2017 INTEGRATED REPORT

MAKING PROGRESS BECOME REALITY
THE BOUYGUES GROUP ECOSYSTEM

MAIN TRENDS IMPACTING THE GROUP

- Population growth and urbanisation
- Climate change
- Digital and technological revolution
- Changing user behaviour

MAIN STAKEHOLDERS

- Our customers and users
- Our people
- Our financial community
- Our suppliers and subcontractors
- Civil society

THE BOUYGUES GROUP’S CONTRIBUTION TO SOCIETY

WHAT WE DO

MAKE LIFE BETTER EVERY DAY

PLEDGES

- Solutions that meet environmental challenges
- A more sustainable and desirable urban environment
- Innovation and technology to make life better
- Stronger social ties by bringing people closer and together

FUNDAMENTALS OF THE GROUP’S CULTURE

- Respect
- Creativity
- Empowerment
- Imparting expertise

THE STRATEGY OF THE GROUP AND OF ITS BUSINESS SEGMENTS

THE GROUP’S STRATEGIC GOAL

TO CREATE VALUE OVER THE LONG TERM AND SHARE IT WITH STAKEHOLDERS

Within the framework set by the Group, the business segments roll out their strategic priorities in order to fulfil the mission and pledges pursued by Bouygues.

SOLUTIONS THAT MEET THE GROUP’S PLEDGES

- Solutions that meet environmental challenges
- Solutions for a more sustainable and desirable urban environment
- Solutions that use innovation and technology to make life better
- Solutions that create stronger social ties by bringing people closer and together

RESULTS THAT MEET THE GROUP’S GOAL OF CREATING VALUE

- For our customers and users
- For our people
- For our financial community
- For our suppliers and subcontractors
- For civil society
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Meeting today’s major challenges over the long term whilst making life better every day for as many people as possible

I’m often asked what is the Bouygues group’s main strength and distinguishing feature more than sixty-five years after its creation.

Without doubt, the Group’s main strength is having people who share the same culture and robust values, and that it can count on stable shareholders – SCDM* and its employees – who are very much involved in the conduct of its business. This is what enables us to meet challenges with a long-term vision.

Three priorities guide our strategies and action. They are to:

- **satisfy our customers and retain their loyalty, since this is the reason for our existence.** Designed with our partners, our innovative products and services must help them meet the major challenges of today (demographic, climatic, digital) over the long term, whilst making life better every day for as many people as possible;

- **conduct our business with respect for all our stakeholders** and create value for our employees and shareholders;

- **maintain a healthy financial situation and a reasonable level of debt** in order to continue independent decision-making in all circumstances. Furthermore, the diversification of our activities helps to cushion the impact of the difficulties that some of them may experience from time to time.

Before making any strategic decisions, in my opinion, the most important thing to bear in mind is that our company is a real-life journey that deserves the utmost respect since its people work tirelessly, using their energy and talent to make life better every day.

**MARTIN BOUYGUES, CHAIRMAN AND CEO**

30 August 2018

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(a) SCDM is a company controlled by Martin and Olivier Bouygues
Bouygues at a glance

at 31 December 2017

SIMPLIFIED ORGANISATION CHART

CONSTRUCTION

BUILDING & CIVIL WORKS

PROPERTY

TRANSPORT INFRASTRUCTURE

(1952) 100%

(1956) 100%

(1986) 96.6%

MEDIA

TELECOMS

ALSTOM (since 2006) 28%

BUYGUES

CONSTRUCTION BUSINESSES

Consolidated sales €25,753 m

Three business segments:
Bouygues Construction
Bouygues Immobilier
Colas

MEDIA

Sales €2,125 m

Business segment: TF1

TELECOMS

Sales €5,086 m

Business segment: Bouygues Telecom

THREE SECTORS OF ACTIVITY, FIVE BUSINESS SEGMENTS
GROUP OWNERSHIP STRUCTURE

Main shareholders
366,125,285 shares

Voting rights
489,672,012 voting rights

SCDM®
Employees
Other French shareholders
Foreign shareholders

38.9%
21.0%
17.6%
22.5%

29.1%
29.4%
17.6%
23.9%

(a) SCDM is a company controlled by Martin and Olivier Bouygues

SENIOR MANAGEMENT
at 1 June 2018

Parent company
Martin Bouygues
Chairman and CEO
Olivier Bouygues
Deputy CEO
Philippe Marien
Deputy CEO
Olivier Roussat
Deputy CEO

Heads of the five business segments
Philippe Bonnave
Chairman and CEO of Bouygues Construction
François Bertière
Chairman of Bouygues Immobilier
Hervé Le Bouc
Chairman and CEO of Colas
Gilles Pélisson
Chairman and CEO of TF1
Olivier Roussat
Chairman and CEO of Bouygues Telecom

KEY FIGURES

Sales
€32,904m (+4%)

Current operating profit
€1,420m (+27%)

Operating profit
€1,533m (+62%)

Net profit att. to the Group
€1,085m (+48%)

Net debt
(€1,914m) (-€48m)

GROUP HEADCOUNT BY REGION

115,530 employees

11,438
5,885
956
13,042
17,205
67,004

France
Europe (excl. France)
Africa & Middle East
Asia-Pacific
North America
Central & South America

FIND OUT MORE
> See the “Governance” section of this Report (p. 30)
Ecosystem and positioning
The ongoing construction of the New Coastal Road on Reunion Island.
Four trends providing opportunities

We live in an age dominated by a range of interdependent phenomena – from population growth to environmental change – in a world where resources are under all sorts of pressure. At the same time, the ongoing digital revolution is reshaping the business models of companies and the behaviour of citizens. In these rapidly changing times and in our globalised economy, the Bouygues group has pinpointed four macrotrends that have a significant impact on its activities and business models.

**POPULATION GROWTH AND URBANISATION**

In 2050, the world population will reach 9.8 billion individuals, 66% of whom will be living in urban environments and 21% aged over 60. This developing urban fabric gives rise to several challenges:

- Traffic congestion and diversification of mobility solutions.
- Strong demand for infrastructure construction and renovation (according to the European Union, almost 110 million buildings in Europe need thermal renovation to meet the energy-saving targets set by the EU for 2050).
- Managing more complex flows and networks.
- Developing an urban culture that emphasises quality of life (public health, safety, accessibility and social harmony).

**CLIMATE CHANGE**

Since 1970, annual greenhouse gas (GHG) emissions have increased by over 80%, leading to social and environmental disruption. The Paris Agreement calls for these emissions to be cut three-fold globally between now and 2050. This will entail the following:

- Strengthening procedures to reduce GHG emissions and adapt to climate change.
- Finding ways of harnessing natural resources - water, fossil fuels and raw materials - that are compatible with protecting ecosystems (especially via waste reduction initiatives).
- Governments and businesses having to act within new frameworks.
- Taking better account of the collateral effects arising from the use of fossil fuels, especially on public health.

**DIGITAL AND TECHNOLOGICAL REVOLUTION**

Today’s digital infrastructures enable half of the world’s population to access the internet. By 2020, 20 billion connected devices will be in service. These new technologies are revolutionising behaviour at work and home while also changing the way companies conduct business.

- Technology is impacting people and businesses by introducing connected objects, artificial intelligence, blockchain, and more besides, into their daily lives.
- Digital technology is becoming part of everyday life.
- We have easy and immediate access to information, products and services.
- Huge amounts of data are being generated, harvested and processed.
- Newcomers capable of shaking up long-established value chains are ramping up.

**CHANGING USER BEHAVIOUR**

In line with the advent of digital technologies and the current societal challenges, consumer expectations and habits are also changing.

