TRADE RECEIVABLES: 31/12/2018	**4,607**	**1,283**	**226**	**273** [a]	**6,389**
Carrying amount of trade receivables: 31/12/2017 restated	4,444	1,182	241	263	6,130

(a) Includes: Bouygues Construction €129m, Colas €107m, Bouygues Telecom €29m.

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 Customer contract assets

	31/12/2017 restated	Movements during 2018: Translation adjustments	Movements during 2018: Changes in scope of consolidation and other movements	Movements during 2018: Movements arising from operating activities	31/12/2018
Customer contract origination costs	190		1	23	214
Customer contract execution costs	186			91	277
Differences relating to percentage of completion on contracts [a]	1,194	4	404 [b]	(67)	1,535
CUSTOMER CONTRACT ASSETS	**1,570**	**4**	**405**	**47**	**2,026**

(a) Comprises unbilled receivables on construction contracts at Bouygues Construction, Bouygues Immobilier and Colas.
(b) The main effects of changes in scope of consolidation relate to the Miller McAsphalt group and Alpiq Engineering Services.

4.5 Cash and cash equivalents

Cash and cash equivalents	31/12/2018 Gross value	31/12/2018 Impairment	31/12/2018 Carrying amount	31/12/2017 restated Gross value	31/12/2017 restated Impairment	31/12/2017 restated Carrying amount
Cash	2,278		2,278 [a]	4,137		4,137
Cash equivalents	650		650 [b]	683		683
TOTAL	**2,928**		**2,928**	**4,820**		**4,820**

(a) Includes €52m of term deposits with maturities of less than 3 months recorded in the books of Bouygues SA.
(b) €586m of these cash equivalents are held by Bouygues SA.

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

Cash equivalents are measured at fair value and are readily convertible into cash.

All investments of cash and equivalents were accessible as of 31 December 2018.

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	Total 31/12/2018	Total 31/12/2017 restated
Cash	1,199	138	37	85	134	685	2,278	4,137
Cash equivalents	649		1				650	683
Overdrafts and short-term bank borrowings	(120)	(3)	(23)	(19)	(8)	(65)	(238)	(209)
Total 31/12/2018	**1,728**	**135**	**15**	**66**	**126**	**620**	**2,690**	
Total 31/12/2017 restated	3,517	113	341	73	99	468		4,611

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

	31/12/2017 restated	Translation adjustments	Changes [f] in scope of consolidation	Charges and reversals through current operating profit			Other [b] impairment losses & provisions	Other [a] movements	31/12/2018
				Depreciation, amortisation	Impairment losses & provisions, net	Reversals (unutilised)			
Depreciation, amortisation & impairment of property, plant and equipment and intangible assets	(16,695)	(25)	(201)	(1,703)	(61)	7	(22)	1,767 [d]	(16,933)
Impairment of goodwill	(72)		5						(67)
Impairment of other non-current financial assets	(82)		6		4		3	(4)	(73)
Sub-total: non-current assets	(16,849)	(25)	(190)	(1,703) [c]	(57) [c]	7 [c]	(19) [c]	1,763	**(17,073)**
Impairment of inventories	(335)		(4)		(25)	21			(343)
Impairment of trade receivables	(604)	(2)	(13)		(44)	85		4	(574)
Impairment of cash equivalents									
Impairment of other current assets (excluding tax receivable)	(208)		(27)		(3)	3	(1)	(7)	(243)
Sub-total: current assets	(1,147)	(2)	(44)		(72)	109	(1)	(3)	**(1,160)**
TOTAL DEDUCTED FROM ASSETS	(17,996)	(27)	(234)	(1,703)	(129)	116 [e]	(20)	1,760	**(18,233)**
Non-current provisions	2,058	4	31		105 [c]	(151) [c]	36 [c]	(15)	2,068
Current provisions	885	(2)	91		183	(163)	1		995
TOTAL LIABILITIES	2,943	2	122		288	(314) [e]	37	(15)	**3,063**

(a) Mainly reversals on disposals.

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

(c) The net aggregate amount of depreciation, amortisation, provisions and impairment charged against non-current assets is €1,762m (see the cash flow statement).

(d) Mainly a reduction in amortization following disposals of plant and equipment, including €1,274m for Bouygues Telecom (Cellnex, Crozon).

(e) Unutilised reversals (total €430m) are shown in a footnote to the income statement, aggregated with the effects of acquisition/loss of control to make a total of €57m.

(f) The effects of changes in scope of consolidation relate mainly to the acquisitions of Miller McAsphalt, Alpiq Engineering Services and aufeminin; the Smac group, reclassified to "Held-for-sale assets and operations" and "Liabilities related to held-for-sale operations"; and the loss of control over Axione.

NOTE 5 CONSOLIDATED SHAREHOLDERS' EQUITY

5.1 Share capital of Bouygues SA

As of 31 December 2018, the share capital of Bouygues SA consisted of 372,377,939 shares with a €1 par value. Movements during 2018 were as follows:

		Movements during 2018		
	31/12/2017	Increases	Reductions	31/12/2018
Shares	366,125,285	7,410,498	(1,157,844)	372,377,939
NUMBER OF SHARES	**366,125,285**	**7,410,498**	**(1,157,844)**	**372,377,939**
Par value	€1			€1
SHARE CAPITAL (€)	**366,125,285**	**7,410,498**	**(1,157,844)**	**372,377,939**

The capital increase during the year of €169 million (see the consolidated statement of changes in shareholders' equity) comprised:

- 2,293,839 shares issued on exercise of stock options (€66 million);
- 5,116,659 shares issued under the Bouygues Confiance n°10 employee share ownership plan (€150 million, including €16 million due to be collected in January 2019). Bouygues repurchased 869,832 of its own shares for €32 million in connection with this plan on 4 January 2019, and decided on 20 February 2019 to cancel those shares.
- 1,157,844 shares cancelled on 21 February following share buybacks carried out by Bouygues for €47 million.

5.2 Shareholders' equity attributable to the group and to non-controlling interests at 31 December 2018

	Share capital	Share premium	Reserves related to capital	Retained earnings	Consolidated reserves and profit/(loss) for period	Items recognised directly in equity	31/12/2018
Attributable to the Group	372	2,202	807	1,674	4,783	(112)	9,726
Attributable to non-controlling interests					1,403	(12)	1,391
TOTAL SHAREHOLDERS' EQUITY	**372**	**2,202**	**807**	**1,674**	**6,186**	**(124)**	**11,117**

5.3 Analysis of income and expenses recognised directly in equity

	Ref.	2018	2017 restated
Actuarial gains/(losses)	5.3.1	20	(3)
Fair value remeasurement reserve (equity instruments)	5.3.2	(2)	
Translation reserve of consolidated entities	5.3.3		(173) [b]
Fair value remeasurement reserve (hedging instruments)	5.3.4	(11)	13
Tax on items recognised directly in equity		(2)	(5)
Share of remeasurements of joint ventures and associates		6 [a]	(17)
ATTRIBUTABLE TO THE GROUP		**11**	**(185)**
Other income and expenses attributable to non-controlling interests		(3)	(11)
TOTAL		**8**	**(196)**

(a) Relates mainly to:

- Alstom: €15m fair value remeasurement reserve and €12m actuarial gains (net of deferred taxes), offset by €(27)m translation reserve.
- Colas: translation reserve €6m.

(b) Includes €(79)m reclassified to profit or loss in 2017 following disposals carried out by Bouygues Construction.

5.3.1 Actuarial gains and losses on employee benefits (attributable to the Group)

	31/12/2017 restated	Movements during 2018	31/12/2018
Movement before tax (consolidated entities)	(184)	20 [a]	(164)

(a) Mainly due to changes in France and the United Kingdom. In France, the effects of a rise in the iBoxx A10+ rate from 1.50% at 31 December 2017 to 2.10% at 31 December 2018 were offset by a change in the actuarial assumptions used for the staff turnover rate, which is now restricted solely to voluntary departures.

5.3.2 Fair value remeasurement reserve (equity instruments) attributable to the Group

	31/12/2017 restated	Movements during 2018	31/12/2018
Movement before tax (consolidated entities)	2	(2)	

5.3.3 Translation reserve attributable to the Group

The principal translation adjustments in the year ended 31 December 2018 arising on the consolidated financial statements of foreign subsidiaries, joint ventures and associates reporting in the following currencies are shown in the table below. The movement in the year reflects a decrease of €21 million in the translation reserve (for Alstom and Colas, see Note 5.3 to the consolidated financial statements), partly offset by the €6 million impact of the first-time application of IFRS 9 and IFRS 15 by Alstom.

	31/12/2017 restated	Movements during 2018	31/12/2018
US dollar	12	23	35
Canadian dollar	(12)	(22)	(34)
Pound sterling	9		9
Thai baht	5	5	10
South African rand	(5)	(1)	(6)
Swiss franc	30	5	35
Czech koruna	7		7
Alstom translation reserve	(123)	(21) a	(144)
Other currencies	(11)	(4)	(15)
TOTAL	**(88)**	**(15)** [b]	**(103)**

(a) Includes €(27)m for the Alstom translation reserve.
(b) Includes €(15)m for joint ventures and associates.

5.3.4 Fair value remeasurement reserve (hedging instruments) attributable to the Group

This reserve contains movements caused by the remeasurement at fair value of financial instruments used for hedging purposes. Movements for the period are shown below:

	31/12/2017 restated	Movements during 2018	31/12/2018
Movement before tax (consolidated entities) [a]	(47)	(11)	(58)

(a) Mainly relates to cash flow hedges and currency hedges.

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:

	31/12/2018	31/12/2017 restated
Transfer to reserves:		
Expense calculated for plans awarded by TF1 in the last 5 years	2	2
Expense calculated for plans awarded by Bouygues SA in the last 5 years	7	9
Cost of employee benefit: Bouygues Confiance n°9 employee share ownership plan		5
Cost of employee benefit: Bouygues Confiance n°10 employee share ownership plan	3	
TOTAL	**12**	**16**

5.5 Analysis of “Acquisitions/disposals without loss of control” and “Other transactions (changes in scope of consolidation and other items)”

The net reduction of €223 million mainly reflects:

- the recognition of liabilities for commitments to buy out non-controlling shareholders of TF1 subsidiaries, in particular the aufeminin group; and
- the €152 million impact of Alstom’s first-time application of IFRS 9 and IFRS 15 as of 1 April 2018 (see Note 3.2.5.2 to the consolidated financial statements).

NOTE 6 NON-CURRENT AND CURRENT PROVISIONS

6.1 Non-current provisions

Non-current provisions amounted to €2,068 million as of 31 December 2018:

	Long-term employee benefits [a]	Litigation and claims [b]	Guarantees given [c]	Other non-current provisions [d]	Total
31/12/2016 restated	**764**	**379**	**394**	**641**	**2,178**
Movements during 2017					
Translation adjustments	(4)	(1)	(4)	(11)	(20)
Changes in scope of consolidation		(2)	(1)	4	1
Charges to provisions	50	73	101	60	284
Reversals of provisions (utilised or unutilised)	(43)	(124)	(106)	(131)	(404) [e]
Actuarial gains and losses	4				4
Transfers and other movements	1	(2)	(1)	17	15
31/12/2017 restated	**772**	**323**	**383**	**580**	**2,058**
Movements during 2018					
Translation adjustments	(1)	1		4	4
Changes in scope of consolidation	57	(10)	(8)	(8)	31
Charges to provisions	57	78	108	103	346
Reversals of provisions (utilised or unutilised)	(51)	(109)	(107)	(97)	(364) [f]
Actuarial gains and losses	(18)				(18)
Transfers and other movements	3	3	1	4	11
31/12/2018	**819**	**286**	**377**	**586**	**2,068**

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

(a) Long-term employee benefits (see Note 19.2 to the consolidated financial statements)	**819**	**Principal segments involved:**	
Lump-sum retirement benefits	528	Bouygues Construction	295
Long-service awards	143	Colas	364
Other long-term employee benefits	148	TF1	41
		Bouygues Telecom	78
(b) Litigation and claims	**286**	Bouygues Construction	121
Provisions for customer disputes	100	Bouygues Immobilier	18
Subcontractor claims	64	Colas	88
Employee-related and other litigation and claims	122	Bouygues Telecom	52
(c) Guarantees given	**377**	Bouygues Construction	301
Provisions for 10-year construction guarantees	261	Bouygues Immobilier	23
Provisions for additional building/civil engineering/civil works guarantees	116	Colas	53
(d) Other non-current provisions	**586**	Bouygues Construction	109
Provisions for miscellaneous foreign risks	36	Colas	299
Provisions for subsidiaries and affiliates	43	Bouygues Telecom	148
Dismantling and site rehabilitation	304		
Provisions for social security inspections	131		
Other non-current provisions	72		

(e) Including reversals of unutilised provisions in 2017 **(201)**
(f) including reversals of unutilised provisions in 2018 **(170)**

6.2 Current provisions

Provisions relating to the operating cycle amounted to €995 million as of 31 December 2018:

	Provisions for customer warranties	Provisions for project risks and project completion [a]	Provisions for expected losses to completion [a]	Other current provisions [b]	Total	
31/12/2016 restated	**49**	**374**	**285**	**286**	**994**	
Movements during 2017						
Translation adjustments	(1)	(12)	(9)	(10)	(32)	
Changes in scope of consolidation		(3)	(1)	(2)	(6)	
Charges to provisions	12	139	205	105	461	
Reversals of provisions (utilised or unutilised)	(20)	(161)	(206)	(142)	(529)	c
Transfers and other movements	2	(2)		(3)	(3)	
31/12/2017 restated	**42**	**335**	**274**	**234**	**885**	
Movements during 2018						
Translation adjustments		3	(4)	(1)	(2)	
Changes in scope of consolidation	1	10	75	5	91	
Charges to provisions	17	169	184	117	487	
Reversals of provisions (utilised or unutilised)	(21)	(157)	(173)	(115)	(466)	d
Transfers and other movements	1	10	(13)	2		
31/12/2018	**40**	**370**	**343**	**242**	**995**	

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

(b) Other current provisions :	**242**	**Principal segments involved:**	
Reinsurance provisions	3	Bouygues Construction	100
Restructuring provisions	3	Bouygues Immobilier	30
Site rehabilitation (current portion)	11	Colas	68
Miscellaneous current provisions	225	TF1	20

(c) Including reversals of unutilised provisions in 2017	**(175)**
(d) Including reversals of unutilised provisions in 2018	**(164)**

NOTE 7 DEFERRED TAX ASSETS AND LIABILITIES

7.1 Deferred tax assets

	31/12/2017 restated	Movements during 2018	31/12/2018
Deferred tax assets			
Bouygues Construction	72		72
Bouygues Immobilier	3	9	12
Colas	146	6	152
TF1			
Bouygues Telecom			
Bouygues SA & other	102	(21)	81
TOTAL	**323**	**(6)**	**317**

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

	31/12/2017 restated	Movements during 2018	31/12/2018
Deferred tax liabilities			
Bouygues Construction	4	6	10
Bouygues Immobilier	29	(20)	9
Colas	60	64	124
TF1	40	5	45
Bouygues Telecom	144	12	156
Bouygues SA & other	2	2	4
TOTAL	**279**	**69**	**348**

The increase in deferred tax liabilities is mainly due to the impact of acquisitions made during the period, and in particular the impact of tax effects recognised on adjustments made as part of the purchase price allocation.

The reduction at Bouygues Immobilier reflects a €34 million gain from the cancellation of the net deferred tax liability recognised in 2017 on first-time application of IFRS 15, which neutralises the current tax expense recognised in 2018 following the first-time application of IFRS 15 in the annual financial statements.

The deferred tax position as of 31 December 2018 represented a net liability of €31 million; see Note 7.3 below for a detailed analysis.

7.3 Net deferred tax asset/liability by business segment

Net deferred tax asset/liability by segment/type	Net deferred tax asset/ (liability) at 31/12/2017 restated	Translation adjustments	Changes in scope of consolidation	Movements during 2018 Gain	Movements during 2018 Expense	Other movements [a]	Net deferred tax asset/ (liability) at 31/12/2018
A – Tax losses							
Bouygues Construction	6		(2)	5	(7)	(2)	
Bouygues Immobilier	3				(1)		2
Colas	11						11
TF1				4			4
Bouygues Telecom							
Bouygues SA & other	113				(23)		90 [b]
SUB-TOTAL	**133**		**(2)**	**9**	**(31)**	**(2)**	**107**
B – Temporary differences							
Bouygues Construction	62		(7)	10	(10)	7	62
Bouygues Immobilier	(29)		(2)	31		1	1
Colas	75		(53) c	18	(10)	(13)	17
TF1	(40)		(20) d	11			(49)
Bouygues Telecom	(144)			14	(29)	3	(156)
Bouygues SA & other	(13)				(2)	2	(13)
SUB-TOTAL	**(89)**		**(82)**	**84**	**(51)**		**(138)**
TOTAL	**44**		**(84)**	**93**	**(82)**	**(2)**	**(31)**

(a) Mainly deferred taxes recognised in equity (fair value remeasurements of financial instruments, actuarial gains/losses on employee benefits, etc.).
(b) Overall tax loss arising on group tax election.
(c) Relates mainly to the Miller McAsphalt group.
(d) Relates mainly to aufeminin.

	31/12/2018	**31/12/2017 restated**
Principal sources of deferred taxation:		
• Deferred tax assets on employee benefits (mainly lump-sum retirement benefits)	142	152
• Deferred tax assets on provisions temporarily non-deductible for tax purposes	4	35
• Restricted provisions booked solely for tax purposes	(125)	(102)
• Tax losses	107	133
• Other items	(159)	(174)
TOTAL	(31)	44

7.4 Period to recovery of deferred tax assets

31/12/2018	**Less than 2 years**	**2 to 5 years**	**More than 5 years**	**Total**
Estimated period to recovery of deferred tax assets	151	69	97 [a]	317

(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 2018 due to the low probability of recovery (mainly tax losses generated abroad or in France by companies not included in the Bouygues SA group tax election).

