HALF-YEAR REVIEW 2013

28 August 2013
32 Hoche - Paris

BOUYGUES

BUILDING THE FUTURE IS OUR GREATEST ADVENTURE

French *société anonyme* with share capital of €319,157,468 - Registered office: 32, avenue Hoche, 75008 Paris, France
Registration No. 572 015 246 Paris - APE code: 7010Z

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Director and Deputy CEO

Olivier Bouygues
Deputy CEO and standing representative of SCDM, director

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Anne-Marie Idrac
Michèle Vilain

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François-Henri Pinault
Georges Chodron de Courcel

Remuneration Committee

Colette Lewiner (Chairwoman)
François-Henri Pinault
Helman le Pas de Sécheval

Ethics and Sponsorship Committee

Anne-Marie Idrac (Chairwoman)
Sandra Nombret

HALF-YEAR REVIEW OF OPERATION

Key figures

(€ million)	Q1 2013	Change vs. 2012	Q2 2013	Change vs. 2012	H1 2013	Change vs. 2012
Sales	6,698	-4%	8,509	=	15,207	-2%
Current operating profit/(loss)	(76)	**-€158m**	432	**+€38m**	356	-€120m
Net profit/(loss) attributable to the Group	(42)	-€77m	230	-€13m	188	-€90m
Net debt (end of period)	5,007	-€317m	5,758	-€457m	5,758	-€457m

The Bouygues group's construction businesses posted a good commercial performance in the first half of 2013, while TF1 and Bouygues Telecom showed resilience in a highly competitive environment. Adaptation plans are producing the expected results and the Group's profitability improved in the second quarter.

The Bouygues group reported consolidated sales of €15.2 billion in the first half of 2013, down 2% year-on-year. Current operating profit amounted to €356 million, down €120 million on the first half of 2012, and net profit to €188 million, down €90 million on the first half of 2012. These figures are still impacted by the decline in profitability in the first quarter of 2013 and are not indicative of the Group's expected full-year performance.

Good commercial performance in the construction businesses

In a still-challenging economic environment, especially in Europe, order books continued to run at a high level, standing at €27.3 billion. This figure is down €1.3 billion, or 5%, on end-June 2012 but up €2 billion, or 8%, on end-June 2011 and does not yet include a number of recent major contracts, notably the Tuen Mun-Chek Lap Kok tunnel in Hong Kong, worth €1.15 billion.
This resilience of order books is the result of a strong and selective presence on international markets and recognised know-how in complex projects.

At **Bouygues Construction**, order intake amounted to €5.1 billion in the first half of 2013, compared with €6.9 billion in the first half of 2012, a figure which included €2.1 billion from major contracts worth more than €600 million[1] each. The order book at end-June 2013 stood at €16.9 billion, giving good visibility for future activity.

At **Bouygues Immobilier**, first-half residential property reservations rose 3% year-on-year to €752 million in a market expected to shrink in 2013. In a sluggish market, commercial property reservations amounted to €203 million in the first half of the year. The order book at end-June 2013 stood at €2.8 billion, representing 14 months of sales.

At **Colas**, the order book at end-June 2013 stood at €7.6 billion and does not yet include the project for Morocco's first high-speed rail line, worth €124 million. The order book remains at a high level and gives good visibility for the second half of the year.

[1] Paris law courts complex (€823 million), Nîmes-Montpellier railway bypass (€683 million), Hong Kong-Zhuhai-Macao bridge (€607 million)

TF1 and Bouygues Telecom showed resilience in a highly competitive environment

TF1's four freeview channels achieved an audience share of 29.0%[1] in the first six months of 2013, a year-on-year improvement of 0.6 points. The TF1 TV channel took 22.9% of the audience, 0.2 points better than in the first half of 2012. In an expanded freeview TV market which now numbers 25 channels, TF1 was the only major broadcaster to improve its audience share.

At **Bouygues Telecom**, B&YOU continued to grow, gaining 523,000 new customers in the first half of 2013 to give a base of 1,601,000 customers at end-June 2013. The plan subscriber base increased by 374,000 new customers, bringing the total base to 9,802,000. The total mobile customer base stabilised at 11,286,000 at end-June 2013.
On the fixed broadband market, Bouygues Telecom gained 55,000 new customers in the first half of 2013 to give a total of 1.9 million customers[2].

[1] Target audience: individuals aged four years and over. Source: Médiamétrie
[2] Includes fixed broadband and very-high-speed subscriptions

Adaptation plans are producing the expected results

The Bouygues group is continuing to implement adaptation plans in its various business areas. These efforts are bearing fruit, enabling the Group to improve its profitability in the second quarter of 2013.

TF1 has achieved €31 million of recurrent savings since 30 June 2012, out of a planned €85 million by the end of 2014 under phase II of its optimisation plan.

At **Bouygues Telecom**, the far-reaching transformation under way since early 2012 has been stepped up in 2013. The company has embarked on an overhaul of its business model in order to cope with market upheaval. With a change in the way plans are marketed and a reduction in operating costs, overall costs in the mobile business in the first half of 2013 were €282 million lower than in the first half of 2011. Total savings of €339 million have been made on mobile costs since the end of 2011. The transformation plan target of €400 million will therefore be exceeded. Bouygues Telecom is also repositioning its products and services in order to differentiate the company from its competitors and revitalise growth. The launch of 4G on 1 October offers the company a very good opportunity to retake the leadership in terms of innovation on the mobile market.

The Group's profitability improved in the second quarter

Current operating profit/(loss) (€ million)	**Q1 2013**	**Change vs. 2012**	**Q2 2013**	**Change vs. 2012**	**H1 2013**	**Change vs. 2012**
Construction businesses[1]	(79)	-€7m	289	+€5m	210	-€2m
TF1	(16)	-€72m	87	+€9m	71	-€63m
Bouygues Telecom	28	-€79m	63	+€22m	91	-€57m
Group total	(76)	**-€158m**	432	**+€38m**	356	-€120m

[1] Bouygues Construction, Bouygues Immobilier and Colas

The construction businesses posted a robust financial performance in the first half of 2013, reporting consolidated sales of €11.7 billion, up 2% on the first half of 2012, and a current operating profit of €210 million, virtually the same as a year earlier.

Bouygues Construction reported operating profit of €202 million in the first half of 2013, up €39 million on the first half of 2012, reflecting good execution of ongoing projects. Operating profit at **Bouygues Immobilier** was stable at €84 million. In the first half of 2013, the decline in the operating margin was limited to 0.5 points at 7.3% thanks to the adaptation measures taken in 2012. **Colas** reported an operating loss of €76 million in the first half of 2013, €42 million more than in the first half of 2012, mainly due to very unfavourable weather conditions in the first half, especially in mainland France and North America.

TF1 reported sales of €1.2 billion in the first half of 2013, down 7%, and operating profit of €71 million, €63 million down on the first half of 2012. Current operating profit rose by €9 million in the second quarter of 2013 despite a €30-million drop in sales, giving an operating margin of 13.5% against 11.6% in the second quarter of 2012, a year-on-year improvement of 1.9 points.

Bouygues Telecom reported total sales of €2,287 million in the first half of 2013, down 15% on the first half of 2012, and sales from network of €2,113 million, down 11%. The greater-than-expected fall in sales was due to a moderate commercial performance and the growing share of SIM-only sales. Thanks to the effectiveness of the savings plan and a reduction in marketing costs, EBITDA amounted to €257 million in the second quarter of 2013 and fell by only €6 million in relation to 2012. It reached €469 million in the first half of 2013, down €90 million on the previous year.

Financial position

Group free cash flow[1] in the first half of 2013 amounted to €152 million, down €258 million on the first half of 2012. The decline reflects the lower results and the postponement of Alstom's general meeting, which approves the dividend, from 26 June in 2012 to 2 July in 2013. The Group's net capital expenditure[2] in the first half of 2013 amounted to €596 million, equivalent to the level in 2012.

Net debt amounted to €5.8 billion at end-June 2013, down €457 million in relation to end-June 2012. This is due to tight control of net debt despite the fall in first-half results and asset disposals[3] at end-2012 of €426 million. Net gearing improved by six points to 60%. The Group has a high level of liquidity (€6.9 billion) after the redemption of a €709-million bond issue in May 2013.

[1] Before the change in working capital requirement. Excluding the impact of 4G frequencies
[2] Excluding the impact of 4G frequencies
[3] Disposal of 20% stake in Eurosport and the theme channels at TF1 as well as divestment of tower business and 3 data centres at Bouygues Telecom

Outlook

Bouygues Telecom has revised its sales target for 2013 downwards from the previously announced €4.85 billion to €4.6 billion in order to take account of strong growth in SIM-only sales and a moderate commercial performance in the first half of 2013.
Order books in the construction businesses secure their sales targets for 2013.
Depending on final sales figure of the construction businesses, the Group's consolidated sales could range between €33.2 billion, down 1% on 2012, and €33.4 billion, stable in relation to 2012.

The Group's business areas are continuing to implement their adaptation plans. Thanks to the effectiveness of its transformation plan, Bouygues Telecom is able to confirm its objective for 2013 of stabilising EBITDA at €900 million and improving its "EBITDA minus Capex" item.

In keeping with the second quarter of 2013, profitability should improve in the second half of 2013, meaning that 2012 should mark the low point in the Bouygues group's profitability.

Financial calendar

13 November 2013: nine-month 2013 sales and earnings, 5.45pm (CET)

You will find the full financial statements and notes to the financial statements on www.bouygues.com. The financial statements have been subject to a limited review by the statutory auditors and the corresponding report has been issued.

The Half-year Review is available on www.bouygues.com.

The first-half results presentation to financial analysts will be webcast live on 28 August 2013 at 11am on www.bouygues.com.

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Condensed consolidated income statement
(€ million)

	First half 2012	First half 2013	% change
Sales	**15,505**	**15,207**	**-2%**
Current operating profit	**476**	**356**	**-25%**
Other operating income and expenses	0	0	nm
Operating profit	**476**	**356**	**-25%**
Cost of net debt	(142)	(157)	+11%
Other financial income and expenses	8	(7)	nm
Income tax expense	(130)	(102)	-22%
Share of profits and losses from associates	131	134	+2%
Net profit	**343**	**224**	**-35%**
Net profit/(loss) attributable to non-controlling interests[1]	(65)	(36)	nm
Net profit attributable to the Group	**278**	**188**	**-32%**

[1] Formerly "Minority interests"

First-quarter consolidated income statement
(€ million)

	First quarter 2012	First quarter 2013	% change
Sales	6,985	6,698	-4%
Operating profit/(loss)	82	(76)	nm
Net profit/(loss) attributable to the Group	35	(42)	nm

Second-quarter consolidated income statement
(€ million)

	Second quarter 2012	Second quarter 2013	% change
Sales	8,520	8,509	=
Operating profit	394	432	+10%
Net profit attributable to the Group	243	230	-5%

Order books at the construction businesses
(€ million)

	At end-June		
	2011	2012	2013
Bouygues Construction	15,538	17,650	16,877
Bouygues Immobilier	2,537	3,060	2,815
Colas	7,228	7,856	7,570
TOTAL	**25,303**	**28,566**	**27,262**

Sales by business area
(€ million)

	First half		% change	Change like-for-like and at constant exchange rates
	2012	2013		
Bouygues Construction	5,028	5,232	+4%	+3%
Bouygues Immobilier	1,066	1,143	+7%	+7%
Colas	5,594	5,560	-1%	-1%
TF1	1,301	1,208	-7%	-7%
Bouygues Telecom	2,676	2,287	-15%	-14%
Holding company and other	68	62	nm	nm
Intra-Group elimination	(228)	(285)	nm	nm
Total	**15,505**	**15,207**	**-2%**	**-2%**
o/w France	*10,730*	*10,493*	*-2%*	*-2%*
o/w international	*4,775*	*4,714*	*-1%*	*-3%*

Contribution of business areas to EBITDA
(€ million)

	First half		% change
	2012	2013	
Bouygues Construction	268	239	-11%
Bouygues Immobilier	69	88	+28%
Colas	131	74	-44%
TF1	174	92	-47%
Bouygues Telecom	559	469	-16%
Holding company and other	(21)	(17)	nm
TOTAL	**1,180**	**945**	**-20%**

Contribution of business areas to current operating profit
(€ million)

	First half		% change
	2012	2013	
Bouygues Construction	163	202	+24%
Bouygues Immobilier	83	84	+1%
Colas	(34)	(76)	nm
TF1	134	71	-47%
Bouygues Telecom	148	91	-39%
Holding company and other	(18)	(16)	nm
TOTAL	**476**	**356**	**-25%**

Contribution of business areas to net profit attributable to the Group (€ million)	**First half 2012**	**First half 2013**	**% change**
Bouygues Construction	107	131	+22%
Bouygues Immobilier	51	45	-12%
Colas	(18)	(31)	nm
TF1	41	18	-56%
Bouygues Telecom	83	49	-41%
Alstom	114	117	+3%
Holding company and other	(100)	(141)	nm
TOTAL	**278**	**188**	**-32%**

Net cash by business area (€ million)	**At end-June 2012**	**At end-June 2013**	**Change €m**
Bouygues Construction	2,531	2,845	+€314m
Bouygues Immobilier	305	239	-€66m
Colas	(1,074)	(1,142)	-€68m
TF1	(91)	166	+€257m
Bouygues Telecom	(1,462)	(774)	+€688m
Holding company and other	(6,424)	(7,092)	-€668m
TOTAL	**(6,215)**	**(5,758)**	**+€457m**

Contribution of business areas to free cash flow[1] Before change in working capital requirement (€ million)	**First half 2012**	**First half 2013**	**Change €m**
Bouygues Construction	123	181	+€58m
Bouygues Immobilier	48	53	+€5m
Colas	53	8	-€45m
TF1	107	60	-€47m
Bouygues Telecom	90[(2)]	(22)[3]	-€112m
Holding company and other	(11)[2]	(128)[3]	-€117m
TOTAL	**410[(2)]**	**152[(3)]**	**-€258m**

[1] Free cash flow = cash flow - cost of net debt - income tax expense - net capital expenditure

Contribution of business areas to net capital expenditure (€ million)	**First half 2012**	**First half 2013**	**Change €m**
Bouygues Construction	80	55	-€25m
Bouygues Immobilier	6	4	-€2m
Colas	125	112	-€13m
TF1	13	17	+€4m
Bouygues Telecom	366[(2)]	407[(3)]	+€41m
Holding company and other	2[(2)]	1[(3)]	-€1m
TOTAL EXCL. 4G FREQUENCIES	**592[(2)]**	**596[(3)]**	**+€4m**
4G FREQUENCIES	**704**	**21**	**-€683m**
TOTAL	**1,296**	**617**	**-€679m**

[2] Excluding acquisition cost and capitalised interest related to 4G frequencies for €704 million at Group level (for €687 million at Bouygues Telecom level and €17 million at holding company level)
[3] Excluding capitalised interest related to 4G frequencies for €21 million at Group level (for €8 million at Bouygues Telecom level and €13 million at holding company level)

Sales target by business area (€ million)	**Actual 2012**	**2013 target**			**% change**
		Reported in February	Reported in May	Reported in August	
Bouygues Construction	10,640	10,700	10,750	10,750	+1%
Bouygues Immobilier	2,396	2,500	2,500	2,500	+4%
Colas	13,036	13,200	13,200	13,200	+1%
TF1	2,621	2,540	2,500	2,500	-5%
Bouygues Telecom	5,226	4,850	4,850	4,600	-12%
Holding company and other	123	120	120	120	nm
Intra-Group elimination	(495)	(460)	(470)	(470)	nm
TOTAL	**33,547**	**33,450**	**33,450**	**33,200**	**-1%**

The Group's consolidated sales could range between €33.2 billion (-1% vs. 2012) and €33.4 billion (flat vs. 2012) depending on the final sales figure of the construction businesses.

