

PRESS
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FISCAL YEAR 2020

Free cash flow is strong and net debt is down

Limited contraction in revenue and profit despite the global health crisis

- **Revenue: €12.3 B (-9% at constant scope and exchange rates compared to 2019)**
- **Current operating profit: €254 M, i.e., a current operating margin equal to 2.1% of revenue (-1.1 points compared to 2019)**
- **Net profit attributable to the Group: €94 M (-€167 M compared to 2019)**
- **Free cash flow: €358 M, down only €13 M compared to 2019**
- **Net surplus: -€7 M (+€360 M compared to 2019)**
- **Order backlog at end-December 2020: €9.2 B, up 1% at constant scope and exchange rates compared to end-December 2019**

The Board of Directors of Colas, chaired by Mr. Olivier Roussat, met on February 16, 2021 to finalize the 2020 financial statements that are to be presented to the Annual General Shareholders' Meeting on April 20, 2021.

Consolidated key figures

<i>in millions of euros</i>	2019	2020	Change	At constant scope and exchange rates
Consolidated revenue	13,688	12,297	-10%	-9%
<i>of which France</i>	6,596	5,551	-16%	-14%
<i>of which International</i>	7,092	6,746	-5%	-3%
Current operating profit	433	254	-179	
<i>Current operating margin</i>	3.2%	2.1%	-1.1 pts	
Operating profit	405 (a)	185 (b)	-220	
Net profit attributable to the Group	261	94	-167	
Free cash flow (c)	371	358	-13	
Net surplus (net debt) (c)	(367)	(7)	+360	

The consolidated financial statements have been prepared in accordance with IFRS 16 since January 1, 2019.

(a) Including €28 million in non-current expenses mainly related to the dismantling of the Dunkirk site and to structural adaptation costs.

(b) Including €69 million related to the costs of reorganizing the Roads business in France and the continued dismantling of the Dunkirk site.

(c) See the definition in the glossary on page 8.

Revenue

Consolidated revenue for the Colas Group amounted to €12.3 billion in 2020, down 10% compared to 2019 (-9% at constant scope and exchange rates).

The drop primarily concerns France (-16% and -14% at constant scope), where business in the first half of the year was impacted by a total lockdown in the spring. Revenue was down 24% at constant scope, compared to a 6% decrease at constant scope for the second half. Revenue for France totaled €5.6 billion in 2020, or 45% of total revenue compared to 48% in 2019.

At €6.7 billion, revenue in 2020 outside of France held up better, posting only a 5% contraction compared to 2019 (-3% at constant scope and exchange rates). The International segment accounts for 55% of total revenue compared to 52% in 2019.

Overall, business held its own in the second half of the year, down only 5% compared to the second half of 2019, which partially offset the 17% drop observed in the first half compared to the first half of 2019.

Over the full year, the drop in revenue (-€1.4 billion) mainly results from the health crisis (-€810 million estimated for the first half of 2020) and the disposal of Smac (-€141 million).

Roads:

In 2020, the Roads business is down 10% compared to 2019 (-9% at constant scope and exchange rates):

- The Mainland France/Overseas France and Indian Ocean zone accounts for three-quarters of the drop with -14% at constant scope and exchange rates.
- The EMEA zone (Europe, Middle East, Africa) was much less impacted, with -4% at constant scope and exchange rates.
- The United States saw a limited 5% contraction in revenue at constant scope and exchange rates.
- Business in Canada benefitted from favorable weather, remaining stable at constant scope and exchange rates.
- Lastly, in the Asia-Pacific zone, a 15% decline was recorded at constant scope and exchange rates.
- Sales of materials are down 10%, comparable to revenue from the construction segment.

Railways and other Activities:

Revenue from Railways and other Activities fell 14% (-4% at constant scope and exchange rates). At Colas Rail (-3% at constant scope and exchange rates), business in the international units, particularly in Great Britain, held up well, which partially offset the decline in revenue in France. In the second half year, activity was up 5% compared to the second half of 2019.

Financial performance

Current operating profit amounted to €254 million in 2020 compared to €433 million in 2019, down €179 million. This amount should be compared to the impact of the health crisis on current operating profit for the first half of the year, estimated at roughly -€190 million (loss of current operating margin and unavoidable costs). The current operating margin stood at 2.1% in 2020 against 3.2% in 2019, or -1.1 points.

Non-recurring operating expenses for 2020 amounted to €69 million, linked to the costs of reorganizing the Roads segment in France and the continued dismantling of the Dunkirk site. These expenses should be compared to €28 million in 2019, mainly related to dismantling work at the Dunkirk site and to structural adaptation costs.

