



WE OPEN THE WAY

## HALF-YEAR ACTIVITY REPORT AS OF JUNE 30, 2019

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(French monetary and financial code L. 451-1-2)

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**Certification by the person assuming responsibility for the half-year activity report**

**Statutory Auditors Report on the half-year financial information 2019**

**COLAS**

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**colas.com**

## HALF-YEAR REPORT AT JUNE 30, 2019

With operations in more than 50 countries on five continents, Colas is a global leader in the construction and maintenance of transport infrastructure. Its mission is to promote infrastructure solutions for sustainable mobility. Its three key business segments are Roads, Construction Materials and Railways.

### Key figures

KEY FIGURES (millions of euros)	1 <sup>ST</sup> HALF YEAR 2018	1 <sup>ST</sup> HALF YEAR 2019	CHANGE
<b>Revenue</b>	<b>5,361</b>	<b>5,834</b>	+9% <sup>a</sup>
<i>of which France</i>	<i>2,855</i>	<i>3,071</i>	<i>+8%</i>
<i>of which international</i>	<i>2,506</i>	<i>2,763</i>	<i>+10%</i>
<b>Current operating profit</b>	<b>(167)</b>	<b>(136)</b>	<b>+€31 M</b>
Current operating profit after Leases	(173)	(144)	+€29 M
<b>Operating profit</b>	<b>(167)</b>	<b>(136)</b>	<b>+€31 M</b>
Operating profit after Leases	(173)	(144)	+€29 M
<b>Net profit attributable to the Group</b>	<b>(129)</b>	<b>(102)</b>	<b>+€27 M</b>

(a) +8% at constant scope and exchange rates

### Highlights of the half year

- Changes in governance as of May 14:
  - The functions of Chairman and Chief Executive Officer are separated: Hervé Le Bouc remains Chairman of the Board of Directors, Frédéric Gardès is appointed Chief Executive Officer
- Divestures / Acquisitions:
  - Smac sold to the OpenGate Capital investment fund
  - Part of Skanska's road assets (11 asphalt plants) acquired in Poland
  - Memorandum of understanding signed for the acquisition of Asfalcura in Chile
- Major contracts secured:
  - Rail works in the United Kingdom under the Southern Rail Systems Alliance for an estimated £1.5 billion (approximately €1.7 billion) over 10 years
  - Construction of the Liège tramway in Belgium for €265 million as part of a P3
  - Construction of a section of Motorway M4 between Abony and Törökszentmiklós in Hungary for €107 million
  - Widening of a section of Highway A10 in Touraine, France, for €88 million
  - Construction of a section of Motorway D3 in South Bohemia, Czech Republic, for €79 million
  - Multi-annual rail grinding contract with Network Rail in the UK for €60 million
  - Maintenance contract for the road network in the Kennedy area, Ontario, Canada, for €53 million

- Innovation:
  - First trial project for Flowell (dynamic luminous signaling solution) in Mandelieu-la-Napoule, France
  - First contract for Anaïs (digital service for preventive management of road assets to enhance user safety) with the Eure-et-Loir county in France

## Revenue per business segment

Revenue for the first half of 2019 amounted to €5,834 million, up 9% compared to the first half of 2018 and 8% at constant scope and exchange rates. The Roads business increased by 10% (+8% at constant scope and exchange rates), boosted by a dynamic French market. Railways and other Specialized Activities benefited from growth at Colas Rail (+17% at constant scope and exchange rates).

REVENUE PER BUSINESS SEGMENT (millions of euros)	1 <sup>st</sup> HALF YEAR 2018	1 <sup>st</sup> HALF YEAR 2019	CHANGE	CHANGE AT CSER <sup>a</sup>
<b>Revenue</b>	<b>5,361</b>	<b>5,834</b>	<b>+9%</b>	<b>+8%</b>
<i>of which Roads France</i>	<i>2,201</i>	<i>2,496</i>	<i>+13%</i>	<i>+13%</i>
<i>of which Roads Europe</i>	<i>749</i>	<i>768</i>	<i>+3%</i>	<i>+1%</i>
<i>of which Roads North America</i>	<i>1,009</i>	<i>1,169</i>	<i>+16%</i>	<i>+5%</i>
<i>of which Roads Rest of the World</i>	<i>629</i>	<i>625</i>	<i>-1%</i>	<i>-</i>
<i>of which Railways and other Specialized Activities</i>	<i>762</i>	<i>757</i>	<i>-1%</i>	<i>+12%</i>
<b><i>of which parent company</i></b>	<b><i>11</i></b>	<b><i>19</i></b>	<b><i>ns</i></b>	

(a) CSER: constant scope and exchange rates

## Roads

Revenue in **Mainland France** is up 13% compared to the first half of 2018, in a dynamic market.

Revenue in **Europe** rose slightly to +3% (+1% at constant scope and exchange rates), boosted by the United Kingdom and Ireland.

Revenue in **North America** is up 16%. At constant scope and exchange rates, the change amounts to +5%, with significant growth in the United States while Canada remains stable.

In the **Rest of the World (international excluding Europe and North America)**, revenue is down 1% and stable at constant scope and exchange rates. The drop in Africa is offset by growth in the Asia-Pacific zone.

## Railways and other Specialized Activities

Revenue amounted to €0.8 billion in the first half of 2019, a 1% decrease. At constant scope and exchange rates, revenue is up 12%, driven by growth in the Railway segment at Colas Rail (+17%), while a 12% drop in business was recorded for the Networks segment at Spac. Following the sale of Smac to OpenGate Capital, finalized on May 20, 2019, the half-year contribution of the Waterproofing business to consolidated sales was identical to that of the first quarter, i.e., €0.1 billion.

## **Production of Materials**

In France and around the world, Colas is involved in large-scale production and recycling of construction materials, in particular aggregates, from an international network of 475 operating quarries and gravel pits, 150 emulsion plants, 589 asphalt plants and 206 concrete plants. In the first half of 2019, the Group sold 52 million tonnes of aggregates (+6% compared to the first half of 2018) and produced 1,014,000 tonnes of binders and emulsions (+16%), 16 million tonnes of asphalt mix (+1%) and 1.4 million m<sup>3</sup> of ready-mix concrete (+9%). Colas has a large bitumen distribution business that is backed by 79 bitumen terminals.

## **Financial performance**

Current operating profit for the first half of 2019 was -€136 million, a 31-million-euro improvement compared to the first half of 2018, and a 59-million-euro improvement excluding seasonal losses at Miller McAsphalt in January and February 2019, two months that were not consolidated in 2018.

The Group's good performance is the result of improved current operating profit for Roads in Mainland France, the first impact of Colas Rail's recovery measures in France and the sale of Smac.

The share of income from associates and joint ventures amounted to €25 million at the end of June 2019 compared to €17 million at the end of June 2018, due mainly to good results at Tipco Asphalt.

Net profit attributable to the Group totaled -€102 million in the first half of 2019, a 27-million-euro improvement compared to the first half of 2018.

## **Financial structure**

Net debt at June 30, 2019 amounted to €1,544 million, compared to a net debt of €1,303 million at the end of June 2018. The change from December 31, 2018 (net financial debt of €475 million) results from the usual seasonal nature of the businesses.

