

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31/03/2023



Equans technician carrying out maintenance work on an electricity pylon.

BOUYGUES

Making progress become reality

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Note 1 Significant events

1.1 Significant events of the first quarter of 2023

The principal corporate actions and acquisitions of the first quarter of 2023 are described below:

- On 4 January 2023, Bouygues Construction transferred to Equans all of its shares comprising the capital of its Energies & Services operations (i.e. the entities Bouygues Energies & Services and Kraftanlagen Energies & Services GmbH). All the Equans shares received by Bouygues Construction as consideration for the transfer were distributed to its shareholders (i.e. Bouygues SA and SFPG).

The Energies & Services operations of Bouygues, which were part of Bouygues Construction during the 2022 financial year, have been included within the “Equans” IFRS 8 operating segment since the beginning of January 2023. The contribution of the Equans operating segment to the Bouygues group consolidated financial statements as of 31 March 2023 is disclosed in Note 11.

The transfer was carried out on the basis of the historical carrying amount of the Energies & Services operations in the books of Bouygues Construction as a business combination under common control, and has no impact on the Bouygues consolidated financial statements.

- On 9 February 2023, the Paris Commercial Court delivered a ruling in connection with a series of claims lodged by Free Mobile against its competitors, and specifically their so-called “subsidised” smartphone plus mobile bundled offers. The case brought by Free Mobile against Bouygues Telecom relates to Bouygues Telecom’s former bundled offers. The ruling ordered Bouygues Telecom to pay Free Mobile €308 million in damages, and stated that there must be “immediate execution of the judgment”; Bouygues Telecom argues that this is incorrect, as the claim had been lodged prior to 1 January 2020. Bouygues Telecom is contesting this ruling vigorously, believing that its bundled offers are legal and that it has always acted in strict compliance with the law and in the interests of its customers. The ruling is not final, and Bouygues Telecom has lodged an appeal with the Paris Appeal Court. In an order issued on 5 April 2023, the first president of the Paris Appeal Court took the view that it was not for him to examine whether the judges at first instance had ordered immediate execution of the judgement on the basis of an inapplicable law, as that issue related to the merits of the case. He also non-suited Bouygues Telecom’s request for a stay of immediate execution, on the basis that the impossibility of executing the judgement had not been proven. Although Bouygues Telecom continues to contest the validity of immediate execution, Free Mobile has indicated that it intends to enforce execution of the judgement. Consequently, there is a high degree of risk that Bouygues Telecom will be required to disburse the aforementioned amount in the near future. Proceedings are ongoing, both on the merits of the case and on the validity of immediate execution.
- On 15 February 2023, the France Televisions, M6 and TF1 groups announced that they had decided to shut down the Salto platform, and to initiate winding-up proceedings with a view to dissolving the company. Salto discontinued its service on 27 March 2023. As of 31 December 2022, the accumulated losses arising since the incorporation of Salto were offset in the first instance against the short-term cash advances held in its shareholder current account (regarded as a component of the investment in Salto), with the residual losses recognised as a provision for charges. This position did not change during the first quarter of 2023.

1.2 Significant events of the first quarter of 2022

The principal corporate actions and acquisitions of the first quarter of 2022 are described below:

- During the second half of 2021, to protect itself against a rise in interest rates, Bouygues SA entered into a pre-hedging contract with a view to refinancing the bond issue maturing in 2023. Upon the signature in November 2021 of the agreement to acquire Equans from Engie, Bouygues took the decision to enter into pre-hedging arrangements to refinance on the bond markets the syndicated loan intended to fund the acquisition of Equans. Those arrangements were contracted

between November 2021 and January 2022, partly in the form of contingent pre-hedging swaps conditional on completion of the Equans acquisition.

The aggregate fair value of all the pre-hedging swaps as of 31 March 2022 was €439 million (including €165 million for the contingent swaps) before deferred tax liabilities of €113 million, which was recognised as an asset in the balance sheet within “Financial instruments – Hedging of debt”. The corresponding amount as of 31 December 2021 was €38 million before deferred taxes.

