



PRESS RELEASE

Boulogne, January 14, 2016

Production and Sales of Refined Products activity in France is halted.

SRD (Société de la Raffinerie de Dunkerque) is offered for sale.

The Board of Directors of Colas, chaired by Mr. Hervé Le Bouc, met on January 13, 2016 to examine the 3-year Business plan and review the Group's activities.

During the meeting, the Board studied the cessation of the production and sales of refined products activity in France, along with the project to sell SRD, Société de la Raffinerie de Dunkerque.

For the last several years, this line of business has recorded increasingly high losses, with 22 million euros in current operating losses in 2012, 46 million in 2013, 64 million in 2014 and an estimated 75 million for 2015.

At the end of 2014, in an effort to save the SRD production site, the decision was made to suppress the base oil production lines and to refocus the industrial tool on the production of bitumen. The target was to progressively reach the operating break-even point in 2016 and 2017, in a market where the price of crude oil was at the time still over 100 dollars a barrel.

Unfortunately, the year 2015 showed that this model was not viable for Colas. In particular, crude oil prices have continued to fall since the end of 2014, coming close to the 30-dollar mark. This mechanically led to a decrease in the sales price of refined products, a drop which was worsened by lower demand in France and in Europe due to the sharp contraction of road markets. Inversely, the purchase price of the raw material (Vacuum residue) required for the production processes did not decrease in the same proportions.

The Price Scissors effect created by lower bitumen sales prices and raw materials prices that remain high has reduced refining profit margins to practically zero, leaving fixed costs at the production unit uncovered. Therefore, the cost price of refined products is much higher than the sales price of bitumen.

Faced with what is a lasting market configuration, projected losses have led to the halt of the production and sales of refined products activity and the Group is now looking for a buyer for SRD. A plan will be negotiated to find the best possible solutions for the workforce at SRD, which employs 111 people.



This decision results in the recognition of non-recurring expenses in the financial statements at December 31, 2015 for an amount of some 80 million euros.

With the non-recurring expenses recognized as above, net income for Colas in 2015 should be close to that of 2014, excluding the capital gain from the sales of the stake in Cofiroute.