	31/12/2017 restated	Movements during 2018	31/12/2018
Bouygues Construction	154	2	156
Bouygues Immobilier	31	(1)	30
Colas	78	9	87
TF1	9	4	13
TOTAL	**272**	**14**	**286**

NOTE 8 NON-CURRENT AND CURRENT DEBT

8.1 Interest-bearing debt by maturity

	Current debt				Non-current debt							
	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	Total maturing in more than 1 year 31/12/2018	Total maturing in more than 1 year 31/12/2017 restated
Bond issues	103	60	935	1,098	998		796	696		1,329	3,819	4,806
Bank borrowings		33	69	102	502	534	34	22	20	40	1,152	811
Finance lease obligations		3	10	13	10	8	7	5	1	1	32	9
Other borrowings		24	16	40	26	20	20	5	3	3	77	165
TOTAL DEBT	**103**	**120** [a]	**1,030** [b]	**1,253**	**1,536**	**562**	**857**	**728**	**24**	**1,373**	**5,080**	
Total 31/12/2017 restated	118	541 [a]	77 [b]	736	1,184	1,490	173	847	724	1,373		5,791

(a) Includes the redemption on 12 February 2018 of the Bouygues SA €500m bond issue dating from 12 February 2010.

(b) Includes the reclassification of the €1,000m bond issue maturing October 2019 from non-current debt to current debt.

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 [a] 31/12/2018, as% of nominal on full price basis
FR0010853226	12/02/2010	12/02/2018	500	4.000%	-
FR0010957662	29/10/2010	29/10/2019	1,000	3.641%	103.0480
FR0010212852	22/07/2005	22/07/2020	1,000	4.250%	106.5390
FR0011193515	09/02/2012	09/02/2022	800	4.500%	112.8660
FR0011332196	02/10/2012	16/01/2023	700	3.625%	112.4030
FR0010379255	06/10/2006	06/10/2026	595 [b]	5.500%	118.7800
FR0013222494	07/12/2016	07/06/2027	750	1.375%	99.1960
TOTAL			**5,395**		

(a) Source: Bloomberg.

(b) Nominal expressed in pounds sterling; the amount shown is the equivalent value in millions of euros.

Finance lease obligations (included in debt) by business segment	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Non-current: 31/12/2018			**30**		**2**		**32**
Current: 31/12/2018			**12**		**1**		**13**
Non-current: 31/12/2017 restated			9				9
Current: 31/12/2017 restated			5		1		6

8.2 Confirmed credit facilities and drawdowns

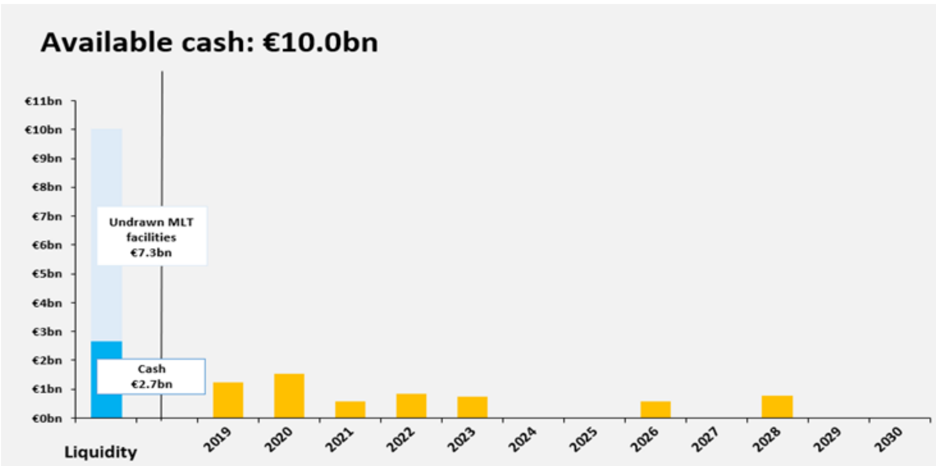
	Confirmed facilities – Maturity				Drawdowns – Maturity			
Description	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**Total**
Bond issues (mainly Bouygues SA)	1,098	2,490	1,329	4,917	1,098	2,490	1,329	4,917
Bank borrowings [a]	605	7,394	599	8,598	102	1,092	60	1,254
Finance lease obligations	13	30	2	45	13	30	2	45
Other borrowings	40	71	6	117	40	71	6	117
TOTAL CREDIT FACILITIES	**1,756**	**9,985**	**1,936**	**13,677**	**1,253**	**3,683**	**1,397**	**6,333**

(a) Confirmed undrawn credit facilities: €7,344m.

8.3 Liquidity at 31 December 2018

As at 31 December 2018, available cash stood at €2,676 million, net of a €14 million liability in respect of financial instruments contracted to hedge net debt. The Group also had €7,344 million of undrawn confirmed credit facilities as at the same date.

Debt maturity schedule at 31 December 2018



All bond issues other than that maturing in 2020 contain a change of control clause relating to Bouygues SA.

The bank credit facilities contracted by Bouygues SA contain no financial covenants or trigger event clauses. The same applies to Bouygues SA subsidiaries, except for the €376 million financing of the acquisition of the Miller McAsphalt group by Colas in Canada which temporarily includes a leveraged covenant clause based on the debt to EBITDA ratio.

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:

(%)	31/12/2018	31/12/2017 restated
Fixed rate debt [a]	86	97
Floating rate debt	14	3

(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 2018 is shown below:

	Floating rate	Fixed rate	Total
Financial liabilities (debt) [a]	(1,481)	(4,852)	(6,333)
Financial assets (net cash) [b]	2,676		2,676
Net pre-hedging position	**1,195**	**(4,852)**	(3,657)
Interest rate hedges	558	(558)	
Net post-hedging position	**1,753**	**(5,410)**	(3,657)
Adjustment for seasonal nature of some activities [c]	(436)		
Net post-hedging position after adjustment	**1,337**		

(a) Call options and contingent consideration recognised as financial liabilities under IFRS 9 are treated as fixed rate.
(b) Net of a €14m 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 €13 million over a full year.

8.6 Split of current and non-current debt by currency

	Europe						
	Euro	Pound sterling	Other currencies	US dollar	Hong Kong dollar	Other currencies	Total
Non-current: 31/12/2018	**3,969**	**648**	**10**	**39**		**414**	**5,080**
Current: 31/12/2018	**1,195**	**12**	**2**	**4**		**40**	**1,253**
Non-current: 31/12/2017 restated	5,098	640	14	19	3	14	5,788
Current: 31/12/2017 restated	698	6			2	30	736

An analysis of debt by business segment is provided in Note 16 to the consolidated financial statements.

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

NOTE 9 MAIN COMPONENTS OF CHANGE IN NET DEBT

9.1 Change in net debt

	31/12/2017 restated	Translation adjustments	Changes in scope of consolidation	Cash flows	Fair value adjustments	Other movements [c]	31/12/2018
Cash and cash equivalents	4,820	10	109	(2,031)		20	2,928
Overdrafts and short-term bank borrowings	(209)	44	(120)	66		(19)	(238)
NET CASH POSITION(a)	**4,611**	**54** [a]	**(11)** [a]	**(1,965)** [a]		**1** [a]	**2,690**
Non-current debt	5,791	(3)	28	352 [b]	(4)	(1,084)	5,080
Current debt	736	(1)	6	(513) [b]		1,025	1,253
Financial instruments, net	1			1	12		14
TOTAL DEBT (B)	**6,528**	**(4)**	**34**	**(160)**	**8**	**(59)**	**6,347**
NET DEBT(a)-(B)	**(1,917)**	**58**	**(45)**	**(1,805)**	**(8)**	**60**	**(3,657)**

(a) Net cash outflow of €1,921m for 2018, as reported in the cash flow statement.

(b) Net cash outflow from financing activities of €161m for 2018, as reported in the cash flow statement.

(c) "Other movements" mainly comprise:
- reclassification of the €1,000m Bouygues SA bond issue maturing October 2019 from non-current to current;
- settlement of the €103m financial liability for the commitment by TF1 to buy out the remaining 30% equity interest in Newen Studios;
- new finance leases assumed with the Miller McAsphalt group (€34m).

9.2 Principal changes in net debt during 2018

NET DEBT AT 31 DECEMBER 2017 restated	**(1,917)**
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	(1,513)
Transactions involving the share capital of Bouygues SA	160 [a]
Bouygues Confiance n°9 2017 employee share ownership plan - amounts collected in 2018	18
Bouygues Confiance n°10 2018 employee share ownership plan - amounts to be collected in 2019	(16)
Dividends paid	(712)
Payment for frequencies in 700 MHz band (final tranche)	(117)
Operating items	440
NET DEBT AS 31 DECEMBER 2018	**(3,657)**

(b) Relates mainly to (i) increases in the share capital of Bouygues SA to reflect the exercise of stock options (€66m) and the Bouygues Confiance n° 10 employee share ownership plan (€150m), and (ii) the cancellation of treasury shares acquired by Bouygues SA on 8 January 2018 which reduced share capital and share premium by €47m.

NOTE 10 CURRENT LIABILITIES

10.1 Current liabilities

	31/12/2018	31/12/2017 restated
Current debt [a]	1,253	736
Current taxes payable	126	115
Trade payables	7,423	7,489
Customer contract liabilities [b]	3,665	3,184
Current provisions [c]	995	885
Other current liabilities:		
• Other operating liabilities (employees, social security, government)	2,914	2,922
• Deferred income	259	12
• Other non-financial liabilities	1,837	2,167
Overdrafts and short-term bank borrowings	238	209
Financial instruments – liabilities	25	16
Other current financial liabilities	21	24
TOTAL	**18,756**	**17,759**

(a) See analysis in Note 8 to the consolidated financial statements.
(b) See analysis below.
(c) See analysis in Note 6.2 to the consolidated financial statements.

10.2 Customer contract liabilities

		Movements during 2018			
	31/12/2017 restated	Translation adjustments	Changes in scope of consolidation and other movements	Movements arising from operating activities	31/12/2018
Advances and down-payments received on orders [a]	959	1	(27)	418	1,351
Differences relating to percentage of completion on contracts [b]	2,225	11	(195)	273	2,314
CUSTOMER CONTRACT LIABILITIES	**3,184**	**12**	**(222)**	**691**	**3,665**

(a) As of 31 December 2018, “Advances and down-payments received on orders” included €40m (€42m as of 31 December 2017) 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 2018.
(b) Mainly comprises deferred income on construction contracts at Bouygues Construction and Colas.

NOTE 11 SALES

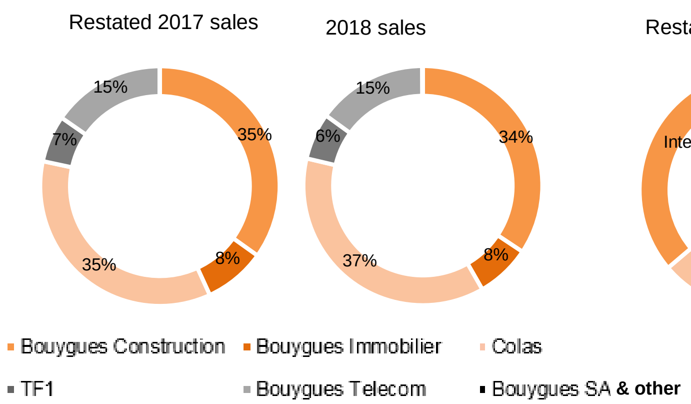
11.1 Analysis by business segment

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

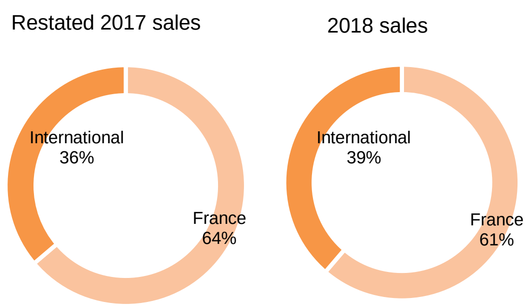
	2018 sales			Restated 2017 sales		
	France	International	Total	France	International	Total
Bouygues Construction	5,455	6,750	12,205	5,408	6,065	11,473
Bouygues Immobilier	2,495	132	2,627	2,576	161	2,737
Colas	6,408	6,726	13,134	5,980	5,600	11,580
TF1	2,111	131	2,242	2,002	82	2,084
Bouygues Telecom	5,314		5,314	5,035		5,035
Bouygues SA & other	5	28	33	7	7	14
CONSOLIDATED SALES	**21,788**	**13,767**	**35,555**	**21,008**	**11,915**	**32,923**

Split of total sales

By business segment



By geographical area



An analysis of sales by accounting classification and business segment is provided in Note 16 to the consolidated financial statements.

There were no material exchanges of goods or services in the years ended 31 December 2018 and 2017.

11.2 Analysis by geographical area

	2018 sales		Restated 2017 sales	
	Total	%	Total	%
France	21,788	61	21,008	64
European Union (28 members)	3,851	11	3,522	11
Rest of Europe	1,874	5	1,469	5
Africa	1,057	3	1,136	3
Middle East	113	0	161	0
North America	3,860	11	2,982	9
Central and South America	314	1	217	1
Asia-Pacific	1,628	5	1,620	5
Oceania	1,070	3	808	2
TOTAL	**35,555**	**100**	**32,923**	**100**

The United Kingdom accounts for 47% of sales in the European Union excluding France, primarily in construction. These operations are carried out locally within the United Kingdom, and have no material exposure to uncertainties relating to imports and exports.

11.3 Split by type of contract, France/International

	2018			2017 restated		
	France	International	Total	France	International	Total
Public-sector contracts [a]	26	47	34	27	49	35
Private-sector contracts	74	53	66	73	51	65

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

11.4 Order backlog

The Group's order backlog stood at €34,852 million as of 31 December 2018.

	31/12/2017 restated	Movements during 2018				31/12/2018
		Translation adjustments	Changes in scope of consolidation	Increases	Reductions	
Construction businesses	**31,470**	**(484)**	**1,338**	**30,001**	**(29,179)**	**33,146**
- Bouygues Construction	21,177	(410)	500 a	13,550	(12,634)	22,183
- Bouygues Immobilier	2,709			2,393	(2,624)	2,478
- Colas	7,584	(74)	838	14,058	(13,921)	8,485
TF1	**50**			**56**	**(50)**	**56**
Bouygues Telecom	**1,482**			**1,763**	**(1,414)**	**1,831**
Inter-segment adjustments	**(241)**		**(12)**	**(20)**	**92**	**(181)**
Total order backlog	**32,761**	**(484)**	**1,326**	**31,800**	**(30,551)**	**34,852**
- maturing within less than 1 year	17,212					18,575
- maturing within 1 to 5 years	13,160					12,239
- maturing after more than 5 years	2,389					4,038

(a) Includes newly-consolidated entities (€780m for Alpiq Engineering Services and €210m for AW Edwards), and the deconsolidation of Axione (€490m).

For Bouygues Construction and Colas, the order backlog represents the amount of work still to be done on projects for which a firm order has been taken, i.e. the contract has been signed and has taken effect (after notice to proceed has been issued and suspensive conditions lifted).

For Bouygues Immobilier, the order backlog represents notarized sales not yet completed, and total revenue from all reservations signed but not yet notarized.
In accordance with IFRS 11, Bouygues Immobilier excludes from the order backlog revenue from reservations taken through equity-accounted joint ventures (jointly-controlled co-promotion entities).

The TF1 order backlog represents the amount of work still to be done on projects for which a firm order has been taken, i.e. the contract has been signed and has taken effect.

The Bouygues Telecom order backlog mainly comprises subscription revenue chargeable to customers up to the end of their contractually agreed term.

NOTE 12 OPERATING PROFIT/(LOSS)

	2018	2017 restated
CURRENT OPERATING PROFIT/(LOSS)	**1,511**	**1,406**
Other operating income	371	233
Other operating expenses	(106)	(120)
OPERATING PROFIT/(LOSS)	**1,776**	**1,519**

See Note 16 to the consolidated financial statements for an analysis by business segment.

The main components of "Other operating income" and "Other operating expenses" are:

2018
Bouygues Telecom: net income of €322 million, comprising a €250 million gain on the sale of assets (sites and towers to Cellnex, fibre optic infrastructure to CityFast); the €110 million reversal of the accrued expense previously recognised for Arcep licence fees; and €11 million of other operating income. Those amounts were partly offset by a €47 million expense on the roll-out of network sharing and €2 million of one-off year-end employee bonuses.
Colas: Expenses of €31 million, comprising €16 million for the costs of preliminary works on the dismantling of the Dunkirk refinery site; €10 million of one-off year-end employee bonuses; and €5 million of other miscellaneous operating expenses.
TF1: Amortisation of €22 million charged against the fair value of rights remeasured as part of the Newen Studios purchase price allocation.
Bouygues Construction: Expense of €4 million for one-off year-end employee bonuses.

2017
Bouygues Telecom: Net income of €141 million, mainly comprising a €223 million gain on the transfer of 1,085 sites to Cellnex plus €10 million of net reversals of provisions, partly offset by a €79 million expense on the roll-out of network sharing.
TF1: Amortisation of €23 million charged against the fair value of rights remeasured as part of the Newen Studios purchase price allocation.
Colas: Expense of €5 million on the discontinuation of the Société de la Raffinerie de Dunkerque (SRD) refinery at Dunkirk.

Current operating profit includes lease expense of €1,667 million, including short-term leases and leases for low-value assets. The service component of leases is recognised in "Other external charges".

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

13.1 Analysis of cost of net debt

	2018	2017 restated
Financial expenses, comprising:	**(245)**	**(251)**
Interest expense on debt	(225)	(230)
Interest expense related to treasury management	(18)	(20)
Interest expense on finance leases	(1)	
Negative impact of financial instruments	(1)	(1)
Financial income, comprising:	**29**	**25**
Interest income from cash and cash equivalents	27	22
Income and gains on disposal from cash and cash equivalents	2	3
COST OF NET DEBT	**(216)**	**(226)**

13.2 Other financial income and expenses

	2018	2017 restated
Other financial income	81	113
Other financial expenses	(64)	(75)
OTHER FINANCIAL INCOME/(EXPENSES), NET	**17**	**38**

"Other financial income and expenses" include financial income from equity holdings, gains or losses on disposals of investments in non-consolidated companies, 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.

The reduction in net financial income in 2018 reflects a decrease in gains on disposals of investments in non-consolidated companies at Bouygues Construction, and the non-recurrence in 2018 of late payment interest on the 3% tax on dividends.