Operating profit therefore totaled €185 million compared to €405 million in 2019, down €220 million.

The **cost of net debt** amounted to €27 million, compared to €33 million in 2019.

Income tax expense in 2020 totaled €86 million compared to €141 million in 2019, down €55 million.

The **share of income from joint ventures and associates** amounted to €38 million compared to €43 million in 2019, down €5 million. Tipco Asphalt's contribution at €30 million is up €2 million compared to 2019.

Finally, **net profit attributable to the Group** totaled €94 million in 2020 compared to €261 million in 2019, down €167 million.

Financial structure

In 2020, Colas sharply reduced its **net debt**, which dropped to €7 million at the end of December 2020 against €367 million at the end of December 2019, with a breakdown as follows:

- €358 million in **free cash flow** was reported, down only €13 million, thanks to tight control of **gross capital expenditure**, which fell by €104 million over the period to €304 million, as well as an increase in disposals of €33 million over one year, to €120 million;
- A sharp drop in **working capital requirements** at €313 million, down €343 million over one year. The improvement in WCR is mainly due to the contraction in activity, but also to actions rolled out across operational units to speed up the processing of receivables and reduce stocks;
- **Net cash used in fixed assets** totaled €41 million, notably including the acquisition of the assets of Granite Contracting in the United States in the first quarter of 2020, compared to €8 million in 2019;
- **Dividends** paid out in the amount of €212 million in 2020 compared to €183 million in 2019.

Shareholders' equity amounted to €2.6 billion as of December 31, 2020 compared to €2.9 billion as of December 31, 2019.

Net profit of Colas SA

The net profit of parent company Colas SA amounted to €211 million in 2020, compared to €210 million in 2019.

Dividend

The Board of Directors will propose to the General Shareholders' Meeting to be held on April 20, 2021 to distribute a dividend per share of €2.90 compared to €6.40 last year.

Order backlog

The order backlog at the end of December 2020 amounts to €9.2 billion, up 1% restated for main acquisitions and disposals and at constant exchange rates.

The backlog in mainland France (€3.1 billion) is up 2%, reflecting order intake slightly higher than the revenue from the construction segment.

Order backlog in the International units and Overseas France (€6.1 billion) is stable, restated for the main acquisitions and disposals and at constant exchange rates. The United States and Canada recorded an increase in their orders in 2020, with in particular a €500 million-euro contract secured at the end of the year for the extension of the Valley Line West light rail line (LRT) in Edmonton (Canada) combining Road Construction and Railways.

Outlook

When faced by deteriorations in the health crisis, governments in some countries where the Group operates have been implementing measures, more or less extensive in their scope. These are adjusted on a regular basis to stay aligned with the evolution of the Covid-19 pandemic.

The outlook below excludes any sharp decline in the current health crisis.

After the contraction in business activity recorded in 2020, Colas' operating units are expecting to see a recovery in 2021. The second half of the year should be witness to the first impact of the stimulus plans announced in 2020, particularly in France and the European Union.

In 2021, the current operating margin should also increase from 2020, and approach the level reported in 2019, boosted by cost optimization measures rolled out in 2020, as well as by ongoing operational excellence programs across the Group's industrial activities.

Governance

The Board has taken note of the resignation of Mr. Olivier Roussat from his position as Chairman of the Board of Directors. Mr. Roussat will nevertheless retain his position as a Director.

Consequently, and on the proposal of the Selection and Compensation Committee, the Board has decided:

- to co-opt Mr. Frédéric Gardès as Director and to appoint him Chairman of the Board of Directors for a period of two years, i.e., until the end of the 2023 Ordinary General Shareholders' Meeting called to examine the financial statements for the fiscal year ended December 31, 2022. The said decision to co-opt will be put forward to the General Shareholders' Meeting on April 20, 2021 for approval.
- to extend the term of Mr. Frédéric Gardès as Chief Executive Officer for an additional year to coincide with that of his term as Chairman of the Board of Directors, i.e., until the end of the 2023 Ordinary Shareholders' Meeting called to examine the financial statements for the year ended December 31, 2022.

In addition, as a number of Directors' terms are coming to an end, the Board of Directors, on a proposal from the Selection and Compensation Committee, will put forward the following to the General Meeting of Shareholders on April 20, 2021 for approval:

- the appointment of Ms. Stéphanie Rivoal as Independent Director to replace Ms. Martine Gavelle, whose term comes to an end at the close of the said General Shareholders' Meeting;
- the renewal of the term as Director of Ms. Colette Lewiner, Mr. Olivier Bouygues, Mr. Olivier Roussat and the company Bouygues for a period of two years, i.e., until the end of the 2023 Ordinary Shareholders' Meeting called to examine the financial statements for the year ended December 31, 2022.

