



PRESS RELEASE

Boulogne, February 25, 2015

Colas: Financial Year 2014

- **Revenue: €12.4 B (-3%)**
- **Net profit attributable to the Group: €604 M (€312 M in 2013)**
 - including net after tax capital gain of €385 M from sale of stake in Cofiroute
- **Dividend proposal: €15.40 per share**
- **High level of work-on-hand: €7.2 B (+1%)**
 - increase in work-on-hand for international units (+8%)
 - decrease in work-on-hand in Mainland France (-7%)

The Board of Directors of Colas, chaired by Mr. Hervé Le Bouc, met on February 23, 2015 to finalize the 2014 financial statements that are to be submitted to the Annual General Shareholders' Meeting on April 14, 2015.

Consolidated key figures

| <i>In millions of euros</i> | 2014 | 2013^(a) | Change 2014/2013 |
|--------------------------------------------------------------|---------------|---------------------------|-----------------------------|
| Consolidated revenue | 12,396 | 12,845 | -3% |
| <i>of which France</i> | 6,582 | 7,388 | -11% |
| <i>of which International</i> | 5,814 | 5,457 | +7% |
| Current operating income | 332 | 390 | -€58 M |
| Consolidated net profit attributable to the Group | 604 | 312 | +€292 M |
| Net cash flow | 610 | 667 | -€57 M |
| Free cash flow¹ | 154 | 378 | -€224 M |
| Net cash (net debt) | 682 | 31 | +€651 M |

(a) *All figures as at December 31, 2013 have been restated following the change in consolidation method as of January 1, 2014 (application of IFRS 11) to ensure comparability with figures as at December 31, 2014.*

¹ Free cash flow = cash flow (determined after cost of net debt and net income tax expense, but before changes in working capital requirements) minus net capital expenditure for the period.



Revenue in 2014 amounted to 12.4 billion euros, down 3% in the wake of a slump in the road market in Mainland France

Revenue for the financial year 2014 amounted to 12.4 billion euros, down 3% from the 12.8 billion euros posted in 2013 (-11% in France, +7% in the international units). At constant scope and exchange rates, the change remains the same (-3%), given that the 80 million euros in revenue brought in by external growth was mostly offset by the 97-million euro exchange effect as certain currencies dropped against the euro.

Roads

In **Mainland France**, revenue totaled 4.46 billion euros, compared to 5.14 billion euros in 2013, a 13% decrease. The market brutally collapsed as of March, as the State made cutbacks in government funding earmarked for local authorities, combined with uncertainties relating to a territorial reform, in addition to usual slowdowns following recent elections.

In **Europe**, revenue amounted to 1.66 billion euros, up 18% (+16% at constant scope and exchange rates), with major projects currently under way in central Europe.

In **North America**, Colas companies posted 2.47 billion euros, up 3% (+4% at constant scope and exchange rates). In the United States, revenue increased 4% even though conventional road markets have still as yet to benefit from the improved economic environment. In Canada, revenue was stable from the previous year (+4% with constant scope and exchange rates). The work season got off to a late start due to poor weather, but delays were offset by year-end.

In **the Rest of the World**, revenue amounted to 1.35 billion euros, down 4% (-3% at constant scope and exchange rates) due to the level of business in Africa and the Indian Ocean.

Specialized Activities

Revenue totaled 2.45 billion euros, comparable to last year's figures thanks to an 18% increase for Railways which offset the drop posted by the other lines of business: Sales of refined products (-12%), Waterproofing (-10%), Safety and Signaling (-8%) and Pipelines (-4%).



Current operating income totaled 332 million euros (390 million euros in 2013)

Current operating income totaled 332 million euros compared to 390 million euros in 2013, with a current operating profit margin of 2.7% (3.0% in 2013).

The Roads business posted a current operating profit margin of 3.3%, almost identical to 2013 (3.4%), thanks to:

- improvement for businesses in the international zones and French Overseas Departments, in particular in central Europe, North America and the Asia/Pacific rim,
- good resistance of subsidiaries in Mainland France where operating profit margin amounted to 3.3%, against 4.2% in 2013, despite the brutal collapse of the business (-13%, of which -600 million euros in 10 months). This rapid contraction was partially amortized thanks to the new organization that the Group had rolled out as of January 2013 in anticipation of a market downturn. Additional adaptation efforts continued throughout the year, as the market was harder hit than forecast.