Bouygues Construction

Operating in 80 countries worldwide, Bouygues Construction is a global player in the building, civil works, energy and services markets. It has recognised know-how at all stages of a project, from financing and design to construction, operation and maintenance.
Its 55,000-plus employees develop and implement effective and innovative solutions that seek to enhance quality of life and preserve the environment.

Key figures

(€ million)	First half 2012	First half 2013	Change
Sales	5,028	5,232	+4%
o/w France	*2,721*	*2,901*	*+7%*
o/w International	*2,307*	*2,331*	*+1%*
Current operating profit	163	202	+24%
Net profit attributable to the Group	107	131	+22%

Half-year highlights

- Bouygues Construction took orders worth €5,052 million in the first half of 2013. Long-term contracts (more than five years) for Bouygues Energies & Services accounted for €61 million of the total.
  - Order intake in France amounted to €2,686 million and included contracts for the Éole office building in Montrouge, near Paris, and the Incity tower in Lyon. International orders amounted to €2,366 million and included contracts for the Ashgabat Congress Centre in Turkmenistan and the University of Hertfordshire campus in the UK.
  - In comparison with the first half of 2012, order intake was down €1,648 million in France, or 38%, and down €193 million on international markets, or 8%, giving a total decline of €1,841 million, or 27%. This is due to a high comparative following the conclusion of two very large public-private partnership contracts in France in the first half of 2012, the Paris law courts complex and the Nîmes - Montpellier railway bypass, and, outside France, orders for a section of the giant bridge between Hong Kong, Zhuhai and Macao.

- The order book at 30 June 2013 stood at €16.9 billion, down €0.8 billion, or 4%, on the order book at end-June 2012, which had risen to a record level for Bouygues Construction. 45% of the order book is for execution on international markets, compared with 46% at 30 June 2012. The long-term share of the order book (more than five years) reached €2.7 billion.

- Bouygues Construction's sales rose 4% in the first half of 2013 to €5,232 million, an increase of €204 million. Both France (€2,901 million, up 7%) and international markets (€2,331 million, up 1%) contributed to growth. Like-for-like and at constant exchange rates, sales rose 3% (up €138 million).

- Operating profit amounted to €202 million, giving an operating margin of 3.9% of sales, 0.7 points higher than in the first half of 2012, when it was 3.2%. In the absence of any significant improvement in interest income from cash surpluses, financial income was down €1 million to €10 million. The net margin in the first half of 2013 amounted to 2.5%, compared with 2.1% in the first half of 2012, giving net profit attributable to the Group of €131 million, an increase of €24 million.

- The cash position net of financial debt stood at €2,845 million at end-June 2013, €314 million higher than at end-June 2012 but €248 million lower than at end-December 2012, mainly due to payment of the dividend in April 2013 and the financing of capital expenditure.

Building and civil works

Overall, demand for building and civil works remains high, driven by considerable infrastructure needs in both emerging and developed countries.

At Bouygues Construction, the building and civil works activity generated €4,530 million, of which €2,394 million in France and €2,136 million on international markets.

- **France:** €2,394 million, up 10%

Bouygues Construction's building activity thrived, driven by major amenity projects booked in 2011, such as the French Ministry of Defence in the Balard district of Paris, the Paris Zoological Park, the Beaugrenelle shopping centre and the Paris Philharmonic Hall, and in 2012, such as the Saint-Quentin-en-Yvelines Velodrome and renovation of the Ritz Hotel in Paris.

Commercial activity was sustained by private-sector orders in particular, notably the Éole office complex in Montrouge, south of Paris, the order for which was booked in early 2013, and Les Saisons shopping centre in Meaux, to the east of Paris, the order for which was booked in May 2013. A contract was signed in July 2013 for a public-private partnership project to build a music complex on the Île Seguin in Boulogne-Billancourt.

Elsewhere in France, Bouygues Construction's five regional building subsidiaries held up well in a depressed economic environment. The construction of amenities helped to cushion the decline in activity, with demand for public healthcare infrastructure playing an important part (Orléans, Amiens-Picardie and Belfort Montbéliard hospitals). Orders have been taken for the Incity tower in Lyon and for four secondary schools in the Loiret *département* in central France in the framework of a public-private partnership.

In civil works, an order was taken for work package 3 of the South Europe-Atlantic high-speed rail line.

- **Europe (excluding France):** €891 million, up 3%

In **Switzerland**, demand remained strong, especially on the housing market. Bouygues Construction took advantage of its expertise in putting together complex property development projects: the company won contracts in the first half of 2013 to build two more eco-neighbourhoods in Basel and in Lenzburg.

In the **UK,** business was sustained by housing, as illustrated by the order for the University of Hertfordshire campus, booked in the first half of 2013.

In **Eastern Europe**, a number of well-established local subsidiaries in Poland and the Czech Republic continued to expand their building activities.

Elsewhere in Europe, Bouygues Construction is also involved on a one-off basis in major infrastructure projects, notably the new confinement shelter for the damaged nuclear reactor at Chernobyl in **Ukraine**, which is being built in partnership with Vinci.

- **International (excluding Europe):** €1,245 million, up 2%

In **Asia-Pacific**, Bouygues Construction has strong local operations, notably in Hong Kong, Singapore and Turkmenistan. In **Hong Kong**, activity was sustained by major projects begun in 2011, including the Kai Tak Cruise Terminal building and two sections of the rail tunnel for the Hong Kong to Guangzhou high-speed rail link. Construction work started on the section of the giant bridge linking Hong Kong, Zhuhai and Macao, and on the Trade & Industry Tower, the orders for both of which were booked in 2012.

In **Singapore**, several major residential complexes are under construction and an order for a new condominium was booked at the end of the first half of 2013. In **Bangkok,** the company started work on three residential towers and on the Mahanakhon tower which, on handover in 2015, will be the highest in the Thai capital. In **Myanmar**, Bouygues Construction won the contract for the second phase of a major residential complex in Rangoon, the company's first project in the country.

In **Singapore**, work continued on the SportsHub, the world's largest sports-related public-private partnership project. In **Australia**, work started in 2013 on a tunnel and new railway lines in the west of Sydney.

In **Turkmenistan,** activity was sustained by ongoing work on projects booked in 2011, including a turnkey five-star hotel and the Finance Ministry. In early 2013, Bouygues Construction took orders for the Congress Centre in the capital, Ashgabat.

In **Africa,** Bouygues Construction's building and civil engineering firms work together on major infrastructure projects. In **Equatorial Guinea,** the company continued to build a two-lane motorway linking Bata to the east of the country. In **Morocco**, work continued on the second container port in Tangier. In **Ivory Coast**, the company continued work on the Riviera Marcory bridge in Abidjan, one of the first concessions in West Africa. In the **Democratic Republic of Congo**, operations started at the Kibali gold mine.

In the **Middle East**, Bouygues Construction continued work on the Qatar Petroleum District in Doha, a vast complex that includes nine high-rise office buildings.

Activity in the **Americas/Caribbean** region continued to grow rapidly. Bouygues Construction has long-term operations in **Cuba**, where the company started construction work on a series of luxury hotels and took an order for a new hotel complex in the first half of 2013. In the **United States**, work continued on the Miami port tunnel within the framework of a 35-year public-private partnership. In **Canada**, the company started work on a set of sporting facilities in Ontario for the 2015 Pan American Games.

Energies and services

Growing demand for energy-efficient green buildings and fast-growing telecommunications needs provide sources of growth for Bouygues Construction, both in its main existing markets (France, the UK, Switzerland and Canada) and in emerging countries, especially in Africa.

In France, the market is very concentrated. Short-term uncertainties remain, due to pressure on central and local government budgets and the difficulty in raising private finance. The situation is aggravated by fierce price competition.

Bouygues Energies & Services contributed €702 million to Bouygues Construction's consolidated sales, 8% less than in the first half of 2012.

- **France:** €507 million, down 6%

Bouygues Energies & Services' facilities management subsidiary will maintain and operate the French Ministry of Defence, the Paris law courts complex, the Cité Municipale in Bordeaux, the Saint-Quentin-en-Yvelines Velodrome and, for 20 years, four secondary schools in the Loiret *département* in central France, the order for which was booked in the first half of 2013.

- **International:** €195 million, down 13%

In Thailand, in April 2013 Bouygues Energies & Services won a contract in partnership with the company's construction subsidiary in the country to build three photovoltaic solar power plants and operate and maintain them for five years.

Outlook for 2013

In a still-challenging economic environment, Bouygues Construction has set its sales target for 2013 at €10.75 billion, 1% higher than in 2012.

Order intake in 2013 is likely to continue at a high level, due in particular to two major contracts won in the first half of the year, for the Congress Centre in Turkmenistan and the Éole office building in Montrouge, near Paris, and an order in July for the Tuen Mun – Chek Lap Hok subsea road tunnel in Hong Kong worth €1.15 billion.

Bouygues Construction enjoys good visibility, backed up by:

- orders at 30 June 2013 to be executed in 2013 worth €10.3 billion, covering 96% of forecast sales;
- sustained international activity outside Europe, especially in areas less affected by the economic crisis, such as Hong Kong, Singapore, Qatar and Canada, etc.;
- a long-term order book (beyond 2018) worth €2.7 billion at 30 June 2013;
- a sound financial structure, with a net cash surplus[1] of €2.8 billion;
- an expanding range of sustainable construction products, with strong energy and environmental performance commitments.

Tight control over the execution of major projects, a selective approach to orders in the face of competitive pressure and obtaining financing for future projects will continue to be key priorities for Bouygues Construction in 2013.

2013 sales target

(€ million)	2012	2013 target	Change
Sales	10,640	10,750	+1%

[1] *Net cash less current and non-current debt and associated financial instruments*

Bouygues Immobilier

France's leading property developer, Bouygues Immobilier develops residential and commercial projects from 35 branches in France and four subsidiaries elsewhere in Europe.

Key figures (IFRS)

(€ million)	First half		Change	Full-year 2012
	2012	2013		
Sales	1,066	**1,143**	+7%	2,396
o/w residential property	972	**973**	--	2,143
o/w commercial property	94	**170**	+81%	253
Current operating profit	83	**84**	+1%	179
Current operating margin	7.8%	**7.3%**	-0.5 pts	7.5%
Net profit attributable to the Group	51	**45**	-12%	107
Net surplus cash at 30 June[1]	305	**239**	-€66m	358

(1) Net cash minus current and long-term financial debt and corresponding financial instruments.

Context

After an 18% drop in new housing sales in 2012, the market fell by a further 3% in the first quarter of 2013. Interest rates remain at an all-time low but government measures to stimulate the market have been slow to show their effectiveness. As a result, the number of reservations in 2013 is expected to run at around 75-80,000* compared with 86,200 in 2012, a fall of between 7% and 13%.

In the commercial segment, take-up fell by 22% in the first half of 2013.

In these unfavourable circumstances, Bouygues Immobilier achieved sales of €1,143 million in the first half of 2013, 7% higher than in the first half of 2012, reflecting the company's commercial performance in 2010 and 2011. Sales were up sharply in the commercial segment, rising by 80%, and remained stable in the residential segment.

As a result of the promotional measures needed to support the sell-off of residential programmes, the operating margin amounted to 7.3%, slightly lower than in 2012.

** Source: ECLN (new housing sales survey)*

Commercial activity

Reservations

	First half 2012	First half 2013	Change	Full-year 2012
Residential property				
Units	4,069	**4,252**	+4%	10,516
Value (€m)	728	**751**	+3%	1,687
Commercial property				
Surface area	72,000	**78,000**	+8%	133,000
Value (€m)	317	**203**	-36%	581

Residential property

Residential property reservations in the first half of 2013 rose 4% in comparison with the first half of 2012. This slight increase in a falling market was due to the resilience of unit reservations, especially from first-time buyers, and a rise in block sales. The Duflot tax incentive scheme has been slow to make headway as investors wait to find out the precise conditions attached to the measures (zoning and rent restrictions).

Commercial

In the commercial property segment, Bouygues Immobilier outperformed a still-challenging market. The company took commercial reservations worth €203 million in the first half of 2013, including the sale of a hotel and an office building in Saint Denis, to the north of Paris, for €44 million (13,400 m²), the conclusion of a €115-million development contract for La Mondiale (41,500 m²) in Issy-les-Moulineaux under the Rehagreen® initiative, and the sale of La Fabrique in Bordeaux (11,500 m²) to ANF for €9 million. Having won a competition in Clichy Batignolles, to the north-west of Paris, Bouygues Immobilier will develop 15,800 m² of office space and 1,200 m² of retail and service space there.