As of 31 December 2022, the fair value of the pre-hedging swaps contracted in connection with the acquisition of Equans amounted to €1,015 million before deferred taxes. Of that amount, €146 million was recognised as an asset in the balance sheet within “Financial instruments – Hedging of debt”, and €869 million within “Cash and cash equivalents” following receipt of the upfront cash payments on the May 2022 and November 2022 bond issues. The change in fair value of the pre-hedging swaps for €977 million during 2022 was recognised within “Income and expense recognised directly in equity”. That fair value will be released to profit or loss in line with the pattern of amortisation of the hedged bond issues. The tax payable on receipt of the upfront payments on the pre-hedging swaps amounted to €224 million; this was partially offset against the entire tax losses arising within the Bouygues SA group tax election, such that a net amount of €146 million was paid in tax in this respect during 2022.

- On 23 February 2022, Bouygues Telecom and Cellnex signed an agreement to set up a new company to roll out up to approximately 1,350 new mobile sites in France outside very dense areas. The new company, controlled by Cellnex, will own and manage the sites. Bouygues Telecom will have a call option over Cellnex’s shares exercisable between 1 July and 31 December 2045, 2050 and 2055, which would give Bouygues Telecom control over the new company.
- On 23 February 2022, Bouygues Telecom and Phoenix Tower International (a Blackstone portfolio company based in the United States, specialising in mobile infrastructure construction) and Phoenix France Infrastructures signed an agreement to set up a new company to acquire 2,000 new mobile sites in very dense areas, and to roll out up to 400 additional sites. The new company, a directly owned subsidiary of Phoenix France Infrastructures, will own and manage the sites. Bouygues Telecom will have a call option over the shares of Phoenix France Infrastructures exercisable between 15 January and 15 July 2038 and at two-year intervals to 2051, which would give Bouygues Telecom control over the two companies.
- On 24 February 2022, a military conflict broke out between Russia and Ukraine. Because Bouygues has only very limited operations in those two countries (2021 revenue of €123,000 in Russia and €24,000 in Ukraine), it is not directly impacted by the ongoing conflict. In 2022, no sales were generated in either country. However, the Group is paying very close attention to macro-economic trends and to the direct and indirect repercussions for the Group’s operations and profits.
- On 28 February 2022, TF1 announced that Altice Media had entered into a purchase agreement in respect of the TFX channel (DTT channel 11), and that Altice Media had been granted an exclusivity clause. On 8 April 2022, TF1 announced the finalisation of the agreements with Altice relating to the sale of TFX.

On 24 March 2022, the TF1 group and the M6 group signed an agreement with France Télévisions relating to the buyout of the 33.33% equity interest held by France Télévisions in Salto (the subscription video on demand service owned in equal shares by France Télévisions, TF1 and M6). Under the terms of the agreement, the TF1 and M6 groups undertook that if their merger were completed, they would buy out the 33.33% equity interest held by France Télévisions at a definitive value of €45 million.

Completion of both of those transactions was subject to completion of the proposed merger between the TF1 group and the M6 group, which was abandoned during the second half of 2022.

1.3 Significant events and changes in scope of consolidation subsequent to 31 March 2023

- On 14 April 2023, Bouygues launched a new leveraged employee share ownership plan, “Bouygues Confiance No.°12”. The plan involves a capital increase of a maximum of €150 million (inclusive of share premium) reserved for employees of French companies belonging to the Group, to be effected via a dedicated mutual fund (“FCPE”), the units in which are subject to a lock-up period of five years except where early release is allowed under the law. The effect will be the issuance of a maximum of 6,845,564 new Bouygues shares at a subscription price of €21.912. The FCPE will exercise the voting rights attached to the newly issued shares.

The new shares to be issued will rank for dividend from 1 January 2023. They will be admitted for trading on the Euronext Paris market (on the same quotation line as existing Bouygues shares) as soon as possible after completion of the capital increase, which is scheduled for 27 June 2023. As a reminder, 8,045,000 shares were cancelled during 2022, largely in anticipation of this plan.