Current operating income for **Specialized Activities excluding refined products** amounted to 57 million euros, compared to 68 million euros in 2013. Railways have made strong headway and Pipelines have improved their operating performance. On the other hand, Waterproofing and Safety and Signaling recorded a decrease in operating profit margin in downward trending markets.

Sales of refined products recorded current operating losses of 64 million euros (46 million euros in 2013) despite major streamlining and investment efforts over the last three years. Outlook for the base oil market does not foresee any improvement in the medium-term. The Dunkirk refining unit at the Colas subsidiary SRD will cease the production of base oils at the end of the first quarter 2015, and will focus solely on the production of bitumen and a few by-products (fuels).

Operating income totaled 265 million euros (379 million euros in 2013) including non-current operating expenses of 67 million euros (11 million euros in 2013)

The majority of the expenses relate to the new configuration at the refining production unit in Dunkirk. Halting the production of base oils has led Colas to depreciate the industrial assets required for the production of oils, in addition to expenses incurred with the Employment Preservation Plan. The unit will continue to produce bitumen on the Dunkirk site; nonetheless, the workforce will be reduced.



Net profit attributable to the Group totaled 604 million euros (312 million euros in 2013)

This includes a share of income from associates and joint ventures for an amount of 413 million (78 million in 2013), of which net after tax capital gain of 385 million euros following the sale of Colas' stake in highway concession company Cofiroute at the beginning of 2014.

After 18 million euros in cost of net debt, similar to 2013 (21 million euros), and 65 million euros in income tax expense (120 million euros in 2013), net profit attributable to the Group amounted to 604 million euros (312 million euros in 2013).

Solid financial structure

Net cash flow amounted to 610 million euros, compared to 667 million euros in 2013.

Net capital expenditure came to 456 million euros, compared to 289 million euros in 2013, an increase which reflects a need to upgrade industrial sites and to perform a number of major road and rail contracts currently on order. 2013 was a particularly low year for comparison.

Therefore, free cash flow¹ came to 154 million euros (378 million euros in 2013).

As part of a targeted external growth policy, Colas reinforced its network in Australia and Ireland (road construction) and in Denmark (production and sales of asphalt mix). Net financial investments (excluding impact of the sale of Colas' stake in Cofiroute) amounted to 42 million euros (97 million euros in 2013).

The Group's financial structure is solid, with a high level of shareholders' equity at 2.9 billion euros and net cash at 682 million euros at end-December 2014, compared to 31 million euros at end-December 2013. This improvement in net cash benefitted from the proceeds generated by the sale of the stake in Cofiroute.



Net profit at Colas

Net profit for the parent company Colas amounted to 826 million euros, compared to 170 million euros in 2013.

Dividend

The Board of Directors will put forward a proposal to the General Shareholders' Meeting on April 14, 2015 to pay out a dividend of 15.40 euros per share (total amount distributed: 503 million² euros). This dividend comprises an ordinary dividend at 4 euros (representing 60% of net profit attributable to the Group excluding the capital gain from the sale of the stake in Cofiroute) and an extraordinary dividend which corresponds to the distribution of roughly half of the cash generated by the sale of the stake in Cofiroute. Last year, a dividend of 7.26 euros per share was paid out.

Board of Directors

The Board of Directors will put forward a proposal to the General Shareholders' Meeting on April 14, 2015 to approve the appointment of Ms. Catherine Ronge, coopted during the Board Meeting on August 27, 2014, and to renew the appointments of Mr. Hervé Le Bouc, Mr. François Bertière, Mr. Olivier Bouygues, Ms. Martine Gavelle, Ms. Colette Lewiner, and the Bouygues company.

If the General Shareholders' Meeting approves the proposed resolutions, the Board of Directors will comprise 8 Directors, over 1/3 of which are female Directors and independent Directors.

Outlook

At the end of December 2014, work-on-hand remains high at 7.2 billion euros, up 1% from work-on-hand at end-December 2013. A breakdown of work-on-hand confirms the trends observed over the last three quarters of 2014, with an 8% increase in work-on-hand in the international units and French Overseas at 4.123 billion euros and a 7% drop in work-on-hand in Mainland France at 3.035 billion euros.