## **Work on hand**

Work on hand at the end of June 2019 amounted to €9.9 billion, up 3% at constant exchange rates. In Mainland France, work on hand is up 9% at €3.6 billion, excluding Smac, whereas work on hand in the international and French Overseas units is up 5% with constant exchange rates, at €6.3 billion.

## **Outlook**

As far as revenue is concerned, the Roads segment is performing well, which should make it possible to offset the impact of the sale of Smac.

Current operating profit is expected to improve, boosted by strong business activity in France, the recovery in Colas Rail's profitability and the sale of Smac.



French *Société Anonyme* with share capital of €48,981,748.50  
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APE code: 4211Z  
Fiscal year from January 1 to December 31, 2019

## **Condensed consolidated financial statements**

**As of June 30, 2019**

Consolidated balance sheet

Consolidated income statement

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This document is a free translation into English of the original French "*Etats financiers consolidés condensés*", hereafter referred to as the "Condensed consolidated financial statements". It is not a binding document. In the event of a conflict in interpretation, reference should be made to the French version, which is the authentic text.

## Consolidated balance sheet

In millions of euros	Notes	06/30/2019	12/31/2018 Restated <sup>(a)</sup>	06/30/2018 Restated <sup>(b)</sup>
Property, plant and equipment	3.1	2,554	2,569	2,388
Right-of-use of leased assets		386	370	223
Intangible assets	3.2	211	213	117
Goodwill	3.2	682	674	1,118
Investments in joint ventures and associates	3.3	407	394	378
Other non-current financial assets	3.4	193	192	194
Deferred tax assets and non-current tax receivable		145	150	169
<b>Non-current assets</b>		<b>4,578</b>	<b>4,562</b>	<b>4,587</b>
Inventories		819	672	610
Trade receivables		2,970	2,436	2,795
Customer contract assets		989	658	858
Tax asset (receivable)		104	42	61
Other current receivables and prepaid expenses		984	787	980
Cash and cash equivalents		350	563	397
Financial instruments – Hedging of debt		11	11	12
Other current financial assets		2	3	3
<b>Current assets</b>		<b>6,229</b>	<b>5,172</b>	<b>5,716</b>
<b>Held-for-sale assets</b>			<b>339</b>	
<b>Total assets</b>		<b>10,807</b>	<b>10,073</b>	<b>10,303</b>
Share capital		49	49	49
Share premium and reserves		2,526	2,484	2,444
Translation reserve		46	11	12
Treasury shares		(3)	(3)	(1)
Net profit/(loss) attributable to the Group		(102)	227	(129)
<b>Equity attributable to the Group</b>		<b>2,516</b>	<b>2,768</b>	<b>2,375</b>
Non-controlling interests		26	29	27
<b>Equity</b>	4	<b>2,542</b>	<b>2,797</b>	<b>2,402</b>
Non-current debt	6	1,065	503	1,224
Non-current lease obligations		327	317	181
Non-current provisions	5.2	779	792	891
Deferred tax liabilities and non-current tax liabilities		124	122	62
<b>Non-current liabilities</b>		<b>2,295</b>	<b>1,734</b>	<b>2,358</b>
Advances and down payments received on orders				
Current debt	6	49	46	78
Current lease obligations		80	74	63
Current tax		41	64	12
Trade payables		2,385	2,115	2,280
Customer contract liabilities		915	846	953
Current provisions	5.1	263	271	244
Other current liabilities		1,445	1,292	1,500
Overdrafts and short-term bank borrowings	6	779	488	397
Financial instruments – Hedging of debt		12	12	13
Other current financial liabilities		1	1	3
<b>Current liabilities</b>		<b>5,970</b>	<b>5,209</b>	<b>5,543</b>
<b>Liabilities related to held-for-sale operations</b>			<b>333</b>	
<b>Total liabilities and equity</b>		<b>10,807</b>	<b>10,073</b>	<b>10,303</b>
<b>Net surplus cash/(Net debt)</b>	7	<b>(1,544)</b>	<b>(475)</b>	<b>(1,303)</b>

(a) Restated to reflect the impact of the application of IFRS 16 and IFRIC 23

(b) Restated to reflect the impact of the application of IFRS 16

## Consolidated income statement

In millions of euros	Notes	06/30/2019	06/30/2018 Restated <sup>(a)</sup>	12/31/2018 Restated <sup>(a)</sup>
<b>Revenue <sup>(1)</sup></b>	8/11	<b>5,834</b>	<b>5,361</b>	<b>13,190</b>
Purchases used in production		(2,706)	(2,566)	(6,260)
Personnel costs		(1,774)	(1,641)	(3,525)
External charges		(1,373)	(1,261)	(2,772)
Taxes other than income tax		(88)	(91)	(167)
Net depreciation and amortization expense on property, plant and equipment and intangible assets		(195)	(192)	(461)
Net amortization expense on right-of-use of leased assets		(42)	(30)	(68)
Charges to provisions and impairment, net of reversals due to utilization		(19)	(17)	(100)
Change in production inventories		3	7	17
Other income from operations <sup>(2)</sup>		282	314	745
Other expenses on operations		(58)	(51)	(226)
<b>Current operating profit/(loss)</b>	9/11	<b>(136)</b>	<b>(167)</b>	<b>373</b>
Other operating income				
Other operating expenses				(31)
<b>Operating profit/(loss)</b>		<b>(136)</b>	<b>(167)</b>	<b>342</b>
Financial income		6	7	14
Financial expenses		(21)	(20)	(45)
<b>Cost of net debt</b>		<b>(15)</b>	<b>(13)</b>	<b>(31)</b>
Interest expense on lease obligations		(8)	(6)	(13)
Other financial income		5	5	8
Other financial expenses		(1)	(7)	(10)
Tax	10	26	41	(96)
Share of net profit/(loss) of joint ventures and associates		25	17	28
<b>Net profit/(loss)</b>		<b>(104)</b>	<b>(130)</b>	<b>228</b>
<b>Net profit/(loss) attributable to the Group</b>		<b>(102)</b>	<b>(129)</b>	<b>227</b>
Net profit/(loss) attributable to non-controlling interests		(2)	(1)	1
Basic earnings per share (in euros)		(3.14)	(3.95)	6.93
Diluted earnings per share (in euros)		(3.14)	(3.95)	6.93
<sup>(1)</sup> Of which generated outside of France (including exports)		2,763	2,506	6,730
<sup>(2)</sup> Of which reversals of unutilized provisions and impairment		41	82	145

## Consolidated statement of recognized income and expense

<b>Net profit/(loss)</b>	<b>(104)</b>	<b>(130)</b>	<b>228</b>
<b>Items not reclassifiable to profit/(loss)</b>			
Actuarial gains and losses on post-employment benefits	(6)	1	55
Tax on items not reclassifiable to profit/(loss)	2		(10)
<b>Items reclassifiable to profit/(loss)</b>			
Change in cumulative translation adjustment	32	(4)	(10)
Net change in fair value of financial instruments used for hedging and other financial assets (AFS, etc.)		3	2
Tax on items reclassifiable to profit/(loss)		(2)	(2)
Share of reclassifiable income and expense of joint ventures and associates	3	1	6
<b>Income/(expense) recognized directly in equity</b>	<b>31</b>	<b>(1)</b>	<b>41</b>
<b>Total recognized income and expense</b>	<b>(73)</b>	<b>(131)</b>	<b>269</b>
Attributable to the Group	(71)	(130)	268
Attributable to non-controlling interests	(2)	(1)	1