Low-carbon roadmap

For Frédéric Gardès, Chairman and CEO of Colas: *"Climate change pushes us to act and to commit, for a better today, and for a better tomorrow. Being a world leader in the construction and maintenance of transport infrastructure means that it is our duty to pave the way forward for the entire industry. From 2021, all Colas teams around the world will be fully onboard and ready to deliver on the commitments set out in our low-carbon roadmap."*

During the Bouygues Group's "Climate Market Day" on December 16, 2020, Colas announced an ambitious goal, compatible with the Paris Agreement: to reduce, by 2030, its direct greenhouse gas emissions (scopes 1 and 2) by 30% and its upstream indirect emissions (scope 3a) by 30% compared to 2019, the reference year.

The goal set by the Group is based on estimates of CO₂ savings made possible by targeted actions, the most noteworthy of which are:

- Integrating climate issues into the Group's strategy,
- Improving energy efficiency to reduce greenhouse gas emissions linked to direct energy consumption,
- Designing and promoting low-carbon products, techniques and solutions,
- Contributing to carbon neutrality and the reduction of emissions from customers and users.

The Statutory Auditors have duly audited and fully certified the financial statements.

Financial statements and notes are available at www.colas.com.

The presentation to financial analysts will be held on February 18, 2020 at 2:30 pm and will be made available on line at www.colas.com.

Colas (www.colas.com)

Colas, a subsidiary of the Bouygues Group, has one mission: to imagine, build and maintain sustainable transport infrastructure. Backed by a network of 800 construction business units and 3,000 material production units in more than 50 countries on five continents, the Group's 55,000 employees act locally to connect communities and foster exchanges for today and tomorrow. Colas' ambition is to be the world leader in innovative, sustainable mobility solutions.

In 2020, consolidated revenue at Colas totaled €12.3 billion (55% outside of France).

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Consolidated 4th quarter condensed income statement

<i>in millions of €</i>	Q4 2019	Q4 2020	Change
Revenue	3,506	3,212	-8% (a)
Current operating profit	210	130	-80
Operating profit	182	122	-60
Net profit attributable to the Group	121	74	-47

(a) -6% at constant scope and exchange rates

Revenue 2020 by business segment

<i>in millions of €</i>	2019	2020	Change	Change at constant scope and exchange rates
Roads Mainland France/Overseas, Indian Ocean	6,077	5,187	-15%	-14%
Roads EMEA	2,219	2,104	-5%	-4%
Roads United States	1,780	1,700	-4%	-5%
Roads Canada	1,775	1,731	-2%	-
Roads Asia Pacific	402	351	-13%	-15%
Total Roads	12,253	11,073	-10%	-9%
Railways and other Activities	1,410	1,209	-14%	-4%
Parent company	25	15	ns	ns
TOTAL	13,688	12,297	-10%	-9%

Glossary

Order backlog: the amount of work still to be done on projects for which a firm order has been taken, i.e. the contract has been signed and has taken effect (after notice to proceed has been issued and suspensory clauses have been lifted).

Changes in revenue at constant scope and exchange rates:

- at constant exchange rates: change after translating foreign-currency sales for the current period at the exchange rates for the comparative period;
- at constant scope: change in revenue for the periods compared, adjusted as follows:
 - for acquisitions, by deducting from the current period those sales of the acquired entity that have no equivalent during the comparative period;
 - for divestments, by deducting from the comparative period those sales of the divested entity that have no equivalent during the current period.

Free Cash Flow: Net cash flow (determined after (i) cost of net debt, (ii) interest expense on lease obligations and (iii) income taxes paid), minus net capital expenditure and repayments of lease obligations. It is calculated before changes in WCR (working capital requirement)

Free Cash Flow after Working capital requirements: Net cash flow (determined after (i) cost of net debt, (ii) interest expense on lease obligations and (iii) income taxes paid), minus net capital expenditure and repayments of lease obligations, and after changes in working capital requirements (WCR) related to operating activities.

Net surplus cash/(Net debt): the aggregate of cash and cash equivalents, overdrafts and short-term bank borrowings, non-current and current debt, and financial instruments. Net surplus cash/(Net debt) does not include non-current and current lease obligations. A positive figure represents net surplus cash and a negative figure represents net debt.