



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED 30 JUNE 2019

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STATEMENTS OF FINANCIAL POSITION

1. Condensed consolidated statement of financial position

(€ millions)	30/06/2019	31/12/2018
Non-current assets		
Property, plant and equipment	158.0	164.7
Right-of-use assets	5.2	0.0
Intangible assets arising from concessions	6,580.8	6,560.3
Other intangible assets	63.8	61.6
Investments in associates	13.4	21.4
Other non-current financial assets	42.0	49.2
Deferred tax assets	8.8	13.2
Other non-current assets	0.0	0.0
Total non-current assets	6,872.0	6,870.3
Current assets		
Inventories	7.0	8.1
Trade and other receivables	152.3	153.0
Current tax assets	0.1	0.0
Other current assets	252.6	233.4
Cash and cash equivalents	998.9	934.9
Total current assets	1,410.9	1,329.5
TOTAL ASSETS	8,282.9	8,199.8

(€ millions)	30/06/2019	31/12/2018
Capital and reserves		
Share capital	33.9	33.9
Consolidated reserves	(1,159.7)	(1,598.3)
Profit (loss) for the period	447.6	828.8
Share of equity attributable to the owners of the company	(678.2)	(735.5)
Non-controlling interests	0.3	0.3
Total equity	(677.9)	(735.3)
Non-current liabilities		
Non-current borrowings	6,342.9	6,848.6
Lease debt	2.6	0.0
Deferred tax liabilities	0.0	0.0
Non-current provisions	304.1	296.9
Other non-current liabilities	74.1	75.9
Total non-current liabilities	6,723.7	7,221.5
Current liabilities		
Trade and other payables	155.5	135.8
Borrowings	735.9	203.3
Non-current borrowings due within one year	999.4	1,002.2
Lease debt	2.6	0.0
Current tax liability	18.5	53.0
Current provisions	41.8	40.9
Other current liabilities	283.4	278.4
Total current liabilities	2,237.1	1,713.6
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	8,282.9	8,199.8

2. Condensed consolidated income statement and statement of comprehensive income

(€ millions)	1 st half 2019	1 st half 2018
Revenue of which:	1,452.4	1,368.5
- revenue from the operation of infrastructures	1,250.8	1,234.7
- revenue from the construction of infrastructures held under concessions	201.6	133.8
Purchases and external charges	(255.1)	(186.8)
Employee benefit expenses	(106.1)	(105.0)
Taxes (other than income tax)	(138.2)	(138.7)
Depreciation and amortisation expenses	(212.0)	(203.4)
Provisions	(23.5)	(17.7)
Other operating income (expenses)	2.4	0.9
Operating profit on ordinary activities	719.8	717.8
Other income (expenses) from operations	0.0	0.0
Operating profit	719.8	717.8
Income from cash and cash equivalents	2.6	2.7
Gross finance costs	(62.2)	(78.4)
Net finance costs	(59.6)	(75.7)
Other financial income (expenses)	(1.6)	(1.0)
Share of profit (loss) of associates	0.5	0.3
Income tax expense	(211.3)	(221.0)
Profit (loss) for the period from continuing operations	447.8	420.4
Profit for the period attributable to:	447.8	420.4
- Owners of the company	447.6	420.2
- Non-controlling interests	0.2	0.2
Earnings per share attributable to the owners of the company		
- Basic earnings per share (euros)	3.96	3.72
- Diluted earnings per share (euros)	3.96	3.72

(€ millions)	1 st half 2019	1 st half 2018
Profit (loss) for the period	447.8	420.4
Items that will not be reclassified subsequently to profit or loss		
Actuarial gains and losses on staff benefits	(2.7)	0.0
Tax on items that will not be reclassified to profit or loss	0.9	0.0
Share of gains and losses of associates that will not be reclassified to profit or loss		
Items that may be reclassified subsequently to profit or loss		
Translation differences		
Re-measurement of derivative hedging instruments		
Tax on items that are or may be reclassified subsequently to profit or loss		
Share of gains and losses of associates that are or may be reclassified subsequently to profit or loss	(8.4)	0.7
Total comprehensive income	(10.3)	0.7
Comprehensive income for the period		
- Owners of the company	437.5	421.1
- Non-controlling interests	0.2	0.2