NOTE 14 INCOME TAX EXPENSE

14.1 Analysis of income tax expense

	2018			2017 restated		
	France	Other countries	Total	France	Other countries	Total
Tax payable to the tax authorities	(313)	(125)	(438)	(188)	(93)	(281)
Change in deferred tax liabilities	11	(1)	10	26		26
Change in deferred tax assets		1	1	(42)	(2)	(44)
TOTAL	**(302)**	**(125)**	**(427)**	**(204)**	**(95)**	**(299)**

See Note 16 to the consolidated financial statements for an analysis of income tax expense by business segment.

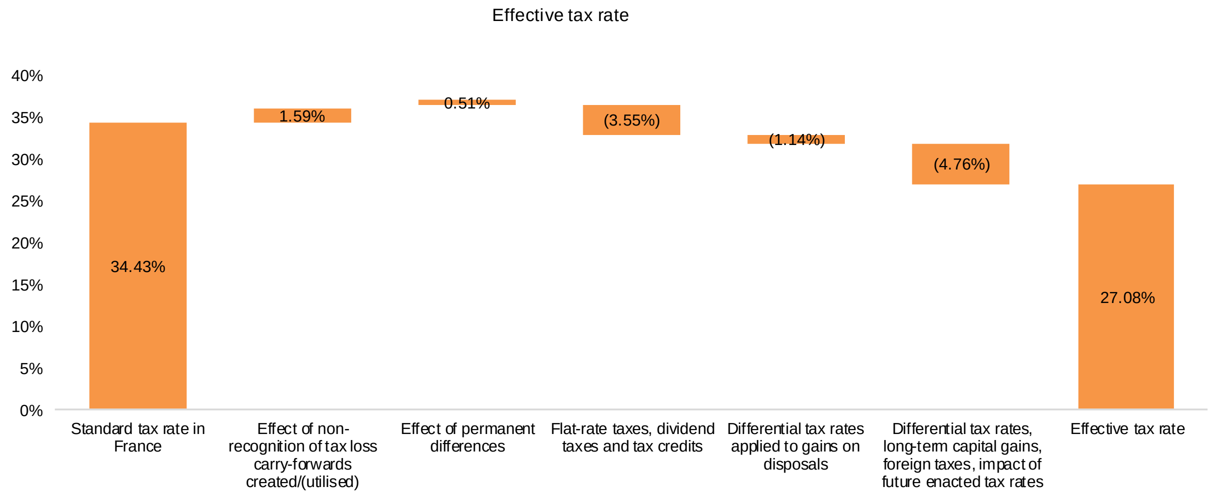
14.2 Tax proof (reconciliation between standard tax rate and effective tax rate)

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:

	2018	2017 restated
NET PROFIT/(LOSS) FOR THE PERIOD (100%)	**1,453**	**1,201**
Eliminations:		
Income tax	427	299
Net (profit)/loss of discontinued and held-for-sale operations	None	None
Share of net (profits)/losses of joint ventures and associates	(303)	(169)
NET PRE-TAX PROFIT FROM CONTINUING OPERATIONS EXCLUDING JOINT VENTURES AND ASSOCIATES	**1,577**	**1,331**
Standard tax rate in France	34.43%	34.43%
Effect of non-recognition of tax loss carry-forwards created/(utilised)	1.59%	(4.06%)
Effect of permanent differences	0.51%	2.61%
Flat-rate taxes, dividend taxes and tax credits	(3.55%)	(2.48%)
Differential tax rates applied to gains on disposals [a]	(1.14%)	(0.97%)
Differential tax rates, long-term capital gains, foreign taxes, impact of future enacted tax rates	(4.76%)	(3.76%)
2017 exceptional tax contribution in France		3.68%
Reimbursement of 3% tax on dividends		(6.99%)
EFFECTIVE TAX RATE	**27.08%**	**22.46%**

(a) Includes the impacts of the disposals of 49% of Axione in 2018, and of Ossabois and 50% of Nextdoor in 2017.

After stripping out the Axione disposal, the 2018 effective tax rate is 29%. After stripping out (i) the tax gain arising from reimbursement of the 3% dividend tax and the non-taxable late payment interest on that reimbursement and (ii) the Nextdoor disposal, the 2017 effective tax rate is 28%.



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.

	2018	2017 restated
Net profit from continuing operations attributable to the Group (€m)	1,311	1,082
Weighted average number of shares outstanding	367,355,503	357,914,334
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.57**	**3.02**

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).

	2018	2017 restated
Net profit from continuing operations attributable to the Group (€m)	1,311	1,082
Weighted average number of shares outstanding	367,355,503	357,914,334
Adjustment for potentially dilutive effect of stock options	1,998,064	2,571,741
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.55**	**3.00**

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.

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

An analysis of sales by geographical area is provided in Note 11.2. to the consolidated financial statements.

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 are used in the preparation of the consolidated financial statements, as described in the notes to the financial statements.

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

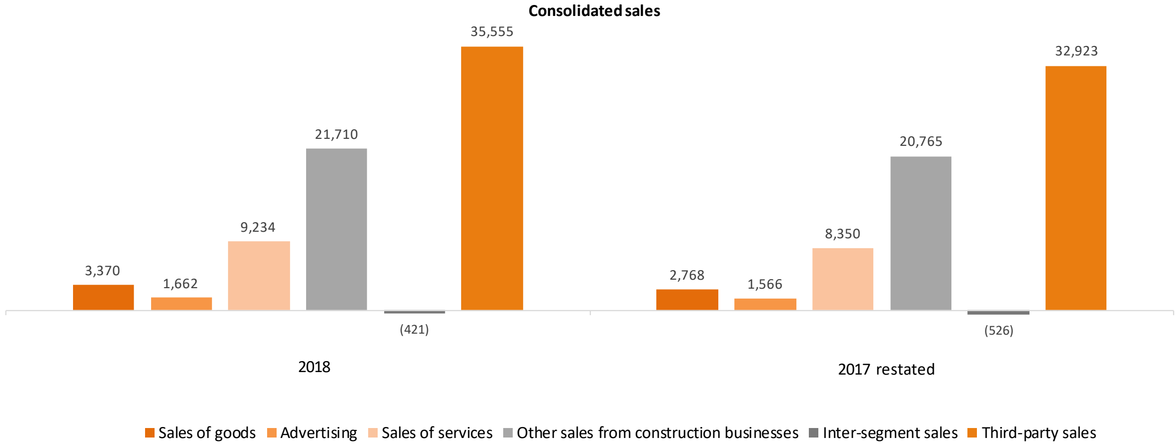
16.1 Analysis by business segment

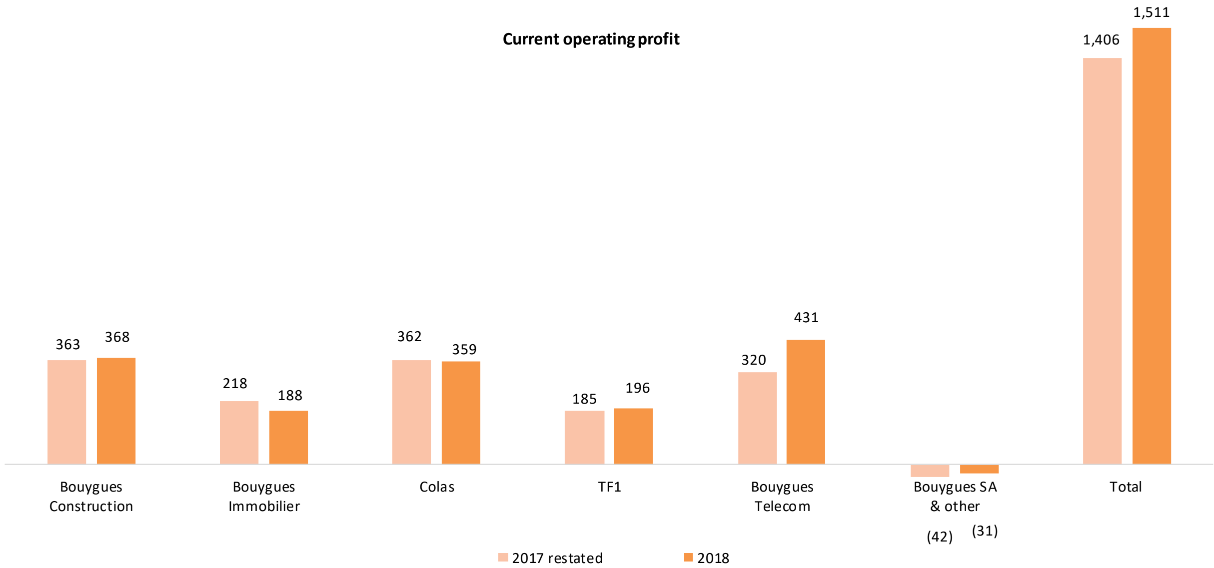
	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
2018 income statement							
Sales of goods	101		2,353	144	772		3,370
Advertising				1,662			1,662
Sales of services	3,556	53	403	482	4,572	168	9,234
Other sales from construction businesses	8,701	2,575	10,434				21,710
Total sales	12,358	2,628	13,190	2,288	5,344	168	35,976
Inter-segment sales	(153)	(1)	(56)	(46)	(30)	(135)	(421)
Third-party sales	**12,205**	**2,627**	**13,134**	**2,242**	**5,314**	**33**	**35,555**
Current operating profit/(loss)	**368**	**188**	**359**	**196**	**431**	**(31)**	**1,511**
Other operating income					371		371
Other operating expenses	(4)		(31)	(22)	(49)		(106)
Operating profit/(loss)	**364**	**188**	**328**	**174**	**753**	**(31)**	**1,776**
Cost of net debt	17	(2)	(31)	(2)	(7)	(191)	(216)
Income tax	(109)	(79)	(96)	(49)	(243)	149	(427)
Share of profits/(losses) of joint ventures and associates	(2)	47	28			230	303
Net profit/(loss) from continuing operations	**308**	**141**	**227**	**128**	**494**	**155**	**1,453**
Net profit of discontinued and held-for-sale operations							
Net profit/(loss)	**308**	**141**	**227**	**128**	**494**	**155**	**1,453**
Net profit attributable to the Group	**296**	**138**	**219**	**56**	**447**	**155**	**1,311** [a]

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
2017 restated income statement							
Sales of goods	118		1,780	128	742		2,768
Advertising				1,566			1,566
Sales of services	3,015	43	393	438	4,318	143	8,350
Other sales from construction businesses	8,527	2,706	9,532				20,765
Total sales	11,660	2,749	11,705	2,132	5,060	143	33,449
Inter-segment sales	(187)	(12)	(125)	(48)	(25)	(129)	(526)
Third-party sales	**11,473**	**2,737**	**11,580**	**2,084**	**5,035**	**14**	**32,923**
Current operating profit/(loss)	**363**	**218**	**362**	**185**	**320**	**(42)**	**1,406**
Other operating income					233		233
Other operating expenses			(5)	(23)	(92)		(120)
Operating profit/(loss)	**363**	**218**	**357**	**162**	**461**	**(42)**	**1,519**
Cost of net debt	12	(2)	(14)	(2)	(8)	(212)	(226)
Income tax	(103)	(65)	(75)	(45)	(189)	178	(299)
Share of profits/(losses) of joint ventures and associates	2	(6)	61	14		98	169
Net profit/(loss) from continuing operations	**323**	**128**	**330**	**136**	**255**	**29**	**1,201**
Net profit of discontinued and held-for-sale operations							
Net profit/(loss)	**323**	**128**	**330**	**136**	**255**	**29**	**1,201**
Net profit/(loss) attributable to the Group	**319**	**126**	**317**	**60**	**231**	**29**	**1,082** [b]

(a) Net profit attributable to the Group excluding exceptional items for 2018 amounts to €1,047m, and corresponds to net profit attributable to the Group minus (i) €163m for non-current items net of taxes and (ii) €101m for the impact of the disposal of 49% of Axione (a Bouygues Construction subsidiary) and the remeasurement of the retained equity interest.

(b) Net profit attributable to the Group excluding exceptional items for 2017 amounts to €908m, and corresponds to net profit attributable to the Group minus (i) €62m for non-current items net of taxes, (ii) €87m for the reimbursement of the portion of the 3% dividend surtax attributable to the Group, and (iii) €25m for the for the impact of the disposal of 50% of Nextdoor (a Bouygues Immobilier subsidiary) and the remeasurement of the retained equity interest.





	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Current operating profit/(loss)	**368**	**188**	**359**	**196**	**431**	**(31)**	**1,511**
Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses:							
▪ Net depreciation and amortisation expense	189	10	461	213	821	9	1,703
▪ Net charges to provisions & impairment losses	214	(2)	100	70	34	1	417
Elimination of items included in “Other income from operations”:							
▪ Reversals of unutilised provisions and impairment and other items	(280)	(35)	(145)	(9)	(18)		(487)
2018 EBITDA	**491**	**161**	**775**	**470**	**1,268**	**(21)**	**3,144**
Current operating profit/(loss)	**363**	**218**	**362**	**185**	**320**	**(42)**	**1,406**
Elimination of net depreciation and amortisation expense and net charges to provisions and impairment losses:							
▪ Net depreciation and amortisation expense	214	12	407	173	782	8	**1,596**
▪ Net charges to provisions & impairment losses	146	19	88	54	13	10	**330**
Elimination of items included in “Other income from operations”:							
▪ Reversals of unutilised provisions and impairment and other items	(251)	(23)	(121)	(20)	(18)	(1)	**(434)**
2017 restated EBITDA	**472**	**226**	**736**	**392**	**1,097**	**(25)**	**2,898**

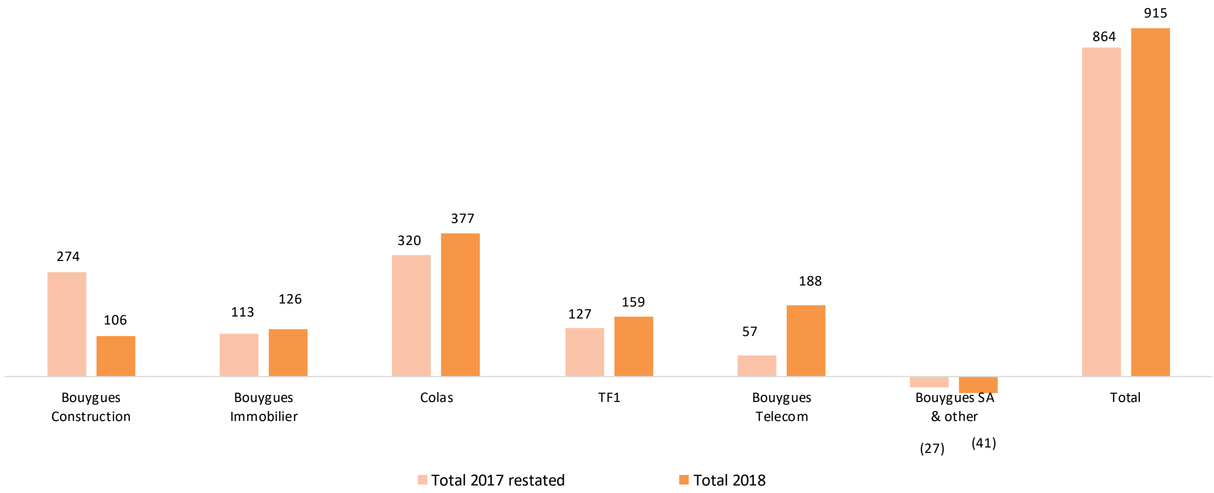
	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Balance sheet at 31 December 2018							
Goodwill	**975**		**1,292**	**1,386**	**2,648**		**6,301**
Investments in joint ventures and associates	**104**	**27**	**394**	**20**	**1**	**2,087** [a]	**2,633**
Non-current provisions	**(826)**	**(86)**	**(804)**	**(41)**	**(278)**	**(33)**	**(2,068)**
Current provisions	**(647)**	**(31)**	**(271)**	**(20)**	**(2)**	**(24)**	**(995)**
Net debt at 31 December 2018:							
Cash and cash equivalents	4,652	70	563	117	44	(2,518)	2,928
Non-current debt	(1,028)	(17)	(533)	(127)	(1,255)	(2,120)	(5,080)
Current debt	(11)	(6)	(58)	(12)	(62)	(1,104)	(1,253)
Overdrafts and short-term bank borrowings	(493)	(285)	(488)	(6)	(4)	1,038	(238)
Financial instruments – Hedging of debt (assets/liabilities)	(1)		(1)		(1)	(11)	(14)
Net debt/(net surplus cash) [b]	**3,119**	**(238)**	**(517)**	**(28)**	**(1,278)**	**(4,715)**	**(3,657)**
Restated balance sheet at 31 December 2017							
Goodwill	**457**		**1,131**	**1,149**	**2,648**		**5,385**
Investments in joint ventures and associates	**30**	**26**	**396**	**22**		**2,028** [a]	**2,502**
Non-current provisions	**(729)**	**(95)**	**(884)**	**(39)**	**(272)**	**(39)**	**(2,058)**
Current provisions	**(529)**	**(44)**	**(278)**	**(16)**		**(18)**	**(885)**
Restated net debt at 31 December 2017:							
Cash and cash equivalents	**4,310**	**88**	**680**	**495**	**58**	**(811)**	**4,820**
Non-current debt	**(511)**	**(19)**	**(126)**	**(232)**	**(993)**	**(3,910)**	**(5,791)**
Current debt	**(5)**	**(18)**	**(40)**	**(6)**	**(40)**	**(627)**	**(736)**
Overdrafts and short-term bank borrowings	**(385)**	**(137)**	**(80)**			**393**	**(209)**
Financial instruments – Hedging of debt (assets/liabilities)			**(1)**		**(1)**	**1**	**(1)**
Net debt/(net surplus cash) [b]	**3,409**	**(86)**	**433**	**257**	**(976)**	**(4,954)**	**(1,917)**

(a) Includes Alstom: €2,087m at 31 December 2018 and €2,028m at 31 December 2017.

(b) 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).