- Products and services need to be more adaptable and customised.
- The concept of use is becoming increasingly important, alongside ownership, resulting in the increased sharing of goods and services.
- People have greater expectations as regards social well-being and inclusion.

In addition to these macrotrends, the pressure exerted on public finances, both in Europe and further afield, is leading local authorities to find new funding solutions for their development projects (infrastructure, etc.).

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(a) Source: UN
(b) Source: European Parliament
(c) Source: IPCC (Intergovernmental Panel on Climate Change)
(d) Source: Gartner
(e) A blockchain is a decentralized, distributed and public digital ledger that is used to record transactions across many computers so that the record cannot be altered retroactively without the alteration of all subsequent blocks and the consensus of the network (Wikipedia definition)
Supporting towns and cities in adapting their infrastructure to demographic, climate-related and public-health challenges and to improve living environments.

Helping local authorities enhance the services provided to their citizens (transport infrastructure, communication networks, social-cohesion initiatives).

Offering customers innovative products and services by adapting to environmental regulations, both present and future.

Helping people simplify their daily lives by harnessing new digital technology and innovative infrastructure (housing, working methods, mobility, entertainment and communication).

Meeting user expectations with respect to product and service customisation through consultation and unlocking the potential of data.

Helping customers and users save energy and make sustainable use of natural resources.
Expectations of the Group’s stakeholders

Bouygues considers the expectations and needs of its stakeholders, drawing on a variety of communication channels adapted to each one. This dialogue fuels the creativity of the Group’s teams.

**OUR CUSTOMERS AND USERS**

Infrastructure and service users, public and private-sector customers, retail customers

*What they’re looking for:* Straightforward, innovative solutions for a better quality of life

*How we dialogue:* Customer relations teams, satisfaction surveys, Customer committees, collaborative platforms, external social media, blogs and trade fairs

**OUR PEOPLE**

Employees and trade unions

*What they’re looking for:* A rewarding, meaningful career in which everyone feels respected. Initiatives promoting health and safety at work

*How we dialogue:* Employee consultation bodies in operations worldwide, an extranet site dedicated to career development at Bouygues, and in-house social media
OUR FINANCIAL COMMUNITY

Shareholders and investors, banks, analysts and rating agencies

What they’re looking for: The Group’s ability to deliver on strategy, meet its announced targets and create value over the long term

How we dialogue: Tailored presentations, one-to-ones, investor conferences and roadshows, AGMs, regulated documentation, business reports and answering questions from financial and extra-financial rating agencies

CIVIL SOCIETY

Citizens, local residents, charities and NGOs, academia and science, public authorities and the media

What they’re looking for: Contributions to public well-being and action on issues affecting society, responsible and transparent policies, and two-way dialogue

How we dialogue: Charitable foundations, conferences, partnerships with NGOs, community and skills patronage, active engagement in research and education, participation in think tanks and non-profit organisations

OUR SUPPLIERS AND SUBCONTRACTORS

Industrial partners, large groups, SMEs and start-ups

What they’re looking for: New business opportunities and fair dealings

How we dialogue: Contractual relations, supplier and subcontractor CSR-performance assessments, and co-innovation and co-development partnerships with suppliers and subcontractors

FIND OUT MORE
See the “Results” section of this Report (p. 38)
What the Bouygues group does

It is the Bouygues group's firmly-held belief that meeting essential day-to-day needs with an ethical and responsible attitude helps drive improvement for society as a whole. As such, the aim of its Business segments is to provide innovative solutions that improve people's daily lives.

**MAKING LIFE BETTER EVERY DAY**

is what drives the Group’s people.

Driven by a thirst for excellence and challenge, they create, with passion and a sense of respect, the solutions that will achieve this, and make the four following pledges to provide:

- **Solutions that meet environmental challenges**
- **A more sustainable and desirable urban environment**
- **Innovation and technology to make life better**
- **Stronger social ties by bringing people closer and together**

FIND OUT MORE

See the "Strategies, expertise and solutions" section of this Report (p. 12)
Fundamentals of our culture

The fundamentals of the Group’s culture provide the framework through which each Business segment expresses its own values and specific culture. They are the cornerstone which encourage commitment, passion and a personal touch from all the Group’s employees – something which makes Bouygues unique.

**RESPECT**

Respect, in the way we treat people, the commitments we make, for society as a whole and business ethics, is a key value for the Group. Respect, accompanied by consideration, is what binds us together. Respect benefits both giver and receiver. It determines our methods of management. For the Bouygues group, each and every person is important.

**CREATIVITY**

Creativity is what drives each of the Business segments to innovate. It fosters a mindset that encourages initiatives that go into uncharted territory.

**EMPOWERMENT**

Promoting an entrepreneurial spirit within the Group requires allowing people to free up their energy and dare to make their own decisions. Trust, responsibility and a guaranteed right to make mistakes are prerequisites for this empowerment. An open culture in which employees share the Group’s goals and ethics allows everyone to steer their own course.

**IMPARTING EXPERTISE**

Receiving, developing and imparting are the driving force in relations between people at the Bouygues group. We are proud of being able to nurture our employees and grow talent by imparting expertise to the next generation. This solidarity between generations is driven by the culture of imparting expertise.

“At Bouygues, people are our most important resource. This means that their mindset, just as much as their skills, is key to our success and progress.”

MARTIN BOUYGUES
Modular construction techniques used for the Clement Canopy towers in Singapore
Group strategy

The Bouygues group aims to create value over the long term and share it with its stakeholders. In order to accomplish its mission, the Group draws on its stable ownership structure and complies with a number of fundamental strategic principles through which its Business segments roll out their operational strategies.

Creating value over the long term and sharing it with stakeholders

- A strong financial structure
- Recurrent free cash flow generation
- Businesses that provide growth over the long term and diversification of activities
- A selective long-term presence in international markets
- High value-added products and services
- A stable ownership structure that secures the long-term vision
- Tight control over the value chain
Bouygues aims to share the value created by the Group with its stakeholders both regularly and over the long term. That is why it has set a target to generate free cash flow recurrently and strives to retain a healthy balance sheet.

Businesses that generate growth over the long term and diversification of activities
The Group operates in industries where growth is driven by constantly evolving fundamental needs such as housing, transportation and communication. Furthermore, its Business segments are each dependent on different business cycles, which helps cushion the Group from economic fluctuations.

Recurrent free cash flow generation
By combining high growth potential and Business segment diversity, the Group is capable of generating free cash flow recurrently.

Growth of the Group and sharing of value
This free cash flow can be used to finance further development by the Group and share value among stakeholders.

Strong financial structure
Furthermore, to ensure its independence and preserve its business model over time, the Group has always strived to maintain a robust financial structure and tight control over debt. Gearing, corresponding to net debt over shareholders’ equity, stood at 19% at 31 December 2017. Among the rating agencies, Moody’s has assigned Bouygues a rating of A3 with a stable outlook and Standard & Poor’s BBB+ with a positive outlook. Within the Group’s portfolio, the construction businesses tie up the least amount of capital and generate a high level of cash flow.

One of the main features of the Bouygues group is its special ownership structure featuring two major shareholders:

- SCDM (a company controlled by Martin and Olivier Bouygues), which owns 21% of the capital and has 29.4% of the voting rights, and;
- its employees, who own 17.6% of the capital and have 23.9% of the voting rights.

This structure is a result of Bouygues’ desire to give its employees a stake in the success of their company. It is now the CAC 40 company with the highest level of employee share ownership, which both reflects and strengthens the commitment of its workforce. Bouygues' ownership structure enables it to enact its strategies over the long term.