² Based on the number of shares as of December 31, 2014



Hypotheses for outlook on the Group's markets are as follows:

- The roads business in 2015 could be roughly similar to 2014, with:
 - a downward trend in business in Mainland France that could amount to -6 to -7%, in the wake of additional cuts in government funding to local authorities, uncertainty as to the territorial reform, and trends in the overall economic environment. The positive impact of a State-Region Plan that is currently being finalized and new infrastructure funds generated by a tax hike on diesel fuel will only be felt as of 2016;
 - an increase in business in the international units:
 - in North America, where the road market in the United States should benefit from a progressively improving economy, and in Canada, where the economy has remained solid even if the recent drop in oil prices could slow down activity in the West (Alberta),
 - in Europe, where the market could be stable on the whole, with differences amongst the countries,
 - in Asia, Australia, Africa, Indian Ocean (including French Overseas Departments), which should be buoyant;
- Specialized Activities will operate in contrasting markets for each line of business. Railways should continue to make headway in growth-oriented markets both in France and around the world, whereas, for the Sales of refined products sector, the sale of base oil will be halted as of the second half year. Revenue for this line of business (428 million euros in 2014) could drop roughly 70%.

In this environment, Colas will pave the way forward with strategic actions, in particular for Roads in the international units and Railways. Colas has the financial means needed to continue to expand, in particular half of the cash generated by the sale of the stake in Cofiroute which will not be distributed as dividends.



Action plans have been launched, with the aim in 2015:

- to reduce losses in the Refining sector. An Employment Preservation Plan is currently being rolled out. The production of base oils will be halted at the end of the first quarter. Even if adaptation costs for SRD's Dunkirk site – whose production will be solely focused on bitumen – were provided for at the end of 2014, the first positive effects on results will only be seen during the second half of 2015;
- to pursue the effort to adapt French road subsidiaries to market volumes.

On the basis of all available data, revenue in 2015 could be down slightly.

The Statutory Auditors have duly audited and certified the financial statements.

Financial statements and notes are available at www.colas.com.

A presentation for financial analysts will be held on February 26, 2015 at 11:00 am and will also be made available at www.colas.com.

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Consolidated condensed income statement for 4th quarter 2014

| <i>in millions of euros</i> | 4 th quarter | | Change 2014/2013 |
|--------------------------------------|-------------------------|-------|---------------------|
| | 2014 | 2013 | |
| Revenue | 3,212 | 3,334 | -3.7% |
| Current operating income | 159 | 189 | (30) |
| Other operating expenses | (67) | (11) | (56) |
| Operating profit | 92 | 178 | (86) |
| Net profit attributable to the Group | 89 | 125 | (36) |

Revenue in 2014 by business segment

| <i>in millions of euros</i> | 2014 | 2013 | Change 2014/2013 | Change at constant scope and exchange rates |
|-------------------------------|---------------|---------------|---------------------|------------------------------------------------------|
| Roads Mainland France | 4,459 | 5,142 | -13.3% | -13.3% |
| Roads Europe | 1,660 | 1,401 | +18.5% | +16.1% |
| Roads North America | 2,470 | 2,409 | +2.5% | +4.3% |
| Roads Rest of the World | 1,351 | 1,413 | -4.4% | -2.8% |
| Total Roads | 9,940 | 10,365 | -4.1% | -3.8% |
| Specialized Activities | 2,446 | 2,463 | -0.7% | -1.3% |
| Parent company | 10 | 17 | ns | ns |
| TOTAL | 12,396 | 12,845 | -3.5% | -3.4% |



Revenue in 2014 by geographic zone

| <i>in millions of euros</i> | 2014 | 2013 | Change 2014/2013 |
|--------------------------------|---------------|---------------|-----------------------------|
| Mainland France | 6,108 | 6,903 | -11.5% |
| French Overseas Departments | 474 | 485 | -2.3% |
| France | 6,582 | 7,388 | -10.9% |
| North America | 2,476 | 2,416 | +2.5% |
| Europe (excl. France) | 2,306 | 1,980 | +16.5% |
| Rest of the World ³ | 1,032 | 1,061 | -2.7% |
| International | 5,814 | 5,457 | +6.5% |
| TOTAL | 12,396 | 12,845 | -3.5% |

³ Including French Overseas Territories