- On 3 July 2019, the Singapore Appeal Court upheld the decision at first instance ordering Bouygues Construction subsidiary Dragages Singapore to meet the costs of refurbishing all the cladding on the facades of the Centennial Tower (delivered in 1997) following incidents in 2004, and again in 2011, when cladding panels fell from the tower. On 19 April 2023, Dragages Singapore was ordered by the Singapore High Court to pay €39 million that has not yet been disbursed. That ruling is appealable, but any appeal would not suspend its execution. The financial statements for the first quarter of 2023 include an additional provision sufficient to cover the risk as estimated by Bouygues group management.
- Further to the selection of the TF1 channel by Arcom on 22 February 2023 in the call for bids for a DTT broadcasting licence, TF1 signed a new agreement with Arcom on 27 April 2023 under which it will be able to use the DTT spectrum for a period of ten years starting on 6 May 2023.
- Following a Competition Council (now the Competition Authority) ruling on 9 May 2007, the Île-de-France Regional Authority (the “Region”) filed a compensation claim in 2008 for losses it claimed to have incurred as a result of anti-competitive practices by construction companies in connection with the award of public works contracts for the renovation of secondary school buildings in the region.

As the Conflicts Court decided on 16 November 2015 that this dispute came within the jurisdiction of the Administrative Courts, the Region brought a case in the Paris Administrative Court on 28 March 2017, with claims for damages for each school, and for all jointly liable defendants to jointly and severally pay an indemnity of 16.4% of the price paid for each secondary school.

The Paris Administrative Court ruled that the indemnity claims were barred by limitation in several judgements dated 29 July 2019.

The Region appealed and the Administrative Court of Appeal held in a judgement dated 19 February 2021 that the Region’s claim was not barred by limitation and ordered the prejudice to be assessed by a court-appointed expert. Appeals against this ruling were lodged with the Conseil d’État (Supreme Administrative Court) by the companies concerned, including appeals lodged by Bouygues group companies on 19 April 2021. The Conseil d’Etat decided to examine the appeals in stages, and on 9 May 2023 issued an initial series of decisions on the first group of appeals to be heard. A decision from the Conseil d’Etat on the appeals lodged by the Bouygues group companies is expected in the coming weeks; it is likely to be identical in substance, given that the same arguments were used in each case.

The expert assessment ordered by the Administrative Court of Appeal in 2021, which had been suspended pending a decision from the Conseil d’État, will now resume.

Note 2 **Group accounting policies**

2.1 **Declaration of compliance**

The interim condensed consolidated financial statements of Bouygues and its subsidiaries (“the Group”) for the three months ended 31 March 2023 were prepared in accordance with IAS 34, “Interim Financial Reporting”, a standard issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Because they are condensed, these financial statements do not include all the information required under the standards issued by the IASB, and should be read in conjunction with the full-year consolidated financial statements of the Bouygues group for the year ended 31 December 2022 as presented in the Universal Registration Document filed with the AMF on 22 March 2023.

The financial statements were prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of 31 March 2023. Those standards (collectively referred to as “IFRS”) comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee – previously the International Financial Reporting Interpretations Committee (IFRIC), itself the successor body to the Standing Interpretations Committee (SIC). The Group has not early adopted as of 31 March 2023 any standard or interpretation not endorsed by the European Union.

Unless otherwise indicated, the financial statements are presented in millions of euros, the currency in which the majority of the Group’s transactions are denominated; they 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.

2.2 **Basis of preparation of the financial statements**

The Bouygues group condensed interim consolidated financial statements include the financial statements of Bouygues SA and its six business segments.

They were closed off by the Board of Directors on 15 May 2023.

The interim condensed consolidated financial statements for the three months ended 31 March 2023 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 required under IFRS. They include comparatives with the financial statements for the year ended 31 December 2022 and the three months ended 31 March 2022.

In preparing the interim condensed consolidated financial statements, management used estimates and assumptions as described in Note 2.2 to the consolidated financial statements for the year ended 31 December 2022.

Accounting policies specific to the interim condensed consolidated financial statements are as follows:

- Income tax expense for interim periods is measured in accordance with IAS 34 by applying the best estimate of the average annual effective income tax rate for the full year to the pre-tax profit of the interim period (except for French entities in the Bouygues SA group tax election, for which income tax expense is measured on the basis of the actual tax position at the end of the period).
- Employee benefit expenses for interim periods are recognised pro rata based on the estimated expense for the full year, calculated using the actuarial assumptions and projections applied as of 31 December 2022. Employee headcount, salaries and actuarial assumptions may be revised where the impact is material.

As of 31 March 2023, an average increase of 58 basis points in the discount rates used for lump-sum retirement benefits relative to 31 December 2022 was identified, but was not recognised in the quarterly financial statements. The rates used for pensions are relatively stable compared with 31 December 2022.