To contribute to achieving value creation over the long term, all of the Group’s Business segments share a certain number of strategic drivers:

- Tight control over the value chain
  The standards of operational excellence and efficiency shared within the Group prompt each Business segment to gain control over its entire value chain. As a result, they have become skilled in incorporating the best internal and external expertise into the Group, making it possible to offer full-service solutions to customers. The business partners with which they engage are of all sizes, ranging from start-ups to major groups.

- High value-added products and services
  Each Business segment aims to stand out from the competition by offering high value-added solutions and user experiences. This has made the Group a benchmark in complex infrastructure and sustainable construction projects. But more than that, Bouygues strives to be a “creator of better living” in housing and urban environments, or by simplifying the digital experience for its telecoms customers.

- A selective long-term presence in international markets
  The Bouygues group has expanded into international markets in a selective manner, taking advantage of only those growth opportunities that meet its risk-management standards. Today it operates in almost 90 countries. International business accounts for almost half of its construction businesses’ sales.

This is the framework through which each Business segment enacts its operational strategies, in fulfilment of the mission and pledges pursued by the Group (see p.10).

In order to underpin and strengthen their strategic priorities, they are also all working on the following three strategic projects:

- Improving productivity using digital technology.
- Drawing on digital technology to invent tomorrow's business models.
- Increase cross-disciplinarity in order to capitalise on all the Group’s expertise.

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(a) At 31 December 2017
(b) Assigned on 5 July 2018
(c) Assigned on 12 July 2018
The strategic priorities of the Bouygues group’s businesses

CONSTRUCTION BUSINESSES

Bouygues’ construction businesses are Bouygues Construction, Bouygues Immobilier and Colas. The Group is therefore active in building and civil works, property development, and transport and energy infrastructure. Bouygues is a key player in France and abroad.

A strong and selective international presence

Bouygues operates in high-growth countries with low risk profiles.

(a) An international expert in credit insurance and risk management
Strategic priorities

Controlling key resources

Whether aggregates and bitumen for road-building or land for property development, control over resources is vital for the Group’s construction businesses. This enables them to manage supply availability and quality, and it also leads to improved competitiveness and margins for the Business segments. Moreover, aware of how important it is to safeguard natural resources and the increasing difficulty of accessing primary deposits, the Group is implementing a circular-economy strategy as a way of securing supply and protecting the environment.

Leading the markets for the construction and renovation of buildings and infrastructure

Bouygues builds and maintains a wide range of infrastructure designed to meet the needs arising from urbanisation and demographic growth. This includes buildings of all sizes and uses, from residential property, office property and retail space to hospitals and universities. Bouygues also builds and maintains transport infrastructure such as bridges, tunnels, roads and motorways, airport runways and tram lines, as well as power grids and telecommunications networks. Furthermore, in order to cope with ageing infrastructure, the Group has developed expertise in renovating assets, even whilst they remain in operation.

Helping customers control energy consumption and designing less carbon-intensive construction methods

The consequences of climate change represent an opportunity to stand out from the competition in the eyes of its customers – by offering a fuller range of products and services and by transforming construction methods. The Group works to optimise the energy efficiency of structures throughout their entire lifecycle. During construction, customers are offered the option of bioclimatic design, bio-sourced materials and embedded technologies generating renewable energy from solar, biomass, wind, geothermal or other sources. Once the asset is operational, having the capacity to generate renewable energy on-site can reduce customers’ charges and even generate income, as this energy may be exchanged between interconnected buildings or used in local storage solutions (e.g. for electric vehicles and second-life batteries). In addition, smart home and smart office solutions can help occupants use just the right amount of energy for their needs.

Leading the market for urban design and development – from the individual housing unit, to the neighbourhood and smart city

Bouygues is a market leader in the design and development of sustainable neighbourhoods. The Group consults customers and local people, and works hand in hand with local stakeholders to develop projects that promote well-being and harmonious living by providing pleasant surroundings, soft mobility and a range of services. It also aims to safeguard the environment by protecting biodiversity, recycling waste, preserving water and reducing energy consumption.

Beyond the neighbourhood level, Bouygues is active in developing smart cities, urban spaces in which equipment and appliances use a broadband network to provide a full range of solutions, including made-to-measure street lighting, smart parking, CCTV, electric mobility and a wide assortment of services for the community.

Offering customers an enhanced, personalised experience and scalable products that can adapt to changing needs

The Group’s strategy is to develop a range of personalised products that better meet customers’ expectations, such as connected buildings, modular and reversible housing units that evolve in line with occupants’ needs, collaborative and shared workspaces (Nextdoor) and more besides.
MEDIA

As the leading private television group in France, the role of TF1 is to inform and entertain. It offers viewers a diverse range of channels and services—available on all devices—that include exceptional events for all generations. TF1 aims to become a leading multi-channel, multi-media and multi-platform group, providing content and entertainment, and covering the value chain from production to distribution.

**Strategic priorities**

*Continue transforming the business model of unencrypted television*

The TF1 group has repositioned its five unencrypted TV channels both in the market and relative to each other, and continues to adapt their business models. Additionally, to increase monetisation of content and services, TF1 has continued to digitalise sales channels and other tools. It is also trialling innovative sales ideas in conjunction with the advent of addressable TV\(^\text{a}\). Brand monetisation and promotion draws on all TF1 group assets, especially the diversified activities.

*Develop new sources of growth in production and digital media*

TF1 wants to increase the share of the activities other than advertising on the five unencrypted channels. To achieve this, it has prioritised two growth avenues:

- **Production:**
  TF1 will draw on Newen, the TV production and distribution unit bought in 2016. Newen has carved out a place as a major player in the European production market, having successfully launched new shows on all the legacy channels as well as developing original series for new customers such as OCS, Netflix and Amazon. It is aiming to expand outside of France and branch out into light entertainment, animation and international co-productions.

- **Digital media:**
  TF1 is looking to target new communities, offer innovative communication solutions to advertisers, and continue developing programmatic advertising and content marketing. Buying the aufeminin group in 2018 will help forge a different kind of relationship with advertisers as TF1 will be able to leverage the strong web audiences and the communities engaged with this group’s brands (aufeminin.com, Marmiton and My Little Paris).

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(a) This shows different ads to different households while they are watching the same programme.

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**KEY FIGURES**

5 unencrypted TV channels\(^\text{a}\)

32.3\(^\text{b}\) audience share (TF1 group\(^\text{a}\))

More than 10 million\(^\text{c}\) unique visitors per month on MYTF1

3,060 employees

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(a) TF1, TMC, TFX, TF1 Séries Films, LCI
(b) Among women under 50 who are purchasing decision-makers – Médiamétrie annual average
(c) On television screens via home gateways. Source Médiamétrie/ Médiamat, 2017 average on IPTV
TELECOMS

Bouygues Telecom is a major player in the French telecommunications market. It is committed to delivering the best digital experience to as many people as possible and to developing uses by making them simpler and more accessible.

Strategic priorities

Deliver the simplest customer experience possible
A simple and seamless customer experience is at the core of Bouygues Telecom’s strategy. This is obtained by digitalised services and straightforward, efficient purchasing processes – backed by the commitment of its 3,500 customer and sales advisers.

Ensure reliable, high-quality access to mobile and fixed networks
Bouygues Telecom’s 4G network will cover 99% of the French population by the end of 2018 to support growing mobile internet use. In the fixed segment, the company aims to bring very-high-speed internet to as many people as possible and is stepping up the roll-out of its fibre network so that it can offer its products and services to 12 million households by end-2019.