Order book

(€ million)	End-December 2012	End-June 2013
Order book	2,957	**2,815**
o/w residential property	2,357	**2,197**
o/w commercial property	600	**618**

Bouygues Immobilier's order book stood at €2,815 million, representing 14 months of sales.

Outlook and strategy

In a residential property market expected to decline in 2013, Bouygues Immobilier's reservations should benefit from flourishing sales to first-time buyers and good block sales business.

With the growing recognition of green value, Bouygues Immobilier has a solid position in the commercial property market: its highly efficient Green Office® buildings and its Rehagreen® rehabilitation services package meet the requirements of users and investors.

Bouygues Immobilier is continuing to pursue its objective of maintaining a robust financial structure and keeping debt under control.

2013 sales target (IFRS)

(€ million)	2012	2013	Change
Sales	2,396	**2,500**	+4%
o/w residential property	2,143	**2,130**	--
o/w commercial property	253	**370**	+46%

Colas

Operating in nearly 50 countries around the world, Colas is a leading player in the roadbuilding and maintenance sectors. It is backed up by a network of more than 800 profit centres and 1,400 materials production units. Operating in all transport infrastructure markets, the firm offers complementary services including the manufacture and laying of waterproofing membranes, the construction and maintenance of railway infrastructure, the sale of refined oil products, the manufacture and installation of road safety and signalling equipment and the laying of pipelines. Colas also operates infrastructure concessions, especially for motorways.

Key figures

(€ million)	First half		Change	2012
	2012	2013		
Sales	5,594	5,560	-1%	13,036
o/w France	3,367	3,399	*+1%*	*7,363*
o/w international	2,227	2,161	*-3%*	*5,673*
Current operating profit/(loss)	(34)	(76)	-€42m	*406*
Operating profit/(loss)	(34)	(76)	-€42m	406
Net profit/(loss) attributable to the Group	(19)	(32)	-€13m	302

Consolidated sales at 30 June 2013 amounted to €5.6 billion, very slightly down (1%) on the previous half-year (there was no significant change in scope or exchange-rate effect), with sales up 1% in France and down 3% on international markets.

Half-year highlights

- The first half was marked by particularly unfavourable weather conditions in winter and spring, especially in mainland France, northern Europe, Canada and the eastern United States.

- Colas won a number of new contracts in the first half of the year.
  - Colas Rail (railways):
    - a contract to design and build a high-speed rail line between Tangier and Kenitra in Morocco, Colas Rail's share being worth €124 million;
    - a contract to build the first two lines of the Tunis RFR (Réseau Ferroviaire Rapide) rapid rail network, Colas Rail's share being worth €86 million;
  - Spac (pipelines): two of the five work packages of the Arc de Dierrey project, a pipeline that will transport gas from the future LNG terminal in Dunkirk to the east and south of France, worth €85 million (50% for Spac);
  - the Phocéale consortium, of which Colas Midi-Méditerranée is a member, has been named preferred bidder for the PPP contract for the L2 ring road in Marseille.

- Colas acquired Tropic Asphalt, an Australian company with annual sales of around €40 million which produces and lays asphalt mix. Colas is thus continuing to expand in the Asia/Australia region, where the outlook for growth is good.

- The new organisation of the company's roads business in mainland France, based on seven regional roadbuilding subsidiaries under the Colas name, has been operational since 1 January 2013.

Sales by sector

(€ million)	First half 2012	First half 2013	Change	2012
Sales	5,594	5,560	-1%	13,036
o/w roads mainland France	*2,369*	*2,320*	*-2%*	*5,187*
o/w roads Europe	*619*	*578*	*-7%*	*1,479*
o/w roads North America	*806*	*727*	*-10%*	*2,583*
o/w roads Rest of the World	*714*	*727*	*+2%*	*1,486*
o/w speciality activities	*1,074*	*1,197*	*+11%*	*2,275*
o/w holding company	*12*	*11*	*ns*	*26*

Roads

Activity in the roads business was adversely affected by unfavourable weather conditions in the first half of the year.

- In **mainland France**, where sales fell by 2%, bad weather in the first quarter continued in the second quarter.
- In **Europe**, where sales fell by 7%, bad weather affected operations in Belgium and Ireland in particular.
- In **North America**, where sales fell by 10%, Canada was particularly hit.

In the **Rest of the World**, sales were up 2% on the first half of 2012. Growth in French overseas *départements* and in Asia/Australia was sufficient to offset a decline in Africa and the Indian Ocean.

Specialty activities

Sales in the first half of 2013 were up 11%, though the overall rise masks differences between business areas: strong growth in the **railway** business, up 32%, a 16% rise in **sales of refined oil products**, linked to the end on 1 January 2013 of a processing contract with Total, which marketed 40% of SRD's production, a similar level of activity to the first half of 2012 in the **waterproofing** and **pipeline** businesses and a 7% fall in **road safety/signalling**.

Production of materials

A significant proportion of Colas' activity, both in France and abroad, consists in the production of construction materials, especially aggregates, from an international network of 736 quarries and gravel pits, 567 asphalt plants, 138 emulsion plants and 212 ready-mix concrete plants. 44.3 million tonnes of aggregates (6% less than in the first half of 2012), 14 million tonnes of asphalt mix (down 10%), 717,000 tonnes of binders and emulsions (up 6%) and 1.27 million cubic metres of ready-mix concrete (down 5%) were produced in the first half of 2013.

Profitability

Colas reported a current operating loss of €76 million at 30 June 2013, compared with €34 million at 30 June 2012.

Mostly due to unfavourable weather conditions in France, Europe and North America in comparison with the first half of 2012, the current operating loss therefore increased by €42 million.

The net loss attributable to the Group at 30 June 2013 amounted to €32 million, €13 million more than in the first half of 2012. First-half results are of limited significance given the seasonal nature of Colas' activities.

Financial position

Net debt at 30 June 2013 stood at €1,142 million. The change in relation to 31 December 2012 (net debt of €170 million) reflects the usual seasonal nature of the business. It may be compared to a figure of €1,074 million at end-June 2012. The year-on-year change mainly reflects the effect on the working capital requirement of the inclusion of 100% of the refining activity in France.

Outlook

The order book at end-June 2013 stood at €7.6 billion, 4% down on end-June 2012. Comprising €4 billion in mainland France, down 2%, and €3.6 billion on international and overseas markets, down 5%, it did not include Colas Rail's €124-million contract for the Tangier-Kenitra high-speed rail line.

The order book remains at a high level, 5% higher than at end-June 2011, and gives good visibility for the second half of the year.

- Roads

Provided that good weather prevails, especially at the end of the year, it should be possible to make up all or some of the lag in activity in mainland France and North America.

Sales in Europe and the Rest of the World are unlikely to vary significantly, with continuing growth in the Asia/Australia region offsetting a decline in Africa and the Indian Ocean.

- Specialty activities will continue to grow. In the railway business, growth will be driven by a high level of orders, while sales of refined oil products will increase automatically following the end of the processing contract[2] under which 40% of SRD's[3]. output reverted to Total.

On the basis of currently available data, the sales target for 2013, drawn up in February and confirmed in May, remains unchanged at €13.2 billion, 1% more than in 2012.

2013 sales target

(€ million)	2012	2013 target	Change
Sales	13,036	13,200	+1%

[2] The contract ended on 31 December 2012
[3] Société de la Raffinerie de Dunkerque

TF1

The mission of the TF1 group is to inform and entertain. While continuing to build on its core business of freeview television and its digital offshoots, it has diversified into pay-TV in France and on international markets and into consumer services.

Key figures

(€ million)	First half 2012	First half 2013	Change
Sales	1,301.2	1,208.0	-7.2%
o/w group advertising	*896.8*	*820.2*	*-8.5%*
o/w other activities	*404.4*	*387.8*	*-4.1%*
Operating profit	133.9	70.8	-47.1%
Net profit attributable to the Group	93.5	42.1	-55.0%

The TF1 group reported **consolidated sales** of €1,208 million over the first six months of 2013, a year-on-year decline of 7.2%.

This figure comprises:

- **group advertising revenue** of €820.2 million, a year-on-year decline of 8.5%. The fall was mainly due to the combined effects of a particularly depressed economic environment and fiercer competition on the freeview TV market, generating price pressure;
- **revenue from other activities** of €387.8 million, down 4.1% year-on-year. The decline was mainly due to lower home shopping sales against a background of weak household consumption and an unfavourable comparative for the video activity.

Operating profit for the first half of 2013 amounted to €70.8 million, €63.1 million less than in the first half of 2012, representing a fall of 47.1%. Group current operating profit in the first half of 2012 was boosted by non-recurring revenue of €27 million in connection with a claim for reimbursement of CNC taxes.

Group operating profit in the second quarter of 2013 amounted to €86.5 million, up €8.6 million on the second quarter of 2012. The adaptation measures taken by the group thus enabled it to improve its operating result over the period against a background of falling revenue. The operating margin for the second quarter of 2013 improved to 13.5%, compared with 11.6% in the second quarter of 2012.

Net profit attributable to the Group for the first half of 2012 amounted to €42.1 million, compared with €93.5 million for the first half of 2012.

Half-year highlights

❖ The TF1 group became France's leading freeview television group in terms of audience share, ahead of the public service broadcaster, with TF1, TMC, NT1 and HD1 posting an aggregate audience share of 29.0% among individuals aged four years and over, a year-on-year increase of 2.1%.

- MYTF1 innovated with Connect, a new experience of television synchronised with a second screen (smartphone, tablet or PC). Launched as part of the new season of *The Voice*, Connect marks an important milestone in the TF1 group's digital development.

1. Broadcasting and Content

a. Broadcasting

At end-June 2013, the **group's four freeview channels** took an aggregate audience share of 29.0% of individuals aged four years and over, an increase of 0.6 points (2.1%) on the first half of 2012. Among women under 50 who are purchasing decision-makers, the aggregate audience share amounted to 32.5%, compared with 32.0% in the first half of 2012, a rise of 1.6%.

Over the first six months of 2013, TF1 was the only major incumbent channel to increase its audience share among individuals aged four years and over, taking 22.9% of the audience, up 0.2 pts, and increasing its lead over its rivals. The channel won 24 of the top 25 audience ratings over the period and was the only channel to draw an audience of more than 9 million viewers. The channel also has an incomparable position among women under 50 who are purchasing decision-makers, with a 25.2% share of this audience.

TMC and NT1 held up well against a background of fiercer competition, taking 3.5% and 2.1% respectively of the audience of individuals aged four years and over. TMC confirmed its status as the fifth most-watched nationwide channel, while NT1 increased its share of the audience of women under 50 who are purchasing decision-makers. HD1 confirmed its successful launch as leader of the six new HD channels launched in late 2012, taking 0.5% of the audience of individuals aged four years and over.

Advertising revenue from the TF1 group's freeview channels in the first half of 2013 amounted to €728.4 million, a year-on-year decline of 8.8%. The fall was mainly due to the combined effects of a particularly depressed economic environment and fiercer competition on the TV market, generating price pressure.

e-TF1 continued to make progress and to innovate during the first half of 2013, launching MYTF1 Connect and a new version of the MYTF1News website. Online video on MYTF1.fr again posted very good performances. The TF1 group ranks amongst France's leading media group in terms of time spent watching videos, alongside the top global players.

Advertising revenue from other media was up 5.8% at end-June 2013.

Non-advertising revenue from broadcasting amounted to €44.0 million at end-June 2013, a rise of 9.2%, driven by an increase in interactivity revenue at e-TF1.

Total broadcasting revenue in the first half of 2013 thus amounted to €814.1 million, a year-on-year decline of 7.3%.

At end-June 2013, the cost of programmes shown on group channels, including the launch of HD1, amounted to €491.5 million, a year-on-year decline of €19.8 million.

Stripping out sporting events, the cost of programmes was virtually stable at end-June 2013 (up €2.0 million), with the cost of strengthening schedules on TMC and NT1 and the launch of HD1 having been offset by savings at the TF1 channel.

Operating profit from broadcasting activities amounted to €28.6 million at end-June 2013, compared with €90.3 million a year earlier, profitability having been dented by the fall in freeview channel advertising revenue.

b. Content

TF1 Droits Audiovisuels saw a decline in activity in the first half of 2013, hit by lower revenue from cinema releases. Six films were released in the first half of 2013, compared with eight in the first half of 2012.

TF1 Production performed well.

TF1 Films Production coproduced 13 cinema releases in the first half of 2013, compared with nine in the first half of 2012.

Content sales thus amounted to €30.1 million, a year-on-year increase of 1.7%. Current operating profit rose to €2.7 million at end-June 2013, compared with €1.5 million a year earlier.

2. Consumer Products

TF1 Vidéo posted sales of €29.9 million at end-June 2013, compared with €46 million at end-June 2012. The decline was almost entirely due to the success of *Intouchables*, released on video in the first quarter of 2012.

Operating profit from the video activity amounted to €2.7 million, up €1.4 million. Current operating profit in the first half of 2012 included the contribution of *Intouchables*, but this was partly offset by restructuring costs related to the job-saving plan.

Téléshopping generated sales of €48.4 million in the first half of 2013, compared with €56.5 million a year earlier, a fall of 14.3% against a background of sluggish household consumption.

Operating profit in the first quarter of 2013 amounted to €0.4 million, down €6.6 million, reflecting the decline in activity.

TF1 Entreprises posted sales of €22.3 million in the first six months of 2013, 28.2% up on the first six months of the previous year.

TF1 Entreprises posted operating profit of €1.7 million, up €0.1 million on the first half of 2012.

3. Pay TV

Against the background of an expanding choice of freeview channels, **pay channels in France** took an audience share of 11.0% in the first half of 2013, a year-on-year fall of 0.4 points. TF1 group pay theme channels generated sales of €39.3 million in the first half of 2013, 11.3% less than in the first half of 2012. Sales were affected by a €5.0-million drop in advertising revenue.