The impact on provisions of an additional increase or decrease in discount rates within and outside France would be as follows:

	Assumption	Increase	Decrease
Lump-sum retirement benefits (France)	70 basis points	(40)	46
Pensions (outside France)	50 basis points	(84)	86

In addition, a rise of 50 basis points in the salary inflation rate used in France would result in an increase of €28 million in the provision.

Those impacts would also be recognised in the statement of recognised income and expense.

On 15 April 2023, pension reforms that would raise the statutory retirement age in France to 64 were published in the Official Journal. An analysis of the impacts on the Group is ongoing.

2.3 New IFRS standards and interpretations

The Bouygues group applied the same standards, interpretations and accounting policies in the three months ended 31 March 2023 as were applied in its consolidated financial statements for the year ended 31 December 2022, except for changes required to meet new IFRS requirements applicable as of 1 January 2023 (see below).

- Principal amendments effective within the European Union and mandatorily applicable as of 1 January 2023
 - Amendments to IAS 12

On 7 May 2021, the IASB issued amendments to IAS 12 on the initial recognition of deferred taxes on assets and liabilities arising from a single transaction. The amendments apply to transactions in which an entity recognises both an asset and a liability, such as when accounting for a lease or a decommissioning obligation, and were endorsed by the European Union on 11 August 2022. An impact analysis is ongoing, and is due to be completed during 2023. At this stage, the impact on the Group would appear to be immaterial.

2.4 Seasonality

Sales and operating profit are subject to strong seasonal fluctuations due to low activity levels during the first quarter, primarily at Colas due to weather conditions. The extent of those fluctuations varies from year to year. In accordance with IFRS, sales for interim accounting periods are recognised on the same basis as full-year sales.

Note 3 Non-current assets

3.1 Goodwill

3.1.1 Movement in the carrying amount of goodwill in the first quarter of 2023

	Carrying amount
31/12/2022	12,626
Changes in scope of consolidation	19
Impairment losses charged during the period	
Other movements (including translation adjustments)	(2)
31/03/2023	12,643

The table below shows how goodwill as of 31 March 2023 was determined for significant acquisitions made since 1 January 2022:

	Hasselmann	
CGU	Equans	Colas
Purchase price (I)	6,146	71
Net assets acquired, excluding goodwill (II)	(160)	(25)
Non-current assets	(1,803) ^a	(11)
Current assets	(6,331) ^a	(35)
Non-current liabilities	669	8
Current liabilities	7,305 ^a	13
Purchase price allocation (III)	(783)	
Remeasurement of acquired intangible assets	(989)	
Remeasurement of acquired property, plant and equipment	(30)	
Other remeasurements (including deferred taxes)	236	
Unacquired portion (IV)	6	
Goodwill (I)+(II)+(III)+(IV)	5,209 ^a	46
Translation adjustments		
Goodwill at 31/03/2023	5,209	46

(a) Net assets acquired mainly comprise non-current assets of €1,341m, trade receivables of €2,218m, and customer contract assets of €2,483m, net of trade payables of €2,179m and customer contract liabilities of €1,922m.

The provisional goodwill arising on the Equans acquisition mainly represents (i) the value of paid-for synergies; (ii) contracts and future customer relationships; and (iii) the workforce and its expertise. A strategic review of the acquired assets was begun at the start of 2023, and found that none of them met the criteria for classification as a held-for-sale asset as of 31 March 2023. The provisional goodwill is unchanged relative to 31 December 2022, with the purchase price allocation period due to end on 30 September 2023.

3.1.2 Allocation of goodwill by Cash Generating Unit (CGU)

CGU	31/03/2023		31/12/2022	
	Total	% Bouygues or subsidiaries	Total	% Bouygues or subsidiaries
Bouygues Construction ^a	228	100.00	1,160	100.00
Colas ^b	1,560	96.85	1,562	96.85
Equans ^c	6,160	100.00	5,209	100.00
TF1 ^b	1,299	44.70	1,299	44.51
Bouygues Telecom ^b	3,396	90.53	3,396	90.53
TOTAL	12,643		12,626	

(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.