Reinvigorate the regions by helping reduce the digital divide
By sharing mobile infrastructure and laying fibre, Bouygues Telecom is able to offer its services to new customers throughout France, particularly in its least densely populated regions. In this way, it creates stronger bonds with its customers by expanding local sales of its products and services.

Offer a full range of mobile and fixed solutions to businesses
As the business market is an avenue of growth, Bouygues Telecom intends to strengthen its position in mobile and fixed services, particularly by expanding its fibre network. Its Objenious subsidiary is supporting the development of the Internet of Things (IoT) using LoRa® technology, which covers 93% of the French population. Objenious helps customers harness the power of their data by helping them choose which sensors to use, by providing a secure network, as well as a processing platform and business apps.

(a) Combined with the LoraWAN™ protocol, the market standard, Lora® ensures long range connectivity and reduced energy consumption

FIND OUT MORE
> www.corporate.bouyguestelecom.fr
Twitter: @bouyguestelecom

95% of the French population covered with 4G at end-2017

KEY FIGURES

17.8 million customers
500 stores in France
3,500 customer and sales advisers
7,400 employees

17.8 million customers
95% of the French population covered with 4G at end-2017

500 stores in France
3,500 customer and sales advisers
7,400 employees

(a) Combined with the LoraWAN™ protocol, the market standard, Lora® ensures long range connectivity and reduced energy consumption
Innovation culture and management

Innovation is central to Bouygues’ strategy and culture. It is essential to creating more services and value added for customers and users. It also helps the Group to improve its competitiveness, whatever the project.

The Group’s strength is that it has been able to set up mechanisms allowing it to pool the expertise of its Business segments and enhance it thanks to the development of an ecosystem of partners. The Bouygues group’s Business segments are uniquely well-placed to foster collective thinking about how to create new interfaces between infrastructure of all kinds (public and private buildings, roads, shopping centres, utilities, etc.) in order to simplify the ways in which they are used – for the benefit of all urban stakeholders.

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SMART BUILDING ALLIANCE
A consortium of smart building players

IDEAS LABORATORY
An Open Lab of CEA* which focuses on uses

THE SHIFT PROJECT
A think tank working towards the decarbonisation of the economy

MIT-ILP
The MIT* industrial liaison programme

CAP DIGITAL
The French innovation cluster comprising more than 1,000 digital technology players

PARIS&CO OPEN INNOVATION CLUB
A group of 60 major firms who want to speed up the transformation of their structures via open innovation

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DIGITAL TRANSFORMATION COMMITTEE
Decision-makers from each of the Business segments meet to implement the digital transformation plan on the internal, external and cultural levels.

DIGITAL CULTURE
Adapting to digital culture through challenges, training (e.g. The Digital Academy with Netexplo) and exchange (e.g. Cap Digital).

ACTIVE MONITORING OF TECHNOLOGICAL ADVANCES WORLDWIDE
The Group learns a great deal from the work and thinking of its technology intelligence units in the US and Asia.

THINK TANKS AND ACADEMIC INSTITUTIONS
Bouygues draws on outside expertise – research centres, universities and think tanks – to create new innovative products and services.

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FUTURA MOBILITY
The think tank of the mobility industry

PULSE
The PULSE collaborative innovation programme (an institute of CEA*)

ANRT
The National Association of Research and Technology

WINNOVATION (SAN FRANCISCO, BOSTON)
BOUYGUES ASIA (TOKYO)

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TRANSFORMERS CLUB
A group of employees from the Bouygues group’s five Business segments advises the Group’s Digital transformation committee.

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(a) The French Alternative Energies and Atomic Energy Commission
(b) Massachusetts Institute of Technology, Boston
Every year, 50 employees from the Group’s five Business segments use nimble and collaborative methods to devise new business activities that complement the Group’s existing ones on themes related to the city of the future.

Bouygues’ intrapreneurship challenge is open to all employees and helps identify promising projects.

Selected projects are assisted by e-lab (the Group’s innovation unit), Schoolab and The Family.

Bouygues’ intrapreneurship policy draws on the diversity and depth of the Group’s know-how in order to come up with new business models. The action tank, comprised of senior executives from all the Group’s Business segments, is a decision accelerator.

In the belief that open innovation yields benefits, Bouygues launched a Group-wide initiative in 2015.

The R&D teams of the five Business segments carry out research in all the major domains that impact the Group. These initiatives create new products and services and result in the filing of patents.

Colas, with its Campus for Science and Techniques (CST), has the biggest private road construction research centre in the world.

Major Group-wide projects such as BIM (Building Information Modelling), the Smart City or 5G result in cross-disciplinary work at Group level.

Bouygues stimulates enhanced exchange with start-ups in order to accelerate commercial partnerships.

Bouygues Construction’s open innovation challenge

A software solution that monitors and coordinates cross-disciplinary start-ups at Group level

The highlights of the Group’s relations with its eco-system of start-ups

Each business segment has set up its own fund for the purpose of acquiring minority stakes in start-ups when they launch.

Bouygues Telecom Initiatives

Consortium Ventures (Bouygues Construction)

Bird (Bouygues Immobilier)

CIB Développement (Colas)

One Ventures (TF1)

AN INNOVATION-FRIENDLY ECO-SYSTEM
Group solutions and flagship projects

In keeping with its mission to make life better every day, the Group develops innovative solutions that improve people’s lives. Here are some examples of the solutions that meet its commitments.

SOLUTIONS THAT MEET ENVIRONMENTAL CHALLENGES

REDUCING THE ENERGY DEPENDENCE OF URBAN ENVIRONMENTS

THE GROUP’S EXPERTISE

Low-carbon buildings, positive- and passive-energy buildings, bioclimatic architecture, smart grids (especially IssyGrid® in the Paris region), large-scale solar farms, photovoltaic road surfaces (Wattway), generation of renewable energies, geothermal energy, solar and photovoltaic energy, building maintenance, etc.

IN PICTURES

Inaugurated in 2017 in Paris, Green Office® Enjoy comprises a mixed timber-concrete structure and is the largest positive-energy commercial building carrying the BBCA low-carbon building label.

On the right, the Nohej solar farm in Japan is expected to supply around 3,000 households with energy.

VIDEO

> Green Office® Enjoy
https://lc.cx/m7K8

FIND OUT MORE

> A presentation of Green Office® Enjoy
(In French only)
https://lc.cx/mbyK
RENOVATING TO IMPROVE THERMAL COMFORT IN BUILDINGS

THE GROUP’S EXPERTISE
Renovation of residential and commercial property (even whilst these assets remain in use), energy efficiency, home automation, renovation of historic buildings, etc.

IN PICTURES
In Saint-Herblain, western France, Le Sillon de Bretagne (around 3,000 residents) is the biggest renovation operation in Europe where people remained in their homes whilst work was carried out. Twelve operations were started simultaneously to renovate 580 housing units, reconfigure 6,000 m² of office space, build public amenities and create an opening towards a neighbouring park. A new external envelope was installed on the building. One of the results of this rehabilitation was a three-fold reduction in energy consumption.

BETTER BUILDINGS TO REDUCE WASTE

THE GROUP’S EXPERTISE
Deconstruction, recycling and reusing materials (circular economy), lifecycle analysis (LCA) carried out at the design stage, timber construction (new builds and rehabilitation) and mixed timber-concrete structures, modular construction, R&D into low-carbon concrete, etc.

IN PICTURES
West of Paris, near La Désfense business district, Nanterre Cœur Université eco-neighbourhood ~ 500 housing units, 27,500 m² of offices and 14,400 m² of retail space ~ underwent lifecycle analysis (LCA) focusing on its buildings, infrastructure, services and transport facilities. The benefits included a reduction in water run-off by the provision of landscaped areas (around 12,000 m²).