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Other financial indicators: 2018							
Cash flow	**399**	**215**	**792**	**414**	**1,303**	**8**	**3,131**
Cash flow after cost of net debt and income tax (I)	**307**	**134**	**665**	**363**	**1,053**	**(34)**	**2,488**
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)	**(201)**	**(8)**	**(288)**	**(204)**	**(865)**	**(7)**	**(1,573)**
Free cash flow (I) + (II)	**106**	**126**	**377**	**159**	**188**	**(41)**	**915**
Other financial indicators: 2017 restated							
Cash flow	**484**	**194**	**764**	**372**	**980**	**17**	**2,811**
Cash flow after cost of net debt and income tax (I)	**393**	**127**	**675**	**325**	**783**	**(17)**	**2,286**
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)	**(119)**	**(14)**	**(355)**	**(198)**	**(726)**	**(10)**	**(1,422)**
Free cash flow (I) + (II)	**274**	**113**	**320**	**127**	**57**	**(27)**	**864**

Free cash flow



16.2 Analysis by geographical area

Non-current assets are allocated by the location of assets as of 31 December.

	France [a]	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
Balance sheet at 31 December 2018								
Property, plant and equipment	5,600	363	165	126	158	1,016	4	7,432
Intangible assets	2,057	17	3		2	119		2,198
2018 cash flow statement								
Purchase price of property, plant & equipment and intangible assets	1,778	74	35	62	68	160	1	2,178

(a) Including French overseas departments.

	France [a]	European Union	Rest of Europe	Africa	Asia-Pacific-Oceania	Americas	Middle East	Total
Restated balance sheet at 31 December 2017								
Property, plant and equipment	5,243	371	59	107	176	693	9	6,658
Intangible assets	2,089	23	1	1	2	16		2,132
2017 restated cash flow statement								
Purchase price of property, plant & equipment and intangible assets	1,619	88	28	34	43	116	3	1,931

(a) Including French overseas departments.

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

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total 31/12/2018	Total 31/12/2017 restated
Forward purchases	419		306	38		2	765	847
Forward sales	421		110	9		1	541	437
Currency swaps	46			8		1,159	1,213	781
Interest rate swaps [a]	11		57		800	503	1,371	1,168
Commodities derivatives			1				1	4

(a) The entire amount of €1,371m is pay fixed rate.

17.1.2 Analysis by maturity and original currency

	Maturity				Original currency				
	< 1 year	1 to 5 years	> 5 years	Total	EUR	USD	HKD	CHF	Other
Forward purchases	721	44		765	245	140	4	12	364
Forward sales	509	32		541	15	174	46	89	217
Currency swaps	1,213			1,213	16	223	536	128	310
Interest rate swaps	813	13	545	1,371	1,311		3		57
Commodities derivatives	1			1	1				

17.2 Market value of hedging instruments

Derivatives recognised as assets	Original currency					Total	Fair value hedge	Cash flow hedge	Hedge of net investment in a foreign operation
	EUR	USD	HKD	CHF	Other				
Forward purchases	1	4				5		5	
Forward sales		1			2	3		3	
Currency swaps	1				3	4	1	3	
Interest rate swaps									
Commodities derivatives									
TOTAL ASSETS	**2**	**5**			**5**	**12**	**1**	**11**	
Derivatives recognised as liabilities	Original currency					Total	Fair value hedge	Cash flow hedge	Hedge of net investment in a foreign operation
	EUR	USD	HKD	CHF	Other				
Forward purchases	(6)				(3)	(9)		(9)	
Forward sales		(4)		(2)	(2)	(8)		(8)	
Currency swaps		(1)	(2)	(1)		(4)		(4)	
Interest rate swaps	(14)				(12) [a]	(26)		(26)	
Interest rate options (caps, floors)									
Commodities derivatives									
TOTAL LIABILITIES	**(20)**	**(5)**	**(2)**	**(3)**	**(17)**	**(47)**		**(47)**	
TOTAL	**(18)**		**(2)**	**(3)**	**(12)**	**(35)** [b]	**1**	**(36)**	

(a) Primarily GBP.

(b) The difference from the value shown in the balance sheet is mainly due to the €11m negative market value of the interest rate swap contracted by Colas for the City of Portsmouth contract, which is entirely offset by the €11m positive market value of the derivative embedded in the fixed contractual fee paid by the customer.

In the event of a +1.00% movement in the yield curve, the hedging instruments portfolio would have a positive market value of €9 million; in the event of a -1.00% movement, it would have a negative market value of €83 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 €36 million; in the event of a -1.00% movement, it would have a negative market value of €34 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 to the consolidated financial statements.

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

18.1 Guarantee commitments

	31/12/2018	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Falling due			
								Less than 1 year	1 to 5 years	More than 5 years	31/12/2017 restated
Pledges, mortgages and collateral	89	4		85				6	73	10	67
Guarantees and endorsements given	98	21		63	14			22	58	18	114
TOTAL GUARANTEE COMMITMENTS GIVEN	**187**	**25**		**148**	**14**			**28**	**131**	**28**	**181**
Guarantees and endorsements received	2		1				1	2			1
TOTAL GUARANTEE COMMITMENTS RECEIVED	**2**		**1**				**1**	**2**			**1**
NET BALANCE	**185**	**25**	**(1)**	**148**	**14**		**(1)**	**26**	**131**	**28**	**180**

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 Miscellaneous contractual commitments

	31/12/2018	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Falling due			
								Less than 1 year	1 to 5 years	More than 5 years	31/12/2017 restated
Image transmission	67				67			24	43		82
Network	2,630					2,630		192	757	1,681	1,687
Other items	197		3	124	70			73	31	93	655
TOTAL SUNDRY CONTRACTUAL COMMITMENTS GIVEN	**2,894**		**3**	**124**	**137**	**2,630**		**289**	**831**	**1,774**	**2,424**
Image transmission	67				67			24	43		82
Network	2,630					2,630		192	757	1,681	1,687
Other items	197		3	124	70			73	31	93	655
TOTAL SUNDRY CONTRACTUAL COMMITMENTS RECEIVED	**2,894**		**3**	**124**	**137**	**2,630**		**289**	**831**	**1,774**	**2,424**
NET BALANCE											

“Sundry contractual commitments given” relates mainly to (i) service agreements entered into by Bouygues Telecom with owners of towers (TDF, FPS and Cellnex) and with FTTH fibre optic suppliers, and (ii) quarry operating licence contracts entered into by Colas. These commitments increased by €470 million during 2018.

Contractual commitments given by Bouygues Telecom amounted to €2,630 million, a net increase of €765 million, mostly relating to service agreements entered into with Cellnex during 2018. Contractual commitments given by TF1 decreased by €422 million, mainly due to the completion during 2018 of the acquisition of the aufeminin group (presented as a sundry contractual commitment at 31 December 2017).

18.3 Operating leases

Operating lease commitments represent the future lease payments due during the period in which the lease is reasonably certain to apply. That period may include lease extension periods where the Group expects to exercise the extension option. The leases involved are contracted in connection with the Group’s ordinary activities and relate to assets such as land, buildings and equipment.

The commitments disclosed do not include leases where the as-new value of the leased asset is less than €5,000, or leases for which it is reasonably certain that the lease term is less than twelve months.

Future lease payments are discounted using either (i) the interest rate implicit in the lease or (ii) an incremental borrowing rate, and exclude variable lease payments that do not depend on an index or a rate.

Operating lease commitments as of 31 December 2017 have been restated in line with the policies described above.

								Falling due		
	31/12/2018	**Bouygues Construction**	**Bouygues Immobilier**	**Colas**	**TF1**	**Bouygues Telecom**	**Bouygues SA & other**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**
Operating lease commitments										
Operating lease commitments given	**1,591**	299	43	349	104	794	2	316	936	339
Operating lease commitments received	**1,591**	299	43	349	104	794	2	316	936	339
Operating lease commitments, net										

	31/12/2017 restated	**Bouygues Construction**	**Bouygues Immobilier**	**Colas**	**TF1**	**Bouygues Telecom**	**Bouygues SA & other**
Operating lease commitments, net	**1,484**	**241**	**49**	**251**	**107**	**835**	**1**

Bouygues Telecom’s operating lease commitments of €794 million mainly relate to commercial leases of property and land intended to house technical installations for the network (network site rentals of €395 million, property and other rentals of €213 million, and fibre optic and other sundry commitments of €186 million).
Operating lease commitments rose by €107 million in 2018, mainly due to changes in scope of consolidation at Bouygues Construction and Colas (acquisitions of Alpiq Engineering Services, the Miller McAsphalt group and AW Edwards) and new leases contracted by Colas following the sale of locomotives in France and the United Kingdom, as well as the lease commitment for Colas’ new headquarters.

18.4 Finance leases

								Falling due			
	31/12/2018	**Bouygues Construction**	**Bouygues Immobilier**	**Colas**	**TF1**	**Bouygues Telecom**	**Bouygues SA & other**	**Less than 1 year**	**1 to 5 years**	**More than 5 years**	**31/12/2017 restated**
Finance leases	**45**			**42**		**3**		**13**	**29**	**3**	**15**

Finance lease obligations in the balance sheet increased by a net amount of €30 million in 2018, of which €28 million was due to new obligations assumed by Colas, largely as a result of the acquisition of the Miller McAsphalt group.

18.5 Other commitments

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 in 2012 (800 MHz) and 2015 (700 MHz) are subject to an obligation to open the frequencies to Mobile Virtual Network Operators (MVNOs), and to roll out coverage of the population in mainland France progressively (98% within 12 years, 99.6% within 15 years).

These coverage obligations include a priority roll-out zone defined by Arcep (the French telecoms regulator) to be covered simultaneously by the 700 MHz and 800 MHz frequencies (97.7% within 15 years), and an obligation to provide coverage in each French 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 railway network in mainland France within 15 years.

Licence to use frequencies in the 2,600 MHz band

The 20-year licence to use frequencies in the 2,600 MHz band awarded to Bouygues Telecom in 2011 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 1,800 MHz frequencies that have been refarmed to 4G.

Authorisation to refarm technologically equivalent frequencies in the 900, 1800 MHz and 2100 MHz bands

On 12 January 2018, the French government and Arcep (the French telecoms regulator) signed the "New Deal Mobile" agreement with the four mobile operators, aimed at extending quality mobile coverage to all French people. The desired objective of digital roll-out across France led to stringent coverage obligations being imposed on the operators, in return for a ten-year renewal of their licences to use frequencies in the 900 MHz, 1800 MHz and 2100 MHz bands.

Given that Bouygues Telecom's current licences expire in 2022 (2100 MHz band) and in 2024 (900 MHz and 1800 MHz bands), Arcep (in decision 2018-0680 of 3 July 2018) amended the existing frequency licences to incorporate the new roll-out requirements. Subsequently (in decision 2018-1390 of 15 November 2018), Arcep formally renewed the 900 MHz, 1800 MHz and 2100 MHz licences for a further ten years. Consequently, Bouygues Telecom now holds licences to use the 900 MHz and 1800 MHz bands until 8 December 2034, and the 2100 MHz band until 11 December 2032. All frequency bands are now technologically equivalent, and hence can be used independently for 2G/3G/4G.

Obligations imposed in return for licences to use frequencies in the 900, 1800 and 2100 MHz bands

The coverage obligations imposed on Bouygues Telecom by the decisions renewing the 900 MHz, 1800 MHz and 2100 MHz licences are as follows:

- participating in the targeted coverage scheme intended to increase coverage in mainland France: 5,000 new zones to be covered, with a maximum of 600 in 2018; 700 in 2019; 800 in 2020, 2021 and 2022; then 600 a year until the 5,000 target is met. Some of the 5,000 zones will be covered by active network-sharing between the four operators, and some by passive network-sharing between two or three operators;

- installing 4G capability across all network sites: 100% of existing sites by 31 December 2020, except for sites in the "Town Centre Blind Spots" programme, of which 75% must be upgraded to 4G by 31 December 2020 and 100% by 31 December 2022;
- achieving good coverage for 99.6% of the population in mainland France (excluding non-European territories and dependencies) by 9 December 2027, rising to 99.8% by 9 December 2031;
- covering the strategic road network (other than inside vehicles) by 31 December 2020;
- covering the strategic road network (from inside vehicles) by 9 October 2025;
- covering 90% of the regional rail network by 31 December 2025;
- implementing WiFi voice and text messaging in the core network by 31 December 2018, and enabling customers with a compatible handset and plan to activate WiFi voice services by 31 December 2018 and WiFi text messaging by 1 October 2019;
- by 31 December 2018, have a commercially available offer that allows public-sector enterprises or employees to access indoor coverage provided by the network of any other operator bound by the same obligation (Free, Orange, SFR);
- provide a very-high-speed fixed service across some or all of the network by 1 July 2018.

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, as well as retaining the requirement to provide coverage 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 providing coverage in residual blind spots and extending the original programme. At the third Inter-Ministerial Rural Affairs Committee session of 2016, the mobile operators undertook to expand the existing priority zones programme to 1,300 sites. A new agreement was signed in February 2017.

As of 31 December 2018, 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.

Under the New Deal, all municipalities not covered by one or more operators will now be dealt with in the targeted coverage scheme. As regards existing sites covered by the "Town Centre Blind Spots" programme, the New Deal requires Bouygues Telecom to extend 4G to 75% of those sites by the end of 2020 and 100% by the end of 2022.

18.6 Contingent assets and liabilities

None.

NOTE 19 EMPLOYEE BENEFIT OBLIGATIONS AND EMPLOYEE SHARE OWNERSHIP

19.1 Average headcount

	2018	2017
Managerial staff	23,358	22,335
Technical, supervisory & clerical staff	19,479	19,417
Site workers	24,757	24,987
SUB-TOTAL: HEADCOUNT FRANCE	**67,863**	**66,739**
Expatriate staff and local employment contracts	58,552	53,097
TOTAL AVERAGE HEADCOUNT	126,416	119,836

The main reason for the increase in headcount is the acquisitions carried out during the year.

19.2 Employee benefit obligations

	31/12/2017 restated	Movements during 2018	31/12/2018
Lump-sum retirement benefits	517	11	528
Long service awards and other benefits	153	(10)	143
Other post-employment benefits (pensions)	102	46	148
TOTAL	**772**	**47**	**819**

These obligations are covered by non-current provisions.

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

19.3.1 Defined-contribution plans

	2018	2017 restated
Amount recognised as an expense	(1,890)	(1,774)

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 Provisions for retirement benefit and pension obligations

	Lump-sum retirement benefits		Pensions		Total	
	31/12/2018	**31/12/2017 restated**	**31/12/2018**	**31/12/2017 restated**	**31/12/2018**	**31/12/2017 restated**
Present value of obligation	534	524	536	498	1,070	1,022
Fair value of plan assets (dedicated funds)	(6)	(7)	(388)	(396)	(394)	(403)
NET OBLIGATION RECOGNISED AS A PROVISION	**528**	**517**	**148**	**102**	**676**	**619**
Ratio of plan assets to present value of obligation			72%	80%		

	Lump-sum retirement benefits		Pensions	
	2018	**2017 restated**	**2018**	**2017 restated**
START OF PERIOD	**517**	**501**	**102**	**113**
Service cost	24	23	11	3
Interest cost on the obligation	7	8	1	1
Net expense/(gain) recognised in profit or loss	**31**	**31**	**12**	**4**
Reversals of provisions (utilised)	(26)	(27)	(5)	(2)
Translation adjustments and changes in scope of consolidation	(15)	(1)	76 a	(4)
Actuarial gains and losses recognised in equity	21	14	(39)	(10)
Transfers and other movements		(1)	2	1
END OF PERIOD	**528**	**517**	**148**	**102**

(a) Mainly relates to the commitments of Alpiq Engineering Services.

19.3.2.2 Analysis by business segment: year ended 31 December 2018

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Expense/(income) recognised in income statement for change in provision for lump-sum retirement benefits, net of reversals	(2)		2		4	1	5
Expense/(income) recognised in income statement for change in provision for pensions, net of reversals	(5)		12				7
Non-current provisions (balance sheet):							
• lump-sum retirement benefits	186	19	198	41	64	20	528
• pensions	78 [a]		70				148

(a) Mainly relates to the commitments of Alpiq Engineering Services.

19.3.2.3 Analysis by geographical area: 31 December 2018

	France [a]	European Union	Rest of Europe	Africa	Americas	Asia-Pacific	Middle East	Total
Expense/(income) recognised in income statement for change in provision for lump-sum retirement benefits, net of reversals	6			(1)				5
Expense/(income) recognised in income statement for change in provision for pensions, net of reversals	10	(2)			(1)			7
Non-current provisions (balance sheet):								
• lump-sum retirement benefits	519	1		5	2	1		528
• pensions	3	133			12			148

(a) Including French overseas departments.

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

	2018	2017
Discount rate [a]	2.10% (iBoxx A10+)	1.50% (iBoxx A10+)
Life table	INSEE	INSEE
Retirement age (depending on business segment):		
• 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) [b]	1% to 2.8%	1% to 2.8%

(a) An increase of 70 basis points in the discount rate would reduce the obligation by €45m as of 31 December 2018. 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

The total number of effectively exercisable options is 6,514,483.

Quoted market price 31 December 2018 : €31.34

Plan grant date	Outstanding options at 31/12/2018	Earliest normal exercise date	Earliest company savings scheme exercise date	Exercise price (€)	Number of effectively exercisable options
13/06/2012	821,858	14/06/2016	14/06/2013	20.11	821,858
28/03/2013	1,243,399	29/03/2017	29/03/2014	22.28	1,243,399
27/03/2014	2,152,109	28/03/2018	28/03/2015	30.32	2,152,109
28/05/2015	2,162,491	29/05/2017	29/05/2016	37.11	
30/05/2016	2,297,117	31/05/2018	31/05/2017	29.00	2,297,117
01/06/2017	2,501,350	02/06/2019	02/06/2018	37.99	
01/06/2018	2,570,700	02/06/2020	02/06/2019	41.57	
TOTAL	**13,749,024**				**6,514,483**

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

- they must be legally exercisable as of 31 December 2018, 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 2018, in other words the exercise price must be less than the closing share price on that date (the last quoted price of the year), i.e. €31.34.