Pay channels made an operating loss of €1.6 million in the first half of 2013, €0.5 million more than at the same time in the previous year. However, the loss was limited by an improvement in the cost base, especially at LCI.

The **Eurosport group** saw its first-half sales dip by €5.5 million, or 2.4%, to €219.5 million. The fall was mainly due to a year-on-year decline in advertising revenue caused by different seasonal factors in 2013 compared with 2012, when the channel broadcast the London Olympic Games. The first half of 2012 was also boosted by screening of the UEFA Euro 2012 soccer tournament.

Operating profit rose by €3.9 million to €30.7 million as a result of cost controls in the first half of 2013. Eurosport significantly improved its profitability, posting an operating margin of 14.0% in the first half of 2013, compared with 11.9% a year earlier. The Eurosport group's operating margin rose to a record 23.8% in the second quarter of 2013, compared with 18.4% a year earlier.

Outlook

The TF1 group continued to adjust to the new economic and competitive environment in the first half of 2013. The group confirmed its forecast of full-year consolidated sales of €2,500 million.

In compliance with its commitments, the group continued to step up implementation of phase II of its optimisation plan, which aims to generate recurrent savings of €85 million by the end of 2014. The group is also taking specific measures to make further savings in 2013.

The group's capacity to continue adapting its business model in 2013 was reflected in the second quarter by an improvement in current operating profit despite a decline in sales. The group generated positive cash flow in the first six months of the year, strengthening its financial structure.

The TF1 group will focus on five priorities in the second half of the year:

- delivering strong audience ratings;
- optimising the value of major advertising slots;
- remaining at the cutting-edge of innovation in all fields;
- continuing to develop;
- continuing to adapt its business model.

Source: Médiamétrie

Bouygues Telecom

Bouygues Telecom is France's third mobile and fixed telecommunications, TV, internet and cloud services operator, behind Orange and SFR.

Key figures

(€ million)	First half 2012	First half 2013	Change
Sales	2,676	2,287	-15%
Sales from network	2,386	2,113	-11%
EBITDA	559	469	-€90m
EBITDA / sales from network	*23.4%*	*22.2%*	*-1.2 pt*
Current operating profit	148	91	-€57m
Operating margin	*5.5%*	*4.0%*	*-1.5 pt*
Net profit attributable to the Group	92	55	-€37m
Free cash flow	90*	-22	-€112m

(*) Before investment in 4G frequencies (€687 million)

Competitive pressure increased further in the early part of the year, especially for plans with services, as competitors initiated a round of significant price cuts. In this context, Bouygues Telecom posted sales of €2,287 million in the first half of 2013, down 15% on the first half of 2012. This greater-than-expected drop was due to a reduction in both sales from network and handset sales, linked to the growing share of SIM-only plan sales.

Sales from network amounted to €2,113 million, 11% less than a year previously. Stripping out the effect of call termination charges[4], the 6% decline in relation to 2012 was due to ongoing repricing of retail plans[5] (72% at end-June 2013, compared with 27% at end-June 2012) and to moderate commercial performances in the first half of 2013.

Half-year EBITDA was down €90 million on the first half of 2012, though only €5 million in the second quarter, due to a greater-than-expected reduction in commercial costs and to the savings plan launched in early 2012, which delivered more savings than initially estimated.

Free cash flow in the first half of 2013 was a negative €22 million, excluding the impact of 4G frequencies. This was €112 million lower than in the first half of 2012 due to a rise in investment, attributable to the rollout of 4G and purchases of routers for the fixed broadband business, and lower cash flow due to the fall in EBITDA.

[4] *From 1 July 2013, there is no longer any call termination differential between mobile operators.*

[5] *Number of retail plan customers benefiting from a service repriced since January 2012 in relation to the total retail plan customer base.*

Half-year highlights

Commercial activity

Bouygues Telecom had 11.3 million mobile customers at 30 June 2013. Bouygues Telecom's mobile customer base has been stable since the start of the year, sustained by the success of B&YOU, which had over 1.6 million customers at end-June, representing a year-on-year increase of more than a million customers.

Bouygues Telecom had 1.9 million fixed broadband customers at end-June, representing a net addition of 55,000 customers in the first half of 2013. This took place against a background of fiercer competition, with rivals launching promotional campaigns and 4P SoWo[6] products, but also reflects Bouygues Telecom's desire to focus on cost optimisation. Bouygues Telecom had 320,000 very-high-speed[7] customers at end-June 2013, twice as many as at end-June 2012.

Marketing initiatives

In a still-turbulent business environment, Bouygues Telecom continued to transform itself and to adapt its products and services to better meet market expectations.

- On the SoWo segment, the company now operates on all three sub-segments (products between €0-5, €10, €20) following the launch in early April of a B&YOU plan for €3.99 a month which includes two hours of calls and unlimited texting & picture/video messaging.

- In response to the price cuts for plans with services initiated by Orange and SFR in early 2013, on 15 April Bouygues Telecom launched its Sensation plans, offering a price reduction for households.

- While awaiting the nationwide launch of 4G on 1 October, Bouygues Telecom launched an initial set of plans which include 4G.

- In the fixed broadband segment, Bouygues Telecom continued to innovate with the Bbox Sensation, launching the Bbox Tab (the whole Bbox experience on tablet) and Bbox Entreprises, specially designed for small businesses.

- Bouygues Telecom also stepped up its presence in cloud computing in the first half of 2013, enhancing its business cloud solutions and launching Cloud Pro Solutions for very small businesses.

Mobile strategy

There have been two major structural changes in the French mobile market in the last 18 months. Firstly, the fiercely competitive environment has resulted in a very swift contraction in market value and, secondly, the business model is being transformed due to the strong growth in SIM-only plans.

In this context, the far-reaching transformation implemented by Bouygues Telecom since the start of 2012 has been stepped up in 2013 around the two following priorities:

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[6] *SimOnly/WebOnly*

[7] *Arcep defines very-high-speed fixed subscriptions as those with a peak download speed of 30 Mbits/s or more.*

A. The overhaul of the business model in order to cope with the market upheaval

a. Adaptation of mobile products and services and how they are marketed

There has been a structural shift in the mobile market with a concomitant surge in sales of SIM-only plans which have had a negative impact on revenues. However, the effect on EBITDA can be limited if the decline in sales is matched with a reduction in subsidies and therefore in marketing costs.

Bouygues Telecom has adapted quickly. Measures taken in 2012, such as the expansion of B&YOU, the disposal of Extenso Telecom and a rapid withdrawal from competitive distribution, helped to stabilise net mobile revenue and mobile commercial costs from early 2013.

b. Cost reductions

The transformation plan launched in 2012 has had better-than-expected results, generating savings of €339 million on mobile costs since the end of 2011. The revised transformation plan target of savings of €400 million in the mobile activity by end-2013 will therefore be exceeded.

Costs in the fixed activity have also continued to fall since the end of 2012, helping to improve the segment's contribution to overall results.

c. The negotiations with SFR

The negotiations with SFR with a view to reaching an agreement to share a part of the mobile networks pave the way to sharing costs and optimising the quality of the mobile network.

B. The repositioning of the offering in order to boost differentiation and return to growth

On 14 March, Arcep, the French telecommunications regulator, authorised Bouygues Telecom to refarm the 1800 MHz frequency band for 4G from 1 October. On that date, Bouygues Telecom customers will instantly benefit from a nationwide 4G network covering 40% of the population.

Bouygues Telecom aims to make 4G accessible to all users, by allowing customers the freedom to choose how they pay for their handsets and by launching its new Sensation 4G plans with generous data packages for heavy users.

Outlook

On a market which is continuing to experience structural change, the moderate first-half commercial performances resulted in a greater-than-expected fall in sales from network and handsets. Consequently, Bouygues Telecom has trimmed €250 million from its previous 2013 sales forecast, setting a new figure of €4,600 million.

As the savings plan has been more effective than expected, absorbing the effects of the fall in sales from network on EBITDA, Bouygues Telecom confirms its forecast of EBITDA of €900 million and of an improvement in the “EBITDA minus Capex” item for 2013.

2013 sales target

(€ million)	2012	2013 target	Change
Sales	5,226	4,600	-12%

Alstom

Alstom, in which Bouygues has a 29.4% stake, is a world leader in power generation and transmission and rail transport infrastructure. Alstom Transport is the world's leading builder of high-speed and very-high-speed trains and among the leading suppliers of urban transport systems and regional trains. Alstom also provides turnkey power plants, equipment and related services for the production of electricity from all sources, including hydropower, nuclear, gas, coal and wind. It offers a vast range of power transmission solutions, especially smartgrids.

Good commercial and operating performance and positive free cash flow

Alstom released its financial statements for the year ended 31 March 2013 on 7 May 2013. During FY2012/13, Alstom recorded sales of €20.3 billion and an operating profit of €1,463 million, giving an operating margin of 7.2%. Net profit amounted to €802 million, up 10% on the previous financial year's figure. Net profit rose despite higher restructuring charges, mainly in the Grid and Renewable Power businesses, thanks to higher operating profit and a positive contribution from the company's stake in Transmashholding (€68 million, compared with €32 million in FY2011/12). Order intake, at €23.8 billion, was 10% up on the previous financial year. Free cash flow turned positive, reaching €408 million over FY2012/13 after two years of negative flows.

Results in FY2012/13 reflected a solid commercial performance, with orders exceeding sales in each quarter. Business was particularly good in the fourth quarter, when new contracts worth €6.6 billion were booked. Sales, at €20.3 billion, rose 2% over the financial year as a whole.

Commercial activity was particularly buoyant in emerging countries: with considerably higher growth rates than in industrialised countries, they accounted for 50% of total order intake. The order book at 31 March 2013 stood at nearly €53 billion, representing about 31 months of sales.

Alstom continued to adapt to the geographical shift in demand during the year while taking major strides in technology and innovation. Alstom proved able to make the most of its international presence and focused in particular on strengthening its partnership strategy.

Research and development spending increased to €737 million during FY2012/13 in order to enable Alstom to strengthen its operations on thriving markets.

The shareholders' meeting on 2 July 2013 approved the payment of a dividend of €0.84 per share, 5% higher than the dividend in the previous year.

Recent events

Alstom reported its sales for the first quarter of FY2013/14 (from 1 April to 30 June 2013) on 24 July 2013. The group took orders worth €4.1 billion over the period, 32% less than in the same period of the previous financial year. Sales were down 2% at €4.6 billion.

Thermal Power won orders worth €1.5 billion in the first quarter, including a substantial number of service contracts. Transport booked contracts worth €1.1 billion for numerous medium-sized projects. Grid took orders worth €0.9 billion, while Renewable Power more than doubled its order intake compared with the same period of the previous financial year, rising to €0.5 billion. Demand continued to be driven by emerging markets, which accounted for 42% of all the contracts booked during the first quarter.

The fall in sales in the first quarter of FY2013/14 compared with the same period in the previous financial year was due to a drop in organic sales at Thermal Power and Transport of 4% and 6% respectively. Organic sales were up 5% at Grid and 8% at Renewable Power.

The order book stood at €51 billion at 30 June 2013, representing 31 months of sales.

Outlook

The market outlook for the Alstom group remains robust in the long term. In deteriorating economic conditions and a still-challenging competitive environment, however, Alstom expects annual organic sales growth to be modest. The operating margin should remain stable in FY2013/14 and improve thereafter, reaching around 8% in the two or three following financial years. Cash flow continues to be a priority and should remain positive in each of the next few years.

II – MAIN RISKS AND UNCERTAINTIES IN H2 2013

This report contains forward-looking statements. Those statements, which express targets based on current assessments and estimates, are subject to the risks and uncertainties described below.

The main risks and uncertainties that the Group could face in the second half of 2013 are similar to those described in the 2012 Registration Document (pages 129 to 154). However, the following information should be noted.

A non-profit association had brought appeals against various administrative instruments enabling Bouygues Construction to build the new Paris law courts complex. A Paris Administrative Court judgment of June 2013 dismissed all the appeals. However, the association has appealed the judgment.

In the context of judicial investigations of public procurement contracts in Quebec and the funding of political parties, a former senior executive and a former employee of Sintra, Colas Canada's subsidiary in Quebec, were indicted in May 2013. In the context of a commission of inquiry on public procurement in Quebec, the Charbonneau Commission, a former employee who left the company in 2000 asserted that some of Sintra's practices at the time were non-compliant. Sintra is assisting the Quebec authorities. At the same time, in accordance with the Colas group's ethics policy, wide-ranging investigation and prevention measures have been taken. After a formal review, the new Quebec authority responsible for keeping a register of companies authorised to bid for public procurement contracts in Quebec registered Sintra at the end of July.

Orange and Free have brought a number of appeals seeking to overturn a decision by Arcep, the French telecommunications regulator, dated 4 April 2013 whereby it acceded to Bouygues Telecom's request to lift the restrictions on use of its 1800 MHz frequencies. This will enable Bouygues Telecom to use those frequencies to operate a 4G network. An order of 11 July 2013 dismissed an initial petition filed by Free in expedited proceedings, seeking suspension of execution of the Arcep decision. The two appeals on the merits brought by Orange and Free will be considered by the Conseil d'État at a later date.

On 22 March 2013, when Bouygues Telecom obtained the lifting of restrictions on use of its 1800 MHz frequencies, the French government issued a decree increasing the fixed part of the licence fee associated with the use of 1800 MHz frequencies, multiplying that fixed part by 5.66. Bouygues Telecom has brought an appeal on the grounds of abuse of authority, seeking cancellation of the decree, which it considers to be unlawful in both French and European law.

III – RELATED-PARTY TRANSACTIONS

No related-party transactions liable to materially affect Bouygues' financial situation or results were concluded in the first half of 2013. Likewise, no change to related-party transactions liable to materially affect Bouygues' financial situation or results occurred during that period. Under the terms of agreements approved by the Board of Directors and the Annual General Meeting, Bouygues provided services to its sub-groups, mainly in the areas of management, human resources, information systems and finance.

More detailed information about related-party transactions is given in Note 12 of the notes to the condensed consolidated first-half financial statement.

