

Financial Report 2017

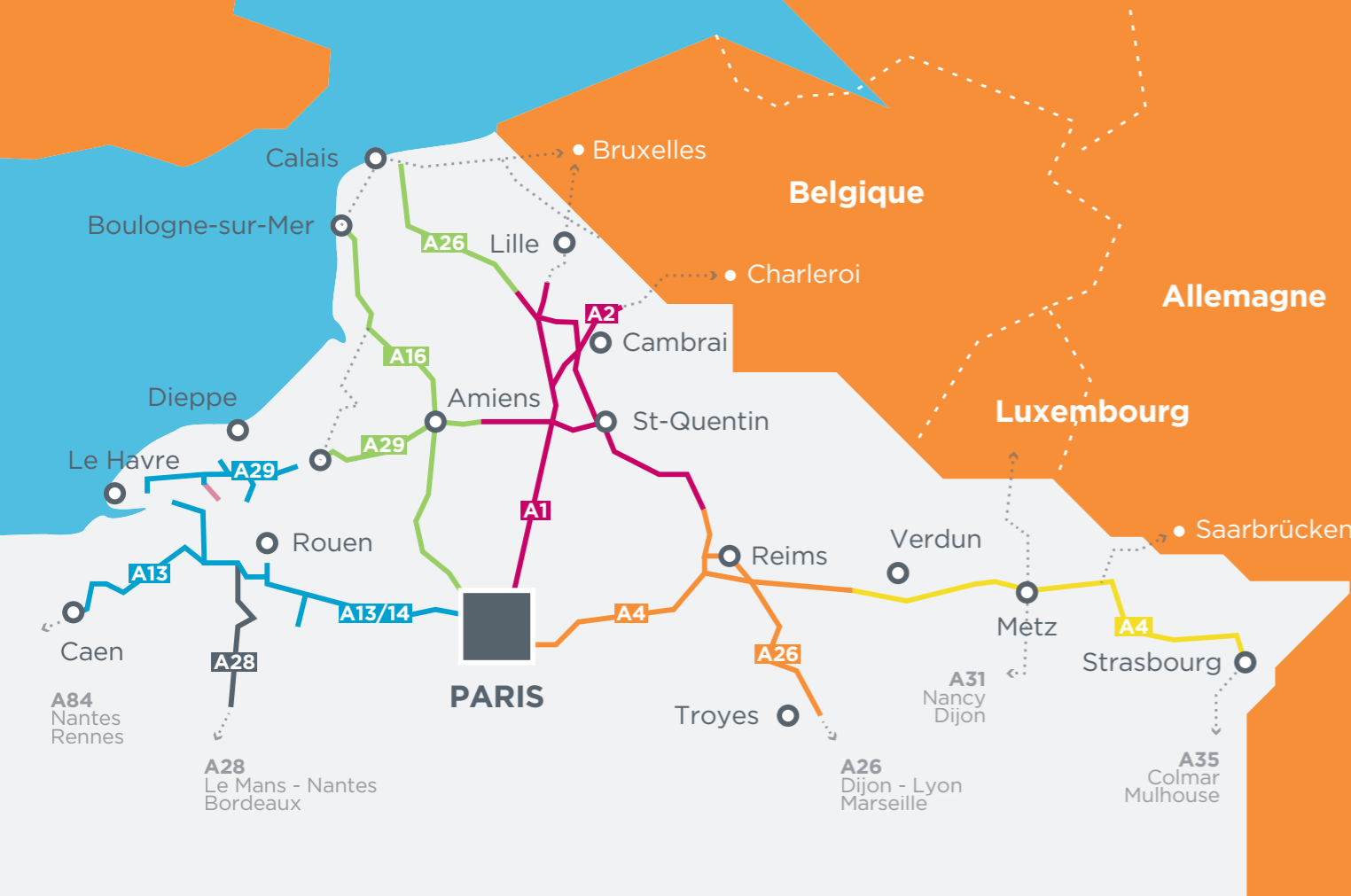


Financial Report 2017

FY ending 31 December 2017

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**—2,063 km
of roadways
operated**

SAPN - SANEF NETWORKS

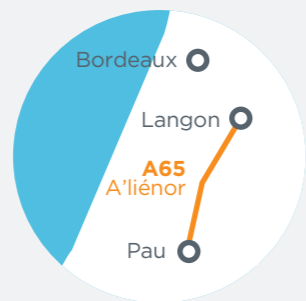
- NORMANDY network
- CÔTE D'OPALE network
- NORD network
- CHAMPAGNE-ARDENNE network
- ALSACE-LORRAINE network

**OPERATED NETWORKS
AND PARTICIPATIONS**

- Albéa - A150
- A'Liéonor - A65
- BPNL - Périphérique Nord de Lyon
- Alis - A28

CONCESSION EXPIRATION DATES

- Sanef - December 2031
- Sapn - August 2033



The Sanef motorway company operates 2 063 km of motorways in France, primarily in Normandy and in the north and east of France.