(a) Restated to reflect the impact of the application of IFRS 16

## Consolidated statement of changes in equity

In millions of euros	Share capital and share premium	Retained earnings	Translation reserve	Consolidated profit/(loss)	Capital attributable to the Group	Non-controlling interests	Total
<b>As of December 31, 2017 (restated) <sup>(1)</sup></b>	<b>384</b>	<b>2,046</b>	<b>15</b>	<b>329</b>	<b>2,774</b>	<b>30</b>	<b>2,804</b>
Acquisitions and disposals of treasury shares		(3)			(3)		(3)
Prior-year profit allocation		329		(329)			
Dividends paid		(268)			(268)	(2)	(270)
Other transactions with shareholders							
Net profit/(loss) for the fiscal year				227	227	1	228
Other recognized income and expense		45	(4)		41		41
Total recognized income and expense		45	(4)	227	268	1	269
Changes in scope of consolidation		(3)			(3)		(3)
<b>As of December 31, 2018 (restated) <sup>(2)</sup></b>	<b>384</b>	<b>2,146</b>	<b>11</b>	<b>227</b>	<b>2,768</b>	<b>29</b>	<b>2,797</b>
Acquisitions and disposals of treasury shares							
Prior-year profit allocation		227		(227)			
Dividends paid		(181)			(181)	(2)	(183)
Other transactions with shareholders							
Net profit/(loss) for the period				(102)	(102)	(2)	(104)
Other recognized income and expense <sup>(3)</sup>		(4)	35		31		31
Total recognized income and expense		(4)	35	(102)	(71)	(2)	(73)
Changes in scope of consolidation						1	1
<b>As of June 30, 2019</b>	<b>384</b>	<b>2,188</b>	<b>46</b>	<b>(102)</b>	<b>2,516</b>	<b>26</b>	<b>2,542</b>

(1) Restated to reflect the impact of the application of IFRS 16 and IFRS 9

(2) Restated to reflect the impact of the application of IFRS 16

(3) Breakdown:

	Group	Non-controlling interests	Total
Exchange differences	35		35
Fair value restatement on financial instruments			
Actuarial gains/(losses) on employee benefits	(6)		(6)
Deferred tax based on these items	2		2
<b>Total other comprehensive income</b>	<b>31</b>		<b>31</b>



## Consolidated cash flow statement

	06/30/2019	12/31/2018 Restated <sup>(1)</sup>	06/30/2018 Restated <sup>(2)</sup>
In millions of euros			
Consolidated net profit/(loss)	(104)	228	(130)
Adjustments for:			
Share of profit/(loss) of joint ventures and associates	(25)	(28)	(17)
Dividends received from joint ventures and associates	18	36	28
Dividends from non-consolidated companies	(2)	(1)	(1)
Net charges to/(reversals of) depreciation, amortization and impairment of property, plant and equipment and intangible assets and non-current provisions	169	483	193
Net charges to amortization and impairment expense and other adjustments to Right-of-use of leased assets	42	68	30
Gains and losses on asset disposal	(30)	(52)	(9)
Tax, including uncertain tax positions	(26)	96	(41)
Tax paid	(60)	(132)	(50)
Miscellaneous non-cash charges	(2)		
<b>Cash flow after cost of net debt, interest expense on lease obligations and tax paid</b>	<b>(20)</b>	<b>698</b>	<b>3</b>
Reclassification of the cost of net debt and interest expense on lease obligations	23	44	19
Changes in working capital related to operating activities, including current provisions and impairment	(595)	(295)	(553)
<b>Net cash generated by/(used in) operating activities (a)</b>	<b>(592)</b>	<b>447</b>	<b>(531)</b>
Purchase of property, plant and equipment and intangible assets	(123)	(462)	(171)
Proceeds from sale of property, plant and equipment and intangible assets	26	174	19
Net liabilities related to property, plant and equipment and intangible assets	(100)	(12)	(92)
<b>Subtotal</b>	<b>(197)</b>	<b>(300)</b>	<b>(244)</b>
Acquisitions and disposals of equity interests and consolidated companies:			
Purchase of equity interests and consolidated companies	(40)	(807)	(644)
Proceeds from sale of equity interests and consolidated companies	22	6	
Net receivables/(payables) on acquisitions and disposals of equity interests and consolidated companies	(1)	3	
Cash acquired	(4)	78	1
<b>Subtotal</b>	<b>(23)</b>	<b>(720)</b>	<b>(643)</b>
Other cash flows related to investing activities:			
Dividends received from non-consolidated companies	2	1	1
Change in other non-current financial assets	2	41	5
<b>Subtotal</b>	<b>4</b>	<b>42</b>	<b>6</b>
<b>Net cash generated by/(used in) investing activities (b)</b>	<b>(216)</b>	<b>(978)</b>	<b>(881)</b>
Capital increases/(reductions) paid by shareholders and non-controlling interests, and other transactions between shareholders		(3)	(1)
Dividends paid to shareholders of the parent company	(181)	(268)	(268)
Dividends paid to minority interests	(2)	(2)	(2)
Change in current and non-current debt	548	391	1,134
Repayment of lease obligations	(41)	(69)	(31)
Cost of net debt and interest expense on lease obligations	(23)	(44)	(19)
Other cash flows related to financing activities			
<b>Net cash generated by/(used in) financing activities (c)</b>	<b>301</b>	<b>5</b>	<b>813</b>
Effect of foreign exchange fluctuations (d)	3		(1)
<b>Net change in cash (a+b+c+d)</b>	<b>(504)</b>	<b>(526)</b>	<b>(600)</b>
Net cash at the beginning of the period	75	600	600
<b>Net cash at the end of the period, including SMAC</b>	<b>(429)</b>	<b>74</b>	
SMAC Group: Balance sheet cash associated with held-for-sale assets		1	
<b>Net cash at the end of the period (see Note 7)</b>	<b>(429)</b>	<b>75</b>	

(1) Restated to reflect the impact of the application of IFRS 16 and IFRIC 23

(2) Restated to reflect the impact of the application of IFRS 16

# Notes to the consolidated financial statements

## Notes

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## NOTE 1. SIGNIFICANT EVENTS

### 1.1 – Significant events of the first half of 2019

#### Disposal of SMAC

On February 14, 2019, Colas announced that it had signed an agreement to sell SMAC to a subsidiary of OpenGate Capital. In accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the assets and liabilities of the SMAC subgroup were presented on a separate line in the balance sheet as of December 31, 2018.

The transaction was finalized on May 20, 2019 after all the conditions precedent had been met, in particular approval from the competition authorities. This divestment reduces revenue by approximately €600 million on an annual basis, and does not have a material impact on Colas' operating profit for 2019.

#### Acquisition of Skanska assets in Poland

On April 1, 2019, Colas Polska (Colas' subsidiary in Poland) finalized the acquisition of a portion of Skanska's road asphalt assets in Poland.