IV – RECENT EVENTS

In early July 2013, a consortium comprising Bouygues Bâtiment Île-de-France, Sodexo, TF1 and OFI Intravia concluded a public-private partnership contract with the Hauts-de-Seine department local authority for a music complex on Île Seguin in Boulogne-Billancourt. The contract awarded to the consortium involves financing, designing and building the new cultural facility, as well as ensuring its artistic and commercial operation and its maintenance for 27 years. The value of the works will amount to €170 million.

In late July 2013, Bouygues Construction won a contract worth more than €100 million to renovate Hotel de Crillon on Place de la Concorde in central Paris. The project involves complete renovation of the 14,000-m² building.

On 22 July 2013, on the completion of preliminary talks Bouygues Telecom and SFR announced that they had agreed to enter into exclusive negotiations to define an agreement to share part of their mobile networks. The aim of both operators is to provide their respective customers with the best geographical coverage and the best quality service. Each operator would retain its own innovation capacity as well as complete commercial independence. Bouygues Telecom and SFR plan to conclude this strategic agreement before the end of the year. They will submit it in advance to the employee representative bodies of both companies for consultation and to Arcep, the French telecommunications regulator, for review.

In July, Alstom won a series of major contracts, amongst which a project to build a turnkey metro system for Riyadh in Saudi Arabia (Alstom's share is €1.2 billion) and contracts to supply equipment for hydroelectric power plants in Albania (€100 million), Quebec (€65 million) and Turkey (€100 million). In France, the French rail operator SNCF confirmed its order for 40 new examples of the TGV Euroduplex, Alstom's very high speed train. Finally, Alstom sold its ring motors production activities located in Spain to the ABB group.

CONDENSED CONSOLIDATED FIRST-HALF FINANCIAL STATEMENTS

BOUYGUES GROUP - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(€ million)

ASSETS	30/06/2013 Net	31/12/2012 Net	30/06/2012 Net
Property, plant and equipment	6,438	6,451	6,552
Intangible assets	1,888	1,886	1,882
Goodwill [a]	5,633	5,648	5,628
Investments in associates [b]	5,438	5,335	5,272
Other non-current financial assets	547	578	663
Deferred tax assets and non-current tax receivable	265	272	252
NON-CURRENT ASSETS	**20,209**	**20,170**	**20,249**
Inventories, programmes and broadcasting rights	3,109	2,949	2,977
Advances and down-payments on orders	525	480	482
Trade receivables	7,084	6,364	7,542
Tax asset (receivable)	172	184	166
Other current receivables and prepaid expenses	2,371	2,086	2,437
Cash and cash equivalents	2,587	4,487	2,168
Financial instruments [c]	15	24	21
Other current financial assets	13	10	15
CURRENT ASSETS	**15,876**	**16,584**	**15,808**
Assets held for sale and discontinued operations			
TOTAL ASSETS	**36,085**	**36,754**	**36,057**

LIABILITIES AND SHAREHOLDERS' EQUITY	30/06/2013	31/12/2012	30/06/2012
Share capital	319	324	315
Share premium and reserves	7,537	7,527	7,404
Translation reserve	119	94	100
Treasury shares			
Consolidated net profit/(loss) for the period	188	633	278
SHAREHOLDERS' EQUITY ATTRIBUTABLE TO THE GROUP	**8,163**	**8,578**	**8,097**
Non-controlling interests	1,454	1,500	1,275
SHAREHOLDERS' EQUITY	**9,617**	**10,078**	**9,372**
Non-current debt	7,565	7,502	6,888
Non-current provisions	2,132	2,173	1,972
Deferred tax liabilities and non-current tax liabilities	189	170	214
NON-CURRENT LIABILITIES	**9,886**	**9,845**	**9,074**
Advances and down-payments received	1,355	1,449	1,513
Current debt	357	951	1,015
Current taxes payable	63	82	56
Trade payables	7,339	6,925	7,236
Current provisions	690	803	777
Other current liabilities	6,326	6,372	6,455
Overdrafts and short-term bank borrowings	412	189	464
Financial instruments [c]	26	41	37
Other current financial liabilities	14	19	58
CURRENT LIABILITIES	**16,582**	**16,831**	**17,611**
Liabilities on held-for-sale assets and discontinued operations			
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**36,085**	**36,754**	**36,057**
Net surplus cash/(net debt)	**(5,758)**	**(4,172)**	**(6,215)**

[a] Goodwill of fully consolidated entities

[b] Entities accounted for by the equity method (including goodwill on such entities)

[c] Fair value hedges of financial liabilities

BOUYGUES GROUP - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ million)

	1st half		2nd quarter		Full year
	2013	**2012**	**2013**	**2012**	**2012**
SALES [(a)]	**15,207**	**15,505**	**8,509**	**8,520**	**33,547**
Other revenues from operations	51	50	26	27	107
Purchases used in production	(7,168)	(7,161)	(4,005)	(3,947)	(16,269)
Personnel costs	(3,507)	(3,516)	(1,818)	(1,824)	(7,062)
External charges	(3,429)	(3,580)	(1,838)	(1,887)	(7,306)
Taxes other than income tax	(313)	(328)	(157)	(159)	(664)
Net depreciation and amortisation expense	(672)	(712)	(351)	(388)	(1,462)
Net charges to provisions and impairment losses	(106)	(174)	(68)	(112)	(521)
Changes in production and property development inventories		56	(17)	(30)	189
Other income from operations [(b)]	609	591	300	331	1,330
Other expenses on operations	(316)	(255)	(149)	(137)	(603)
CURRENT OPERATING PROFIT/(LOSS)	**356**	**476**	**432**	**394**	**1,286**
Other operating income					34
Other operating expenses					(200)
OPERATING PROFIT/(LOSS)	**356**	**476**	**432**	**394**	**1,120**
Financial income	24	28	13	15	62
Financial expenses	(181)	(170)	(91)	(78)	(352)
COST OF NET DEBT	**(157)**	**(142)**	**(78)**	**(63)**	**(290)**
Other financial income	26	32	17	23	63
Other financial expenses	(33)	(24)	(16)	(14)	(52)
Income tax expense	(102)	(130)	(154)	(125)	(330)
Associates:					
Share of profits/(losses) of associates	134	131	70	69	270
Loss on dilution of interests in associates					(53)
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**224**	**343**	**271**	**284**	**728**
Net profit/(loss) from discontinued and held-for-sale operations					
NET PROFIT/(LOSS) FOR THE PERIOD	**224**	**343**	**271**	**284**	**728**
Net profit/(loss) attributable to the Group	**188**	**278**	**230**	**243**	**633**
Net profit/(loss) attributable to non-controlling interests	36	65	41	41	95
Basic earnings per share from continuing operations *(€)*	**0.59**	**0.88**	**0.72**	**0.77**	**2.00**
Diluted earnings per share from continuing operations *(€)*	**0.59**	**0.88**	**0.72**	**0.77**	**2.00**
[(a)] Of which sales generated abroad	4,714	4,775	2,742	2,816	11,239
[(b)] Of which reversals of unutilised provisions/impairment losses & other items	189	182	88	117	447

STATEMENT OF RECOGNISED INCOME AND EXPENSE

(€ million)

	1st half 2013	1st half 2012	Full year 2012
NET PROFIT/(LOSS) FOR THE PERIOD	**224**	**343**	**728**
Items not reclassifiable to profit or loss			
Actuarial gains/losses on employee benefits	4	(69)	(83)
Change in remeasurement reserve			
Net tax effect of equity items not reclassifiable to profit or loss	(1)	22	25
Share of non-reclassifiable income and expense of associates [a]	(20)	(17)	(59)
Items reclassifiable to profit or loss			
Change in cumulative translation adjustment of controlled entities	17	17	11
Net change in fair value of financial instruments used for hedging purposes and of other financial assets (including available-for-sale financial assets)	12	(6)	7
Net tax effect of equity items reclassifiable to profit or loss	(2)	4	8
Share of reclassifiable income and expense of associates [a]	18	5	2
INCOME AND EXPENSE RECOGNISED DIRECTLY IN EQUITY	**28** [b]	**(44)** [c]	**(89)**
TOTAL RECOGNISED INCOME AND EXPENSE	**252**	**299**	**639**
Recognised income and expense attributable to the Group	**218**	**234**	**547**
Recognised income and expense attributable to non-controlling interests	**34**	**65**	**92**

[a] Relates primarily to Alstom (accounted for by the equity method)

[b] Of which income and expense recognised in the second quarter of 2013: €9m

[c] Of which income and expense recognised in the second quarter of 2013: €3m

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(€ million)

	Share capital & share premium	Reserves related to capital/ retained earnings	Consolidated reserves and profit/(loss) for the period	Treasury shares	Items recognised directly in equity	TOTAL ATTRIBUTABLE TO THE GROUP	Non-controlling interests	TOTAL
POSITION AT 31 DECEMBER 2011	**1,154**	**2,597**	**4,759**		**(149)**	**8,361**	**1,317**	**9,678**
Movements during the first half of 2012								
Capital and reserves transactions, net		304	(335)		31			
Acquisitions/disposals of treasury shares					1	1		1
Acquisitions/disposals without loss of control					(2)	(2)		(2)
Dividend paid			(504)			(504)	(102)	(606)
Other transactions with shareholders			6			6		6
Net profit/(loss)			278			278	65	343
Translation adjustment					31	31		31
Other recognised income and expense					(75)	(75)		(75)
Total recognised income and expense [b]			**278**		**(44)**	**234**	**65**	**299**
Other transactions (changes in scope of consolidation and other items)		1				1	(5)	(4)
POSITION AT 30 JUNE 2012	**1,154**	**2,902**	**4,204**		**(163)**	**8,097**	**1,275**	**9,372**
Movements from July to December 2012								
Capital and reserves transactions, net	150		11		15	176		176
Acquisitions/disposals of treasury shares					(1)	(1)		(1)
Acquisitions/disposals without loss of control					17	17		17
Dividend paid							(2)	(2)
Other transactions with shareholders			9			9		9
Net profit/(loss)			355			355	30	385
Translation adjustment					(6) [a]	(6)	(1)	(7)
Other recognised income and expense					(36)	(36)	(2)	(38)
Total recognised income and expense [b]			**355**		**(42)**	**313**	**27**	**340**
Other transactions (changes in scope of consolidation and other items)	(1)		(32)			(33)	200	167
POSITION AT 31 DECEMBER 2012	**1,303**	**2,902**	**4,547**		**(174)**	**8,578**	**1,500**	**10,078**
Movements during the first half of 2013								
Acquisitions/disposals of treasury shares				(99)	(2)	(101)		(101)
Capital and reserves transactions, net	(99)	153	(153)	99	(24)	(24)		(24)
Acquisitions/disposals without loss of control								
Dividend paid			(511)			(511)	(80)	(591)
Other transactions with shareholders			3			3		3
Net profit/(loss)			188			188	36	224
Translation adjustment					25 [a]	25	(3)	22
Other recognised income and expense					5	5	1	6
Total recognised income and expense [b]			**188**		**30**	**218**	**34**	**252**
Other transactions (changes in scope of consolidation and other items)								
POSITION AT 30 JUNE 2013	**1,204**	**3,055**	**4,074**		**(170)**	**8,163**	**1,454**	**9,617**

[a] Change in translation reserve.

Attributable to:	Group	Non-controlling interests	Total
Controlled entities	20	(3)	17
Associates	5		5
	25	**(3)**	**22**

[b] See the statement of recognised income and expense.

BOUYGUES GROUP - CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED CASH FLOW STATEMENT

(€ million)

	1st half 2013	1st half 2012	Full year 2012
I - CASH FLOW FROM CONTINUING OPERATIONS			
A - NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES			
Net profit/(loss) from continuing operations	224	343	728
Share of profits effectively reverting to associates	(103)	(25)	(87)
Elimination of dividends (non-consolidated companies)	(10)	(5)	(13)
Charges to/(reversals of) depreciation, amortisation, impairment & non-current provisions	662	716	1,604
Gains and losses on asset disposals	(20)	(24)	(68)
Miscellaneous non-cash charges	(5)	(3)	(7)
Sub-total	**748**	**1,002**	**2,157**
Cost of net debt	157	142	290
Income tax expense for the period	102	130	330
Cash flow	**1,007**	**1,274**	**2,777**
Income taxes paid during the period	(83)	(265)	(378)
Changes in working capital related to operating activities [a]	(781)	(935)	42
NET CASH GENERATED BY/(USED IN) OPERATING ACTIVITIES	**143**	**74**	**2,441**
B - NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES			
Purchase price of property, plant and equipment and intangible assets	(676)	(1,358)	(2,307)
Proceeds from disposals of property, plant and equipment and intangible assets	59	62	355
Net liabilities related to property, plant and equipment and intangible assets	(212)	(247)	(74)
Purchase price of non-consolidated companies and other investments	(1)	(13)	(22)
Proceeds from disposals of non-consolidated companies and other investments	1		9
Net liabilities related to non-consolidated companies and other investments			
Effects of changes in scope of consolidation			
Purchase price of investments in consolidated activities	(30)	(27)	(112)
Proceeds from disposals of investments in consolidated activities	2	1	31
Net liabilities related to consolidated activities	(4)	(34)	(28)
Other effects of changes in scope of consolidation (cash of acquired and divested companies)	(19)	10	(5)
Other cash flows related to investing activities (changes in loans, dividends received from non-consolidated companies)	(13)	(73)	
NET CASH GENERATED BY/(USED IN) INVESTING ACTIVITIES	**(893)**	**(1,679)**	**(2,153)**
C - NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES			
Capital increases/(reductions) paid by shareholders & non-controlling interests and other transactions between shareholders	(76)	(17)	317
Dividends paid during the period:			
Dividends paid to shareholders of the parent company	(511)	(504)	(504)
Dividends paid to non-controlling interests in consolidated companies	(80)	(102)	(104)
Change in current and non-current debt	(521)	864	1,404
Cost of net debt	(157)	(142)	(290)
Other cash flows related to financing activities	3	6	5
NET CASH GENERATED BY/(USED IN) FINANCING ACTIVITIES	**(1,342)**	**105**	**828**
D - EFFECT OF FOREIGN EXCHANGE FLUCTUATIONS	**(31)**	**28**	**6**
CHANGE IN NET CASH POSITION (A + B + C + D)	**(2,123)**	**(1,472)**	**1,122**
Net cash position at opening of period	**4,298**	**3,176**	**3,176**
Net cash flows during the period	(2,123)	(1,472)	1,122
Other non-monetary flows			
Net cash position at end of period	**2,175**	**1,704**	**4,298**
II - CASH FLOWS FROM DISCONTINUED AND HELD-FOR-SALE OPERATIONS			
Net cash position at opening of period			
Net cash flows during the period			
Net cash position at end of period			

[a] Definition of change in working capital related to operating activities: Current assets minus current liabilities (excluding income taxes paid, which are reported separately)

CONTENTS

(FIGURES IN MILLIONS OF EUROS UNLESS OTHERWISE INDICATED)

NOTES

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Declaration of compliance:

The interim condensed consolidated financial statements of Bouygues and its subsidiaries (the “Group”) for the six months ended 30 June 2013 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 financial statements of the Bouygues group for the year ended 31 December 2012.