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

20.1 Related party information

	Expenses		Income		Receivables		Payables	
	2018	2017 restated	2018	2017 restated	31/12/2018	31/12/2017 restated	31/12/2018	31/12/2017 restated
Parties with an ownership interest	6	5						
Joint operations	131	117	289	334	265	260	301	268
Joint ventures and associates	35	31	151	130	243	145	69	29
Other related parties	34	48	124	88	63	91	42	51
TOTAL	**206**	**201**	**564**	**552**	**571**	**496**	**412**	**348**
Maturity								
• less than 1 year					518	457	408	345
• 1 to 5 years					27	22	4	3
• more than 5 years					26	17		
of which impairment of doubtful receivables (mainly non-consolidated companies)					72	71		

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)

Direct remuneration in respect of the 2018 financial year for key executives (members of the Group Management Committee in post on 31 December 2018) amounted to €17,628,472, comprising basic remuneration of €7,024,072 plus variable remuneration of €10,604,400 paid in 2019 on the basis of 2018 performance. Directors' fees paid to key executives in respect of directorships held at Bouygues SA and various subsidiaries amounted to €352,456.

Directors' fees paid to non-executive directors in respect of directorships held at Bouygues SA and various subsidiaries amounted to €683,977.

Short-term benefits: none.

Post-employment benefits: Members of the Group Management Committee belong to a top-up retirement plan based on 0.92% of their reference salary for each year's membership of the plan. 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 €4,000,000 in 2018.

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 2018 was increased by €765,867.

Share-based payment: 320,000 stock options were awarded to members of the Group Management Committee on 1 June 2018, at an exercise price of €41.567 each. The earliest exercise date is 2 June 2020, and the expense recognised in the year ended 31 December 2018 was €172,837.

NOTE 21 ADDITIONAL CASH FLOW STATEMENT INFORMATION AND CHANGES IN WORKING CAPITAL RELATED TO OPERATING ACTIVITIES

21.1 Cash flows of acquired and divested subsidiaries

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues SA & other	Total 31/12/2018
Cash	155	(1)	(78)	(64)	(1)	11
Inventories	8	(39)	(64)	(4)		(99)
Trade receivables	(111)	(50)	20	(34)		(175)
Customer contract assets	(111)		(26)			(137)
Other current receivables	(190)	35	(114)	(16)		(285)
Non-current assets (other than goodwill)	(161)	56	(465)	(51)	7	(614)
Goodwill	(508)		(162)	(237)		(907)
Trade payables	16	(5)	48	21		80
Customer contract liabilities	36		(21)			15
Other current liabilities	455	(29)	63	24	(6)	507
Non-current and current debt	(17)	29	6	16		34
Non-current provisions	89		(58)			31
Non-current taxes	9	2	53	20		84
PURCHASE PRICE OF CONSOLIDATED ACTIVITIES NET OF DISPOSALS	**(330)**	**(2)**	**(798)**	**(325)**		**(1,455)**
Cash of acquired or divested companies	(155)	1	78	64	1	(11)
Net liabilities related to consolidated activities	(1)	(2)	3		(1)	(1)
NET CASH INFLOW/(OUTFLOW) FROM ACQUISITIONS AND DIVESTMENTS OF SUBSIDIARIES	**(486)**	**(3)**	**(717)**	**(261)**		**(1,467)**

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

- Bouygues Construction: acquisitions of the Alpiq Engineering Services group (Switzerland) and AW Edwards (Australia), and divestments of Asia World Expo (Hong Kong), Axione and IEC Hong Kong Ltd;
- Colas: acquisitions of the Miller McAsphalt group (Canada), Alpiq Engineering Services group (Switzerland) and Top Coat Asphalt (Australia), and of the operations of SERB, ASA (USA) and CMGO (France) ;
- TF1: acquisitions of the aufeminin group, Doctissimo and Gamned.

21.2 Held-for-sale assets and operations and liabilities related to held-for-sale operations

As of 31 December 2018, Smac (the waterproofing business of Colas) is classified in "Held-for-sale assets and operations" and "Liabilities related to held-for-sale operations" (see Note 1.2 to the consolidated financial statements).

	Total 31/12/2018
Cash	4 [a]
Inventories	43
Trade and other receivables	216
Non-current assets (other than goodwill)	59
Goodwill	10
Total assets	**332**
Overdrafts and short-term bank borrowings	5 [a]
Trade payables & other current liabilities	247
Non-current and current debt	7
Non-current provisions	66
Non-current taxes	
Total liabilities	**325**
Shareholders' equity	**7**

(a) Cash flow statement:

Opening cash position on 1 January 2018	**9**
- net cash generated by/(used in) operating activities	(5)
- net cash generated by/(used in) investing activities	(3)
- net cash generated by/(used in) financing activities	(2)
Closing cash position at 31 December 2018	**(1)**

21.3 Changes in working capital related to operating activities

Changes in working capital include changes in current provisions recognised in the balance sheet.

	2018	2017 restated
ASSETS		
Inventories/Programmes/Broadcasting rights	(232)	(40)
Advances and down-payments made on orders	(58)	(46)
Trade receivables	(314)	(456)
Customer contract assets	(47)	(214)
Other current receivables and current financial assets	263	(165)
Sub-total	**(388)**	**(921)**
LIABILITIES		
Trade payables	(161)	386
Customer contract liabilities	691	(90)
Current provisions	21	(64)
Other current liabilities and current financial liabilities	(558)	173
Sub-total	**(7)**	**405**
Changes in working capital related to operating activities [a]	**(395)**	**(516)**

(a) Assets/Liabilities: decrease/(increase) in working capital related to operating activities

21.4 Income taxes paid

The net cash outflow for "Income taxes paid" in the cash flow statement has been restated for 2017 to exclude movements related to tax credits, which are now presented within "Changes in working capital related to operating activities".

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 consolidated companies, as expensed through the income statement in 2018 (in thousands of euros).

	Mazars network				EY network				Other firms [a]				Total	
	Amount (excl VAT)		%	%	Amount (excl VAT)		%	%	Amount (excl VAT)		%	%		
	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated	2018	2017 restated
A – Audit														
Audit of consolidated and individual company financial statements	(8,525)	(6,962)	96%	95%	(5,876)	(5,110)	87%	89%	(4,957)	(5,418)	44%	80%	(19,358)	(17,490)
• Bouygues SA	(252)	(262)			(252)	(263)							(504)	(525)
• Consolidated subsidiaries	(8,273)	(6,700)			(5,624)	(4,847)			(4,957)	(5,418)			(18,854)	(16,965)
Related engagements	(271)	(390)	4%	5%	(681)	(524)	10%	9%	(1,844)	(323)	16%	5%	(2,796)	(1,237)
• Bouygues SA	(23)	(22)			(242)	(91)							(265)	(113)
• Consolidated subsidiaries	(248)	(368)			(439)	(433)			(1,844)	(323)			(2,531)	(1,124)
SUB-TOTAL	**(8,796)**	**(7,352)**	**100%**	**100%**	**(6,557)**	**(5,634)**	**97%**	**98%**	**(6,801)**	**(5,741)**	**60%**	**85%**	**(22,154)**	**(18,727)**
B – Other services														
Legal, tax, employment law	(15)	(1)	0%	0%	(191)	(95)	3%	2%	(4,429)	(929)	38%	13%	(4,635)	(1,025)
Other items	(29)		0%						(161)	(88)	2%	2%	(190)	(88)
SUB-TOTAL	**(44)**	**(1)**	**0%**	**0%**	**(191)**	**(95)**	**3%**	**2%**	**(4,590)**	**(1,017)**	**41%**	**15%**	**(4,825)**	**(1,113)**
TOTAL FEE EXPENSE	**(8,840)**	**(7,353)**	**100%**	**100%**	**(6,748)**	**(5,729)**	**100%**	**100%**	**(11,391)**	**(6,758)**	**100%**	**100%**	**(26,979)**	**(19,840)**

(a) In the interests of completeness, this table includes fees paid to other firms (mainly KPMG for Colas).

"Related engagements" and "Other services" as shown in the table above for the Mazars and EY networks include all services other than statutory audit and mainly comprise assurance or agreed-upon procedure engagements relating to financial data; procedures performed in connection with the declaration of extra-financial performance and acquisition audits; and reviews of the first-time application of new accounting standards.

Related engagements and other services performed by other firms mainly relate to procedures carried out by KPMG for Colas in connection with the acquisition of the Miller McAsphalt group and the divestment of Smac, and for Bouygues Construction in connection with the acquisitions of Alpiq Engineering Services and AW Edwards.

NOTE 23 IMPACTS OF FIRST-TIME APPLICATION OF IFRS 15, "REVENUE FROM CONTRACTS WITH CUSTOMERS" AND IFRS 9, "FINANCIAL INSTRUMENTS'

This note presents the effect of first-time application of IFRS 15 and IFRS 9 on the consolidated financial statements and key performance indicators of the Bouygues group.

The Bouygues group has applied IFRS 15 with effect from 1 January 2018, with retrospective application and presentation of a comparative period. The first-time application of IFRS 15 has the effect of increasing shareholders' equity as of 31 December 2016 by €228 million, net of deferred taxes. The impacts on the balance sheet as of 31 December 2016, and on the financial statements for the year ended 31 December 2017, are presented below.

The principal restatements arising from the first-time application of IFRS 15 relate to:

- Construction businesses (Bouygues Construction, Bouygues Immobilier and Colas), and especially at Bouygues Immobilier, in particular off-plan sales under "VEFA" (*Ventes en l'État Futur d'Achèvement*) contracts in France. The principle of recognising revenue and margin over time is not called into question by IFRS 15. However, the calculation of the percentage of completion on residential and commercial property development projects now incorporates land-related costs. This means that more revenue and margin are recognised at the start of the project as compared with previous practice. The resulting restatement increases shareholders' equity as of 31 December 2016 by €64 million, net of deferred taxes.

  For Bouygues Construction and Colas, the method used to recognise revenue over time is consistent with IFRS 15.

- Bouygues Telecom, as a result of the identification of two performance obligations on business and consumer contracts that combine a subscription with a subsidised handset; such contracts have to be split into separate components. Under IFRS 15, there are changes to (i) the split between the sale of the handset and the supply of the service and (ii) the revenue recognition pattern. This leads to accelerated revenue recognition on sales of handsets, resulting in a trade receivable being reported in the balance sheet for the difference between (i) the price paid by the customer on initial subscription and (ii) the transaction price. This asset is charged to profit or loss over the average life of the contract. Further impacts relate to certain contract origination and execution costs previously recognised as an expense in the period or capitalised, which under IFRS 15 are recognised in "Customer contract assets" and "Customer contract liabilities" in the balance sheet on signature of the contract and then charged as an operating expense over the average life of the contract. The resulting restatement increases shareholders' equity as of 31 December 2016 by €165 million, net of deferred taxes.

- TF1, where IFRS 15 changes the accounting treatment of distribution contracts, and the date of recognition of revenue generated by rights sales (especially TV and SVoD[a]), but with no material impact.

[a] Subscription video on demand, which gives unlimited access to content in return for a monthly subscription.

The Bouygues group is applying the classification, measurement and impairment principles of IFRS 9 retrospectively with effect from 1 January 2018, with no restatement of prior period comparatives on first-time application. The hedge accounting principles of IFRS 9 are also being applied with effect from 1 January 2018, using a prospective approach in accordance with the standard. The first-time application of IFRS 9 has the effect of reducing shareholders' equity as of 31 December 2017 by €19 million, net of deferred taxes. Most of this arises at Colas, due to the adoption of the expected loss method to account for impairment of trade receivables.

The principal restatements arising from the first-time application of IFRS 9 as of 31 December 2017 relate to:

- Investments in non-consolidated companies measured at fair value, for which the Group may elect, for each investment, to recognise changes in fair value either in shareholders' equity or in profit or loss.
- Impairments charged against trade receivables, which are based on expected losses.

The finalisation of the transition project confirmed the income statement impacts as presented in Note 23 to the consolidated financial statements for the year ended 31 December 2017, and led to a few reclassifications in the interim balance sheets within line items that impact on working capital related to operating activities. Finally, shareholders' equity as of 31 December 2017 after application of IFRS 9 and IFRS 15 amounts to €10,416 million, compared with €10,409 million as presented in Note 23 to the consolidated financial statements for the year ended 31 December 2017. The difference is due to the finalisation of the IFRS 9 transition project.

Impairment tests have been conducted on the Bouygues Telecom CGU to take account of the application of IFRS 15 as of 31 December 2016, and of IFRS 15 and IFRS 9 as of 31 December 2017. The results of those tests do not call into question the conclusions set out in Note 2.7.4.1 to the Bouygues group consolidated financial statements for the years ended 31 December 2016 and 31 December 2017.

Consolidated financial statements as of 31 December 2016, restated for IFRS 15

Balance sheet

ASSETS	31/12/2016 published	Construction businesses [a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	31/12/2016 restated
Property, plant and equipment	6,566		(154)		(154)	6,412
Intangible assets	2,180					2,180
Goodwill	5,367					5,367
Investments in joint ventures and associates	2,429					2,429
Other non-current financial assets	523					523
Deferred tax assets and non-current tax receivable	367	(19)			(19)	348
NON-CURRENT ASSETS	**17,432**	**(19)**	**(154)**		**(173)**	**17,259**
Inventories	2,955	(191)			(191)	2,764
Advances and down-payments made on orders	395					395
Trade receivables	6,367	(777)	229		(548)	5,819
Customer contract assets		1,128	311		1,439	1,439
Tax asset (receivable)	285					285
Other current receivables and prepaid expenses	2,509	(19)			(19)	2,490
Cash and cash equivalents	4,749					4,749
Financial instruments – Hedging of debt	17					17
Other current financial assets	24					24
CURRENT ASSETS	**17,301**	**141**	**540**		**681**	**17,982**
Held-for-sale assets and operations	121					121
TOTAL ASSETS	**34,854**	**122**	**386**		**508**	**35,362**

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2016 published	Construction businesses [a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	31/12/2016 restated
Share capital	355					355
Share premium and reserves	6,925	64	149		213	7,138
Translation reserve	128					128
Treasury shares						
Consolidated net profit/(loss)	732					732
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**8,140**	**64**	**149**		**213**	**8,353**
Non-controlling interests	1,280		16	(1)	15	1,295
SHAREHOLDERS' EQUITY	**9,420**	**64**	**165**	**(1)**	**228**	**9,648**
Non-current debt	6,180					6,180
Non-current provisions	2,199	(21)			(21)	2,178
Deferred tax liabilities and non-current tax liabilities	159	15	118		133	292
NON-CURRENT LIABILITIES	**8,538**	**(6)**	**118**		**112**	**8,650**
Advances and down-payments received on orders	1,010	(1,002)	(5)	(3)	(1,010)	
Current debt	265					265
Current taxes payable	109					109
Trade payables	7,140	124			124	7,264
Customer contract liabilities		3,221	210	17	3,448	3,448
Current provisions	1,002		(8)		(8)	994
Other current liabilities	7,159	(2,279)	(94)	(13)	(2,386)	4,773
Overdrafts and short-term bank borrowings	168					168
Financial instruments – Hedging of debt	19					19
Other current financial liabilities	24					24
CURRENT LIABILITIES	**16,896**	**64**	**103**	**1**	**168**	**17,064**
Liabilities related to held-for-sale operations						
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**34,854**	**122**	**386**		**508**	**35,362**
NET SURPLUS CASH/(NET DEBT)	**(1,866)**					**(1,866)**

(a) Comprises Bouygues Construction, Bouygues Immobilier and Colas.

Consolidated financial statements as of 31 December 2017, restated for IFRS 15 and IFRS 9

Balance sheet

ASSETS	31/12/2017 published	Construction businesses [a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	Impacts of IFRS 9	31/12/2017 restated
Property, plant and equipment	6,858		(199)	(1)	(200)		6,658
Intangible assets	2,132						2,132
Goodwill	5,385						5,385
Investments in joint ventures and associates	2,502						2,502
Other non-current financial assets	563			(1)	(1)	6	568
Deferred tax assets and non-current tax receivable	337	(14)			(14)		323
NON-CURRENT ASSETS	**17,777**	**(14)**	**(199)**	**(2)**	**(215)**	**6**	**17,568**
Inventories	3,037	(215)			(215)		2,822
Advances and down-payments made on orders	432						432
Trade receivables	6,732	(812)	233		(579)	(23)	6,130
Customer contract assets		1,194	376		1,570		1,570
Tax asset (receivable)	331						331
Other current receivables and prepaid expenses	2,581	(21)		2	(19)		2,562
Cash and cash equivalents	4,820						4,820
Financial instruments – Hedging of debt	15						15
Other current financial assets	15						15
CURRENT ASSETS	**17,963**	**146**	**609**	**2**	**757**	**(23)**	**18,697**
Held-for-sale assets and operations	38						38
TOTAL ASSETS	**35,778**	**132**	**410**		**542**	**(17)**	**36,303**
LIABILITIES AND SHAREHOLDERS' EQUITY	**31/12/2017 published**	**Construction businesses [a]**	**Bouygues Telecom**	**TF1 & other**	**Total impacts of IFRS 15**	**Impacts of IFRS 9**	**31/12/2017 restated**
Share capital	366						366
Share premium and reserves	7,488	64	149		213	(23)	7,678
Translation reserve	(88)						(88)
Treasury shares							
Consolidated net profit/(loss)	1,085	1	(4)		(3)		1,082
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**8,851**	**65**	**145**		**210**	**(23)**	**9,038**
Non-controlling interests	1,359		15		15	4	1,378
SHAREHOLDERS' EQUITY	**10,210**	**65**	**160**		**225**	**(19)**	**10,416**
Non-current debt	5,788					3	5,791
Non-current provisions	2,085	(27)			(27)		2,058
Deferred tax liabilities and non-current tax liabilities	147	20	113		133	(1)	279
NON-CURRENT LIABILITIES	**8,020**	**(7)**	**113**		**106**	**2**	**8,128**
Advances and down-payments received on orders	1,101	(1,093)	(4)	(4)	(1,101)		
Current debt	736						736
Current taxes payable	115						115
Trade payables	7,349	140			140		7,489
Customer contract liabilities		2,895	266	23	3,184		3,184
Current provisions	889	1	(5)		(4)		885
Other current liabilities	7,109	(1,869)	(120)	(19)	(2,008)		5,101
Overdrafts and short-term bank borrowings	209						209
Financial instruments – Hedging of debt	16						16
Other current financial liabilities	24						24
CURRENT LIABILITIES	**17,548**	**74**	**137**		**211**		**17,759**
Liabilities related to held-for-sale operations							
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**35,778**	**132**	**410**		**542**	**(17)**	**36,303**
NET SURPLUS CASH/(NET DEBT)	**(1,914)**					**(3)**	**(1,917)**

(a) Comprises Bouygues Construction, Bouygues Immobilier and Colas.