### 1.2 – Significant events and changes in scope of consolidation subsequent to June 30, 2019

On June 13, 2019, Colas signed a memorandum of understanding with a view to acquiring Asfalcura, a Chilean company specializing in road construction, in particular producing and applying asphalt mix. The acquisition took place on July 2, 2019.

## NOTE 2. GROUP ACCOUNTING POLICIES

### 2.1 – Declaration of compliance

The interim condensed consolidated financial statements of Colas and its subsidiaries ("the Group") for the six months ended June 30, 2019 were prepared in accordance with IAS 34 *Interim Financial Reporting*, a standard issued by the International Accounting Standards Board (IASB) and adopted by the European Union. Because they are condensed, these financial statements do not include all the information required under IFRS, and should be read in conjunction with the Group's full-year consolidated financial statements for the fiscal year ended December 31, 2018.

They were prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of June 30, 2019, including International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee – previously known as the International Financial Reporting Interpretations Committee (IFRIC), itself the successor body to the Standing Interpretations Committee (SIC). As

of June 30, 2019, the Group has not opted for early application of any standard or interpretation not endorsed by the European Union.

Unless otherwise indicated, the financial statements are presented in millions of euros, the currency in which the majority of the Group's transactions are denominated; they comprise the balance sheet, the income statement, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, and the notes to the financial statements.

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

The Colas Group's interim condensed consolidated financial statements include the financial statements of Colas SA and its subsidiaries, as well as investments in joint ventures, associates and joint operations.

They were approved by the Board of Directors on August 27, 2019.

The interim condensed consolidated financial statements for the six months ended June 30, 2019 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is required under IFRS. They include comparatives with the financial statements for the year ended December 31, 2018, as restated (see Note 14) for the application of IFRS 16 and IFRIC 23 from January 1, 2019; and with the financial statements for the six months ended June 30, 2018, as restated for the application of IFRS 16.

For interim periods, the tax expense for consolidated entities is determined in accordance with IAS 34: each entity's tax expense for the period is recognized on the basis of the best estimate of the average annual effective tax rate for the full fiscal year (except in the case of holding companies, which recognize tax on the basis of the actual tax position at the end of the period).

## **2.3 – New IFRS standards and interpretations**

The Colas Group applied the same standards, interpretations and accounting policies in the six months ended June 30, 2019 as were applied in its consolidated financial statements for the 2018 fiscal year, except for changes required to meet new IFRS requirements applicable from January 1, 2019 (see below).

IFRS standard and interpretation effective within the European Union and mandatorily applicable from January 1, 2019:

### **• IFRS 16 *Leases***

On 13 January 2016, the IASB issued IFRS 16 *Leases*, replacing IAS 17 and the associated IFRIC and SIC interpretations. The new standard was adopted by the European Union on October 31, 2017 and is applicable from January 1, 2019. The Group did not adopt this new standard early. It has applied IFRS 16 from January 1, 2019, and for first-time application elected to adopt the retrospective approach with presentation of a comparative year.

Detailed information and the estimated impacts of applying IFRS 16 on the financial statements as of December 31, 2017; June 30, 2018; and December 31, 2018 are presented in Note 14.

### **• IFRIC 23 *Uncertainty over Income Tax Treatments***

On June 7, 2017, the IFRS Interpretations Committee issued IFRIC 23, which clarifies the methods used to recognize the effects of uncertain tax positions. The new interpretation was adopted by the European Union on October 23, 2018 and is applicable from January 1, 2019. The Group did not adopt the interpretation early.

The impact of applying this interpretation as of January 1, 2019 is not material, and is presented in Note 14 to the consolidated financial statements.

## **2.4 – Financial indicators**

### **2.4.1 EBITDA after leases**

"EBITDA after leases" is defined as "Current operating profit after leases" (i.e. current operating profit after taking account of interest expense on lease obligations), before (i) net depreciation and amortization of property, plant and equipment and intangible assets, (ii) net charges to provisions and impairment, and (iii) effects of acquisitions of control or losses of control. Those effects relate to the impact of remeasuring previously held interests or retained interests.

In 2018, the tax-exempt competitiveness and employment tax credit (CICE) to which French companies were entitled was recognized in current operating profit, as a reduction in personnel costs. With effect from January 1, 2019, the CICE has been replaced by a reduction in the employer's payroll-based contribution, which increases the tax base.

The main components of current operating profit included in the line items “Other income from operations” and “Other expenses on operations” are net foreign exchange differences on commercial transactions, gains and losses on disposals of non-current assets, net profit or loss from joint operations, royalties on the licensing of patents, and proceeds on sales of raw material (bitumen) to asphalt and emulsion entities in the form of *Sociétés en Participation* (SEPs) or economic interest groupings (GIEs) that subsequently sell the asphalt and emulsion back to Colas.

Net profit or loss from joint operations represents the Group’s share of profit or loss from non-consolidated companies (SEPs, etc.), for example those that operate asphalt and binder production facilities.

#### **2.4.2 Net debt/Net surplus cash**

Net debt/Net surplus cash is obtained by aggregating the following items:

- 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).

“Net debt/Net surplus cash” does not include non-current and current lease obligations.

A positive figure represents net surplus cash and a negative figure represents net debt.

#### **2.4.3 Free cash flow after changes in working capital**

“Free cash flow after changes in working capital” is defined as net cash flow (determined after the cost of net debt, interest expense on lease obligations and income taxes paid), minus net capital expenditure and repayments of lease obligations.

It is calculated after changes in working capital related to operating activities.

#### **2.4.4 Changes in working capital related to operating activities**

“Changes in working capital related to operating activities” as presented in the cash flow statement is obtained by aggregating the following items:

- Net change in inventories and work in progress;
- Net change in advances and down payments made on orders;
- Net change in trade receivables;
- Net change in customer contract assets;
- Net change in trade payables;
- Net change in customer contract liabilities;
- Net change in current provisions;
- Net change in other current asset and liability items (excluding tax, cash, current debt, hedging instruments and receivables/payables related to non-current assets).

### **2.5 – Seasonal fluctuations**

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

## NOTE 3. NON-CURRENT ASSETS

### 3.1 – Property, plant and equipment

	Land and buildings	Plant and equipment	Assets under construction and advance payments	TOTAL
<b>Carrying amount</b>				
As of June 30, 2018	921	1,390	77	<b>2,388</b>
As of December 31, 2018	1,072	1,392	105	<b>2,569</b>
<b>As of June 30, 2019</b>	<b>1,082</b>	<b>1,385</b>	<b>87</b>	<b>2,554</b>

### 3.2 – Intangible assets and goodwill

	Concessions, patents, and other rights	Other	Total intangible assets	Goodwill
As of June 30, 2018	97	20	117	1,118
As of December 31, 2018	96	117	213	674
<b>As of June 30, 2019</b>	<b>94</b>	<b>117</b>	<b>211</b>	<b>682</b>

The final purchase price allocation for Miller McAsphalt reflected in the balance sheet as of June 30, 2019 did not result in any material adjustments to the provisional figures initially recognized in the balance sheet as of December 31, 2018. The value of goodwill was determined as follows as of the acquisition date (in millions of euros):

Purchase price	611
Equity of Miller McAsphalt	401
<b>Goodwill on initial recognition</b>	<b>210</b>
Goodwill on intangible assets	(103)
Goodwill on property, plant and equipment	(67)
<b>Goodwill</b>	<b>(170)</b>
<b>Deferred tax liabilities on goodwill</b>	<b>37</b>
<b>Initial goodwill</b>	<b>13</b>
<b>Residual goodwill</b>	<b>90</b>

The fair value of intangible assets recognized – which mainly comprise customer relationships – was €103 million as of the acquisition date; the fair value of property, plant and equipment was €325 million after revaluation.