3. Condensed consolidated statement of changes in equity

Condensed statement of changes in equity for the six months ended 30 June 2019

(€ millions)	Share capital	Share premium	Reserves	Financial instruments	Other (*)	Attributable to the owners of the company	Non-controlling interests	Total equity
At 01/01/2019	33.9	0.3	(746.8)	(13.6)	(9.4)	(735.5)	0.3	(735.3)
Share-based payments			1.0			1.0		1.0
Dividends			(380.9)			(380.9)	(0.2)	(381.1)
Profit for the year			447.6			447.6	0.2	447.8
Total comprehensive income				(8.4)	(1.9)	(10.3)		(10.3)
Consolidated comprehensive income statement	0.0	0.0	447.6	(8.4)	(1.9)	437.3	0.0	437.5
Changes in scope and reclassifications			0.0			0.0		0.0
At 30/06/2019	33.9	0.3	(679.2)	(22.0)	(11.3)	(678.2)	0.3	(677.9)

Condensed statement of changes in equity for the six months ended 30 June 2018

(€ millions)	Share capital	Share premium	Reserves	Financial instruments	Other (*)	Attributable to the owners of the company	Non-controlling interests	Total equity
At 01/01/2018	33.9	0.3	(812.1)	(13.8)	(7.9)	(799.6)	0.2	(799.3)
Share-based payments			0.7			0.7		0.7
Dividends			(365.1)			(365.1)	(0.2)	(365.3)
Profit for the year			420.2			420.2	0.2	420.4
Total comprehensive income				0.7		0.7		0.7
Consolidated comprehensive income statement	0.0	0.0	420.2	0.7	0.0	420.9	0.0	421.1
Changes in scope and reclassifications			0.2			0.2		0.2
At 30/06/2018	33.9	0.3	(756.2)	(13.1)	(7.9)	(742.9)	0.3	(742.7)

(*)The comprehensive income in this column includes the actuarial gains and losses arising from the valuation of the retirement benefit obligations.

4. Condensed consolidated statement of cash flows

(€ millions)	1st half 2019	1st half 2018
Cash and cash equivalents at 1 January	934.9	1,800.9
Profit (loss) for the period	447.8	420.4
Net impact of equity-accounted companies	(0.5)	(0.3)
Depreciation and amortisation expenses and provisions	217.5	204.6
Other adjustments	5.1	5.4
Gains (losses) on disposals	(0.4)	(0.4)
Cash generated by operations	669.5	629.7
Net interest expense	56.1	70.3
Interest paid	(123.5)	(162.5)
Income tax expense	211.3	221.0
Income tax paid	(240.5)	(248.5)
Movement in working capital related to ordinary activities	(25.4)	(7.2)
Net cash from operating activities (I)	547.4	502.7
Purchases of non-current assets	(202.4)	(148.4)
Non-current financial assets	(1.8)	(1.5)
Total purchases of non-current assets	(204.2)	(149.9)
Proceeds from disposals of non-current assets	9.6	10.3
Net cash used in investing activities (II)	(194.6)	(139.6)
Dividends paid to the shareholders	(381.1)	(365.3)
Reimbursement of rental debts	(1.7)	0.0
Repayment of borrowings	(1,000.0)	(1,360.0)
New borrowings	1,094.0	505.0
Net cash used in financing activities (III)	(288.8)	(1,220.3)
Net increase (decrease) in cash and cash equivalents (I+II+III)	64.1	(857.2)
Cash and cash equivalents at 30 June	998.9	943.7

Dividends paid in the first half amounted to €380.9 million in total, i.e. €3.37 per share.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 June 2019

I – Accounting policies

Note 1.1 – Reporting entity

APRR (Autoroutes Paris-Rhin-Rhône - the “Company”) is domiciled in France. The interim consolidated financial statements for the six months ended 30 June 2019 comprise the financial statements of the Company and its subsidiaries (referred to collectively as the “Group”). The consolidated financial statements of the Group for the year ended 31 December 2018 are available upon request from the Company’s registered office at 36 Rue du Docteur Schmitt, 21850 Saint-Apollinaire, France or from its website at www.aprr.com.

Note 1.2 – Statement of compliance

The condensed interim consolidated financial statements were prepared in accordance with IAS 34, “Interim Financial Reporting”.

The condensed consolidated financial statements were drawn up under the responsibility of the Board of Directors on 27 August 2019.

Note 1.3 – Accounting policies and methods applied in the condensed interim financial statements and applicable standards

The condensed interim financial statements for the six months ended 30 June 2019 were prepared in accordance with IAS 34, “Interim Financial Reporting”. They do not contain all the information required for complete annual financial statements and must be read in conjunction with the Group’s financial statements for the year ended 31 December 2018. The financial statements were prepared applying the same accounting policies and methods as for the consolidated financial statements for the year ended 31 December 2018.