In the roadbuilding activity, cold in-place recycling gives a second life to road surfaces. In 2017, recycled asphalt mix accounted for 15% of Colas’ worldwide production of asphalt mix, equating to the annual bitumen production of a mid-sized refinery.
THE GROUP’S EXPERTISE
Centrally managed urban services, dynamic road-marking solutions, connected objects, connected lighting columns and parking spaces, electric vehicle charge points, etc.

IN PICTURES
In Dijon, France’s first smart city, information about shops and events such as temporary road closures can be displayed to inhabitants using mobile apps or connected billboards.

VIDEO
> Dijon, the first smart and connected metropolitan authority
https://lc.cx/m6yR

FIND OUT MORE
> A presentation of Dijon smart city
https://lc.cx/m6CW
In the town of Gland, Eikenett, the largest eco-neighbourhood in French-speaking Switzerland, with 1,200 residents, has become a standard-setter thanks to its meadows and areas planted with indigenous species that all residents can enjoy. Eikenett was the first neighbourhood to be awarded the “Nature & Économie” label.

IMPROVING URBAN QUALITY OF LIFE

THE GROUP’S EXPERTISE
Green spaces, urban agriculture and biodiversity, home automation and connected objects, functional diversity, local services, etc.

IN PICTURES

https://lc.cx/m6FU
THE GROUP’S EXPERTISE

A dynamic road-marking solution, connected smart housing that can be controlled remotely, optimised logistics using connected objects (reducing disturbances from road haulage), a fully customisable home configurator app, etc.

IN PICTURES

Developed by Colas’ R&D unit, Flowell – launched in late 2017 – is a road-marking solution that improves safety for pedestrians, optimises urban space and regulates traffic flows for various means of transport.

Flexom makes living in your connected home so much better – it’s possible to control it remotely and monitor energy consumption thus helping to reduce bills, etc.
**THE GROUP’S EXPERTISE**

Exoskeletons, Oscar connected hard-hats, co-working centres, etc.

**OPTIMISING WORKER COMFORT**

**IN PICTURES**

Exoskeletons are being rolled out in more and more Bouygues group construction subsidiaries to make manual labour on worksites less arduous. For example, ExoPush was designed in partnership with start-up RB3D to make spreading asphalt by Colas site workers more comfortable.

On the right, a presentation in Lille of Oscar 2.0, the connected hard-hat. It increases the safety of site workers in three different ways: it can detect high voltage currents, it has an integrated light for night work and an embedded hands-free communication system.

**VIDEOS**

- ExoPush
  https://lc.cx/mukC
- Oscar 2.0
  https://lc.cx/m7VK
STRONGER SOCIAL TIES BY BRINGING PEOPLE CLOSER AND TOGETHER

A simple, ultra-fast and reliable connection

Experiencing momentous events together

CONNECTING, INFORMING, ENTERTAINING

THE GROUP’S EXPERTISE
Telecoms infrastructure, very-high-speed fixed and mobile services, telephone-TV-internet home gateways, viewer/customer relations, exclusive content, digital multimedia services (VoD, catch-up TV, etc.), neighbourhood social networks (mutual assistance, etc.)

IN PICTURES
Since January 2017, the 4G Box has been available to 10 million eligible households living in France’s less densely populated areas. TF1 produces and airs varied television shows that bring people closer together. This is particularly the case when it broadcasts exceptional events suitable for all ages.

FIND OUT MORE
> See Bouygues Telecom’s 4G technology (In French only): https://lc.cx/m7Vt
> The “Entre voisins” app (In French only): https://lc.cx/m7V7
THE GROUP’S EXPERTISE

Urban planning that includes functional diversity, improved urban transport infrastructure (tunnels for underground and overground trains, bridges, Bus Rapid Transit Routes, cycle paths), etc.

METRO LINES IMPROVE URBAN MOBILITY

Créteil l’Échat is one of the future metro stations (see above) on Line 15 South connecting Noisy-Champs station in the east with Pont de Sèvres station in Boulogne-Billancourt, in the west of the Paris region. This will be the first line on the Grand Paris Express rapid transit project. Bouygues is a pivotal player in the construction of Grand Paris Express.

IN PICTURES

In the south-east of Hungary, Highway 47 (12.6 km), which also comprises two rail bridges and an underpass for pedestrians and bikes, is being built.

FIND OUT MORE

> The “Grand Paris Express” rapid transport project at a glance
https://lc.cx/rd6Fw
Governance

At Challenger, the headquarters of Bouygues Construction, for the World Health & Safety day.
Governance that is adapted to a long-term strategy

Thanks to its ownership structure Bouygues boasts a stable governance that is adapted to the structure of a diversified group, thus giving it the ability to implement its value creation strategy over the long term. Reflecting its culture, the Group’s governance focuses on empowerment and dialogue between the parent company and the Business segments.

COMPOSITION OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES

at 1 June 2018

14 directors

- Independent directors: 5
- Directors representing employees or employee shareholders: 4
- Directors representing SCDM*: 4
- Others: 2

Balanced lengths of service

- 10 years and over: 4
- 5 – 9 years: 5
- Less than 5 years: 5

Special committees

Three special committees comprised solely of independent directors and directors representing employees or employee shareholders

100% of committees are chaired by an independent director

46% Women on the Board

55 years Average age of directors

(a) SCDM is a company controlled by Martin and Olivier Bouygues
(b) Excluding directors representing employees

VARIED AND COMPLEMENTARY EXPERIENCE AND SKILL SETS

Since the Group operates through such a wide range of Business segments, from construction and media to telecommunications, the skill set of its Board needs to be particularly diverse.
THE WORK OF THE BOARD AND ITS COMMITTEES

At the heart of the Group’s major strategic challenges

The Board ensures the Group’s strategy is followed. Every major strategic decision affecting Bouygues and its Business segments is examined at the meetings. For example, over the past 12 months, the following planned acquisitions:

• Colas’ acquisition of the Miller McAsphalt group in Canada,
• the acquisition by Bouygues Construction and Colas of Alpiq Engineering Services,
• the Siemens/Alstom agreement

were reviewed by Bouygues’ Board of Directors.

Work of the Committees

AUDIT COMMITTEE

• Oversees the financial statements and financial information preparation process.
• Verifies the effectiveness of internal control and risk management systems.
• Organises the selection of auditors and monitors their work.
• Reviews the risk map and major litigation.

6 meetings in 2017

ETHICS, CSR AND PATRONAGE COMMITTEE

• Ensures compliance with the Group’s values and rules of conduct.
• Monitors issues relating to compliance, CSR and changes to business models.
• Tracks implementation of Sustainable development roadmaps by the Business segments.
• Gives its opinion on patronage actions to the Board.
• Approves new Compliance programmes (such as the Embargoes and Export Restrictions Compliance programme in 2017) and revisions to the Code of Ethics and to existing Compliance programmes.

5 meetings in 2017

SELECTION AND REMUNERATION COMMITTEE

• Gives its opinion to the Board on appointments and term-of-office renewals of the directors, the CEO and Deputy CEOs.
• Gives its opinion on the composition of committees to the Board.
• Issues proposals to the Board on calculation methods and the amount of remuneration paid to corporate officers.
• Recommends policy for stock-option grants.

3 meetings in 2017

KEY FIGURES: WORK OF THE BOARD IN 2017

96% average attendance
6 meetings
THE GROUP’S SENIOR MANAGEMENT

In 2016, Martin Bouygues took steps to prepare the Group for the future by appointing two new Deputy Chief Executive Officers, Olivier Roussat and Philippe Marien.