They were prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of 30 June 2013. These standards 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 30 June 2013 any standard or interpretation not endorsed by the European Union.

The financial statements are presented in millions of euros (unless otherwise indicated) and comprise:

- ✓ the balance sheet;
- ✓ the income statement and statement of recognised income and expense;
- ✓ the statement of changes in shareholders’ equity;
- ✓ the cash flow statement;
- ✓ the notes to the financial statements.

The comparatives presented are from the consolidated financial statements for the year ended 31 December 2012, and from the condensed consolidated financial statements for the six months ended 30 June 2012.

1 SIGNIFICANT EVENTS OF THE PERIOD

1.1. Scope of consolidation as at 30 June 2013

1,113 entities were consolidated at 30 June 2013, compared with 1,129 at 31 December 2012. The net reduction of 16 entities includes the deconsolidation of real estate partnerships and property companies on project completion (mainly in the construction segment), partly offset by newly-consolidated entities (acquisitions during 2013, and first-time consolidation of entities acquired by Colas at the end of 2012, in Australia and New Caledonia).

	30 JUNE 2013	31 DECEMBER 2012
Fully consolidated	**829**	**839**
Proportionately consolidated	**208**	**226**
Associates (equity method)	**76**	**64**
	1,113	**1,129**

1.2. Significant events

1.2.1. Significant events of the first half of 2013

The main corporate actions of the first half of 2013 are described below:

- On 7 January 2013, Bouygues repurchased 5,074,906 of its own shares, representing 1.57% of its share capital, for €99 million. On 26 February 2013, the Bouygues Board of Directors decided to cancel these shares.
- Arcep, the French electronic communications and postal services regulator, approved Bouygues Telecom's request to reuse the 1800 MHz frequency band from 1 October 2013 for the deployment of 4G, subject to part of the company's bandwidth being returned.
- On 25 April 2013, the Annual General Meeting approved the distribution of a dividend of €1.60 for each of the 319,077,468 shares in issue, representing a total payout of €511 million. The dividend was paid on 6 May 2013.
- On 29 May 2013, Bouygues redeemed the €709 million outstanding on its May 2006 4.5% bond issue.

1.2.2. Reminder of significant events of the first half of 2012

The main acquisitions and corporate actions of the first half of 2012 are described below:

- On 17 January 2012, Bouygues Telecom was granted, in exchange for €683 million, authorisation to use 10 MHz frequencies in the 800 MHz band in France (excluding overseas territories) to establish and operate a public mobile radio-electric network, with a commitment to open it to Mobile Virtual Network Operators (MVNOs). This authorisation, which will come into service at a future date, was awarded for a period of 20 years.
- On 27 January 2012, Bouygues raised €800 million via a ten-year bond issue bearing interest at 4.5%, with a view to refinancing debt that is approaching maturity. The issue was paid up on 9 February 2012.

1.3. Consolidated sales for the first half of 2013

Consolidated sales for the first half of 2013 were €15,207 million, 2% lower than for the comparable period of 2012 (€15,505 million).

1.4. SIGNIFICANT EVENTS AND CHANGES IN SCOPE OF CONSOLIDATION SUBSEQUENT TO 30 JUNE 2013

On 22 July 2013, Bouygues Telecom and SFR announced that they were in exclusive talks with a view to reaching an agreement to share part of their mobile networks. This strategic agreement, which Bouygues Telecom and SFR hope to complete before the end of 2013, will be subject to prior consultation with the employee representative bodies of the two companies and to review by the French Competition Authority and by Arcep.

2 GROUP ACCOUNTING POLICIES

2.1. BUSINESS AREAS

The Bouygues group is a diversified industrial group, with operations in more than 80 countries.

The Group's activities are organised into a number of business areas:

a) Construction:

- Bouygues Construction (Building & Civil Works, Energies and Services)
- Bouygues Immobilier (Property)
- Colas (Roads)

b) Telecoms/Media:

- TF1 (Television)
- Bouygues Telecom (Mobile/Fixed, TV and Internet Services)

c) The Bouygues group also holds a 29.35% interest in the Alstom group (Alstom Thermal Power, Alstom Renewable Power, Alstom Transport, Alstom Grid).

2.2. BASIS OF PREPARATION

The consolidated financial statements of the Bouygues group include the financial statements of Bouygues SA and its subsidiaries, and investments in associates and joint ventures. They are presented in millions of euros, which is the Group's functional and reporting currency, and take account of the recommendations on presentation (Recommendation 2009-R-03) issued on 2 July 2009 by the Conseil National de la Comptabilité – CNC (now called Autorité des Normes Comptables – ANC), the French national accounting standard-setter.

They were adopted by the Board of Directors on 27 August 2013.

The condensed consolidated financial statements for the six months ended 30 June 2013 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is a requirement under IFRS. They include comparatives as at and for the year ended 31 December 2012 and the six months ended 30 June 2012.

The Bouygues group applied the same standards, interpretations and accounting policies for the six months ended 30 June 2013 as applied in its consolidated financial statements for the year ended 31 December 2012, except for changes required to meet new IFRS requirements applicable from 1 January 2013 as described below; these changes had no material impact on the financial statements.

- *Principal new standards, amendments and interpretations effective within the European Union and mandatorily applicable or permitted for early adoption for periods beginning on or after 1 January 2013:*

  - **Amendment to IAS 1**: Presentation of items of Other Comprehensive Income (OCI).
    Although the amendment to IAS 1 had not been adopted by the European Union as of 31 December 2011, it was early adopted by the Group from 1 January 2011 since it was not in conflict with pronouncements that had already been endorsed. This amendment became effective within the European Union on 6 June 2012 and is mandatorily applicable from 1 January 2013.

  - **Amendment to IAS 19**, "Employee Benefits" (published in the Official Journal of the European Union on 6 June 2012, mandatorily applicable from 1 January 2013, early adoption permitted from 1 January 2012). This amendment was early adopted in the consolidated financial statements for the year ended 31 December 2012. Because the Group already recognised in equity actuarial gains and losses arising on employee benefits under defined-benefit plans, applying this change in accounting policy would have had an immaterial impact on net assets and net profit for the year ended 31 December 2011. The €20-million negative impact on equity (net of deferred tax assets) mainly related to the effect of a retirement plan amendment that occurred in 2005, net of the portion already amortised through profit or loss under IAS 19 as previously applied.

- **Amendments to IAS 12, "Income Taxes" (Deferred Taxes: Recovery of Underlying Assets) and to IFRS 1 "First-time Adoption of International Financial Reporting Standards" (Severe Hyperinflation and Removal of Fixed Dates for First-Time Adopters), and IFRS 13, "Fair Value Measurement":** these pronouncements, endorsed by the European Union on 29 December 2012, are mandatorily applicable from 1 January 2013. They have no impact on the financial statements of the Bouygues group.

- **IFRS 10, "Consolidated Financial Statements"; IFRS 11, "Joint Arrangements"; IFRS 12, "Disclosure of Interests in Other Entities"; IAS 27, "Separate Financial Statements" (as revised in 2011); and IAS 28, "Investments in Associates and Joint Ventures" (as revised in 2011):** these pronouncements, endorsed by the European Union on 29 December 2012, are mandatorily applicable from 1 January 2014, and were not early adopted by the Bouygues group as of 1 January 2013. Their impact on the financial statements is currently under review.

- *Other key standards, amendments and interpretations issued by the IASB but not yet endorsed by the European Union*

  The table below shows the principal standards, amendments and interpretations that had been issued by the IASB prior to 30 June 2013 but have not yet come into effect:

Standard/Amendment/Interpretation	IASB effective date*	Expected impact on the Bouygues group
IFRIC 21: Levies	1 January 2014	Under review
Unless otherwise indicated, applicable to accounting periods beginning on or after the date shown in this column.		

- Elective accounting treatments and estimates used in the valuation of certain assets, liabilities, income and expenses

  Preparing financial statements to comply with IFRS standards and interpretations requires the use of estimates and assumptions which may have affected the amounts reported for assets, liabilities and contingent liabilities at the balance sheet date, and the amounts of income and expenses reported for the period.

  These estimates and assumptions have been applied consistently on the basis of past experience and of various other factors regarded as reasonable forming the basis of assessments of the valuations of assets and liabilities for accounting purposes. Actual results may differ materially from these estimates if different assumptions or conditions apply.

  The main items involved are the impairment testing of goodwill and investments in other entities, share-based payment (stock options), employee benefits (lump-sum retirement benefits, pensions, etc.), the fair value of unlisted financial instruments, deferred tax assets, and provisions.

  Where no standard or interpretation applies to specific transactions, events or conditions, Group management exercises its judgement to define and apply accounting policies that will provide relevant information that gives a fair presentation and is comparable between periods, such that the financial statements:

  - represent faithfully the financial position, financial performance and cash flows of the Group;

  - reflect the economic substance of the underlying transactions;

  - are neutral, prudent, and complete in all material respects.

  Disclosures about judgements made by management are provided in the notes to the consolidated financial statements.

2.3. CONSOLIDATION METHODS

- Full consolidation

  Companies over which Bouygues exercises control are consolidated using the full consolidation method. Acquisitions and divestments of non-controlling interests without loss of control are treated as transactions between shareholders, and their impact on the Group's financial statements is recognised in equity without affecting profit or loss.

  Assessment of exclusive control over TF1:

  - As at 30 June 2013, Bouygues held 43.66% of the capital and voting rights of TF1. Exclusive control by Bouygues over TF1 is demonstrated by the following:

    - Bouygues has consistently and regularly held a large majority of the voting rights exercised at TF1 general meetings, and no other shareholder directly or indirectly controls a higher share of voting rights than Bouygues.

    - Bouygues has clearly had exclusive power to determine decisions at TF1 general meetings during at least two consecutive financial years.

    Other factors indicating the existence of exclusive control include:

    - the large number of seats on the TF1 Board of Directors allocated to Bouygues;

    - the role of Bouygues in appointing key executives of TF1.

    All these factors clearly establish that Bouygues exercises exclusive control over TF1.

- Proportionate consolidation: investments in joint ventures

  A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control. Bouygues consolidates the assets, liabilities, income and expenses of such entities using the proportionate consolidation method based on the percentage of control exercised. This definition applies in particular to Bouygues Construction and Colas construction project companies, and to Bouygues Immobilier property companies.

- Investments in associates

  An associate is a company over which Bouygues exercises significant influence without exercising control. Significant influence is presumed to exist where Bouygues directly or indirectly holds at least 20% of the entity's voting rights.

  The net profit or loss and the assets and liabilities of such entities are accounted for by the equity method.

  - Alstom: Bouygues exercises significant influence over Alstom, as demonstrated by its 29.35% interest in the capital and its control of two seats on the Board of Directors.

    The interest in Alstom is reported in "Investments in associates" in the balance sheet as of 30 June 2013, and is carried at net acquisition cost (including goodwill) plus Bouygues' share of Alstom's net profit since the acquisition date, representing a total net carrying amount of €4,563 million (including €2,510 million of goodwill).

    Based on the results published by Alstom on 7 May 2013 for its 2012/2013 financial year, and given the time-lag between the financial year-ends of Alstom (31 March) and Bouygues (31 December), the amount of Alstom's net profit contribution to the Bouygues group in the second quarter of 2013 is an estimated €59 million (versus €57 million for the second quarter of 2012), giving a total contribution of €117 million for the first half of 2013 (versus €114 million for the first half of 2012).

Amortisation of fair value remeasurements of Alstom's identifiable intangible assets and other items had a negative impact of €8 million on the Group's consolidated income statement for the six months ended 30 June 2013 (portion attributable to the Bouygues group).

- Concession arrangements and Public-Private Partnership (PPP) contracts

  The Bouygues Construction group enters into concession arrangements and PPP contracts with local authorities via entities in which the Group holds an equity interest, generally of less than 20%. Given the effectively limited role of the Group in these entities, they are not consolidated. Equity interests in concession operating entities are in the majority of cases accounted for as associates by the equity method, or otherwise are not consolidated.

- In accordance with IAS 39, equity investments in non-consolidated companies are measured at fair value.

2.4. BUSINESS COMBINATIONS

With effect from 1 January 2010, business combinations have been accounted for in accordance with the revised IFRS 3 and IAS 27, which use the concept of "obtaining control" in determining the accounting treatment to be applied to acquisitions or disposals of equity interests; depending on the circumstances, the impacts of such acquisitions and disposals are recognised either in consolidated profit or loss or in equity.

In a business combination, the fair value of the consideration transferred is allocated to the identifiable assets and liabilities of the acquiree, which are measured at fair value at the acquisition date and presented in the balance sheet using the full fair value method in accordance with IFRS 3. This method involves remeasuring the assets and liabilities acquired at fair value in full (including non-controlling interests), rather than remeasuring just the percentage interest acquired.

The revised IFRS 3 allows entities to elect one of two methods of accounting for non-controlling interests in each business combination:

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

Fair value is the amount for which an asset or Cash Generating Unit (CGU) could be sold between knowledgeable, willing parties in an arm's length transaction.