(c) Goodwill on subsidiaries acquired by the CGU on acquisitions made at parent company (Bouygues SA) level for the CGU. With effect from 1 January 2023, includes the goodwill of the Energies & Services activities transferred to Equans by Bouygues Construction on 4 January 2023 (see Note 1.1), which were included in the Bouygues Construction financial statements for the year ended 31 December 2022.

In the absence of any indication of potential impairment, the goodwill as of 31 March 2023 was not subject to any further impairment testing.

3.2 Investments in joint ventures and associates

An analysis by business segment of the share of net profits/losses of joint ventures and associates is provided in Note 11.

	Carrying amount
31/12/2022	1,686
Share of net profit/(loss) for the period	15
Translation adjustments	(1)
Other income and expense recognised directly in equity	(10)
Net profit/(loss) and other recognised income and expense	4
Appropriation of prior-year profit, dividends distributed, acquisitions and capital increases, disposals, transfers and other movements	48 ^a
31/03/2023	1,738

(a) Mainly an increase in share capital carried out at Nexloop by Bouygues Telecom, amounting to €49m.

Note 4 Consolidated shareholders' equity

Share capital of Bouygues SA

As of 31 March 2023, the share capital of Bouygues SA consisted of 374,486,777 shares with a par value of €1. That includes 2,325,000 treasury shares, of which 500,000 were acquired during the first quarter of 2023 for €16 million. All of the treasury shares are being held with a view to their cancellation.

	31/12/2022	Movements during the 1st quarter of 2023		31/03/2023
		Increases	Reductions	
Shares	374,486,777			374,486,777
NUMBER OF SHARES	374,486,777			374,486,777
Par value	€1			€1
SHARE CAPITAL (€)	374,486,777			374,486,777

Note 5 Non-current and current provisions

5.1 Non-current provisions

	Employee benefits ^a	Litigation and claims ^b	Guarantees given ^c	Other non-current provisions ^d	Total
31/12/2022	788	326	484	652	2,250
Translation adjustments			2		2
Charges to provisions	26	31	10	11	78
Reversals of utilised provisions	(23)	(8)	(9)	(7)	(47)
Reversals of unutilised provisions		(1)	(2)	(15)	(18)
Transfers and other movements	1	(6)		7	2
31/03/2023	792	342	485	648	2,267 *

(a) Employee benefits	792
Lump-sum retirement benefits	545
Long-service awards	147
Pensions	100
(b) Litigation and claims	342
Provisions for customer disputes	91
Subcontractor claims	43
Employee-related and other litigation and claims	208
(c) Guarantees given	485
Provisions for 10-year construction guarantees	378
Provisions for additional building/civil engineering/civil works guarantees	107
(d) Other non-current provisions	648
Provisions for miscellaneous foreign risks	40
Provisions for risks on non-controlled entities	132
Dismantling and site rehabilitation	309
Provisions for social security inspections	89
Other non-current provisions	78

(e) Contingent liabilities of Equans included within "Non-current provisions" amounted to €85m as of 31 March 2023, and mainly comprised €75m of provisions for guarantees given and €8m of provisions for litigation and claims. The level of provisions is stable relative to 31 December 2022.

5.2 Current provisions

Provisions related to the operating cycle

	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for losses to completion	Other current provisions ^a	Total
31/12/2022	102	473	713	544	1,832
Translation adjustments			(2)	2	
Charges to provisions	3	61	77	50	191
Reversals of utilised provisions	(12)	(33)	(91)	(55)	(191)
Reversals of unutilised provisions		(6)	(25)	(3)	(34)
Transfers and other movements	3	10	9	(2)	20
31/03/2023	96	505	681	536	1,818 ^a

Provisions for project risks and project completion, and for losses to completion, relate mainly to Bouygues Construction, Colas and Equans. Individual project provisions are not disclosed for confidentiality reasons.

(a) Other current provisions:	536
Reinsurance provisions	46
Restructuring provisions	34
Site rehabilitation (current portion)	39
Miscellaneous current provisions	417

(b) Contingent liabilities of Equans included within "Current provisions" amounted to €140m as of 31 March 2023, comprising €46m of miscellaneous current provisions; €61m of provisions for losses to completion; €21m of provisions for project risks and project completion; and €12m of provisions for customer warranties. Reversals of utilised provisions amounting to €8m were recognised in the first quarter of 2023.