The Group Management Committee is comprised of the four Executive Officers of the parent company and the five heads of the Business segments, who all have vast experience within the Group.

Each Business segment defines its own business strategy within the framework of the overall vision as determined by the parent company. As such, the Business segments work to meet the major challenges facing the Group whilst retaining a great deal of freedom in managing their own operations.

Continuous and constructive dialogue between the parent company and the Business segments is pivotal in ensuring harmonisation and coordination at the highest level.

Self-standing subsidiaries coordinated by the parent company and Business-segment heads involved in the Group’s senior management

In line with practices at the parent company, the boards of directors of each Business segment are supported by committees that enhance their decision-making in areas such as accounts, business ethics and remuneration.
REMUNERATION OF EXECUTIVE OFFICERS IS HEAVILY DEPENDENT ON PERFORMANCE

The remuneration of Bouygues SA Executive Officers has a fixed portion, an annual variable portion and a multi-year variable component. The overall package also comprises a capped supplementary pension benefit. Variable remuneration has the following features:

- **It is performance-related**
  The remuneration of Executive Officers includes a significant variable portion indexed to the Group’s performance in relation to the targets set forth in the business plan.

- **It is linked to the Group’s financial strength**
  One of the quantitative criteria determining annual variable remuneration is change in net debt during the year versus the target in the business plan.

- **It is linked to CSR and Compliance performance**
  Extra-financial criteria account for a significant portion of Executive Officers’ variable remuneration.

ETHICS AND COMPLIANCE: A PERMANENT COMMITMENT BY THE GROUP

In 2006, the Bouygues group introduced a Code of Ethics, which sets out the essential values to which the Group and its employees are expected to adhere in performing their professional duties. It is intended to help employees make decisions in real-life situations by reference to clear and precise principles.

Certain major themes have since been expanded on in full Compliance programme documents. The Ethics, CSR and Patronage Committee, a driving force within this domain, is systematically informed whenever serious shortcomings are observed and monitors the remedial measures.

In these Compliance programmes, the Group reiterates the main regulations and rules of conduct that are applicable, and specifies the measures for information, prevention, control and penalties that are to be implemented within the Business segments.

The Code of Ethics and the Compliance programmes, which are disseminated to employees, are updated regularly based on feedback.

In 2017, an extensive review was carried out to update them concurrent with the publication of a new Compliance programme, on embargoes and export restrictions. The corporate whistleblowing facility was also revised subsequent to enactment of France’s Sapin 2 anti-corruption and transparency law.

As with the parent company Bouygues SA, each Business segment has its own Ethics committee and Ethics officer.
Managing the risks inherent to the Group’s business activities

Risk management at the Bouygues group is based on principles that guide how employees act at all corporate levels, namely: prudent thinking, application of experience, pre-emptive action and long-term vision, transparency and collegial decision-making. To coordinate and improve major risk control, the Group has implemented a risk management procedure underpinned by these principles.

RISK MANAGEMENT PROCEDURE

Each year, the major risks faced by the Group’s activities – from strategic and operational to financial, legal and IT risks – are identified and assessed at three levels: operating entity, Business segment and Group. Action plans are drafted and implemented to improve control over these various risks.

This procedure, which follows an annual cycle, involves a large number of operational and support employees who work to supply regular, transparent information to governance bodies and share expertise between generations.

(a) Business segment profit centres
MAJOR CONSTRUCTION PROJECTS

Major construction projects can incur significant risks:
• In the design phase: design flaws, under-budgeting, poor assessment of the local environment, etc.
• In the execution phase: counterparty business failures, difficulty in recruiting human resources, construction defects leading to cost overruns, quality problems or failure to meet deadlines.

COMPLIANCE AND ETHICS

The Group’s business activities are diversified, decentralised and present in many different countries. Consequently, it must work extremely hard to prevent and detect unethical behaviour, such as fraud, failure to comply with competition law and corruption.

BUSINESS CONTINUITY AND CYBERSECURITY

Cyber-attacks and attempts to hack into network and information systems may result in critical operating systems becoming unavailable or sensitive data being stolen.

ACQUISITIONS AND DIVERSIFICATION

Acquisitions entail risks related to identifying and valuing target companies as well as assessing their development potential, and taking into account any regulatory requirements. The integration stage can also be difficult. Acquired companies performing below expectations can in some cases result in the recognition of impairment charges.

DISINTERMEDIATION

New digital players have appeared or are emerging in the markets in which the Group operates.
• Property and construction: emerging digital platform operators are offering innovative ways of selling directly or managing the various parts of the value chain.
• Media and telecoms: TV viewing is becoming non-linear and broadcasters are facing heightened competition from new providers such as web TV channels and GAFAN*.

MARKETS

The Group’s Business segments operate in markets that are often very competitive and subject to rapid change. For example:
• Construction markets have always been subject to changes and cycles driven by external factors, from economic and political contexts and purchasing power to long-term interest rates, and administrative and tax measures.
• Due to changes in the public’s TV viewing habits, a mismatch may arise between editorial needs and past programme acquisitions.
• The market for mobile telephony in France is highly competitive. Promotions have become a permanent feature.

(a) Acronym standing for Google, Apple, Facebook, Amazon and Netflix

Description of risks | Examples of actions implemented
---|---
MAJOR CONSTRUCTION PROJECTS | • A validation process specific to major projects  
|  | • Special monitoring and management structures (e.g. Colas Projects)  
|  | • Monitoring of risks specific to major projects, with findings shared with senior management  

COMPLIANCE AND ETHICS | • Clear rules are disseminated by means of the Group Code of Ethics, the Compliance programmes and the Internal Control Reference Manual  
|  | • A visible commitment from senior executives of the Group and of each Business segment  
|  | • Awareness-raising exercises among employees and regular training of those most exposed  

BUSINESS CONTINUITY AND CYBERSECURITY | • Protective mechanisms for systems and data  
|  | • Management of authorisations for accessing information systems  
|  | • Supervisory and incident management systems  
|  | • Raising awareness among employees  
|  | • Security audits  
|  | • Cyber-risk insurance  

ACQUISITIONS AND DIVERSIFICATION | • Investment committees and specific approval bodies  
|  | • Clear definition and monitoring of risks associated with planned transactions  
|  | • Investment monitoring and full progress reviews  

DISINTERMEDIATION | • More products and services harnessing digital technology, e.g. Dijon smart city  
|  | • TF1 is branching out into production (Newen, etc.) and digital content (MyTF1 and aufeminin.com)  
|  | • Open innovation  

MARKETS | • Business line diversification  
|  | • Geographical diversification  
|  | • Innovation in products and services, maintaining the edge over competitors  
|  | • Cautious management of property assets

FIND OUT MORE
> The Group’s 2017 Registration document, Risk factors chapter  
https://lc.cx/m7Hc
Results
A seamless customer experience features at the heart of the strategy.
Results and financial outlook

The Bouygues group’s businesses strengthened their positions in 2017, and it either met or exceeded all its financial targets.