Income statement

	FY 2017 published	Construction businesses [a]	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	FY 2017 restated
SALES	**32,904**	**37**	**(26)**	**8**	**19**	**32,923**
Other revenues from operations	150					150
Purchases used in production	(15,287)	(16)			(16)	(15,303)
Personnel costs	(7,336)					(7,336)
External charges	(7,280)		(39)	(8)	(47)	(7,327)
Taxes other than income tax	(668)	(1)		1		(668)
Net depreciation and amortisation expense	(1,655)		59		59	(1,596)
Charges to provisions and impairment losses, net of reversals due to utilisation	(330)					(330)
Change in production and property development inventories	85	(25)			(25)	60
Other income from operations	1,672		(3)	(1)	(4)	1,668
Other expenses on operations	(835)					(835)
CURRENT OPERATING PROFIT/(LOSS)	**1,420**	**(5)**	**(9)**		**(14)**	**1,406**
Other operating income	233					233
Other operating expenses	(120)					(120)
OPERATING PROFIT/(LOSS)	**1,533**	**(5)**	**(9)**		**(14)**	**1,519**
Financial income	25					25
Financial expenses	(251)					(251)
INCOME FROM NET SURPLUS CASH/ (COST OF NET DEBT)	**(226)**					**(226)**
Other financial income	113					113
Other financial expenses	(75)					(75)
Income tax	(303)		4		4	(299)
Share of net profits/losses of joint ventures and associates	163	6			6	169
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**1,205**	**1**	**(5)**		**(4)**	**1,201**
Net profit/(loss) from discontinued and held-for-sale operations						
NET PROFIT/(LOSS)	**1,205**	**1**	**(5)**		**(4)**	**1,201**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**1,085**	**1**	**(4)**		**(3)**	**1,082**
Net profit/(loss) attributable to non-controlling interests	120		(1)		(1)	119
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.03**					**3.02**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.01**					**3.00**
EBITDA	**2,968**	**(5)**	**(65)**		**(70)**	**2,898**

(a) Comprises Bouygues Construction, Bouygues Immobilier and Colas.

Cash flow statement

	FY 2017 published	Construction businesses	Bouygues Telecom	TF1 & other	Total impacts of IFRS 15	FY 2017 restated
I - CASH FLOW FROM CONTINUING OPERATIONS						
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES						
Net profit/(loss) from continuing operations	1,205	1	(5)		(4)	1,201
Adjustments:						
Share of profits/losses reverting to joint ventures and associates, net of dividends received	(87)	(6)			(6)	(93)
Dividends from non-consolidated companies	(19)					(19)
Net charges to/(reversals of) depreciation, amortisation, and non-current impairment and provisions	1,638		(59)		(59)	1,579
Gains and losses on asset disposals	(367)					(367)
Miscellaneous non-cash charges	(15)					(15)
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**2,355**	**(5)**	**(64)**		**(69)**	**2,286**
Reclassification of (income from net surplus cash)/ cost of net debt	226					226
Elimination of income tax, including provisions for tax risks	303		(4)		(4)	299
Cash flow	**2,884**	**(5)**	**(68)**		**(73)**	**2,811**
Income taxes paid	(236)					(236)
Changes in working capital related to operating activities (including current impairment and provisions)	(484)	5	(36)	(1)	(32)	(516)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**2,164**		**(104)**	**(1)**	**(105)**	**2,059**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES						
Purchase price of property, plant and equipment and intangible assets	(2,036)		104	1	105	(1,931)
Proceeds from disposals of property, plant and equipment and intangible assets	509					509
Net liabilities related to property, plant and equipment and intangible assets	6					6
Purchase price of non-consolidated companies and other investments	(43)					(43)
Proceeds from disposals of non-consolidated companies and other investments	33					33
Net liabilities related to non-consolidated companies and other investments	65					65
Purchase price of investments in consolidated activities	(191)					(191)
Proceeds from disposals of investments in consolidated activities	121					121
Net liabilities related to consolidated activities	(2)					(2)
Other effects of changes in scope of consolidation: cash of acquired or divested companies	(9)					(9)
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	(39)					(39)
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(1,586)**		**104**	**1**	**105**	**(1,481)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES						
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	326					326
Dividends paid to shareholders of the parent company	(568)					(568)
Dividends paid by consolidated companies to non-controlling interests	(38)					(38)
Change in current and non-current debt	123					123
Income from net surplus cash/(cost of net debt)	(226)					(226)
Other cash flows related to financing activities	21					21
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(362)**					**(362)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**(187)**					**(187)**
CHANGE IN NET CASH POSITION (A + B + C + D)	**29**					**29**
NET CASH POSITION AT START OF PERIOD	**4,581**					**4,581**
Net cash flows	29					29
Non-monetary flows	1					1
NET CASH POSITION AT END OF PERIOD	**4,611**					**4,611**
FREE CASH FLOW	**828**	**(5)**	**40**	**1**	**36**	**864**

(a) Comprises Bouygues Construction, Bouygues Immobilier and Colas.

NOTE 24 IMPACTS OF FIRST-TIME APPLICATION OF IFRS 16, "LEASES" AND IFRIC 23, "UNCERTAINTY OVER INCOME TAX TREATMENTS"

This note presents the effects of first-time application of IFRS 16 and IFRIC 23 on the consolidated financial statements and key performance indicators of the Bouygues group.

The Bouygues group will apply IFRS 16 with effect from 1 January 2019, with retrospective application and presentation of a comparative year. For lessees, IFRS 16 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 (see Note 2.7.1.2 to the consolidated financial statements); this involves the recognition of an asset for the rights, and a liability for the obligations, arising under the lease.

The Bouygues group has elected to use the practical expedients permitted by the standard, and to exclude leases where the as-new value of the underlying asset is less than €5,000 and leases with a reasonably certain lease term of less than twelve months. Such leases are recognised in profit and loss as and when payments are made. The Group has also elected to account for each lease component separately, distinguishing the lease components from the non-lease (service) components.

Bouygues has elected not to apply the option permitted by IFRS 16 of applying the standard to leases of intangible assets.

The impacts on the balance sheets as of 31 December 2017 (restated for IFRS 15 and IFRS 9) and 2018, and for the interim periods of 2018, are presented below; they relate mainly to the recognition of a right-of-use asset and a lease obligation, primarily in respect of property leases, radio sites and optical fibres. The lease term used is the non-cancellable period of the lease, plus any extension options that the Group is reasonably certain to exercise. In the case of property leases in France, the lease term is generally nine years. If there are no significant initial direct costs, the right-of-use corresponds to the present value of the future lease payments. Right-of-use assets are amortised, and an impairment loss is recognised where there is evidence of potential impairment.

The amounts of finance lease assets and liabilities currently classified as property, plant and equipment and as debt have been reclassified respectively as right-of-use assets and as lease obligations. Deferred taxes have been recognised on the difference between right-of-use assets and lease obligations falling within the scope of IFRS 16, as was previously the case for finance leases.

Overall, IFRS 16 has the effect of reducing consolidated shareholders' equity as of 31 December 2017 by €74 million, net of deferred taxes. Given the difference between the annual accounting period-ends of Alstom (31 March) and of Bouygues (31 December), the impact of the first-time application of IFRS 16 by Alstom has not been included in the balance sheets as of 31 December 2017 or 2018, or for the interim periods of 2018 as presented below. Alstom will not start to apply IFRS 16 until 1 April 2019, and will not disclose the impact on its shareholders' equity until it publishes its results for the first half of its 2019/2020 financial year. The reduction in the value of Alstom arising from Alstom's first-time application of IRFS 16 will therefore be recognised in the consolidated shareholders' equity of the Bouygues group as of 30 September 2019.

The first-time application of IFRS 16 does not alter the conclusions of the goodwill impairment tests conducted as of 31 December 2017 (restated) and 31 December 2018 (see Note 3.2.3.2 to the consolidated financial statements).

The Group will apply IFRIC 23 retrospectively with effect from 1 January 2019, with no restatement of prior period comparatives on first-time application. First-time application will have no impact on consolidated shareholders' equity, and will result in the reclassification as tax liabilities of provisions for risks relating to corporate income taxes. An initial estimate of the impact of IFRIC 23 on the balance sheet as of 31 December 2018 is presented below.

All of the restated financial statements presented below are provisional pending final quantification in the Group's information systems; they have not been subject to any audit or review by the statutory auditors.

Consolidated financial statements as of 31 December 2017, restated for IFRS 16

Balance sheet

ASSETS	31/12/2017 published [a]	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	31/12/2017 restated
Property, plant and equipment	6,658			(19)		(66) [b]		(85)	6,573
Right of use of leased assets		194	46	241	103	858	1	1,443	1,443
Intangible assets	2,132								2,132
Goodwill	5,385								5,385
Investments in joint ventures and associates	2,502								2,502
Other non-current financial assets	568								568
Deferred tax assets and non-current tax receivable	323	4	1	5				10	333
NON-CURRENT ASSETS	**17,568**	**198**	**47**	**227**	**103**	**792**	**1**	**1,368**	**18,936**
Inventories	2,822								2,822
Advances and down-payments made on orders	432								432
Trade receivables	6,130								6,130
Customer contract assets	1,570								1,570
Tax asset (receivable)	331								331
Other current receivables and prepaid expenses	2,562	20						20	2,582
Cash and cash equivalents	4,820								4,820
Financial instruments – Hedging of debt	15								15
Other current financial assets	15								15
CURRENT ASSETS	**18,697**	**20**						**20**	**18,717**
Held-for-sale assets and operations	38								38
TOTAL ASSETS	**36,303**	**218**	**47**	**227**	**103**	**792**	**1**	**1,388**	**37,691**

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2017 published [a]	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	31/12/2017 restated
Share capital	366								366
Share premium and reserves	7,678	(13)	(3)	(23)	(1)	(29)		(69)	7,609
Translation reserve	(88)								(88)
Treasury shares									
Consolidated net profit/(loss)	1,082								1,082
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**9,038**	**(13)**	**(3)**	**(23)**	**(1)**	**(29)**		**(69)**	**8,969**
Non-controlling interests	1,378				(2)	(3)		(5)	1,373
SHAREHOLDERS' EQUITY	**10,416**	**(13)**	**(3)**	**(23)**	**(3)**	**(32)**		**(74)**	**10,342**
Non-current debt	5,791			(9)				(9)	5,782
Non-current lease obligations		176	40	202	93	711		1,222	1,222
Non-current provisions	2,058		1					1	2,059
Deferred tax liabilities and non-current tax liabilities	279			(1)	(1)	(11)		(13)	266
NON-CURRENT LIABILITIES	**8,128**	**176**	**41**	**192**	**92**	**700**		**1,201**	**9,329**
Current debt	736			(5)		(1)		(6)	730
Current lease obligations		65	9	63	14	125	1	277	277
Current taxes payable	115								115
Trade payables	7,489	1						1	7,490
Customer contract liabilities	3,184								3,184
Current provisions	885								885
Other current liabilities	5,101	(11)						(11)	5,090
Overdrafts and short-term bank borrowings	209								209
Financial instruments – Hedging of debt	16								16
Other current financial liabilities	24								24
CURRENT LIABILITIES	**17,759**	**55**	**9**	**58**	**14**	**124**	**1**	**261**	**18,020**
Liabilities related to held-for-sale operations									
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**36,303**	**218**	**47**	**227**	**103**	**792**	**1**	**1,388**	**37,691**
NET SURPLUS CASH/(NET DEBT)	**(1,917)**	**(241)**	**(49)**	**(251)**	**(107)**	**(835)**	**(1)**	**(1,484)**	**(3,401)**
IFRS 16 lease obligations		241	49	265	107	836	1	1,499	1,499
ADJUSTED NET SURPLUS CASH/(NET DEBT)	**(1,917)**			**14**		**1**		**15**	**(1,902)**

(a) The balance sheet as of 31 December 2017 has been restated for the effects of applying IFRS 9 and IFRS 15.

(b) Includes reclassification of €65m of dismantling costs.

Consolidated financial statements as of 31 March 2018, restated for IFRS 16

Balance sheet

ASSETS	31/03/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	31/03/2018 restated
Property, plant and equipment	6,786			(19)		(63) [a]		(82)	6,704
Right of use of leased assets		184	44	229	99	848	1	1,405	1,405
Intangible assets	2,096								2,096
Goodwill	5,958								5,958
Investments in joint ventures and associates	2,556								2,556
Other non-current financial assets	558								558
Deferred tax assets and non-current tax receivable	378	4	1	5				10	388
NON-CURRENT ASSETS	**18,332**	**188**	**45**	**215**	**99**	**785**	**1**	**1,333**	**19,665**
Inventories	3,009								3,009
Advances and down-payments made on orders	484								484
Trade receivables	5,783								5,783
Customer contract assets	1,989								1,989
Tax asset (receivable)	380								380
Other current receivables and prepaid expenses	2,608	24						24	2,632
Cash and cash equivalents	3,034								3,034
Financial instruments – Hedging of debt	14								14
Other current financial assets	17								17
CURRENT ASSETS	**17,318**	**24**						**24**	**17,342**
Held-for-sale assets and operations	13								13
TOTAL ASSETS	**35,663**	**212**	**45**	**215**	**99**	**785**	**1**	**1,357**	**37,020**

LIABILITIES AND SHAREHOLDERS' EQUITY	31/03/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	31/03/2018 restated
Share capital	365								365
Share premium and reserves	8,737	(13)	(3)	(23)	(1)	(29)		(69)	8,668
Translation reserve	(161)								(161)
Treasury shares									
Consolidated net profit/(loss)	12		(1)	1		2		2	14
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**8,953**	**(13)**	**(4)**	**(22)**	**(1)**	**(27)**		**(67)**	**8,886**
Non-controlling interests	1,390				(2)	(3)		(5)	1,385
SHAREHOLDERS' EQUITY	**10,343**	**(13)**	**(4)**	**(22)**	**(3)**	**(30)**		**(72)**	**10,271**
Non-current debt	6,274			(8)				(8)	6,266
Non-current lease obligations		170	38	188	89	698		1,183	1,183
Non-current provisions	2,035		2					2	2,037
Deferred tax liabilities and non-current tax liabilities	259			(1)	(2)	(10)		(13)	246
NON-CURRENT LIABILITIES	**8,568**	**170**	**40**	**179**	**87**	**688**		**1,164**	**9,732**
Current debt	344			(5)				(5)	339
Current lease obligations		66	9	63	15	127	1	281	281
Current taxes payable	128								128
Trade payables	6,827								6,827
Customer contract liabilities	1,506								1,506
Current provisions	791								791
Other current liabilities	6,869	(11)						(11)	6,858
Overdrafts and short-term bank borrowings	261								261
Financial instruments – Hedging of debt	14								14
Other current financial liabilities	12								12
CURRENT LIABILITIES	**16,752**	**55**	**9**	**58**	**15**	**127**	**1**	**265**	**17,017**
Liabilities related to held-for-sale operations									
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**35,663**	**212**	**45**	**215**	**99**	**785**	**1**	**1,357**	**37,020**
NET SURPLUS CASH/(NET DEBT)	**(3,845)**	**(236)**	**(47)**	**(238)**	**(104)**	**(825)**	**(1)**	**(1,451)**	**(5,296)**
IFRS 16 lease obligations		236	47	251	104	825	1	1,464	1,464
ADJUSTED NET SURPLUS CASH/(NET DEBT)	**(3,845)**			**13**				**13**	**(3,832)**

(a) Includes reclassification of €63m of dismantling costs.