Note 6 Non-current and current debt

6.1 Breakdown of debt

	Current debt		Non-current debt	
	31/03/2023	31/12/2022	31/03/2023	31/12/2022
Bond issues	101	785	7,348	7,336
Bank borrowings	302	451	3,501	3,833
Other borrowings	127	125	411	417
TOTAL NON-CURRENT AND CURRENT DEBT	530	1,361	11,260	11,586

The €326 million decrease in non-current debt mainly reflects the repayment by Bouygues SA of €600 million of the syndicated loan used to finance the Equans acquisition, partly offset by an increase of €249 million in non-current borrowings at Colas.

Current debt fell by €831 million. This mainly reflects the redemption by Bouygues SA of a €700 million bond issue on maturity in January 2023, and an increase of €139 million in current debt at Bouygues Telecom.

6.2 Covenants and trigger events

All bond issues 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 facilities used by Bouygues SA subsidiaries.

Note 7 Change in net debt

	31/12/2022	Translation adjustments	Changes in scope of consolidation	Cash flows	Fair value adjustments	Other movements	31/03/2023
Cash and cash equivalents	5,736	(5)	3	(2,331)			3,403
Overdrafts and short-term bank borrowings	(418)	7		(154)			(565)
NET CASH POSITION (A) ^a	5,318	2	3	(2,485)			2,838
Non-current debt	11,586	3		(348) ^b	14	5	11,260
Current debt	1,361	(1)		(822) ^b	(2)	(6)	530
Financial instruments, net	(189)	4		(1) ^b	13		(173)
TOTAL DEBT (B)	12,758	6		(1,171)	25 ^c	(1)	11,617
NET DEBT (A) - (B)	(7,440)	(4)	3	(1,314)	(25)	1	(8,779)

(a) Decrease of €2,480m in the net cash position in the first quarter of 2023 as analysed in the consolidated cash flow statement.

(b) Net cash outflow from financing activities of €1,171m in the first quarter of 2023 as analysed in the consolidated cash flow statement, comprising total inflows of €1,173m and total outflows of €2,344m.

(c) Includes a fair value adjustment of €11m relating to pre-hedging swaps contracted in connection with the financing of the Equans acquisition, and €13m of amortisation of bond issuance costs.

Note 8 Sales

	1st quarter of 2023				1st quarter of 2022			
	France	International	Total	%	France	International	Total	%
Bouygues Construction	945	1,335	2,280	19	1,335	1,721	3,056	37
Bouygues Immobilier	309	22	331	3	374	25	399	5
Colas	1,286	1,312	2,598	22	1,249	1,147	2,396	29
Equans	1,502	2,880	4,382	36				
TF1	417	55	472	4	486	65	551	7
Bouygues Telecom	1,930		1,930	16	1,789		1,789	22
Bouygues SA & other	1	13	14		3	10	13	
CONSOLIDATED SALES	6,390	5,617	12,007	100	5,236	2,968	8,204	100

Refer to Note 11 for an analysis of sales by category and business segment.

The reduction in sales at Bouygues Construction reflects the transfer of the Energies & Services activities, now included within Equans (see Note 1.1).

Note 9 Operating profit/(loss)

	1st quarter	
	2023	2022
CURRENT OPERATING PROFIT/(LOSS)	(14)	(77)
Other operating income	10	8
Other operating expenses	(34)	(24)
OPERATING PROFIT/(LOSS)	(38)	(93)

Refer to Note 11 for an analysis of current operating profit/(loss) and operating profit/(loss) by business segment.

First quarter of 2023

Net other operating expenses for the first quarter of 2023 amount to €24 million and relate to Bouygues Telecom, Bouygues Construction, Colas, Equans and TF1. The main items at Group level are €18 million of provisions for risks, and €14 million of restructuring and integration costs.

Other operating income and expenses by business segment are as follows:

- Bouygues Telecom: €10 million of reversals of impairment losses recognised in the fourth quarter of 2022 against rights of use, partly offset by €1 million of network sharing costs;
- Bouygues Construction: €18 million of provisions for risks (including an additional provision of €14 million for the Centennial litigation in Singapore), and €1 million of other operating expenses;
- Colas: €4 million of restructuring costs;
- Equans: €5 million of integration costs; and
- TF1: €5 million of costs relating to the initiation of a digital acceleration strategy accompanied by resource optimisation in 2023.