2017 FULL-YEAR RESULTS

<table>
<thead>
<tr>
<th>TARGETS</th>
<th>ACTUAL</th>
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</table>
| Continued improvement in the Group’s profitability | Current operating margin: 4.3%  
• +0.8 points vs 2016  
• +1.4 points vs 2015 |
| Increase current operating profit and current operating margin in the construction businesses | • Current operating profit: +€69 million vs 2016  
• Current operating margin (excl. Nextdoor\(^a\)): 3.6%  
• +0.1 points vs 2016  
• +0.4 points vs 2015 |

\(^a\) Excluding a capital gain of €28 million on the sale of 50% of Nextdoor and remeasurement of the residual interest  
\(^b\) EBITDA/Sales from Network

OUTLOOK

The Bouygues group expects to continue to **gradually improve its profitability** in 2018:

- Benefiting from an upbeat environment in France and international markets, the **construction businesses** will continue to be selective and focus on profitability rather than volumes. The current operating profit\(^a\) and current operating margin\(^a\) of the construction businesses are expected to improve versus 2017.
- **TF1** confirmed its targets to improve profitability:
  - from 2018, a higher **current operating margin**, excluding major sporting events;
  - in 2019, a **double-digit current operating margin** and activities other than advertising of the five unencrypted channels to contribute at least one-third of consolidated sales;
  - an **annual average cost of programmes reduced to €960 million\(^b\)** over the 2018–2020 period for the five unencrypted channels.
- **Bouygues Telecom** is experiencing profitable growth momentum with a free cash flow target of €300 million for 2019. Sales from Services are expected to grow by more than 3% in 2018 versus 2017, with a higher EBITDA/sales from services margin than in 2017 and gross capital expenditure of around €1.2 billion.

\(^a\) Excluding a capital gain of €28 million in 2017 on the sale of 50% of Nextdoor and remeasurement of the residual interest  
\(^b\) Excluding major sporting events
“The Group is very well positioned in high-growth potential sectors, which ensures a promising outlook for all its businesses.”

MARTIN BOUYGUES

FINANCIAL FLOWS GENERATED BY THE GROUP IN 2017

€ millions

In 2017, the Bouygues group generated sales of €32,904 million. This diagram illustrates how the value created by the Group is shared with its main stakeholders.

- CAPITAL INCREASE 363
- SALES 32,904
- DISPOSAL OF FINANCIAL ASSETS 222
- FLOWS REDISTRIBUTED TO STAKEHOLDERS 31,155
- INVESTMENTS 1,770
- 21,885 Suppliers, service providers and subcontractors *
- 5,562 Employees
- 2,822 State and local authorities ∗
- 606 Shareholders ∗
- 226 Banks ∗
- 54 Community ∗
- 1,527 Capital expenditure
- 243 Financial investment
- 48 Amounts drawn from net cash ∗

(a) Purchases and other external expenditure
(b) Income tax, social security contributions and other taxes
(c) 2016 dividends paid in 2017, of which €73 million paid to employees
(d) Cost of debt and other charges
(e) Donations, patronage and sponsorship
(f) After changes in the working capital requirement (WCR) and currency effects
Long-term value creation shared with our stakeholders

CUSTOMERS AND USERS

OUR PLEDGE

The Group’s aim is to offer customers and users innovative, personalised solutions that make daily living better, whilst offering them a successful customer experience at the same time.

#1 Co-designing products and services
To identify the needs of its customers and users, the Group designs their future products and services in consultation with them.

#2 Making the user experience more seamless
The Bouygues group adapts its services to different types of clientele in order to offer them a simple and efficient experience.

#3 Draw inspiration from user and customer feedback
The Group maintains constant dialogue and contact with its customers and draws inspiration from their feedback in order to continually improve and adapt its products and services in line with their expectations.
RESULTS

#1 – Co-designing products and services

Examples:
- Bouygues Construction has developed a serious game called City Play in order to co-construct with all the stakeholders of a future sustainable neighbourhood (local residents, town hall, not-for-profit organisations, local authorities, architects, retailers, etc.) the project most in line with their expectations.
- Bouygues Immobilier is rolling out the “Entre Voisins” app, a social network for the occupants of its apartments, in all its property developments. This software, developed jointly with residents, can be used to create services and strengthen ties between users who live in the same apartment building.
- Flowell, a new dynamic road-marking solution developed by Colas, was rolled out in 2017 on several pilot sites. The aim is to test it in real conditions and get feedback from partner local authorities and users in order to see whether it meets requirements, is easy to use and integrates well into the urban environment.

#2 – Making the user experience more seamless

Examples:
- Bouygues Telecom offers its customers more independence and a more seamless experience across all its channels as 65% of ‘customer actions’ can be done digitally. One hundred Woobe adviser, who are volunteer employees from all the operator’s business lines, assist customers remotely using new 2.0 tools and share their knowledge of digital technology.
- TF1 has created Box TF1 Publicité, an electronic advertising purchasing solution that modernises and simplifies relations with media agencies. TF1’s advertising sales unit thus provides an optimal experience to its customers who are very impressed with the solution as it saves them considerable time.

#3 – Draw inspiration from user and customer feedback

Examples:
- Bouygues Telecom involves its customers in the improvement of its plans and services by listening to their opinions within its customer committees. These are unique consultation bodies within the telecoms sector and are comprised of a selection of 20 representative customers.
- Bouygues Construction and Bouygues Immobilier employees meet with the people living in the residential properties that they design in order to get their feedback following handover. This initiative helps to correct any malfunctions. In July 2017, Bouygues Immobilier obtained an average satisfaction score of 4.2 out of 5 from 856 customers one day after handover of their property.

FIND OUT MORE
> The “Entre voisins” app (In French only)
https://lc.cx/m7V7
> Flowell
https://lc.cx/m6Cm
The Bouygues group is committed to promoting job satisfaction among all its employees whilst preserving their physical well-being and ensuring that each person is fully respected.

### Results

#### The Group’s accident frequency rate

The Bouygues group is committed to reducing the number and severity of accidents at work and, more generally, is working towards better employee health. Furthermore, a specific action plan to combat fatal traffic accidents has been introduced.

#### The 2020 target for women managers in the Group

In the belief that diversity is an asset, the Group has set a target of increasing the proportion of women managers in France from 18% to 20% by 2020.

#### Turnout in workplace elections in 2017

Healthy labour relations is one of Bouygues’ hallmarks. In France, the Group boasts an extremely high turnout in workplace elections, far higher than the nationwide average.

Outside France, the Group encourages the creation of employee consultation bodies. As a result, 63% of the Group’s companies outside France have official employee representation.

#### Number of work/study contracts

The Bouygues group has a dynamic work/study policy. Renewed hiring in France and the increased scope for hosting this type of student has encouraged the use of work/study contracts, which rose sharply year-on-year.

#### Employees trained in 2017

Employees are encouraged to develop their skills for the purposes of personal career advancement and to meet the challenges facing the Group. In early 2018, the Group rolled out its “Digital academy”, thanks to which every employee in France and abroad can improve their digital culture.

#### More than 3,000 employees switched jobs within the Group in 2017

Close to 1,000 vacancies are available for consultation at any given time by employees using Mobyclic, the Bouygues careers extranet site.

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(a) Number of accidents involving time off work x 1,000,000/number of hours worked

(b) France and companies with more than 300 employees outside France, namely 93.6% of the headcount

(c) 42.76% according to France’s national council on labour relations

(d) Companies with more than 300 employees
HIGHLIGHTS OF 2017

Appeal

Bouygues is the first group in France to gain the Top Employer label for all its activities. In early 2018, it was also ranked the fifth most appealing employer in France by LinkedIn.

In 2017, the Group launched its ninth leveraged plan, called Bouygues Confiance 9, for a sum of €150 million. Also last year, the Bouygues Confiance 6 plan, launched in 2012, matured. Employees’ initial contribution to this plan was increased eightfold.

New hires

In total, the Group recruited 30,641 new employees in 2017, of which 10,043 in France (up 34% versus 2016).

Employee share ownership

In 2017, the Group recruited 30,641 new employees in 2017, of which 10,043 in France (up 34% versus 2016).