A number of new standards adopted by the European Union will be effective for annual periods beginning on or after 1 January 2019. These were applied for the preparation of the present consolidated financial statements:

IFRS 16 “Leases”:

IFRS 16 establishes a single accounting model for lessees. As such, all leases are recorded in the balance sheet, with a debt corresponding to the obligation to pay rents and an asset representing the right to use the leased item.

In the income statement, the rent expense is replaced by the depreciation of the right of use and the interest on the rent debt.

IFRS 16 is applied by the Group as of 1 January 2019 using the simplified retrospective method. According to this approach, the comparative information presented is not restated.

The APRR Group applies the provisions of IFRS 16 to all of its leases for assets whose new value is greater than €5,000 and/or whose lease term is greater than 12 months.

The lease terms used include firm contract terms and expected renewal periods.

The APRR Group's leases mainly concern vehicles, real estate and equipment.

The discount rates used correspond to APRR's incremental borrowing rate.

The impacts are not significant at the Group level.

As at 31 December 2018, future payments on finance leases treated under IAS 17 amounted to €4.7 million. Commitments on other leases were not material. The amount of the lease debt was valued on these contracts at €0.8 million as at 1 January 2019. The impact of discounting is not material, with lease debt at 1 January 2019 amounting to €5.5 million.

IFRIC 23 "Uncertainty over Income Tax Treatments":

This interpretation, applicable to financial years beginning on or after 1 January 2019, does not affect the Group's financial statements.

Note 1.4 – Consolidation scope

APRR Group consists of the parent company (APRR), its wholly owned subsidiary AREA Participation which is fully consolidated, its 99.84%-owned subsidiary AREA, which is fully consolidated, and Adelaç, a 49.90%-owned associate of APRR that is accounted for using the equity method. It also includes Axxès, a 34.01%-owned associate of APRR (including 6.42% by AREA) that is accounted for using the equity method.

Note 1.5 – Methods used in the preparation of the interim financial statements and the effect of seasonal fluctuations

The features specific to the preparation of the half-year financial statements are as follows.

Revenue corresponds to revenue generated during the first half and expenses are those that have actually been incurred. Statistically, first-half revenue is slightly lower than that in the second half. Revenue generated from the operation of the infrastructures represented 48.7% of full-year revenue in 2018 and 47.7% in 2017.

Depreciation and amortisation, asset impairment and provisions have been determined in accordance with detailed calculations carried out at the balance sheet date, applying the same methods as at the year-end.

In the case of retirement benefits and profit sharing, the amount recognised for the first half of 2019 is 50% of the estimated charge for 2019 as a whole.

II – Notes to the financial statements

Note 2.1 – Net non-current assets

Non-current assets increased by €21 million in the first half of 2019. This breaks down as follows:

- acquisitions net of disposals amounting to €226 million (compared with €154 million in the first half of 2018);
- and
- depreciation and amortisation charges net of amounts reversed amounting to €204 million (compared with €197 million in the first half of 2018).

Furthermore, from 2019 to 2023, the Group is committed to undertaking work to build and widen motorways and to create new exchanges that are expected to cost €698 million in total.

Note 2.2 – Information about financial assets and liabilities

At 30 June 2019	Carrying value	Capital and interest movements	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
<u>Cash and cash equivalents</u>								
Marketable securities	359.1							
Cash at bank and in hand	639.9							
Sub-total	998.9							
<u>Financial liabilities: current and non-current</u>								
Long-term borrowings	6,341.0	6,397.4	0.0	759.9	295.7	110.3	505.3	4,726.2
Derivative instruments - liabilities	4.5							
<i>Interest payable in respect of non-current financial liabilities</i>		804.7	98.2	95.1	84.2	78.5	78.2	370.4
Non-current borrowings	6,345.5	7,202.1	98.2	855.0	379.9	188.9	583.5	5,096.6
Long-term borrowings due within 1 year	1,002.0	1,006.8	1,006.8					
<i>Interest payable in respect of non-current borrowings due within 1 year</i>		13.0	13.0					
Non-current borrowings due within one year	1,002.0	1,019.7	1,019.7	0.0	0.0	0.0	0.0	0.0
Current borrowings and other debts	735.9	686.0	686.0					
Total financial liabilities	8,083.5	8,907.9	1,803.9	855.0	379.9	188.9	583.5	5,096.6
Net debt	-7,084.6							