### 3.3 – Investments in joint ventures and associates

	Share in equity	Goodwill on associates	Goodwill impairment	Carrying amount
As of June 30, 2018	304	115	(41)	<b>378</b>
As of December 31, 2018	323	106	(35)	<b>394</b>
<b>As of June 30, 2019</b>	<b>337</b>	<b>106</b>	<b>(36)</b>	<b>407</b>

### 3.4 – Other non-current financial assets

	Non-consolidated investments	Other financial assets	Total gross value	Impairment	Carrying amount
As of June 30, 2018	80	172	252	(58)	<b>194</b>
As of December 31, 2018	83	168	251	(59)	<b>192</b>
<b>As of June 30, 2019</b>	<b>87</b>	<b>165</b>	<b>252</b>	<b>(59)</b>	<b>193</b>

## NOTE 4. INFORMATION ON CONSOLIDATED EQUITY

Colas' share capital as of June 30, 2019 amounted to €48,981,748.50.

It comprised 32,654,499 shares of €1.50 at par value, with all shares having the same rights (however, double voting rights are allocated to shares registered in the name of the same shareholder for more than two years).

The share capital did not change from January 1, 2019.

## NOTE 5. CURRENT AND NON-CURRENT PROVISIONS

### 5.1 – Current provisions

	Losses on completion	Works risks and costs of closing down sites	Customer warranties (short-term)	Site reclamation (short-term)	Other	Total
As of June 30, 2018	70	64	40	10	60	244
<b>As of January 1, 2019</b>	90	75	38	11	57	271
Translation adjustments					1	1
Transfers		1	(1)		2	2
Changes in scope of consolidation					(1)	(1)
Charges	32	5	2		13	52
Reversals of utilized provisions	(22)	(8)	(1)	(1)	(11)	(43)
Reversals of unutilized provisions	(13)	(3)	(1)		(2)	(19)
<b>As of June 30, 2019</b>	<b>87</b>	<b>70</b>	<b>37</b>	<b>10</b>	<b>59</b>	<b>263</b>

### 5.2 – Non-current provisions

	Employee benefits	Litigation and claims	Customer warranties (long-term)	Site reclamation (long-term)	Other	Total
As of June 30, 2018	433	200	66	153	39	891
<b>As of January 1, 2019</b>	363	174	53	164	38	792
Translation adjustments				1		1
Transfers			1		1	2
Changes in scope of consolidation		1	1		3	5
Actuarial gains/losses in equity	6					6
Charges	8	6	5	6	1	26
Reversals of utilized provisions	(3)	(5)	(4)	(11)	(12)	(35)
Reversals of unutilized provisions	(11)	(4)	(2)	(1)		(18)
<b>As of June 30, 2019</b>	<b>363</b>	<b>172</b>	<b>54</b>	<b>159</b>	<b>31</b>	<b>779</b>

#### Breakdown of main provisions:

	06/30/2019	12/31/2018	06/30/2018
Length-of-service awards	84	95	108
Lump-sum retirement benefits	209	198	232
Pensions	70	70	93
<b>Employee benefits</b>	<b>363</b>	<b>363</b>	<b>433</b>
Litigation with customers	40	41	41
Litigation with employees	19	22	25
Litigation with social security bodies	83	82	83
Litigation with tax authorities	5	5	19
Litigation with other bodies			1
Other litigation	25	24	31
<b>Litigation and claims</b>	<b>172</b>	<b>174</b>	<b>200</b>

The assumptions used to calculate provisions for length-of-service awards (long-service bonuses) and lump-sum retirement benefits were updated as follows as of June 30, 2019:

- The discount rate went from 2.10% as of December 31, 2018 to 1.31% as of June 30, 2019;
- The employee turnover rate by age bracket was updated using the average age upon departure (for lump-sum retirement benefits, the only reason for leaving used was resignation).

The impact of the change in actuarial assumptions is recognized in other comprehensive income for lump-sum retirement benefits, and in profit or loss (under "Personnel costs") for length-of-service awards.

A reduction of 70 basis points in the discount rate would increase the provision for lump-sum retirement benefits by €21 million. This impact would be recognized in the statement of comprehensive income.

## NOTE 6. NON-CURRENT AND CURRENT DEBT

	06/30/2019	06/30/2018	12/31/2018
Medium- and long-term borrowings	1,060	1,223	497
Other long-term debt	5	1	6
<b>Non-current debt</b>	<b>1,065</b>	<b>1,224</b>	<b>503</b>
Portion of borrowings due in less than one year	49	78	46
Overdrafts and short-term bank borrowings	779	397	488
<b>Current debt</b>	<b>828</b>	<b>475</b>	<b>534</b>

## NOTE 7. CHANGE IN NET DEBT

	12/31/ 2018	Cash flows	Scope	Translation adjust- ments	Fair value	Other impacts	06/30/ 2019	06/30/ 2018
Cash and cash equivalents	563	(222)	(2)	4		7	350	397
Overdrafts and short-term bank borrowings	(488)	(281)	(2)	(1)		(7)	(779)	(397)
<b>Net cash (A)</b>	<b>75</b>	<b>(503)</b>	<b>(4)</b>	<b>3</b>			<b>(429)</b>	<b>0</b>
Non-current debt <sup>(a)</sup>	503	549		17		(4)	1,065	1,224
Current debt <sup>(a)</sup>	46	(1)				4	49	78
Net financial instruments	1						1	1
<b>Gross debt (B)</b>	<b>550</b>	<b>548</b>		<b>17</b>			<b>1,115</b>	<b>1,303</b>
<b>Net surplus cash/(Net debt) (A) - (B) <sup>(b)</sup></b>	<b>(475)</b>	<b>(1,051)</b>	<b>(4)</b>	<b>(14)</b>			<b>(1,544)</b>	<b>(1,303)</b>

(a) Breakdown of "Cash flows on debt":

	Increases	Decreases	Cash flows
Non-current debt	757	(208)	549
Current debt	10	(11)	(1)

(b) See Note 2.4.2

## NOTE 8. BREAKDOWN OF REVENUE

	06/30/2019	06/30/2018
Sales of goods	1,078	951
Sales of services	195	166
Construction contracts	4,561	4,244
<b>Revenue</b>	<b>5,834</b>	<b>5,361</b>

## NOTE 9. OPERATING PROFIT/(LOSS)

	06/30/2019	06/30/2018
Current operating profit/(loss)	(136)	(167)
Other operating income	-	-
Other operating expenses	-	-
<b>Operating profit/(loss)</b>	<b>(136)</b>	<b>(167)</b>

## NOTE 10. TAX

### Calculating the tax expense for the interim period

The tax expense of each consolidated entity is calculated by applying the average effective rate estimated for the fiscal year to "Profit before tax" for the interim period (except in the case of holding companies, which recognize tax on the basis of the actual tax position at the end of the period).