Income statement

	Q1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	Q1 2018 restated
SALES	**6,826**								**6,826**
Other revenues from operations	63								63
Purchases used in production	(3,061)								(3,061)
Personnel costs	(1,759)								(1,759)
External charges	(1,764)	21	3	19	5	42	(1)	89	(1,675)
Taxes other than income tax	(236)								(236)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(366)								(366)
Net amortisation expense on right of use of leased assets		(18)	(2)	(15)	(4)	(33)		(72)	(72)
Net charges to provisions and impairment losses, net of reversals due to utilisation	17								17
Change in production and property development inventories	35								35
Other income from operations	324								324
Other expenses on operations	(190)								(190)
CURRENT OPERATING PROFIT/(LOSS)	**(111)**	**3**	**1**	**4**	**1**	**9**	**(1)**	**17**	**(94)**
Other operating income	71								71
Other operating expenses	(16)								(16)
OPERATING PROFIT/(LOSS)	**(56)**	**3**	**1**	**4**	**1**	**9**	**(1)**	**17**	**(39)**
Financial income	10								10
Financial expenses	(64)								(64)
Interest expense on lease obligations		(3)	(1)	(3)	(1)	(6)		(14)	(14)
INCOME FROM NET SURPLUS CASH/(COST OF NET DEBT)	**(54)**	**(3)**	**(1)**	**(3)**	**(1)**	**(6)**		**(14)**	**(68)**
Other financial income	12								12
Other financial expenses	(14)								(14)
Income tax	54					(1)	1		54
Share of net profits/losses of joint ventures and associates	83		(1)					(1)	82
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**25**		**(1)**	**1**		**2**		**2**	**27**
Net profit/(loss) from discontinued and held-for-sale operations									
NET PROFIT/(LOSS)	**25**		**(1)**	**1**		**2**		**2**	**27**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**12**		**(1)**	**1**		**2**		**2**	**14**
Net profit/(loss) attributable to non-controlling interests	13								13
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**0.03**								**0.04**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**0.03**								**0.04**
EBITDA	**137**	**21**	**3**	**19**	**5**	**42**	**(1)**	**89**	**226**

Cash flow statement

	Q1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	Q1 2018 restated
I - CASH FLOW FROM CONTINUING OPERATIONS									
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES									
Net profit/(loss) from continuing operations	25		(1)	1		2		2	27
Adjustments:									
Share of profits/losses reverting to joint ventures and associates, net of dividends received	(79)		1					1	(78)
Dividends from non-consolidated companies									
Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	362								362
Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets		22	2	15	4	33		76	76
Gains and losses on asset disposals	(82)								(82)
Miscellaneous non-cash charges	(8)								(8)
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**218**	**22**	**2**	**16**	**4**	**35**		**79**	**297**
Reclassification of (income from net surplus cash)/cost of net debt	54	3	1	3	1	6		14	68
Elimination of income tax, including provisions for tax risks	(54)					1	(1)		(54)
Cash flow	**218**	**25**	**3**	**19**	**5**	**42**	**(1)**	**93**	**311**
Income taxes paid	(39)								(39)
Changes in working capital related to operating activities (including current impairment and provisions)	(864)	(4)					1	(3)	(867)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**(685)**	**21**	**3**	**19**	**5**	**42**		**90**	**(595)**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES									
Purchase price of property, plant and equipment and intangible assets	(482)								(482)
Proceeds from disposals of property, plant and equipment and intangible assets	114								114
Net liabilities related to property, plant and equipment and intangible assets	(132)								(132)
Purchase price of non-consolidated companies and other investments	(1)								(1)
Proceeds from disposals of non-consolidated companies and other investments	2								2
Net liabilities related to non-consolidated companies and other investments									
Purchase price of investments in consolidated activities	(630)								(630)
Proceeds from disposals of investments in consolidated activities									
Net liabilities related to consolidated activities	(2)								(2)
Other effects of changes in scope of consolidation: cash of acquired or divested companies	3								3
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	6								6
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(1,122)**								**(1,122)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES									
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	(43)								(43)
Dividends paid to shareholders of the parent company									
Dividends paid by consolidated companies to non-controlling interests									
Change in current and non-current debt	79								79
Change in current and non-current lease obligations		(18)	(2)	(16)	(4)	(36)		(76)	(76)
Income from net surplus cash/(cost of net debt)	(54)	(3)	(1)	(3)	(1)	(6)		(14)	(68)
Other cash flows related to financing activities	18								18
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES		**(21)**	**(3)**	**(19)**	**(5)**	**(42)**		**(90)**	**(90)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**(31)**								**(31)**
CHANGE IN NET CASH POSITION (A + B + C + D)	**(1,838)**								**(1,838)**
NET CASH POSITION AT START OF PERIOD	**4,611**								**4,611**
Net cash flows	(1,838)								(1,838)
Non-monetary flows									
NET CASH POSITION AT END OF PERIOD	**2,773**								**2,773**
FREE CASH FLOW	**(150)**	**22**	**2**	**16**	**4**	**35**		**79**	**(71)**

Consolidated financial statements as of 30 June 2018, restated for IFRS 16

Balance sheet

ASSETS	30/06/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	30/06/2018 restated
Property, plant and equipment	6,897			(18)		(61)[a]		(79)	6,818
Right of use of leased assets		188	44	223	101	832	1	1,389	1,389
Intangible assets	2,088								2,088
Goodwill	6,249								6,249
Investments in joint ventures and associates	2,542								2,542
Other non-current financial assets	570								570
Deferred tax assets and non-current tax receivable	356	4	1	5			(1)	9	365
NON-CURRENT ASSETS	**18,702**	**192**	**45**	**210**	**101**	**771**		**1,319**	**20,021**
Inventories	3,083								3,083
Advances and down-payments made on orders	504								504
Trade receivables	7,170								7,170
Customer contract assets	2,037								2,037
Tax asset (receivable)	231								231
Other current receivables and prepaid expenses	2,939	23						23	2,962
Cash and cash equivalents	2,505								2,505
Financial instruments – Hedging of debt	12								12
Other current financial assets	12								12
CURRENT ASSETS	**18,493**	**23**						**23**	**18,516**
Held-for-sale assets and operations	16								16
TOTAL ASSETS	**37,211**	**215**	**45**	**210**	**101**	**771**		**1,342**	**38,553**

LIABILITIES AND SHAREHOLDERS' EQUITY	30/06/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	30/06/2018 restated
Share capital	366								366
Share premium and reserves	8,089	(13)	(3)	(23)	(1)	(29)		(69)	8,020
Translation reserve	(102)								(102)
Treasury shares									
Consolidated net profit/(loss)	260	1	(1)	1		1	(1)	1	261
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**8,613**	**(12)**	**(4)**	**(22)**	**(1)**	**(28)**	**(1)**	**(68)**	**8,545**
Non-controlling interests	1,334				(2)	(3)		(5)	1,329
SHAREHOLDERS' EQUITY	**9,947**	**(12)**	**(4)**	**(22)**	**(3)**	**(31)**	**(1)**	**(73)**	**9,874**
Non-current debt	6,786			(6)		(1)		(7)	6,779
Non-current lease obligations		170	38	181	89	685		1,163	1,163
Non-current provisions	2,029		2					2	2,031
Deferred tax liabilities and non-current tax liabilities	255			(1)	(2)	(11)		(14)	241
NON-CURRENT LIABILITIES	**9,070**	**170**	**40**	**174**	**87**	**673**		**1,144**	**10,214**
Current debt	459			(5)				(5)	454
Current lease obligations		68	9	63	17	129	1	287	287
Current taxes payable	137								137
Trade payables	7,603	1						1	7,604
Customer contract liabilities	3,831								3,831
Current provisions	765								765
Other current liabilities	5,073	(12)						(12)	5,061
Overdrafts and short-term bank borrowings	295								295
Financial instruments – Hedging of debt	19								19
Other current financial liabilities	12								12
CURRENT LIABILITIES	**18,194**	**57**	**9**	**58**	**17**	**129**	**1**	**271**	**18,465**
Liabilities related to held-for-sale operations									
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**37,211**	**215**	**45**	**210**	**101**	**771**		**1,342**	**38,553**
NET SURPLUS CASH/(NET DEBT)	**(5,042)**	**(238)**	**(47)**	**(233)**	**(106)**	**(813)**	**(1)**	**(1,438)**	**(6,480)**
IFRS 16 lease obligations		238	47	244	106	814	1	1,450	1,450
ADJUSTED NET SURPLUS CASH/(NET DEBT)	**(5,042)**			**11**		**1**		**12**	**(5,030)**

(a) Includes reclassification of €60m of dismantling costs.

Income statement

	H1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	H1 2018 restated
SALES	15,743								15,743
Other revenues from operations	91								91
Purchases used in production	(7,291)								(7,291)
Personnel costs	(3,741)								(3,741)
External charges	(3,769)	42	6	37	10	81		176	(3,593)
Taxes other than income tax	(372)								(372)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(803)								(803)
Net amortisation expense on right of use of leased assets		(37)	(5)	(30)	(8)	(66)	(1)	(147)	(147)
Net charges to provisions and impairment losses, net of reversals due to utilisation	(34)								(34)
Change in production and property development inventories	117								117
Other income from operations	690	1						1	691
Other expenses on operations	(328)								(328)
CURRENT OPERATING PROFIT/(LOSS)	**303**	**6**	**1**	**7**	**2**	**15**	**(1)**	**30**	**333**
Other operating income	109								109
Other operating expenses	(29)								(29)
OPERATING PROFIT/(LOSS)	**383**	**6**	**1**	**7**	**2**	**15**	**(1)**	**30**	**413**
Financial income	15								15
Financial expenses	(122)								(122)
Interest expense on lease obligations		(5)	(1)	(6)	(2)	(13)		(27)	(27)
INCOME FROM NET SURPLUS CASH/(COST OF NET DEBT)	**(107)**	**(5)**	**(1)**	**(6)**	**(2)**	**(13)**		**(27)**	**(134)**
Other financial income	33								33
Other financial expenses	(29)								(29)
Income tax	(57)					(1)		(1)	(58)
Share of net profits/losses of joint ventures and associates	89		(1)					(1)	88
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**312**	**1**	**(1)**	**1**		**1**	**(1)**	**1**	**313**
Net profit/(loss) from discontinued and held-for-sale operations									
NET PROFIT/(LOSS)	**312**	**1**	**(1)**	**1**		**1**	**(1)**	**1**	**313**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**260**	**1**	**(1)**	**1**		**1**	**(1)**	**1**	**261**
Net profit/(loss) attributable to non-controlling interests	52								52
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**0.71**								**0.71**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**0.70**								**0.71**
EBITDA	**932**	**43**	**6**	**37**	**10**	**81**		**177**	**1,109**

Cash flow statement

	H1 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	H1 2018 restated
I - CASH FLOW FROM CONTINUING OPERATIONS									
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES									
Net profit/(loss) from continuing operations	312	1	(1)	1		1	(1)	1	313
Adjustments:									
Share of profits/losses reverting to joint ventures and associates, net of dividends received	(57)		1					1	(56)
Dividends from non-consolidated companies	(9)								(9)
Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	788								788
Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets		36	5	30	8	66	1	146	146
Gains and losses on asset disposals	(132)								(132)
Miscellaneous non-cash charges	(20)								(20)
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**882**	**37**	**5**	**31**	**8**	**67**		**148**	**1,030**
Reclassification of (income from net surplus cash)/cost of net debt	107	5	1	6	2	13		27	134
Elimination of income tax, including provisions for tax risks	57					1		1	58
Cash flow	**1,046**	**42**	**6**	**37**	**10**	**81**		**176**	**1,222**
Income taxes paid	(121)								(121)
Changes in working capital related to operating activities (including current impairment and provisions)	(1,274)	1						1	(1,273)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**(349)**	**43**	**6**	**37**	**10**	**81**		**177**	**(172)**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES									
Purchase price of property, plant and equipment and intangible assets	(963)								(963)
Proceeds from disposals of property, plant and equipment and intangible assets	192								192
Net liabilities related to property, plant and equipment and intangible assets	(231)								(231)
Purchase price of non-consolidated companies and other investments	(5)								(5)
Proceeds from disposals of non-consolidated companies and other investments	5								5
Net liabilities related to non-consolidated companies and other investments									
Purchase price of investments in consolidated activities	(935)								(935)
Proceeds from disposals of investments in consolidated activities	2								2
Net liabilities related to consolidated activities	(3)								(3)
Other effects of changes in scope of consolidation: cash of acquired or divested companies	60								60
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	14								14
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(1,864)**								**(1,864)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES									
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	(47)								(47)
Dividends paid to shareholders of the parent company	(620)								(620)
Dividends paid by consolidated companies to non-controlling interests	(60)								(60)
Change in current and non-current debt	596								596
Change in current and non-current lease obligations		(38)	(5)	(31)	(8)	(68)		(150)	(150)
Income from net surplus cash/(cost of net debt)	(107)	(5)	(1)	(6)	(2)	(13)		(27)	(134)
Other cash flows related to financing activities	19								19
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(219)**	**(43)**	**(6)**	**(37)**	**(10)**	**(81)**		**(177)**	**(396)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**31**								**31**
CHANGE IN NET CASH POSITION (A + B + C + D)	**(2,401)**								**(2,401)**
NET CASH POSITION AT START OF PERIOD	**4,611**								**4,611**
Net cash flows	(2,401)								(2,401)
Non-monetary flows									
NET CASH POSITION AT END OF PERIOD	**2,210**								**2,210**
FREE CASH FLOW	**111**	**37**	**5**	**31**	**8**	**67**		**148**	**259**

Consolidated financial statements as of 30 September 2018, restated for IFRS 16

Balance sheet

ASSETS	30/09/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	30/09/2018 restated
Property, plant and equipment	7,143			(34)		(56)[a]		(90)	7,053
Right of use of leased assets		189	42	306	97	821	1	1,456	1,456
Intangible assets	2,072								2,072
Goodwill	6,564								6,564
Investments in joint ventures and associates	2,551								2,551
Other non-current financial assets	536								536
Deferred tax assets and non-current tax receivable	328	4	1	5				10	338
NON-CURRENT ASSETS	**19,194**	**193**	**43**	**277**	**97**	**765**	**1**	**1,376**	**20,570**
Inventories	3,139								3,139
Advances and down-payments made on orders	546								546
Trade receivables	7,598								7,598
Customer contract assets	2,339								2,339
Tax asset (receivable)	327								327
Other current receivables and prepaid expenses	2,824	23						23	2,847
Cash and cash equivalents	2,016								2,016
Financial instruments – Hedging of debt	11								11
Other current financial assets	8								8
CURRENT ASSETS	**18,808**	**23**						**23**	**18,831**
Held-for-sale assets and operations	10								10
TOTAL ASSETS	**38,012**	**216**	**43**	**277**	**97**	**765**	**1**	**1,399**	**39,411**

LIABILITIES AND SHAREHOLDERS' EQUITY	30/09/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	30/09/2018 restated
Share capital	366								366
Share premium and reserves	7,977	(13)	(3)	(23)	(1)	(29)		(69)	7,908
Translation reserve	(107)								(107)
Treasury shares									
Consolidated net profit/(loss)	772	1	(1)	1		(2)		(1)	771
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**9,008**	**(12)**	**(4)**	**(22)**	**(1)**	**(31)**		**(70)**	**8,938**
Non-controlling interests	1,375				(2)	(3)		(5)	1,370
SHAREHOLDERS' EQUITY	**10,383**	**(12)**	**(4)**	**(22)**	**(3)**	**(34)**		**(75)**	**10,308**
Non-current debt	6,804			(22)		(1)		(23)	6,781
Non-current lease obligations		174	36	265	85	681	1	1,242	1,242
Non-current provisions	2,015		2					2	2,017
Deferred tax liabilities and non-current tax liabilities	278			(1)	(2)	(12)		(15)	263
NON-CURRENT LIABILITIES	**9,097**	**174**	**38**	**242**	**83**	**668**	**1**	**1,206**	**10,303**
Current debt	332			(9)		(1)		(10)	322
Current lease obligations		64	9	66	17	132		288	288
Current taxes payable	186								186
Trade payables	7,875	1						1	7,876
Customer contract liabilities	3,585								3,585
Current provisions	806								806
Other current liabilities	5,345	(11)						(11)	5,334
Overdrafts and short-term bank borrowings	374								374
Financial instruments – Hedging of debt	15								15
Other current financial liabilities	14								14
CURRENT LIABILITIES	**18,532**	**54**	**9**	**57**	**17**	**131**		**268**	**18,800**
Liabilities related to held-for-sale operations									
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**38,012**	**216**	**43**	**277**	**97**	**765**	**1**	**1,399**	**39,411**
NET SURPLUS CASH/(NET DEBT)	**(5,498)**	**(238)**	**(45)**	**(300)**	**(102)**	**(811)**	**(1)**	**(1,497)**	**(6,995)**
IFRS 16 lease obligations		238	45	331	102	813	1	1,530	1,530
ADJUSTED NET SURPLUS CASH/(NET DEBT)	**(5,498)**			**31**		**2**		**33**	**(5,465)**

(a) Includes reclassification of €58m of dismantling costs.

Income statement

	9m 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	9m 2018 restated
SALES	**25,219**								**25,219**
Other revenues from operations	131								131
Purchases used in production	(11,768)								(11,768)
Personnel costs	(5,751)								(5,751)
External charges	(5,813)	63	9	55	15	117	1	260	(5,553)
Taxes other than income tax	(516)								(516)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(1,244)								(1,244)
Net amortisation expense on right of use of leased assets		(57)	(7)	(47)	(12)	(100)		(223)	(223)
Net charges to provisions and impairment losses, net of reversals due to utilisation	(112)								(112)
Change in production and property development inventories	86								86
Other income from operations	1,086	1	(1)	1				1	1,087
Other expenses on operations	(498)								(498)
CURRENT OPERATING PROFIT/(LOSS)	**820**	**7**	**1**	**9**	**3**	**17**	**1**	**38**	**858**
Other operating income	242								242
Other operating expenses	(44)								(44)
OPERATING PROFIT/(LOSS)	**1,018**	**7**	**1**	**9**	**3**	**17**	**1**	**38**	**1,056**
Financial income	21								21
Financial expenses	(184)								(184)
Interest expense on lease obligations		(7)	(1)	(8)	(3)	(20)	(1)	(40)	(40)
INCOME FROM NET SURPLUS CASH/(COST OF NET DEBT)	**(163)**	**(7)**	**(1)**	**(8)**	**(3)**	**(20)**	**(1)**	**(40)**	**(203)**
Other financial income	59	1						1	60
Other financial expenses	(34)								(34)
Income tax	(266)					1		1	(265)
Share of net profits/losses of joint ventures and associates	253		(1)					(1)	252
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**867**	**1**	**(1)**	**1**		**(2)**		**(1)**	**866**
Net profit/(loss) from discontinued and held-for-sale operations									
NET PROFIT/(LOSS)	**867**	**1**	**(1)**	**1**		**(2)**		**(1)**	**866**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**772**	**1**	**(1)**	**1**		**(2)**		**(1)**	**771**
Net profit/(loss) attributable to non-controlling interests	95								95
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**2.11**								**2.10**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**2.09**								**2.09**
EBITDA	**1,924**	**64**	**8**	**56**	**15**	**117**	**1**	**261**	**2,185**