Goodwill represents the excess of the cost of a business combination over the acquirer's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities that can be reliably measured at the acquisition date; non-controlling interests are either measured at fair value or not, depending on the option elected (see above). Goodwill is allocated to the CGU benefiting from the business combination or to the group of CGUs at the level of which return on investment is measured (business segment for the Bouygues group).

The purchase price allocation period is limited to the time required to identify and measure the acquired entity's assets and liabilities, the non-controlling interests, the consideration transferred and the fair value of any previously-held equity interest, subject to a maximum period of 12 months.

Negative goodwill (i.e. gain from a bargain purchase) is taken to the income statement in the period in which the acquisition is made.

Subsequently, goodwill is carried at cost net of any impairment losses identified annually using the methods described under "Impairment testing of non-current assets" in Note 2.7.1 below, in accordance with IAS 36. Impairment losses are charged to the income statement as an operating item.

In accordance with the revised IFRS 3, any previously-held equity interest is remeasured at fair value at the date on which control is obtained, with the resulting gain or loss recognised in profit or loss for the period. In the event of loss of control, the retained equity interest is also remeasured at fair value; the gain or loss on remeasurement is recognised in profit or loss for the period, along with the gain or loss arising on the disposal.

In the event of a change in percentage interest with no effect on control, the difference between the consideration paid or received and the carrying amount of the non-controlling interest is recognised directly in equity attributable to the Group. Consequently, no additional goodwill is recognised.

All acquisition-related costs are recognised as an expense in profit or loss for the period.

Goodwill recognised prior to 1 January 2004 continues to be measured using the partial fair value method. This method involves restricting the fair value remeasurement of identifiable items to the percentage interest acquired. Non-controlling interests in these items are measured on the basis of the carrying amount of the items as shown in the balance sheet of the acquired entity.

2.5. FOREIGN CURRENCY TRANSLATION

2.5.1. Transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated into euros at the average exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the closing exchange rate. Translation differences are recognised as income or expenses in the income statement. Non-monetary assets and liabilities denominated in foreign currencies and accounted for at historical cost are translated using the exchange rate on the date of the transaction.

2.5.2. Financial statements of foreign entities with a functional currency other than the euro

All assets and liabilities of consolidated entities with a functional currency other than the euro are translated at the closing exchange rate. Income and expenses are translated at the average exchange rate for the period. Translation differences arising from this treatment, and arising from the retranslation of a subsidiary's opening shareholders' equity at the closing exchange rate, are taken to the translation reserve (which is a component of consolidated shareholders' equity). Translation differences arising on the net investment in foreign subsidiaries and associates are recognised in shareholders' equity.

2.6. ASSESSMENT OF INCOME TAXES

Income taxes of consolidated entities for interim periods are assessed in accordance with IAS 34: the income taxes of each entity are recognised on the basis of the best estimate of the average annual effective income tax rate for the financial year (except in the case of holding companies, which recognise income taxes on the basis of the actual tax position at the end of the period).

Deferred taxation is recognised on differences between the carrying amount and tax base of assets or liabilities, and arises as a result of:

- Temporary differences between the carrying amount and tax base of assets or liabilities, which may be:
    - items generating a tax liability in the future (deferred tax liabilities), arising mainly from income that is liable to tax in future periods; or
    - items deductible from taxable profits in the future (deferred tax assets), mainly provisions that are temporarily non-deductible for tax purposes. Such assets are recognised to the extent that it is probable that sufficient taxable profits will be available against which to offset the temporary differences, and are reviewed at each balance sheet date.
- Tax losses available for carry-forward (deferred tax assets), where it is probable that these losses will be recovered in future periods.

Deferred taxes are measured using known applicable national tax rates for the relevant country as at the balance sheet date. In the case of France, the tax rate applied to deferred taxes expected to reverse in 2013 or 2014 incorporates the exceptional 5% contribution enacted in the 2012 Finance Act.

Deferred taxes are not discounted, and are reported in non-current assets and liabilities.

2.7. NON-CURRENT ASSETS

2.7.1. Impairment testing of non-current assets and investments in associates

Impairment tests are carried out on the carrying amount of non-current assets and investments in associates if there is objective evidence that they may have become impaired.
The carrying amounts of indefinite-lived intangible assets and goodwill are compared to their recoverable amounts at least at the end of each financial year.

Impairment testing of TF1, Bouygues Telecom and Colas

Method applied

In determining the recoverable amount, intangible assets to which independent cash flows cannot be directly allocated are grouped within the Cash Generating Unit (CGU) to which they belong, or within the appropriate group of CGUs representing the lowest level at which management monitors return on investment (business segment level in the case of the Bouygues group). The recoverable amount of CGUs is measured as follows:

a) For TF1, which is listed on the stock market and has good liquidity: on the basis of the quoted share price if this exceeds the carrying amount of the assets (after allowing for a control premium); otherwise, using the Discounted Cash Flow (DCF) method as described below, taking account of the specific characteristics of TF1.

b) For other CGUs: using the DCF method, taking account of the specific characteristics of the CGU.

- The cash flows used are derived from the 3-year business plan prepared by the management of the segment and approved by the Board of Directors of the entity and (where appropriate) of Bouygues.

- The discount rate is determined using a weighted average cost of capital appropriate to the sector in which the segment operates, by reference to a panel of comparable companies. Two alternative capital structure scenarios are applied: ⅓ debt - ⅔ equity (scenario 1); ⅔ debt - ⅓ equity (scenario 2).

- The terminal value is calculated by aggregating the discounted cash flows to infinity, based on normative cash flows and a perpetual growth rate that is consistent with the growth potential of the markets in which the business segment operates and with its competitive position in those markets.

The recoverable amount of the CGU as determined above is then compared with its carrying amount in the consolidated balance sheet. If this carrying amount is greater than the recoverable amount of the CGU, an impairment loss is recognised. Any such losses are allocated in the first instance to any goodwill recognised in the balance sheet, and may not be subsequently reversed.

Update as of 30 June 2013

In the absence of any evidence of impairment since the most recent impairment tests were performed, the goodwill recognised in the balance sheet as of 30 June 2013 has not been subject to new impairment tests.

Impairment testing of the investment in Alstom

Method applied

Because goodwill included in the carrying amount of investments in associates is not reported separately, it is not tested separately for impairment, in line with IAS 36. An impairment loss is recognised if the carrying amount of the investment exceeds its recoverable amount; this loss is charged against the carrying amount of the investment, and may be reversed.

Update as of 30 June 2013

The total carrying amount of the investment in Alstom was tested for impairment as of 31 December 2012 by comparing it with its recoverable amount, determined by reference to value in use as derived from cash flow projections established by Bouygues management based on forecasts prepared by a panel of financial analysts. These forecasts were consistent with the objectives announced by Alstom management in January 2013.

On 7 May 2013, Alstom published its financial statements for the year ended 31 March 2013, and announced its objective of achieving an operating margin in the region of 8%; this objective was reiterated in July 2013. However, a tougher operating environment means that the improvement needed to reach this performance level will now be more gradual, with the objective being achieved within one to two years after the initial date of March 2015 and with modest annual organic growth in revenues (initially forecast at more than 5% over the next two financial years).

Following the publication of the Alstom financial statements on 7 May 2013, most of the panel of financial analysts used have updated their forecasts for Alstom.

The fall in the Alstom share price since the full-year results were announced is evidence that the investment may have become impaired. Consequently, Bouygues management used the latest analysts' reports to test the investment in Alstom for impairment as of 30 June 2013.

The discount rate (weighted average cost of capital) and growth rate used for Alstom as of 30 June 2013 were:

	Discount rate		Growth rate applied to cash flows after a 5-year time horizon
	Scenario 1 [(a)]	Scenario 2 [(a)]	
Alstom	9.56%	8.50%	2%

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

Conclusion

For Alstom, the recoverable amounts determined using each of the two capital structure scenarios are still greater than the carrying amount of the investment.

Note 3.4 to the condensed consolidated financial statements includes a table showing the consolidated carrying amount of listed shares held by Bouygues (TF1, Alstom, Colas) relative to the closing quoted share price at 28 June 2013. As of that date, there were no significant events that might call into question the carrying amounts reported for those companies.

Sensitivity analysis

For the investment in Alstom, an analysis was performed to determine the sensitivity of the calculation to the key parameters (discount rates, growth rate, normative cash flows), either individually or using combined scenarios for discount rates and normative cash flows (including reasonably possible changes in normative cash flows).

The recoverable amount would equal the carrying amount of the investment if the assumptions shown below (taken individually) were to be applied:

	Increase in discount rate		Reduction in normative cash flows	
	Scenario 1 [(a)]	Scenario 2 [(a)]	Scenario 1 [(a)]	Scenario 2 [(a)]
- Alstom	81 bp	187 bp	13%	29%

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

In the event of a 15% reduction in normative cash flows combined with an increase of 100 basis points in the discount rate, the recoverable amount would be €560 million lower than the carrying amount of the investment in scenario 1, and €40 million lower in scenario 2.

2.8. CASH FLOW STATEMENT

The cash flow statement is presented in accordance with IAS 7 and with CNC Recommendation 2009-R-03 of 2 July 2009, using the indirect method.

The net profit (or loss) of consolidated entities is adjusted to eliminate the impact of transactions with no cash effect, and of income and expenses related to investing or financing activities.

The Bouygues group defines cash flow as consolidated net profit (or loss) for the period before: net depreciation and amortisation expense, net changes in provisions and impairment losses, gains and losses on asset disposals, cost of net debt (included in financing activities in the cash flow statement), and net income tax expense for the period.

The cash flow statement explains changes in the Group's net cash position, which is defined as the net total of the following balance sheet items:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings.

2.9. OTHER FINANCIAL INDICATORS

2.9.1. EBITDA

Current operating profit (or loss) for the period excluding (i) net depreciation and amortisation expense and changes in provisions and (ii) impairment losses (after reversals of utilised and non-utilised provisions and of impairment losses).

2.9.2. Free cash flow

Cash flow (determined after cost of net debt and net income tax expense for the period, but before changes in working capital) minus capital expenditure (net of disposals) for the period.

2.9.3. Net debt

This represents the aggregate of:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings;
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

2.10. STATEMENT OF RECOGNISED INCOME AND EXPENSE

The Group presents a statement of recognised income and expense, disclosing a comparative net profit figure on the line "Total recognised income and expense" which includes income and expenses recognised directly in equity.

2.11. COMPARABILITY OF THE FINANCIAL STATEMENTS

Changes in the scope of consolidation during the six months ended 30 June 2013 did not have a material effect on the consolidated financial statements as of that date, and do not impair comparisons with the consolidated financial statements for the six months ended 30 June 2012.

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NOTE 3 – NON-CURRENT ASSETS

For an analysis of the carrying amount of property, plant and equipment and intangible assets by business segment see Note 11, “Segment Information”.

3.1 PROPERTY, PLANT AND EQUIPMENT

CARRYING AMOUNT	Land and buildings	Industrial plant and equipment	Other property, plant and equipment	PP&E under construction and advance payments	Total
30 June 2013	**1,429**	**3,708**	**850**	**451**	**6,438**
of which finance leases	6	33	6		45
31 December 2012	**1,434**	**3,781**	**883**	**353**	**6,451**
of which finance leases	7	39	7		53

3.2 INTANGIBLE ASSETS

CARRYING AMOUNT	Development expenses	Concessions, patents and similar rights	Other intangible assets	Total
30 June 2013	**42**	**655**	**1,191**	**1,888** (a)
31 December 2012	**44**	**667**	**1,175**	**1,886**

(a) Includes €1,574m for Bouygues Telecom (primarily UMTS licences and 4G frequency licences).

3.3 GOODWILL

3.3.1. Movement in the carrying amount of goodwill in the period

(excluding goodwill on associates: see Note 3.5)

	Gross value	Impairment	Carrying amount
31 December 2012	**5,717**	**(69)**	**5,648**
Changes in scope of consolidation	25	1	26
Other movements (including translation adjustments)	(35)		(35)
Net impairment losses recognised in the period		(6)	(6)
30 June 2013	**5,707**	**(74)**	**5,633**

3.3.2. Split of goodwill by Cash Generating Unit (CGU)

Segment	30 June 2013		31 December 2012	
	Total	% Bouygues	Total	% Bouygues
Bouygues Construction (subsidiaries)[a]	411	99.97%	421	99.97%
Colas[b]	1,115	96.60%	1,099	96.60%
TF1 [b]	1,458	43.66%	1,458	43.65%
Bouygues Telecom[b]	2,648	90.53%	2,669	90.53%
Other	1		1	
Total	**5,633**		**5,648**	

(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.*

3.4 CONSOLIDATED CARRYING AMOUNT OF LISTED SHARES (€)

	Consolidated carrying amount per share at 30 June 2013	Closing market price per share at 28 June 2013 (c)
TF1 [b]	13.88	9.19 [a]
Colas[b]	90.36	106.50
Alstom [b]	49.29	25.16

(a) *€10.57 after adjustment to reflect a control premium.*
(b) *See Note 2.7.*
(b) *Quoted market prices have not changed significantly since 28 June 2013, except in the case of TF1 where the share price (after adjustment to reflect a control premium) was €12.23 on 26 August 2013.*

3.5 INVESTMENTS IN ASSOCIATES

	Carrying amount
31 December 2012	**5,335**
Translation adjustments	4
Changes in scope of consolidation	(1)
Share of net profit/(loss) for the period	134[a]
Payment of dividends	(31)
Other movements	(3)
30 June 2013	**5,438**[b]

(a) *Includes €109m (profit contribution of €117m, minus €8m for amortisation of fair value remeasurements) for Alstom, and €22m for Cofiroute.*
(b) *Includes €4,563m for Alstom (goodwill: €2,510m) and €484m for Cofiroute (Colas).*

NOTE 4 - CURRENT ASSETS

INVENTORIES

	30 June 2013			31 Dec. 2012
	Gross value	Impairment	Carrying amount	Carrying amount
Property development inventories	1,477	(128)	1,349	1,380
Raw materials and finished goods	1,171	(41)	1,130 (a)	954
Programmes and broadcasting rights (TF1)	757	(127)	630	615
Total	**3,405**	**(296)**	**3,109**	**2,949**

(a) Increase of €176m, including €171m for Colas (€149m in the first half of 2012).