FIND OUT MORE

> The “Talents” section on www.bouygues.com
https://lc.cx/m6C2
> The Group’s 2017 Registration document, section 3.2, Human resources information
https://lc.cx/m6Cb
The Bouygues group’s aim is to create value over the long term via a sustainable growth model, featuring recurrent free cash flow generation. Its dividend policy is an integral part of this long-term strategy.

The dividend has been increased steadily, year after year, or at the very least was left unchanged – even during challenging times. The Group pursued this policy while at the same time reducing debt (at end-2017, net debt stood at €1.9 billion, its lowest level in 15 years). In response to good results in 2017, the dividend was increased by €0.10 to €1.70 per share, reflecting the Group’s confidence in its ability to continue growing its results.

At €828 million in 2017, the Group’s free cash flow was more than double the 2016 figure, marking a return to sustainable growth after several years in which business was affected by the crisis in the telecoms sector and more challenging conditions in the French construction industry.

The dividend has been increased steadily, year after year, or at the very least was left unchanged – even during challenging times. The Group pursued this policy while at the same time reducing debt (at end-2017, net debt stood at €1.9 billion, its lowest level in 15 years). In response to good results in 2017, the dividend was increased by €0.10 to €1.70 per share, reflecting the Group’s confidence in its ability to continue growing its results.
Total shareholder return*

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 15 years</td>
<td>110%</td>
</tr>
<tr>
<td>Over 10 years</td>
<td>4%</td>
</tr>
<tr>
<td>Over 5 years</td>
<td>129%</td>
</tr>
<tr>
<td>2017</td>
<td>32%</td>
</tr>
</tbody>
</table>

For 2017, the total shareholder return was 32%, underpinned by a sharp increase in the share price and the payment of a dividend of €1.60.

(a) Total shareholder return is the rate of return on a share over a specified period. The calculation includes both the dividends received and the capital gain generated.

HIGHLIGHTS

A trust-based relationship

Bouygues met with nearly 700 investors and held 12 investor roadshows (including one focusing on governance) in seven different countries and it attended 13 pan-industry or sector-specific conferences and 2 SRI conferences.

Moody’s lifts Bouygues’ credit rating

- On 5 July 2018, Moody’s lifted its rating from Baa1 positive outlook to A3 stable outlook
- On 12 July 2018, Standard and Poor’s maintained its BBB+ positive outlook rating

Ranked on ESG indices

Bouygues is ranked on the following ESG indices: STOXX Global ESG Leaders, FTSE4Good, MSCI Europe and Middle East Index.

FIND OUT MORE

See “Investors pack” section on www.bouygues.com
https://lc.cx/m6CB
HIGHLIGHTS OF 2017

More responsible timber sourcing

In December 2017, WWF France and Bouygues Construction renewed their partnership relating to sustainable urban environments and responsible timber sourcing. The aim is to boost supplies of wood from sustainably managed forests and from distributors guaranteeing full traceability.

Promoting start-ups and Civic Tech

During the VivaTech event (Paris, June 2017), Bouygues launched a challenge for Civic Tech start-ups whereby they had to reinvent tools for community consultation and civic involvement. Madeinvote, the app made by the winning start-up, which can be used by local residents to choose which shops they would like to see in their area, will be made available to residents of the new Eureka Confluence sustainable neighbourhood in Lyon.

(a) Civic Tech: technology that enables engagement, participation or enhances the relationship between citizens and government (Source: Wikipedia).
CIVIL SOCIETY

OUR PLEDGE

Bouygues wants to contribute to the public good and act responsibly towards civil society. As a committed partner, the Group shares its knowledge, provides funding, and offers and listens to feedback, and is always intent on spearheading innovation.

RESULTS

**Group patronage and sponsorship spending**

<table>
<thead>
<tr>
<th>Year</th>
<th>€ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>44.6</td>
</tr>
<tr>
<td>2015</td>
<td>49.0</td>
</tr>
<tr>
<td>2016</td>
<td>51.9</td>
</tr>
<tr>
<td>2017</td>
<td>53.7</td>
</tr>
</tbody>
</table>

**729** young people awarded grants by the Francis Bouygues Foundation

In the educational arena, the Francis Bouygues Foundation enables deserving, motivated school leavers from low-income backgrounds to undertake long courses of study and fulfil their career goals. In the past 13 years, it has provided grants to **729** young people of **36** different nationalities.

**A**  
The rating awarded by CDP* to Bouygues

This rating places the Group among the 25% best rated companies worldwide for their efforts to reduce carbon emissions.

(a) Formerly the Carbon Disclosure Project

HIGHLIGHTS OF 2017

**Social impact investing**

Bouygues is supporting the rapid development of social impact investing in France through the **Impact partenaires fund**. As a pioneer in this field in France, this fund provides seed capital to business people with ambitious social impact plans for employment. Since its creation, the Impact partenaires fund has continually focused its efforts on underprivileged neighbourhoods.

**Environment**

Colas is one of the five main companies worldwide for recycling by tonnage. In 2017, all efforts to recycle and reuse materials by Colas represented a volume of **9 million tonnes**, saving the equivalent of the average production of **17 quarries**.

In 2017, Bouygues Telecom, partnering with WWF France, Suez, Samsung and Recommerce Solutions (a reconditioning provider), ran the first **national campaign for collecting used mobile handsets** for either reconditioning or recycling. The campaign collected a total of 252,000 used devices.

**Occupational integration**

In 2017, as part of its initiatives to facilitate **occupational integration** and train young people from underprivileged neighbourhoods, the TF1 Corporate Foundation took on **12** young people for **two years**. Almost **350 students** from underprivileged neighbourhoods were also welcomed on work placements.

**Humanitarian aid**

Terre Plurielle, the Bouygues Construction corporate foundation, provides financial support or skills patronage to charity projects promoting access to education, employment and healthcare. These projects are sponsored by its own employees. In 2017, **203 projects in 25 countries** were selected. Bouygues Construction also helps rehabilitate schools and rebuild housing in disaster-stricken areas.
About this Report

Bouygues is publishing its first ever Integrated Report this year.

The report aims to provide a general overview of the Group and its business activities and is aimed at all stakeholders. By describing its environment, presenting its strategic and cultural fundamentals and a glimpse of its expertise, it shows how the Group creates value for its stakeholders.

It has been designed to be informative so that the reader may obtain a comprehensive picture of the Group and the challenges it faces. This report therefore completes the range of publications produced by the Group by providing access to more detailed content and regulatory information.

The Bouygues group’s Integrated Report draws inspiration from the benchmark framework proposed by the IIRC. It is the result of collaboration between the Group’s senior management and various other departments.

The report was also submitted to a panel of stakeholders before it was published. This exchange was used to amend the text and identify potential avenues of improvement for future editions.

The publication of this first-ever Integrated Report has launched a continuous improvement initiative whose aims are to enhance, simplify and clarify content by taking into account, amongst other factors, questions and feedback from readers. Write to: rapport.intege@bouygues.com

Front cover: In Singapore, time to relax in one of the hanging gardens of the New Futura twin towers. Photographer: A. Février/Architects: ADDP – SOM/Landscaper: Belt Collins International.

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Overview of publications

REGISTRATION DOCUMENT
Business, financial, accounting, legal, human resources, environmental and social information for the previous year. Filed with the AMF (the French securities regulator) every year.

AT A GLANCE
A summary of the year (highlights, key indicators) supplemented with corporate information on the Group. Available in eight different languages and via the Bouygues app for tablets (iOS, android).

INVESTOR PRESENTATIONS
Presentation of the Group’s results, strategies and outlook.

BOUYGUES.COM & SOCIAL NETWORKS
All the news, information, publications and job offers of the Bouygues group