### Breakdown

	06/30/2019	06/30/2018
Current tax	26	36
Deferred tax	2	9
Tax adjustments or exemptions; withholding taxes on dividends	(2)	(4)
<b>Net tax income/(expense)</b>	<b>26</b>	<b>41</b>

## NOTE 11. SEGMENT REPORTING AND OTHER INDICATORS

IFRS 8 *Operating Segments* requires operating segments (referred to as business segments by Colas) to be defined based on internal reporting reviewed by the entity's chief operating decision-maker to make decisions about resources to be allocated to the segment and assess its performance.

### 11.1 – Business segments defined

The Group's operating activities are organized as follows:

- **Roads Mainland France** covers road activities and, starting in 2019, road safety and signaling activities in Mainland France.
- **Roads Europe** covers road activities in Europe (excluding France).
- **Roads North America** covers road activities in the United States and Canada.
- **Roads Rest of the World** covers road activities in Africa (including North Africa), the Indian Ocean, French Overseas Departments and Territories, Asia/Australia and the Middle East.
- **Specialized Activities** covers specialized activities for France and elsewhere around the world: waterproofing, railways and networks.
- **Holding Company** covers Colas' corporate headquarters functions.

### 11.2 – Information by business segment

	Roads Mainland France	Roads Europe	Roads North America	Roads Rest of the World	Specialized Activities	Holding Company	Colas Group
<b>As of June 30, 2019</b>							
Revenue	2,496	768	1,169	625	758	18	<b>5,834</b>
Operating profit/(loss)	(9)	(22)	(114)	9	(12)	12	<b>(136)</b>
Current operating profit/(loss) after leases <sup>(a)</sup>	(11)	(22)	(116)	8	(14)	11	<b>(144)</b>
Interest expense on lease obligations	(2)		(2)	(1)	(2)	(1)	<b>(8)</b>
Net profit/(loss)	(10)	(19)	(89)	20	(14)	8	<b>(104)</b>
<b>As of June 30, 2018</b>							
Revenue	2,202	749	1,009	629	761	11	<b>5,361</b>
Operating profit/(loss)	(40)	(11)	(95)	21	(45)	3	<b>(167)</b>
Current operating profit/(loss) after leases <sup>(a)</sup>	(42)	(11)	(97)	20	(46)	3	<b>(173)</b>
Interest expense on lease obligations	(2)		(2)	(1)	(1)		<b>(6)</b>
Net profit/(loss)	(28)	(3)	(69)	19	(50)	1	<b>(130)</b>

(a) Operating profit/(loss) after interest expense on lease obligations



### 11.3 – Other indicators

	06/30/2019	12/31/2018	06/30/2018
Current operating profit/(loss) after leases <sup>(a)</sup>	(144)	360	(173)
Net depreciation and amortization expense on property, plant and equipment and intangible assets	195	461	192
Net charges to provisions and impairment	19	100	17
Reversals of unutilized provisions and impairment and other items	(41)	(145)	(82)
<b>EBITDA after leases</b>	<b>29</b>	<b>776</b>	<b>(46)</b>

(a) Current operating profit/(loss) after interest expense on lease obligations

	06/30/2019	12/31/2018	06/30/2018
Cash flow after cost of net debt, interest expense on lease obligations and tax paid (I)	(20)	698	3
Changes in working capital related to operating activities, including current provisions and impairment (II)	(595)	(295)	(553)
Acquisitions of property, plant and equipment and intangible assets, net of disposals (III)	(97)	(288)	(152)
Changes in current and non-current lease obligations (IV)	(41)	(69)	(31)
<b>Free cash flow after changes in working capital (I)+(II)+(III)+(IV)</b>	<b>(753)</b>	<b>46</b>	<b>(733)</b>

### NOTE 12. OFF-BALANCE SHEET COMMITMENTS

There has been no material change in off-balance sheet commitments since December 31, 2018, except for commitments under operating leases and finance leases, which are now presented within "Non-current lease obligations" and "Current lease obligations" in the balance sheet, in accordance with IFRS 16.

### NOTE 13. MAIN EXCHANGE RATES

Convention: 1 euro = x local monetary units

Country	Currency	Exchange rate 06/30/2019	Average rate 06/30/2019	Exchange rate 06/30/2018	Average rate 06/30/2018
<b>Europe</b>					
Croatia	Croatian kuna	7.4055	7.4216	7.3795	7.4203
Denmark	Danish kroner	7.4672	7.465	7.45	7.4472
United Kingdom	Pound sterling	0.894	0.8723	0.8766	0.8797
Hungary	Forint	322.31	320.1501	323.02	313.2344
Poland	Zloty	4.2592	4.2943	4.2876	4.2128
Czech Republic	Czech koruna	25.609	25.6933	25.739	25.4741
Switzerland	Swiss franc	1.1175	1.1306	1.1554	1.171
<b>North America</b>					
United States	US dollar	1.1187	1.1296	1.1613	1.2135
Canada	Canadian dollar	1.5016	1.5077	1.5307	1.5453
<b>Other</b>					
Australia	Australian dollar	1.6349	1.598	1.561	1.5683
Morocco	Dirham	10.7845	10.8478	11.0732	11.2597
Thailand	Baht	35.043	35.7683	37.951	38.4234

## **NOTE 14. IMPACTS OF FIRST-TIME APPLICATION OF IFRS 16 LEASES AND IFRIC 23 UNCERTAINTY OVER INCOME TAX TREATMENTS**

This note presents the effects of first-time application of IFRS 16 and IFRIC 23 on the Group's financial statements and key performance indicators.

### **IFRS 16**

The Group has applied IFRS 16 with effect from January 1, 2019, with retrospective application and presentation of a comparative fiscal year. For lessees, IFRS 16 ends the distinction previously made between operating leases and finance leases. Lessees are required to account for all leases with a term of more than one year in a manner similar to that previously specified for finance leases under IAS 17, involving the recognition of an asset for the rights, and a liability for the obligations, arising under the lease.

The Group has elected to apply the practical expedients permitted by IFRS 16 to exclude leases where the as-new value of the underlying asset is less than €5,000, and assets where the lease term is reasonably certain to be less than twelve months. Such leases are recognized in profit or loss as and when lease payments are made. The Group has also elected to account for each lease component separately, distinguishing the lease components from the non-lease (service) components.

As permitted by IFRS 16, the Group has not elected to apply the standard to leases of intangible assets.

The impacts on the balance sheet as of December 31, 2017 (restated for IFRS 9), and on the financial statements as of June 30, 2018 and December 31, 2018, are presented below; they relate mainly to the recognition of a right-of-use of leased asset and a lease obligation, primarily in respect of property leases and equipment. The lease term used is the non-cancellable period of the lease, plus any extension options that the Group is reasonably certain to exercise. In the case of leases of property in France, the lease term is generally nine years. Given the absence of significant initial direct costs, the right-of-use of leased asset equates to the present value of the future lease payments; it is amortized, and written down by means of an impairment allowance if there is an indication that it may have become impaired.