First quarter of 2022

Net other operating expenses for the first quarter of 2022 amounted to €16 million and related to Bouygues Telecom, TF1, Bouygues Construction and Bouygues SA. The main item at Group level was €17 million of costs relating to the acquisition of Equans.

Other operating income and expenses by business segment were as follows:

- Bouygues Telecom: €8 million of gains from sales of data centres, partly offset by €2 million of network sharing costs and €1 million of other operating expenses;
- TF1: €3 million of costs relating to the proposed merger of the operations of TF1 and M6;
- Bouygues Construction: €5 million of costs for the Energies & Services arm of Bouygues Construction in connection with the proposed acquisition of Equans by Bouygues SA; and
- Bouygues SA: €13 million of costs, mainly relating to the proposed acquisition of Equans from Engie and the proposed merger of the operations of TF1 and M6.

Note 10 Income taxes

Bouygues recognised a net income tax expense of €3 million in the first quarter of 2023.

	1st quarter	
	2023	2022
INCOME TAX GAIN/(EXPENSE)	(3)	27

The effective tax rate was -2% for the first quarter of 2023, versus 19% for the first quarter of 2022. The main impacts on the 2023 first-quarter effective tax rate were tax losses outside France for which no deferred tax asset was recognised; the effective tax rate for the quarter is not representative of the full-year rate.

Note 11 Segment information

The Energies & Services activities of Bouygues Construction have been included within the Equans segment since the beginning of January 2023 (see Note 1.1), which impacts the comparability of the Bouygues Construction contribution between 2022 and 2023. The contribution from Bouygues Energies & Services to Bouygues Construction in 2022 is shown at the end of this note.

The tables below show the contribution made by each business segment to key items in the income statement, balance sheet and cash flow statement:

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
INCOME STATEMENT: 1st quarter 2023								
Advertising					341			341
Sales of services	197	13	143	1,211	128	1,462	58	3,212
Other sales from construction businesses	2,091	318	1,974	3,078				7,461
Other revenues	22		496	109	11	475		1,113
Total sales	2,310	331	2,613	4,398	480	1,937	58	12,127
Inter-segment sales	(30)		(15)	(16)	(8)	(7)	(44)	(120)
THIRD-PARTY SALES	2,280	331	2,598	4,382	472	1,930	14	12,007
CURRENT OPERATING PROFIT/(LOSS) FROM ACTIVITIES	58		(301)	98	40	126	(12)	9
Amortisation and impairment of intangible assets recognised in acquisitions (PPA)			(2)		(1)	(7)	(13)	(23)
CURRENT OPERATING PROFIT/(LOSS)	58		(303)	98	39	119	(25)	(14)
OPERATING PROFIT/(LOSS)	39		(307)	93	34	128	(25)	(38)
Share of net profits/(losses) of joint ventures and associates		4	13	6		(9)	1	15
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	24	1	(245)	62	13	65	(54)	(134)

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
INCOME STATEMENT: 1st quarter 2022							
Advertising				377			377
Sales of services	1,061	12	71	170	1,401	48	2,763
Other sales from construction businesses	1,998	387	1,900				4,285
Other revenues	18		435	14	395		862
Total sales	3,077	399	2,406	561	1,796	48	8,287
Inter-segment sales	(21)		(10)	(10)	(7)	(35)	(83)
THIRD-PARTY SALES	3,056	399	2,396	551	1,789	13	8,204
CURRENT OPERATING PROFIT/(LOSS) FROM ACTIVITIES	85		(291)	61	94	(15)	(66)
Amortisation and impairment of intangible assets recognised in acquisitions (PPA)			(2)	(1)	(7)	(1)	(11)
CURRENT OPERATING PROFIT/(LOSS)	85		(293)	60	87	(16)	(77)
OPERATING PROFIT/(LOSS)	80		(293)	57	92	(29)	(93)
Share of net profits/(losses) of joint ventures and associates	1	1	7	(7)	(4)	(1)	(3)
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	65	(1)	(225)	15	54	(39)	(131)