At 31 December 2018	Carrying value	Capital and interest movements	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	After 5 years
<u>Cash and cash equivalents</u>								
Marketable securities	327.5							
Cash at bank and in hand	607.4							
Sub-total	934.9							
<u>Financial liabilities: current and non-current</u>								
Long-term borrowings	6,839.9	6,895.9	0.0	1,005.1	759.4	400.5	5.2	4,725.7
Derivative instruments - liabilities	8.7							
<i>Interest payable in respect of non-current financial liabilities</i>		856.3	99.1	101.2	89.2	78.0	72.0	416.9
Non-current borrowings	6,848.6	7,752.3	99.1	1,106.3	848.6	478.5	77.2	5,142.6
Long-term borrowings due within 1 year	1,002.2	1,006.7	1,006.7					
<i>Interest payable in respect of non-current borrowings due within 1 year</i>		25.3	25.3					
Non-current borrowings due within one year	1,002.2	1,032.0	1,032.0	0.0	0.0	0.0	0.0	0.0
Current borrowings and other debts	203.3	92.0	92.0					
Total financial liabilities	8,054.2	8,876.3	1,223.1	1,106.3	848.6	478.5	77.2	5,142.6
Net debt	-7,119.3							

Capital and interest movements exclude loan issuance costs, issuance premiums and other items not involving the movement of funds.

Capital and interest movements in the table above concern the debt as reported on the balance sheet at 30 June 2019 and 31 December 2018. They do not reflect any early repayments or new loans that may occur in the future.

Interest movements include movements relating to derivative instruments reported as assets and liabilities (i.e. interest rate swaps). They were not discounted to their present value.

Interest movements for variable rate loans are based on interest rates in force on 30 June 2019 and 31 December 2018. Movements for fixed rate loans with an indexed nominal are based on projected annual inflation of 1.50%.

Movements in respect of current borrowings and other debts concern mainly accrued interest payable, which is included in the above interest movement. At 30 June 2019, the balance of €686 million corresponds to outstanding commercial paper issued.

No drawdowns or repayments were made on the €1,800 million revolving credit facility during the first half of 2019.

No repayments were made in respect of the CNA loans during the first half of 2019 compared with €710 million in the first half of 2018.

Euro Medium Term Note (EMTN) programme bond issues repaid during the first half of 2019 totalled €1,000 million compared with €500 million in the first half of 2018.

A bond issue of €500 million, at a fixed rate, maturing in January 2028, was carried out during the first half of 2019.

Under these conditions, the amount remaining available under the EMTN programme came to €2.05 billion at 30 June 2019 taking into account notes issued since the programme's inception. The outstanding commercial paper programme totalled €686 million at 30 June 2019, compared with €92 million at 31 December 2018.

(€ millions)	Carrying value 30/06/2019	Fair value 30/06/2019	Carrying value 31/12/2018	Fair value 31/12/2018
Financial assets:				
Cash and cash equivalents and marketable securities	998.9	998.9	934.9	934.9
Loans	6.8	6.8	6.8	6.8
Interest rate swaps	0.0	0.0	0.0	0.0
Other financial assets	35.3	35.3	42.4	42.4
Trade and other receivables	152.3	152.3	153.0	153.0
Other current assets	252.6	252.6	233.4	233.4
Financial liabilities:				
Variable rate loans	772.2	777.7	1,271.2	1,279.9
Fixed rate loans with indexed nominal	157.9	176.4	157.2	166.9
Fixed rate loans	6,387.4	6,841.4	6,389.0	6,521.7
Interest rate swaps	4.5	4.5	8.7	8.7
Other financial liabilities	761.5	761.5	228.1	228.1
Trade and other payables	155.5	155.5	135.9	135.9
Other non-current liabilities	74.1	74.1	75.9	75.9
Other current liabilities	283.4	283.4	278.4	278.4

The fair value of derivative instruments corresponds to the mark-to-market value communicated by the various counterparties.

(€ millions)	Six months ended 30 June 2019			Six months ended 31 December 2018		
	Fair value hierarchy level			Fair value hierarchy level		
	level 1:	level 2:	level 3:	level 1:	level 2:	level 3:
Financial assets measured at fair value						
Cash and cash equivalents and marketable securities	998.9			934.9		
Interest rate swaps		0.0			0.0	
Unlisted participating interests			3.9			3.2
Total financial assets measured at fair value	998.9	-	3.9	934.9	-	3.2
Financial liabilities:						
Fixed-rate loans measured at fair value						
<i>Notional</i>		0.0				
<i>Revalued</i>		0.0				
Interest rate swaps		4.5			8.7	
Total financial liabilities measured at fair value	-	4.5	-	-	8.7	-

Level 1: quotation on an active market

Level 2: internal model using observable inputs

Level 3: internal model using unobservable inputs

(€ millions)	Notional amounts by maturity as at 30 June 2019		o/w derivatives qualifying as fair value hedges		o/w derivatives qualifying as autonomous	
	2020	Fair value	Notional	Fair value	Notional	Fair value
Interest rate swaps Interest rate swap, pay 4.5%/receive variable	91.6	(4.5)	-	-	91.6	(4.5)
Total financial assets measured at fair value	91.6	(4.5)	0.0	0.0	91.6	(4.5)

At 30 June 2019, the APRR Group's derivatives portfolio consisted of a swap paying a fixed rate and receiving a variable rate resulting from the exercise of a swaption maturing in April 2010, treated as a stand-alone instrument with a nominal value of €91.6 million and a maturity of 2020.