The amounts of finance lease assets and liabilities previously classified as property, plant and equipment and as debt have been reclassified within "Right-of-use of leased assets" and "Lease obligations", respectively. Deferred tax has been recognized on the difference between right-of-use of leased assets and lease obligations falling within the scope of IFRS 16, as was previously the case with finance leases.

IFRS 16 has the effect of reducing the Group's equity as of December 31, 2018 by €22 million, net of deferred tax. As of December 31, 2017, the impact was a reduction in equity of €23 million, net of deferred tax.

### **IFRIC 23**

The Group has applied IFRIC 23 retrospectively with effect from January 1, 2019, with no restatement of prior-period comparatives on first-time application. First-time application had no impact on the Group's equity, and resulted in provisions for risks related to corporate income taxes being reclassified as tax liabilities. The impact of IFRIC 23 on the balance sheet as of December 31, 2018 is presented below.

## 14.1 – Condensed balance sheet as of December 31, 2017, restated for IFRS 16

	12/31/2017 <sup>(a)</sup>	Impact of IFRS 16	12/31/2017 Restated
<b>Consolidated balance sheet</b>			
Property, plant and equipment	2,384	(19)	2,365
Right-of-use of leased assets		241	241
Intangible assets	107		107
Goodwill	512		512
Investments in joint ventures and associates	396		396
Other non-current financial assets	197		197
Deferred tax assets and non-current tax receivable	154	5	159
<b>Non-current assets</b>	<b>3,750</b>	<b>227</b>	<b>3,977</b>
Inventories and receivables	4,168		4,168
Cash and financial instruments	694		694
<b>Current assets</b>	<b>4,862</b>		<b>4,862</b>
Held-for-sale assets			
<b>Total assets</b>	<b>8,612</b>	<b>227</b>	<b>8,839</b>
Equity attributable to the Group	2,797	(23)	2,774
Non-controlling interests	30		30
<b>Equity</b>	<b>2,827</b>	<b>(23)</b>	<b>2,804</b>
Non-current debt	126	(9)	117
Non-current lease obligations		202	202
Non-current provisions	884		884
Deferred tax liabilities and non-current tax liabilities	60	(1)	59
<b>Non-current liabilities</b>	<b>1,070</b>	<b>192</b>	<b>1,262</b>
Trade and other payables	4,524		4,524
Current tax	56		56
Current debt	40	(5)	35
Current lease obligations		63	63
Bank overdrafts and financial instruments	95		95
<b>Current liabilities</b>	<b>4,715</b>	<b>58</b>	<b>4,773</b>
Liabilities related to held-for-sale operations			
<b>Total liabilities and equity</b>	<b>8,612</b>	<b>227</b>	<b>8,839</b>

(a) The balance sheet as of December 31, 2017 has been restated for the effects of applying IFRS 9.

## 14.2 – Condensed financial statements as of June 30, 2018, restated for IFRS 16

	06/30/2018 Reported	Impact of IFRS 16	06/30/2018 Restated
<b>Consolidated balance sheet</b>			
Property, plant and equipment	2,406	(18)	2,388
Right-of-use of leased assets		223	223
Intangible assets	117		117
Goodwill	1,118		1,118
Investments in joint ventures and associates	378		378
Other non-current financial assets	194		194
Deferred tax assets and non-current tax receivable	164	5	169
<b>Non-current assets</b>	<b>4,377</b>	<b>210</b>	<b>4,587</b>
Inventories and receivables	5,307		5,307
Cash and financial instruments	409		409
<b>Current assets</b>	<b>5,716</b>		<b>5,716</b>
Held-for-sale assets			
<b>Total assets</b>	<b>10,093</b>	<b>210</b>	<b>10,303</b>
Equity attributable to the Group	2,397	(22)	2,375
Non-controlling interests	27		27
<b>Equity</b>	<b>2,424</b>	<b>(22)</b>	<b>2,402</b>
Non-current debt	1,230	(6)	1,224
Non-current lease obligations		181	181
Non-current provisions	891		891
Deferred tax liabilities and non-current tax liabilities	63	(1)	62
<b>Non-current liabilities</b>	<b>2,184</b>	<b>174</b>	<b>2,358</b>
Trade and other payables	4,980		4,980
Current tax	12		
Current debt	83	(5)	78
Current lease obligations		63	63
Bank overdrafts and financial instruments	410		410
<b>Current liabilities</b>	<b>5,485</b>	<b>58</b>	<b>5,543</b>
Liabilities related to held-for-sale operations			
<b>Total liabilities and equity</b>	<b>10,093</b>	<b>210</b>	<b>10,303</b>
<b>Consolidated income statement</b>			
<b>Revenue</b>	<b>5,361</b>		<b>5,361</b>
External charges	(1,298)	37	(1,261)
Net amortization expense on right-of-use of leased assets		(30)	(30)
Other income from operations	314		314
<b>Current operating profit/(loss)</b>	<b>(174)</b>	<b>7</b>	<b>(167)</b>
Other operating income and expenses			
<b>Operating profit/(loss)</b>	<b>(174)</b>	<b>7</b>	<b>(167)</b>
Cost of net debt	(13)		(13)
Interest expense on lease obligations		(6)	(6)
Other financial income and expenses	(2)		(2)
Income tax expense	41		41
Share of profit/(loss) of joint ventures and associates	17		17
<b>Net profit/(loss)</b>	<b>(131)</b>	<b>1</b>	<b>(130)</b>
Net profit/(loss) attributable to non-controlling interests	(1)		(1)
<b>Net profit/(loss) attributable to the Group</b>	<b>(130)</b>	<b>1</b>	<b>(129)</b>
<b>Consolidated cash flow statement</b>			
Consolidated net profit/(loss)	(131)	1	(130)
Net charges to amortization and impairment expense and other adjustments to right-of-use of leased assets		30	30
<b>Cash flow after cost of net debt, interest expense on lease obligations and tax paid</b>	<b>(28)</b>	<b>31</b>	<b>3</b>
Reclassification of the cost of net debt and interest expense on lease obligations	13	6	19
Changes in working capital related to operating activities	(553)		(553)
<b>Net cash generated by/(used in) operating activities (a)</b>	<b>(568)</b>	<b>37</b>	<b>(531)</b>
Net operating investments	(244)		(244)
Acquisitions and disposals of equity interests	(643)		(643)
Other cash flows related to investing activities	6		6
<b>Net cash generated by/(used in) investing activities (b)</b>	<b>(881)</b>		<b>(881)</b>
Capital increases/(reductions) paid by shareholders and non-controlling interests, and other transactions between shareholders	(1)		(1)
Dividends paid	(270)		(270)
Change in current and non-current debt	1,134		1,134
Repayment of lease obligations		(31)	(31)
Cost of net debt and interest expense on lease obligations	(13)	(6)	(19)
<b>Net cash generated by/(used in) financing activities (c)</b>	<b>850</b>	<b>(37)</b>	<b>813</b>
Exchange differences and other (d)	(1)		(1)
<b>Net change in cash (a+b+c+d)</b>	<b>(600)</b>		<b>(600)</b>
Net cash at the beginning of the period	600		600
<b>Net cash at the end of the period</b>			

### 14.3 – Condensed financial statements as of December 31, 2018, restated for IFRS 16 and IFRIC 23

The consolidated financial statements of the Colas Group as of December 31, 2018 provide further details on these impacts in Note 26.

