



PRESS RELEASE

27 August 2014

The Group has maintained its order book at a high level, improve its profitability and reduced its debt during the 1st semester in a continually difficult economic environment in France. The earnings growth expected in 2014 is confirmed.

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- Sales stable at €6.5bn
 - Operating profit on ordinary activities: +7.3%; operating margin: 8.5% (+60bps)
 - Net profit group share: +17.2%
 - Net debt: down €595m over 12 months
 - Order book: €12.3bn (up 4.8% since 1 January 2014)

The Board of Directors of Eiffage met on 27 August 2014 to approve the financial statements for the first half of 2014^(*).

Activity

Consolidated sales in the first half of 2014 were stable at €6.5bn (-0.2%).

At the Contracting Activities in France, sales declined by 1%, as activity in the second quarter was affected negatively by the traditionally weaker level of activity in the immediate aftermath of municipal elections. At the Construction division, sales increased by 4.4%, with particularly buoyant performances in France (where the marketing of new housing units remained dynamic) and also in the rest of Europe, chiefly in Poland. At the Public Works division, sales declined by 1.1%, down slightly in France, but up in the rest of Europe, despite persistently weak orders from the public sector in Spain. At the Energy division, sales declined by 8.5%, especially in France, reflecting notably the more stringent policy for the selection of new orders. On the other hand, activity turned around in the rest of Europe, thanks to a sharp recovery in orders from the private sector in Spain and dynamic orders in Germany. Thanks to the very strong growth in Europe further to the successful integration of the Smulders Group, the Metal division recorded a 5.0% increase in sales despite a much lower level of activity in France compared with the first half of 2013 when sales were buoyed by work on the Ofon offshore platform and on several major façade projects, which have since been delivered.

In the Concessions, revenue contributed by APRR is up 2.8%, fuelled by a 2.0% increase in total traffic. Overall, concessions recorded solid 3.4% growth.

Results

Operating profit on ordinary activities increased by 7.3% to €556m thereby lifting the operating margin to 8.5% from 7.9% in the first half of 2013. Although sales declined by 1.0%, the operating margin of the Contracting activities improved thanks to the strict contract selectivity in place, the tight control on overheads and the mastering of the execution of major ongoing projects.

At the Construction division, the operating margin held at a high level (4.0% compared with 4.2% in the first half of 2013). The operating margin improved at the Energy division to 3.2% (compared with 2.8% in the first half of 2013) and continued to turn around at the Public Works division to reach -2.0% (compared with -2.2%). Finally, the operating margin reduced to 2.8% at the Metal division with the completion of some major projects.

At the Concessions activities, the operating margin increased by 150 bps to 42.7% thanks to traffic holding up at the motorway concessions and to the tight management of operating expenditure.

Despite the expected increase in finance costs (increase in the cost of the Eiffage swaps since July 2013), the growth of the operating profit on ordinary activities paved the way for another sharp rise in net profit, up 17.2% to €68m in the first half of 2014.

Financial situation

Net debt (excluding the fair value of the CNA loan and swaps) reached €12.6bn at 30 June 2014, down €595m compared with 30 June 2013 and stable compared with 1 January 2014, despite the seasonal increase in the working capital requirements of the Contracting activities (€431m compared with €639m in the first half of 2013).

The transfer of the lease for the Sud Francilien hospital to a public sector entity led to a €332m reduction in debt and settled all the disputes between the parties.

Most of the Group's net debt is held by the Concessions, without recourse against Eiffage and for an amount of €12bn. Net debt held by the Holding and Contracting activities came to €607m compared with €911m at 30 June 2013.

Eiffage SA has continued to increase its liquidity and diversify its sources of financing, signing a new private placement for €100m and ramping up its commercial paper programme.

The Group's liquidity, which reaches its low water mark at this time of the year, increases significantly to reach nearly €1.5bn (up from €700m at 30 June 2013), comprising net available cash of €791m and an undrawn credit line of €700m maturing in December 2015.

As for APRR, it realised two new bond issues of €500m each, at historically low rates, with 6-year bonds offering a fixed coupon of 2.25% and 5-year bonds offering a variable coupon with a 0.75% margin.

2014 prospects

With the signature in the first half of 2014 of several carefully selected major projects (notably the first lots awarded in connection with the Grand Paris development programmes and with the overhaul of EDF's fleet of nuclear power stations), the order book stands at the high level of €12.3bn, representing nearly 12.4 months of activity.

The Group expects a slight increase in sales in the year ending 31 December 2014, another improvement in operating profit on ordinary activities and in net profit along with a decrease in net debt.



(*) The statutory auditors performed a limited review of the interim financial statements.