NOTE 5 – CONSOLIDATED SHAREHOLDERS' EQUITY

SHARE CAPITAL OF BOUYGUES SA (€)

As of 30 June 2013, the share capital of Bouygues SA consisted of 319,157,468 shares with a par value of €1.

	31 December 2012	Movements in the period		30 June 2013
		Reductions	Increases	
Shares	**324,232,374**	(5,074,906) (a)		**319,157,468**
Number of shares	**324,232,374**	**(5,074,906)**		**319,157,468**
Par value	**€1**			**€1**
Share capital (€)	**324,232,374**	**(5,074,906)**		**319,157,468**

(a) Cancellation of treasury shares acquired by Bouygues on 7 January 2013 (reduction of €99m in share capital and share premium).

NOTE 6 – NON-CURRENT AND CURRENT PROVISIONS

6.1 NON-CURRENT PROVISIONS

	Long-term employee benefits (a)	Litigation and claims (b)	Guarantees given (c)	Other non-current provisions (d)	TOTAL
31 December 2012	**628**	**337**	**388**	**820**	**2,173**
Translation adjustments	(3)		(2)	(2)	(7)
Changes in scope of consolidation	1		(3)	(3)	(5)
Charges to provisions in the period	23	40	37	44	144
Reversals of provisions (utilised and unutilised) (e)	(12)	(41)	(36)	(74)	(163)
Actuarial gains and losses recognised in equity	(4)				(4)
Transfers & other movements		3	(6)	(3)	(6)
30 June 2013	**633**	**339**	**378**	**782**	**2,132**

(a) Long-term employee benefits		***633***
• Lump-sum retirement benefits and long-service awards	*575*	
• Other long-term employee benefits (mainly comprises pension funds of Colas subsidiaries in English-speaking countries)	*58*	
(b) Litigation and claims		***339***
• Provisions for customer disputes	*166*	
• Provisions for subcontractor claims	*33*	
• Other litigation and claims (including employee disputes)	*140*	
(c) Guarantees given		***378***
• Provisions for warranties	*293*	
• Provisions for additional building, civil engineering and civil works guarantees	*85*	
(d) Other non-current provisions		***782***
• Provisions for risks relating to official inspections and to subsidiaries and other equity investees	*288*	
• Provisions for site rehabilitation costs	*238*	
• Other non-current provisions	*256*	

(e) Of which reversals of unutilised provisions: (€57m)

6.2 CURRENT PROVISIONS

Provisions related to the operating cycle

	Provisions for customer warranties	Provisions for project risks and project completion	Provisions for expected losses to completion (a)	Other current provisions (b)	TOTAL
31 December 2012	**56**	**292**	**176**	**279**	**803**
Translation adjustments	(1)	(1)	(7)	(4)	(13)
Changes in scope of consolidation	3	(1)			2
Charges to provisions in the period	3	49	28	43	123
Reversals of provisions (utilised and unutilised) (c)	(9)	(70)	(72)	(73)	(224)
Transfers & other movements	1	8	(2)	(8)	(1)
30 June 2013	**53**	**277**	**123**	**237**	**690**

(a) *Provisions for expected losses to completion relate to construction activities (Bouygues Construction, Bouygues Immobilier and Colas). Individual project provisions are not disclosed for confidentiality reasons.*

(b) *The main items included in "Other current provisions" are reinsurance costs, the current portion of site rehabilitation costs, rent guarantees (Bouygues Immobilier), film co-financing (TF1), customer claims and vendor's liability guarantees (TF1), and the business customer loyalty programme provision (Bouygues Telecom).*

(c) *Of which reversals of unutilised provisions: (€65m).*

NOTE 7 – NON-CURRENT AND CURRENT DEBT

7.1 BREAKDOWN OF DEBT BY MATURITY

	Current debt		Non-current debt	
	Total 30/06/2013	Total 31/12/2012	Total 30/06/2013	Total 31/12/2012
Bond issues	**217** (a)	872 (a)	**6,882**	6,880
Bank borrowings	**109**	50	**604**	535
Finance lease obligations	**15**	16	**24**	26
Other debt	**16**	13	**55**	61
Total debt	**357**	**951**	**7,565**	**7,502**

(a) A €709m bond issue was redeemed in May 2013 (see Note 1.2.1).

7.2 COVENANTS AND TRIGGER EVENTS

The bond issues maturing in 2015, 2016, 2018, 2019, 2022, 2023 and 2026 contain a change of control clause relating to Bouygues SA.

The bank loans contracted by Bouygues are not subject to any financial covenants or trigger events. The same applies to the credit facilities used by the subsidiaries of Bouygues SA.

NOTE 8 – MAIN COMPONENTS OF CHANGE IN NET DEBT

	31 December 2012	Movements in the period	30 June 2013
Cash and cash equivalents	4,487	(1,900)	2,587
Overdrafts and short-term bank borrowings	(189)	(223)	(412)
Net cash and cash equivalents	**4,298**	**(2,123)** (a)	**2,175**
Non-current debt	(7,502)	(63)	(7,565)
Current debt	(951)	594	(357)
Financial instruments, net	(17)	6	(11)
Total debt	**(8,470)**	**537**	**(7,933)**
Net debt	**(4,172)**	**(1,586)**	**(5,758)**

(a) Net cash flows as analysed in the cash flow statement for the period.

NOTE 9 – ANALYSIS OF SALES AND OTHER REVENUES FROM OPERATIONS

9.1 ANALYSIS BY ACCOUNTING CLASSIFICATION

	1st half	
	2013	2012
Sales of goods	1,494	1,573
Sales of services	5,494	5,847
Construction contracts	8,219	8,085
Sales	**15,207**	**15,505**
Other revenue from operations	51	50
Total	**15,258**	**15,555**

9.2 CONTRIBUTION OF BUSINESS SEGMENTS TO CONSOLIDATED SALES

SEGMENT	1st half of 2013				1st half of 2012			
	France	International	Total	%	France	International	Total	%
Construction	2,794	2,297	5,091	33%	2,637	2,293	4,930	32%
Property	1,091	52	1,143	8%	1,022	44	1,066	7%
Roads	3,346	2,160	5,506	36%	3,328	2,226	5,554	36%
Media	982	202	1,184	8%	1,072	209	1,281	8%
Telecoms	2,279		2,279	15%	2,668		2,668	17%
Bouygues SA & other	1	3	4	0%	3	3	6	0%
Consolidated sales	**10,493**	**4,714**	**15,207**	**100%**	**10,730**	**4,775**	**15,505**	**100%**

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL H1 2013	TOTAL H1 2012
Total sales	5,232	1,143	5,560	1,208	2,287	62	15,492	15,733
Inter-segment sales	(141)		(54)	(24)	(8)	(58)	(285)	(228)
Third-party sales	**5,091**	**1,143**	**5,506**	**1,184**	**2,279**	**4**	**15,207**	**15,505**

NOTE 10 – INCOME TAXES

	1st half	
	2013	2012
Tax payable to the tax authorities	(82)	(92)
Deferred taxes, net	(20)	(38)
Income tax gain/(expense)	**(102)**	**(130)**

The effective tax rate of the Bouygues group for the first half of 2013 was 53.1% (versus 38% for the first half of 2012). The difference from the standard rate of corporate income tax in France (36.1%) in the first half is mainly due to the effects of the second 2012 amending Finance Act (tax of 3% on distributions of dividends, and restrictions on the tax deductibility of net financial expenses).

NOTE 11 – SEGMENT INFORMATION

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

ANALYSIS BY BUSINESS SEGMENT

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL
Income statement - first half of 2013							
Current operating profit/(loss)	202	84	(76)	71	91	(16)	356
Operating profit/(loss)	202	84	(76)	71	91	(16)	356
Net profit/(loss) attributable to the Group	131	45	(31)	18	49	(24) [(a)]	188

(a) Includes €109m for Alstom (€117m profit, minus €8m amortisation of fair value remeasurements): see Note 2.3

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL
Income statement - first half of 2012							
Current operating profit/(loss)	163	83	(34)	134	148	(18)	476
Operating profit/(loss)	163	83	(34)	134	148	(18)	476
Net profit/(loss) attributable to the Group	107	51	(18)	41	83	14 [(a)]	278

(a) Includes €107m for Alstom (€114m profit, minus €7m amortisation of fair value remeasurements)

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL
Balance sheet - 30 June 2013							
Intangible assets and property, plant and equipment	639	31	2,496	337	4,634	189	8,326
Net surplus cash/(net debt)	2,845	239	(1,142)	166	(774)	(7,092)	(5,758)
Balance sheet - 31 December 2012							
Intangible assets and property, plant and equipment	677	29	2,557	345	4,551	178	8,337
Net surplus cash/(net debt)	3,093	358	(170)	237	(650)	(7,040)	(4,172)

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL
Other financial indicators - first half of 2013							
Acquisitions of property, plant & equipment and intangible assets, net of disposals	**55**	**4**	**112**	**17**	**415**	**14**	**617**
EBITDA	**239**	**88**	**74**	**92**	**469**	**(17)**	**945**
Cash flow	**305**	**88**	**107**	**99**	**417**	**(9)**	**1,007**
Free cash flow	**181**	**53**	**8**	**60**	**(30)**	**(141)**	(a) **131**

(a) After stripping out the €21m impact of the capitalised interest on the acquisition of the 4G licence, adjusted free cash flow for the first half of 2013 was a net inflow of €152m.

	Construction	Property	Roads	Media	Telecoms	Bouygues SA & other	TOTAL
Other financial indicators - first half of 2012							
Acquisitions of property, plant & equipment and intangible assets, net of disposals	**80**	**6**	**125**	**13**	**1,053**	**19**	**1,296**
EBITDA	**268**	**69**	**131**	**174**	**559**	**(21)**	**1,180**
Cash flow	**266**	**81**	**189**	**164**	**507**	**67**	**1,274**
Free cash flow	**123**	**48**	**53**	**107**	**(597)**	**(28)**	(a) **(294)**

(a) After stripping out the €683m impact of the acquisition of the 4G licence and capitalised interest of €21m, adjusted free cash flow for the first half of 2012 was a net inflow of €410m.

NOTE 12 – RELATED-PARTY DISCLOSURES

Transactions	**Expenses**		**Income**		**Receivables**		**Liabilities**	
	1st half 2013	**1st half 2012**	**1st half 2013**	**1st half 2012**	**30/06/13**	**31/12/12**	**30/06/13**	**31/12/12**
Parties with an ownership interest	4	2	1					1
Joint ventures	18	21	100	92	286	291	70	74
Associates	22	10	112	68	79	110	81	41
Other related parties	29	10	277	121	182	109	72	69
Total	**73**	**43**	**490**	**281**	**547**	**510**	**223**	**185**
. Maturity								
less than 1 year					472	436	223	185
1 to 5 years					3	50		
more than 5 years					72	24		
. of which impairment of doubtful receivables (mainly non-consolidated companies)					101	102		

NOTE 13 – PRINCIPAL EXCHANGE RATES

Convention: 1 local currency unit = X euros

Country	Currency unit	Closing euro exchange rate (a) 30/06/2013	Closing euro exchange rate (a) 31/12/2012	Average rate for period (b) 1st half 2013	Average rate for period (b) Full year 2012
EUROPE					
Denmark	Danish krone	0.134070	0.134030	0.134099	0.134315
United Kingdom	Pound sterling	1.170275	1.225340	1.172321	1.231635
Hungary	Hungarian forint	0.003347	0.003421	0.003357	0.003470
Poland	Polish zloty	0.231573	0.245459	0.237395	0.239940
Czech Republic	Czech koruna	0.038751	0.039760	0.038882	0.039778
Romania	Romanian leu	0.220946	0.224997	0.227280	0.224345
Switzerland	Swiss franc	0.811754	0.828363	0.814012	0.830300
NORTH AMERICA					
United States	US dollar	0.757576	0.757920	0.761789	0.773296
Canada	Canadian dollar	0.732547	0.761209	0.746668	0.774828
REST OF THE WORLD					
Morocco	Moroccan dirham	0.089823	0.089714	0.089824	0.090089
Thailand	Thai baht	0.024344	0.024785	0.025447	0.024964
Hong Kong	Hong Kong dollar	0.097680	0.097790	0.098173	0.099705
African Financial Community	CFA franc	0.001524	0.001524	0.001524	0.001524
South Africa	South African rand	0.074138	0.089504	0.080873	0.094518

(a) Translation of balance sheet items.
(b) Translation of income statement items.

CERTIFICATE OF RESPONSIBILITY

I certify that to the best of my knowledge the condensed consolidated first-half financial statements for the past half-year have been prepared in accordance with the relevant accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of affiliated undertakings and that the attached half-year review provides an accurate representation of significant events in the first six months of the year and of their impact on the first-half financial statements, of the main related-party transactions and of the main risks and uncertainties for the remaining six months.

Done at Paris,
27 August 2013

Chairman and CEO

Martin Bouygues

AUDITORS' REPORT ON THE FIRST-HALF FINANCIAL STATEMENTS
for the period 1 January to 30 June 2013

To the Shareholders,

In compliance with the assignment entrusted to us by the general meeting and in accordance with the requirements of Article L. 451-1-2 III of the French Monetary and Financial code (*Code Monétaire et Financier*), we hereby report to you on:

- the review of the accompanying condensed first-half consolidated financial statements of Bouygues, for the period from 1 January to 30 June 2013, and
- the verification of the information contained in the interim management report.

These condensed first-half consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less extensive than an audit conducted in accordance with the professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed first-half consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information provided in the interim management report in respect of the condensed first-half consolidated financial statements subject to our review.

We have no matters to report as to its fair presentation and its consistency with the condensed first-half consolidated financial statements.

Paris-La Défense, 27 August 2013

The Statutory Auditors

Mazars	**Ernst & Young Audit**
Guillaume Potel	**Jean Bouquot**