	12/31/2018 Reported	Impact of IFRS 16	Impact of IFRIC 23	12/31/2018 Restated
<b>Consolidated balance sheet</b>				
Property, plant and equipment	2,619	(50)		2,569
Right-of-use of leased assets		370		370
Intangible assets	213			213
Goodwill	674			674
Investments in joint ventures and associates	394			394
Other non-current financial assets	192			192
Deferred tax assets and non-current tax receivable	145	5		150
<b>Non-current assets</b>	<b>4,237</b>	<b>325</b>		<b>4,562</b>
Inventories and receivables	4,598			4,598
Cash and financial instruments	574			574
<b>Current assets</b>	<b>5,172</b>			<b>5,172</b>
Held-for-sale assets	331	8		339
<b>Total assets</b>	<b>9,740</b>	<b>333</b>		<b>10,073</b>
Equity attributable to the Group	2,790	(22)		2,768
Non-controlling interests	29			29
<b>Equity</b>	<b>2,819</b>	<b>(22)</b>		<b>2,797</b>
Non-current debt	533	(30)		503
Non-current lease obligations		317		317
Non-current provisions	804		(12)	792
Deferred tax liabilities and non-current tax liabilities	124	(2)		122
<b>Non-current liabilities</b>	<b>1,461</b>	<b>285</b>	<b>(12)</b>	<b>1,734</b>
Trade and other payables	4,525			4,525
Current tax	52		12	64
Current debt	58	(12)		46
Current lease obligations		74		74
Bank overdrafts and financial instruments	500			500
<b>Current liabilities</b>	<b>5,135</b>	<b>62</b>	<b>12</b>	<b>5,209</b>
Liabilities related to held-for-sale operations	325	8		333
<b>Total liabilities and equity</b>	<b>9,740</b>	<b>333</b>		<b>10,073</b>
<b>Consolidated income statement</b>				
<b>Revenue</b>	<b>13,190</b>			<b>13,190</b>
<i>Of which:</i>				
<i>External charges</i>	(2,849)	77		(2,772)
<i>Net amortization expense on right-of-use of leased assets</i>		(68)		(68)
<i>Other income from operations</i>	740	5		745
<b>Current operating profit/(loss)</b>	<b>359</b>	<b>14</b>		<b>373</b>
Other operating income and expenses	(31)			(31)
<b>Operating profit/(loss)</b>	<b>359</b>	<b>14</b>		<b>342</b>
Cost of net debt	(31)			(31)
Interest expense on lease obligations		(13)		(13)
Other financial income and expenses	(2)			(2)
Income tax expense	(96)			(96)
Share of profit/(loss) of joint ventures and associates	28			28
<b>Net profit/(loss)</b>	<b>227</b>	<b>1</b>		<b>228</b>
Net profit/(loss) attributable to non-controlling interests	1			1
<b>Net profit/(loss) attributable to the Group</b>	<b>226</b>	<b>1</b>		<b>227</b>
<b>Consolidated cash flow statement</b>				
Net profit/(loss)	227	1		228
Net charges to amortization and impairment expense and other adjustments to right-of-use of leased assets		68		68
<b>Cash flow after cost of net debt, interest expense on lease obligations and tax paid</b>	<b>629</b>	<b>69</b>		<b>698</b>
Reclassification of the cost of net debt and interest expense on lease obligations	31	13		44
Changes in working capital related to operating activities	(295)			(295)
<b>Net cash generated by/(used in) operating activities (a)</b>	<b>365</b>	<b>82</b>		<b>447</b>
Net operating investments	(300)			(300)
Acquisitions and disposals of equity interests	(720)			(720)
Other cash flows related to investing activities	42			42
<b>Net cash generated by/(used in) investing activities (b)</b>	<b>(978)</b>			<b>(978)</b>
Capital increases/(reductions) paid by shareholders and non-controlling interests, and other transactions between shareholders	(3)			(3)
Dividends paid	(270)			(270)
Change in current and non-current debt	391			391
Change in current and non-current lease obligations		(69)		(69)
Cost of net debt	(31)	(13)		(44)
<b>Net cash generated by/(used in) financing activities (c)</b>	<b>87</b>	<b>(82)</b>		<b>5</b>
Effect of foreign exchange fluctuations (d)				0
<b>Net change in cash (a+b+c+d)</b>	<b>(526)</b>			<b>(526)</b>
Net cash at the beginning of the period	600			600
SMAC Group: Balance sheet cash associated with held-for-sale assets	1			1
<b>Net cash at the end of the period</b>	<b>75</b>			<b>75</b>



Le Président

## **Certification by the person assuming responsibility for the half-year activity report**

I certify that to the best of my knowledge the condensed financial statements included in this document have been prepared in accordance with the applicable accounting standards and present a true picture of the assets, financial situation and results of all the companies included within the scope of consolidation, and that the enclosed half-year activity report is a true reflection of the important events arising in the first six months of the financial year and their impact on the annual financial statements, a statement of the principal transactions between related parties, as well as a description of the principal risks and uncertainties for the remaining six months of the financial year.

Paris, August 29, 2019

Hervé LE BOUC  
Chairman of the Board of Directors

**COLAS SA**

**Statutory auditors' review report on the interim financial  
information**

**Period from January 1 to June 30, 2109**

**COLAS SA**  
1, rue du Colonel Pierre Avia  
75015 Paris

## **Statutory auditors' review report on the interim financial information**

**Period from January 1 to June 30, 2019**

*This is a free translation into English of the statutory auditors' review report on the half-yearly consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. This report also includes information relating to the specific verification of information given in the Group's interim management report. This report should be read in conjunction with and construed in accordance with French law and professional standards applicable in France.*

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual 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 interim consolidated financial statements of the company Colas SA, for the period from January 1 to June 30, 2019;
- the verification of the information contained in the interim management report.

These condensed interim 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.

### **I - Conclusion on the financial statements**

We conducted our review in accordance with 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 in scope than an audit conducted in accordance with 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 the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with standard IAS 34 of the IFRSs as adopted by the European Union applicable to interim financial information.



Without qualifying our conclusion, we draw your attention to the notes 2.2 and 14 of the condensed interim consolidated financial statements that describe the impacts of the first application of the standards IFRS 16 "Leases" and the IFRIC 23 "Uncertainty over Income Tax Treatments".

## **II – Specific verification**

We have also verified the information given in the interim management report on the condensed interim consolidated financial statements subject to our review

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

Neuilly-sur-Seine and Paris La Défense on August 27, 2019

The Statutory Auditors  
*French original signed by*

PricewaterhouseCoopers Audit

MAZARS

Edouard Sattler  
Partner

Amélie Jeudi de Grissac  
Partner

Daniel Escudeiro  
Partner

Gilles Rainaut  
Partner