The Group's currency, interest rate and liquidity risk exposures are substantially the same as detailed in the 2018 annual consolidated financial statements.

Note 2.3 – Provisions

	At 01/01/2019	Additional provisions in the period	Provisions utilised	Provisions reversed	Other	30/06/2019
Provision for retirement indemnities	46.0	1.6	(1.6)		2.7	48.7
Provision for long-service medals	1.0	0.0	0.0			1.0
Provision for maintaining infrastructures in condition	249.9	26.9	(21.5)		(0.9)	254.4
Non-current provisions	296.9	28.5	(23.1)	0.0	1.8	304.1
Provision for retirement indemnities	1.8					1.8
Provision for long-service medals	0.1					0.1
Provision for maintaining infrastructures in condition	38.0				0.9	38.9
Other provisions for liabilities and charges	0.9	0.3	(0.3)	(0.1)		0.9
Current provisions	40.9	0.3	(0.3)	(0.1)	0.9	41.8

	01/01/2018	Additional provisions in the period	Provisions utilised	Provisions reversed	Other	30/06/2018
Provision for retirement indemnities	45.1	1.5	(0.8)			45.9
Provision for long-service medals	1.1					1.1
Provision for maintaining infrastructures in condition	233.2	20.7	(19.0)		(0.3)	234.6
Non-current provisions	279.4	22.3	(19.8)	0.0	(0.3)	281.6
Provision for retirement indemnities	1.4				0.0	1.4
Provision for long-service medals	0.2					0.2
Provision for maintaining infrastructures in condition	39.2				0.3	39.5
Other provisions for liabilities and charges	1.0	0.4	(0.3)			1.0
Current provisions	41.7	0.4	(0.3)	0.0	0.3	42.1

Note 2.4 - Investments in associates

Investments in associates consist of the Group's shareholding in Adelaç, the concession holder for a 19-kilometre section of the A41 motorway between Villy-le-Pelloux - Saint-Martin-Bellevue and Saint-Julien-en-Genevois, and Axxès, which markets and manages toll subscriptions for heavy goods vehicles.

Key financial data for associates are summarised in the table below:

(€ millions)	ADELAC	AXXES
Country	France	France
Percentage owned	49.90%	34.01%
Share of profit (losses) of associates recognised	0.0	0.5
Share of items of other comprehensive income of associates recognised	(8.4)	0.0
Group's share of the capital and reserves of associates	(7.1)	13.4
Share of losses of associates not recognised	15.4	0.0
Share of items of other comprehensive income of associates not recognised	(8.3)	0.0
Carrying amount of investment	0.0	13.4
Market capitalisation	-	-

In the case of Adelaç, the cumulative unrecognised shares totalled €17.6 million at 31 December 2018.

Other items of comprehensive income are related to changes in the fair value of interest-rate hedging instruments, which are treated in a similar way as the APRR Group.

Note 2.5 – Off-balance sheet commitments at 30 June 2019

Signed work contracts not executed totalled €207 million at 30 June 2019 compared with €263 million at 30 June 2018 and €264 million at 31 December 2018.

Note 2.6 – Related parties

Financière Eiffarie recharged to APRR its share of the costs and expenses of the Financière Eiffarie employees working for APRR.

The Eiffage Group performs works-related services on behalf of the APRR Group in the context of an ordinary client-supplier relationship after a competitive bidding process.

Note 2.7 – Significant events during the six-month period

There are no significant developments to report.

Note 2.8 – Events after the balance sheet date

Law no. 2019-759 of 24 July 2019, notably on the modification of the trajectory of the reduction in corporation tax, provides that the normal rate of tax applicable to the Group for the year ended 31 December 2019 is 33 1/3%.

Article 84 of the 2018 Finance Act sets a standard tax rate applicable to the Group of 31% for that same financial year.

In accordance with IAS 12, the Group recognised the tax for the interim period for the six months ended 30 June 2019, applying the rate in effect at that date, namely 31%.

Compared with the rate of 33 1/3%, the impact on the tax expense for the half-year would be around €15 million.