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
Current operating profit/(loss)	58		(303)	98	39	119	(25)	(14)
• Interest expense on lease obligations	(1)		(6)	(3)	(1)	(7)		(18)
Elimination of net depreciation and amortisation expense and of net charges to provisions and impairment losses:								
• Net depreciation and amortisation expense on property, plant and equipment and intangible assets	39	2	59	46	69	286	17	518
• Charges to provisions and impairment losses, net of reversals due to utilisation	1	6	(5)	(6)	(3)	8	3	4
Elimination of items included in other income from operations:								
• Reversals of unutilised provisions and impairment and other items	(29)	(17)	(20)		(3)	(7)		(76)
EBITDA AFTER LEASES: 1st quarter 2023	68	(9)	(275)	135	101	399	(5)	414

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Current operating profit/(loss)	85		(293)	60	87	(16)	(77)
• Interest expense on lease obligations	(2)		(4)	(1)	(7)	(1)	(15)
Elimination of net depreciation and amortisation expense and of net charges to provisions and impairment losses:							
• Net depreciation and amortisation expense on property, plant and equipment and intangible assets	46	3	66	93	269	1	478
• Charges to provisions and impairment losses, net of reversals due to utilisation	(23)	9	(5)	(2)	9	4	(8)
Elimination of items included in other income from operations:							
• Reversals of unutilised provisions and impairment and other items	(22)	(4)	(22)	(3)	(4)		(55)
EBITDA AFTER LEASES: 1st quarter 2022	84	8	(258)	147	354	(12)	323

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
Financial indicators: balance sheet at 31/03/2023								
NET SURPLUS CASH/(NET DEBT)	3,191	(250)	(769)	55	468	(2,712)	(8,762)	(8,779)
Financial indicators: balance sheet at 31/12/2022								
NET SURPLUS CASH/(NET DEBT)	3,817	(156)	(292)	(24)	326	(2,303)	(8,808)	(7,440)

	Bouygues Construction	Bouygues Immobilier	Colas	Equans	TF1	Bouygues Telecom	Bouygues SA & other	Total
Other financial indicators: 1st quarter 2023								
Cash flow after cost of net debt, interest expense on lease obligations and income taxes paid (I)	105	1	(271)	148	90	396	(42)	427
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)	12	(1)	(14)	(62)	(63)	(521)	26	(623)
Repayment of lease obligations (III)	(11)	(2)	(39)	(45)	(6)	(41)		(144)
FREE CASH FLOW (I) + (II) + (III)	106	(2)	(324)	41	21	(166)	(16)	(340)
CHANGES IN WORKING CAPITAL RELATED TO OPERATING ACTIVITIES (INCLUDING CURRENT IMPAIRMENT AND PROVISIONS)	(513)	(92)	(132)	(138)	132	(170)	94	(819)

	Bouygues Construction	Bouygues Immobilier	Colas	TF1	Bouygues Telecom	Bouygues SA & other	Total
Other financial indicators: 1st quarter 2022							
Cash flow after cost of net debt, interest expense on lease obligations and income taxes paid (I)	130	2	(262)	131	377	(46)	332
Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)	(7)	0	(13)	(66)	(492)		(578)
Repayment of lease obligations (III)	(17)	(2)	(33)	(6)	(41)		(99)
FREE CASH FLOW (I) + (II) + (III)	106	0	(308)	59	(156)	(46)	(345)
CHANGES IN WORKING CAPITAL RELATED TO OPERATING ACTIVITIES (INCLUDING CURRENT IMPAIRMENT AND PROVISIONS)	(764)	(155)	(213)	132	(27)	11	(1,016)

The contribution from Bouygues Energies & Services to key line items for the Bouygues Construction segment in 2022 is shown below:

	1st quarter 2022
INCOME STATEMENT	
Total sales	898
Inter-segment sales	(10)
THIRD-PARTY SALES	888
CURRENT OPERATING PROFIT/(LOSS)	27
Other operating income	
Other operating expenses	(5)
OPERATING PROFIT/(LOSS)	22
NET PROFIT/(LOSS) ATTRIBUTABLE TO THE GROUP	16
	31/12/2022
BALANCE SHEET	
NET SURPLUS CASH/(NET DEBT)	205

Note 12 Off balance sheet commitments

There have been no material changes in off balance sheet commitments since 31 December 2022.

Note 13 Related party information

There have been no material changes in the nature of transactions with related parties since 31 December 2022.