Cash flow statement

	9m 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	9m 2018 restated
I - CASH FLOW FROM CONTINUING OPERATIONS									
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES									
Net profit/(loss) from continuing operations	867	1	(1)	1		(2)		(1)	866
Adjustments:									
Share of profits/losses reverting to joint ventures and associates, net of dividends received	(190)		1					1	(189)
Dividends from non-consolidated companies	(29)								(29)
Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	1,223								1,223
Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets		60	7	47	12	100		226	226
Gains and losses on asset disposals	(214)								(214)
Miscellaneous non-cash charges	(9)								(9)
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**1,648**	**61**	**7**	**48**	**12**	**98**		**226**	**1,874**
Reclassification of (income from net surplus cash)/cost of net debt	163	7	1	8	3	20	1	40	203
Elimination of income tax, including provisions for tax risks	266					(1)		(1)	265
Cash flow	**2,077**	**68**	**8**	**56**	**15**	**117**	**1**	**265**	**2,342**
Income taxes paid	(257)								(257)
Changes in working capital related to operating activities (including current impairment and provisions)	(1,649)	(2)						(2)	(1,651)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**171**	**66**	**8**	**56**	**15**	**117**	**1**	**263**	**434**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES									
Purchase price of property, plant and equipment and intangible assets	(1,465)								(1,465)
Proceeds from disposals of property, plant and equipment and intangible assets	286								286
Net liabilities related to property, plant and equipment and intangible assets	(201)								(201)
Purchase price of non-consolidated companies and other investments	(24)								(24)
Proceeds from disposals of non-consolidated companies and other investments	61								61
Net liabilities related to non-consolidated companies and other investments	17								17
Purchase price of investments in consolidated activities	(1,532)								(1,532)
Proceeds from disposals of investments in consolidated activities	30								30
Net liabilities related to consolidated activities	25								25
Other effects of changes in scope of consolidation: cash of acquired or divested companies	(21)								(21)
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	42								42
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(2,782)**								**(2,782)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES									
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	(173)								(173)
Dividends paid to shareholders of the parent company	(620)								(620)
Dividends paid by consolidated companies to non-controlling interests	(60)								(60)
Change in current and non-current debt	612								612
Change in current and non-current lease obligations		(59)	(7)	(48)	(12)	(97)		(223)	(223)
Income from net surplus cash/(cost of net debt)	(163)	(7)	(1)	(8)	(3)	(20)	(1)	(40)	(203)
Other cash flows related to financing activities	19								19
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(385)**	**(66)**	**(8)**	**(56)**	**(15)**	**(117)**	**(1)**	**(263)**	**(648)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**27**								**27**
CHANGE IN NET CASH POSITION (A + B + C + D)	**(2,969)**								**(2,969)**
NET CASH POSITION AT START OF PERIOD	**4,611**								**4,611**
Net cash flows	(2,969)								(2,969)
Non-monetary flows									
NET CASH POSITION AT END OF PERIOD	**1,642**								**1,642**
FREE CASH FLOW	**469**	**61**	**7**	**48**	**12**	**98**		**226**	**695**

Consolidated financial statements as of 31 December 2018, restated for IFRS 16 and IFRIC 23

Balance sheet

ASSETS	31/12/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	Impacts of IFRIC 23	31/12/2018 restated
Property, plant and equipment	7,432			(50)		(55)[a]		(105)		7,327
Right of use of leased assets		249	40	370	98	802	2	1,561		1,561
Intangible assets	2,198									2,198
Goodwill	6,301									6,301
Investments in joint ventures and associates	2,633									2,633
Other non-current financial assets	536									536
Deferred tax assets and non-current tax receivable	317	3	1	5				9		326
NON-CURRENT ASSETS	**19,417**	**252**	**41**	**325**	**98**	**747**	**2**	**1,465**		**20,882**
Inventories	3,154									3,154
Advances and down-payments made on orders	483									483
Trade receivables	6,389									6,389
Customer contract assets	2,026									2,026
Tax asset (receivable)	260									260
Other current receivables and prepaid expenses	2,684	23						23		2,707
Cash and cash equivalents	2,928									2,928
Financial instruments – Hedging of debt	11									11
Other current financial assets	10									10
CURRENT ASSETS	**17,945**	**23**						**23**		**17,968**
Held-for-sale assets and operations	332			8				8		340
TOTAL ASSETS	**37,694**	**275**	**41**	**333**	**98**	**747**	**2**	**1,496**		**39,190**

LIABILITIES AND SHAREHOLDERS' EQUITY	31/12/2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	Impacts of IFRIC 23	31/12/2018 restated
Share capital	372									372
Share premium and reserves	8,146	(13)	(3)	(23)	(1)	(29)		(69)		8,077
Translation reserve	(103)									(103)
Treasury shares										
Consolidated net profit/(loss)	1,311		(1)	1	(1)	(3)	1	(3)		1,308
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**9,726**	**(13)**	**(4)**	**(22)**	**(2)**	**(32)**	**1**	**(72)**		**9,654**
Non-controlling interests	1,391				(2)	(3)		(5)		1,386
SHAREHOLDERS' EQUITY	**11,117**	**(13)**	**(4)**	**(22)**	**(4)**	**(35)**	**1**	**(77)**		**11,040**
Non-current debt	5,080			(30)		(2)		(32)		5,048
Non-current lease obligations		222	35	317	85	662	2	1,323		1,322
Non-current provisions	2,068		2					2	(28)	2,042
Deferred tax liabilities and non-current tax liabilities	348			(2)	(2)	(12)	(1)	(17)		331
NON-CURRENT LIABILITIES	**7,496**	**222**	**37**	**285**	**83**	**648**	**1**	**1,276**	**(28)**	**8,744**
Current debt	1,253			(12)		(1)		(13)		1,240
Current lease obligations		77	8	74	19	135		313		313
Current taxes payable	126								28	154
Trade payables	7,423									7,423
Customer contract liabilities	3,665									3,665
Current provisions	995									995
Other current liabilities	5,010	(11)						(11)		4,999
Overdrafts and short-term bank borrowings	238									238
Financial instruments – Hedging of debt	25									25
Other current financial liabilities	21									21
CURRENT LIABILITIES	**18,756**	**66**	**8**	**62**	**19**	**134**		**289**	**28**	**19,073**
Liabilities related to held-for-sale operations	325			8				8		333
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**37,694**	**275**	**41**	**333**	**98**	**747**	**2**	**1,496**		**39,190**
NET SURPLUS CASH/(NET DEBT)	**(3,657)**	**(299)**	**(43)**	**(349)**	**(104)**	**(794)**	**(2)**	**(1,591)**		**(5,248)**
IFRS 16 lease obligations		299	43	391	104	797	2	1,636		1,636
ADJUSTED NET SURPLUS CASH/(NET DEBT)	**(3,657)**			**42**		**3**		**45**		**(3,612)**

(a) Includes reclassification of €65m of dismantling costs.

Income statement

	FY 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	FY 2018 restated
SALES	**35,555**								**35,555**
Other revenues from operations	185								185
Purchases used in production	(16,715)								(16,715)
Personnel costs	(7,975)								(7,975)
External charges	(7,845)	90	11	77	20	157		355	(7,490)
Taxes other than income tax	(687)								(687)
Net depreciation and amortisation expense on property, plant and equipment and intangible assets	(1,703)								(1,703)
Net amortisation expense on right of use of leased assets		(87)	(9)	(68)	(17)	(134)	1	(314)	(314)
Net charges to provisions and impairment losses, net of reversals due to utilisation	(417)								(417)
Change in production and property development inventories	94								94
Other income from operations	1,862	8		5				13	1,875
Other expenses on operations	(843)	(1)						(1)	(844)
CURRENT OPERATING PROFIT/(LOSS)	**1,511**	**10**	**2**	**14**	**3**	**23**	**1**	**53**	**1,564**
Other operating income	371								371
Other operating expenses	(106)								(106)
OPERATING PROFIT/(LOSS)	**1,776**	**10**	**2**	**14**	**3**	**23**	**1**	**53**	**1,829**
Financial income	29								29
Financial expenses	(245)								(245)
Interest expense on lease obligations		(11)	(2)	(13)	(4)	(27)		(57)	(57)
INCOME FROM NET SURPLUS CASH/(COST OF NET DEBT)	**(216)**	**(11)**	**(2)**	**(13)**	**(4)**	**(27)**		**(57)**	**(273)**
Other financial income	81	1						1	82
Other financial expenses	(64)								(64)
Income tax	(427)					1		1	(426)
Share of net profits/losses of joint ventures and associates	303		(1)					(1)	302
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**1,453**		**(1)**	**1**	**(1)**	**(3)**	**1**	**(3)**	**1,450**
Net profit/(loss) from discontinued and held-for-sale operations									
NET PROFIT/(LOSS)	**1,453**		**(1)**	**1**	**(1)**	**(3)**	**1**	**(3)**	**1,450**
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	**1,311**		**(1)**	**1**	**(1)**	**(3)**	**1**	**(3)**	**1,308**
Net profit/(loss) attributable to non-controlling interests	142								142
BASIC EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.57**								**3.56**
DILUTED EARNINGS PER SHARE FROM CONTINUING OPERATIONS (€)	**3.55**								**3.54**

EBITDA	**3,144**	**97**	**11**	**82**	**20**	**157**		**367**	**3,511**

Cash flow statement

	FY 2018 published	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total impacts of IFRS 16	FY 2018 restated
I - CASH FLOW FROM CONTINUING OPERATIONS									
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES									
Net profit/(loss) from continuing operations	1,453		(1)	1	(1)	(3)	1	(3)	1,450
Adjustments:									
Share of profits/losses reverting to joint ventures and associates, net of dividends received	(186)		1					1	(185)
Dividends from non-consolidated companies	(32)								(32)
Net charges to/(reversals of) depreciation, amortisation and non-current impairment and provisions	1,762								1,762
Net charges to amortisation and impairment expense and other adjustments to right of use of leased assets		92	9	68	17	134	(1)	319	319
Gains and losses on asset disposals	(420)	(2)						(2)	(422)
Miscellaneous non-cash charges	(89)								(89)
Cash flow after income from net surplus cash/(cost of net debt) and income tax	**2,488**	**90**	**9**	**69**	**16**	**131**		**315**	**2,803**
Reclassification of (income from net surplus cash)/cost of net debt	216	11	2	13	4	27		57	273
Elimination of income tax, including provisions for tax risks	427					(1)		(1)	426
Cash flow	**3,131**	**101**	**11**	**82**	**20**	**157**		**371**	**3,502**
Income taxes paid	(520)								(520)
Changes in working capital related to operating activities (including current impairment and provisions)	(395)	(4)						(4)	(399)
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**2,216**	**97**	**11**	**82**	**20**	**157**		**367**	**2,583**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES									
Purchase price of property, plant and equipment and intangible assets	(2,178)								(2,178)
Proceeds from disposals of property, plant and equipment and intangible assets	605								605
Net liabilities related to property, plant and equipment and intangible assets	(165)								(165)
Purchase price of non-consolidated companies and other investments	(31)								(31)
Proceeds from disposals of non-consolidated companies and other investments	65								65
Net liabilities related to non-consolidated companies and other investments	15								15
Purchase price of investments in consolidated activities	(1,568)								(1,568)
Proceeds from disposals of investments in consolidated activities	113								113
Net liabilities related to consolidated activities	(1)								(1)
Other effects of changes in scope of consolidation: cash of acquired or divested companies	(11)								(11)
Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies	72						j		72
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(3,084)**								**(3,084)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES									
Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders	(22)								(22)
Dividends paid to shareholders of the parent company	(620)								(620)
Dividends paid by consolidated companies to non-controlling interests	(92)								(92)
Change in current and non-current debt	(161)								(161)
Change in current and non-current lease obligations		(86)	(9)	(69)	(16)	(130)		(310)	(310)
Income from net surplus cash/(cost of net debt)	(216)	(11)	(2)	(13)	(4)	(27)		(57)	(273)
Other cash flows related to financing activities	3								3
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(1,108)**	**(97)**	**(11)**	**(82)**	**(20)**	**(157)**		**(367)**	**(1,475)**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**54**								**54**
CHANGE IN NET CASH POSITION (A + B + C + D)	**(1,922)**								**(1,922)**
NET CASH POSITION AT START OF PERIOD	**4,611**								**4,611**
Net cash flows	(1,922)								(1,922)
Non-monetary flows									
Held-for-sale operation	1								1
NET CASH POSITION AT END OF PERIOD	**2,690**								**2,690**
II -NET CASH INFLOW/(OUTFLOW) FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS									
NET CASH POSITION AT START OF PERIOD	**9**								**9**
Net cash flows	(10)								(10)
NET CASH POSITION AT END OF PERIOD	**1**								**1**
FREE CASH FLOW	**915**	**90**	**9**	**69**	**16**	**131**		**315**	**1,230**

NOTE 25 LIST OF PRINCIPAL CONSOLIDATED COMPANIES AT 31 DECEMBER 2018

Company	City/Country	% interest 2018	% interest 2017	% direct and indirect control [a] 2018	% direct and indirect control [a] 2017
FRANCE					
Companies controlled by Bouygues					
Construction					
Bouygues Construction SA	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		
Brézillon SA	Orly	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	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	Colombier-Saugnieu	99.97	99.97		
Bouygues Bâtiment Grand Ouest	Nantes	99.97	99.97		
Kohler Investment	Saint-Quentin-en-Yvelines	99.97	99.97		
Bouygues Bâtiment Nord Est	Villeneuve d'Ascq	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		
Property					
Bouygues Immobilier SAS	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		
Roads					
Colas SA and its regional subsidiaries	Paris	96.65	96.60		
Aximum	Magny les Hameaux	96.65	96.60	100.00	100.00
Colas Rail and its subsidiaries	Maisons-Laffitte	96.65	96.60	100.00	100.00
Grands Travaux Océan Indien (GTOI) SA	Le Port (La Réunion)	96.65	96.60	100.00	100.00
Smac and its subsidiaries	Boulogne-Billancourt	96.65	96.60	100.00	100.00
Spac and its subsidiaries	Clichy	96.65	96.60	100.00	100.00
Media					
Télévision Française 1	Boulogne-Billancourt	43.80	43.81		
Aufeminin and its subsidiaries	Paris	43.80	N/A	100.00	N/A
Dujardin and its subsidiaries	Cestas	43.80	43.81	100.00	100.00
E-TF1	Boulogne-Billancourt	43.80	43.81	100.00	100.00
TF1 Series Films (formerly HD1)	Boulogne-Billancourt	43.80	43.81	100.00	100.00
La Chaîne Info	Boulogne-Billancourt	43.80	43.81	100.00	100.00
Newen Studios and its subsidiaries	Paris	43.80	43.81	100.00	100.00
TFX (formerly NT1)	Boulogne-Billancourt	43.80	43.81	100.00	100.00
Télé Monte Carlo	Monaco	43.80	43.81	100.00	100.00
Téléshopping	Boulogne-Billancourt	43.80	43.81	100.00	100.00
TF1 Droits Audiovisuels	Boulogne-Billancourt	43.80	43.81	100.00	100.00
TF1 Entertainment	Boulogne-Billancourt	43.80	43.81	100.00	100.00
TF1 Publicité	Boulogne-Billancourt	43.80	43.81	100.00	100.00
TF1 Vidéo	Boulogne-Billancourt	43.80	43.81	100.00	100.00
Telecoms					
Bouygues Telecom SA and its subsidiaries	Paris	90.53	90.53		
Other subsidiaries					
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	99.84	99.76		

(a) Where percentage control differs from percentage interest.
N/A: not applicable.

Company	City/Country	% interest 2018	% interest 2017	% direct and indirect control [a] 2018	% direct and indirect control [a] 2017
Joint operations					
Construction					
Evesa	Paris	47.49 [b]	47.48		47.99
Oc'via Construction	Nîmes	73.16 [c]	73.15		74.00
Joint ventures and associates					
Construction					
Consortium Stade de France SA	Saint-Denis	33.32	33.32		
Axione	Malakoff	50.98	99.97		
Property					
SAS NDH	Issy-les-Moulineaux	50.00	50.00		
Associates					
Alstom	Saint-Ouen	27.79	27.98		
INTERNATIONAL					
Companies controlled by Bouygues					
Construction					
Americaribe Inc.	Miami/United States	99.97	99.97		
A.W. Edwards Pty and its subsidiaries	NSW Northbridge/Australia	99.97	N/A		
Bouygues Construction Australia Pty	Sydney/Australia	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		
Bouygues E&S Intec AG (Alpiq Engineering Services)	Zurich/Switzerland	99.97	N/A		
Kraftanlagen Munchen Gmbh (Alpiq Engineering Services)	Munich/Germany	99.97	N/A		
Bymaro	Casablanca/Morocco	99.96	99.97		
Dragages et TP (Hong Kong) Ltd	Hong Kong/China	99.97	99.97		
BYME Engineering (Hong Kong)	Hong Kong/China	99.97	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 Property FM)	Zurich/Switzerland	99.97	99.97		
Losinger Marazzi AG	Bern/Switzerland	99.97	99.97		
Losinger Holding AG	Lucerne/Switzerland	99.97	99.97		
Plan Group Inc. and its subsidiaries	Vaughan/Canada	99.97	84.97		
VCES Holding SRO and its subsidiaries	Prague/Czech Republic	99.97	99.97		
VSL International Ltd	Bern/Switzerland	99.97	99.97		
Property					
Bouygues Immobilier Polska Sarl	Warsaw/Poland	100.00	100.00		
Roads					
Colas Australia	Sydney/Australia	96.65	96.60	100.00	100.00
Colas Belgium and its subsidiaries	Brussels/Belgium	96.65	96.60	100.00	100.00
Colas Canada Inc. and its subsidiaries	Montreal Quebec/Canada	96.65 [d]	96.60	100.00	100.00
Colas Cz	Prague/Czech Republic	95.78	95.73	99.10	99.10
Colas Danmark A/S	Glostrup/Denmark	96.65	96.60	100.00	100.00
Colas Hungaria and its subsidiaries	Budapest/Hungary	96.65	96.60	100.00	100.00
Colas Inc. and its subsidiaries	Morristown New Jersey/United States	96.65	96.60	100.00	100.00
Colas Ltd and its subsidiaries	Rowfant, Crawley/United Kingdom	96.65	96.60	100.00	100.00
Colas du Maroc and its subsidiaries	Casablanca/Morocco	96.65	96.60	100.00	100.00
Colas Suisse Holding SA and its subsidiaries	Lausanne/Switzerland	95.90	95.85	99.22	99.22
ISK	Kosice/Slovakia	96.65	96.60	100.00	100.00
Other subsidiaries					
Challenger Réassurance	Luxembourg	99.99	99.99		
Uniservice	Geneva/Switzerland	99.99	99.99		
Joint ventures and associates					
Construction					
Bina Fincom	Zagreb/Croatia	50.68	44.99		
Hermes Airports Ltd	Nicosia/Cyprus	21.99	21.99		
Roads					
Gamma Materials	Beau Bassin/Mauritius	48.33	48.30	50.00	50.00
Tipco Asphalt	Bangkok/Thailand	30.15	30.33	31.20	31.40

(a) Where percentage control differs from percentage interest.
(b) 32.99% Bouygues Construction, 14.50% Colas.
(c) 49.00% Bouygues Construction, 24.16% Colas Rail.
(d) Includes first-time consolidation of the Miller McAsphalt group.
N/A: not applicable.
A full list of consolidated entities is available from Karine Adam Gruson, Investor Relations Director.