Sanef finances, operates and maintains its motorway network under concession contracts, to ensure the best possible conditions for smooth and safe travel for its customers, and to continually innovate and modernise its infrastructure and services.

Sanef works to support local economies via a strong presence in its territories, and puts action to fight climate change high on its list of priorities.

Sanef aims to be an engaged and responsible partner for its customers, its employees and for all stakeholders – local residents, elected officials, community groups, etc.

Sanef is the French subsidiary of the industrial group Abertis, the world leader in motorway management.



Alain Minc, Chairman, Groupe Sanef

"2017 is a year of growth and positive trends for all our indicators."



What is your assessment of Sanef's performance in 2017?

Clearly this has been a very good year for Sanef, with growth in sales and earnings, and progress on all our indicators. In operational terms 2017 went very well for Sanef.

It was also a year of technological advances, with achievements that in my view make us the most innovative company in our sector.

And lastly, in 2017 we joined a major new project, the Grand Paris scheme. We have refined our approach and entered into discussions with the public authorities. We hope this dialogue will be fruitful, and the upcoming 2024 Olympics will certainly help move our talks along.

Can you tell us a bit more about this?

Sanef is the only major motorway operator that is not linked to a public works construction company. This puts us in the posture of the "model pupil", because there can be no suspicion of conflict of interest in our position. We must work with a new entity in motorway regulation, however: ARAFER. The requirements of this authority add a substantial load to our operational processes.

We are engaged in a fully transparent approach with public authorities for the Grand Paris project. They are willing to sit down and

brainstorm with us, which does not mean that they will accept all our proposals. We have successfully presented strong new ideas for a modern approach to improve day-to-day mobility, and our interlocutors have shown their interest. The climate is the best that could be hoped for.

In strictly financial terms, the Sanef holding company, HIT, refinanced its debt in 2017, under good terms. What are the lessons to be drawn?

This operation was very well managed technically, but it is above all a sign of market confidence in the motorway sector, that is seen as stable and solid, and of our particularly good financial rating. This contributes to our reputation as a company that performs very well.

In conclusion, what is your outlook for Sanef?

We have two major goals for 2018, in addition to pursuing excellence in our operations. The first is to make giant steps in technology, specifically to develop free-flow toll stations. The other important milestone is to obtain approval of the substantial elements of our Grand Paris project by public authorities. If we want to see significant progress by 2024 decisions will have to be made very soon. ■

— Key figures 2017

2,063 KM of motorways operated

2,500 employees

290 MILLION of annual transactions

158 toll plazas

72 service areas

124 rest areas

17,000 HOURS safety training

TRAFFIC

	2017	VARIATION 2017/2016		
		LV + HGV	LV	HGV
Traffic density*				
Sanef	24,483	1.5%	0.8%	4.4%
Sapn	29,935	1.5%	1.1%	5.3%
Groupe Sanef	24,836	1.5%	0.9%	4.5%

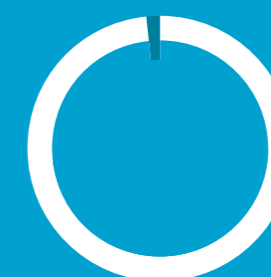
GRUPE SANEF TRAFFIC DENSITY*

YEAR-TO-YEAR VARIATION

2011	2012	2013	2014	2015	2016	2017
1.2%	-2.9%	0.6%	2.4%	1.8%	1.9%	1.5%

* Average traffic measured as number of vehicles per day. Light vehicles = LV; heavy goods vehicles = HGV

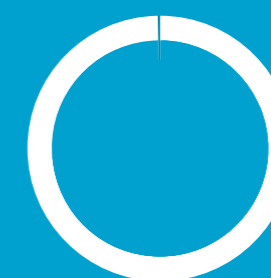
REVENUE
1,691 M



BREAKDOWN

- Concessions **1,666 M**
- Other activities **25 M**

EBITDA
1,203 M



BREAKDOWN

- Concessions **1,201 M**
- Other activities **2 M**

NET EARNINGS FOR GROUP
464 M

INVESTMENTS
247 M



BREAKDOWN

- Development **151 M**
- Roadway maintenance **96 M**

TRANSACTIONS



BREAKDOWN OF TRANSACTIONS AT TOLL PLAZA

- Remote toll payment **47.3%**
- Magnetic cards **43.4%**
- Cash **9.3%**



BREAKDOWN OF TRANSACTIONS BY TYPE OF VEHICLE (in thousands)

- Light vehicles (LV) **251,784**
- Heavy goods vehicles (HGV) **38,982**

— Corporate management and organisation

Arnaud Quémard,
Director General
of Groupe Sanef

Vincent Fanguet,
Director of Operations

Isabelle Duché-Thourillon,
Director of
Operational Support

Victor Torra,
Financial Director

Arnaud Hary,
Director of Concession
Development

Olivier Cuenot,
Director of
Construction

Aurélie Debauge,
Director of
Human Resources

Marie Guilhamon-Paille,
Director of Marketing
and Customer Relations

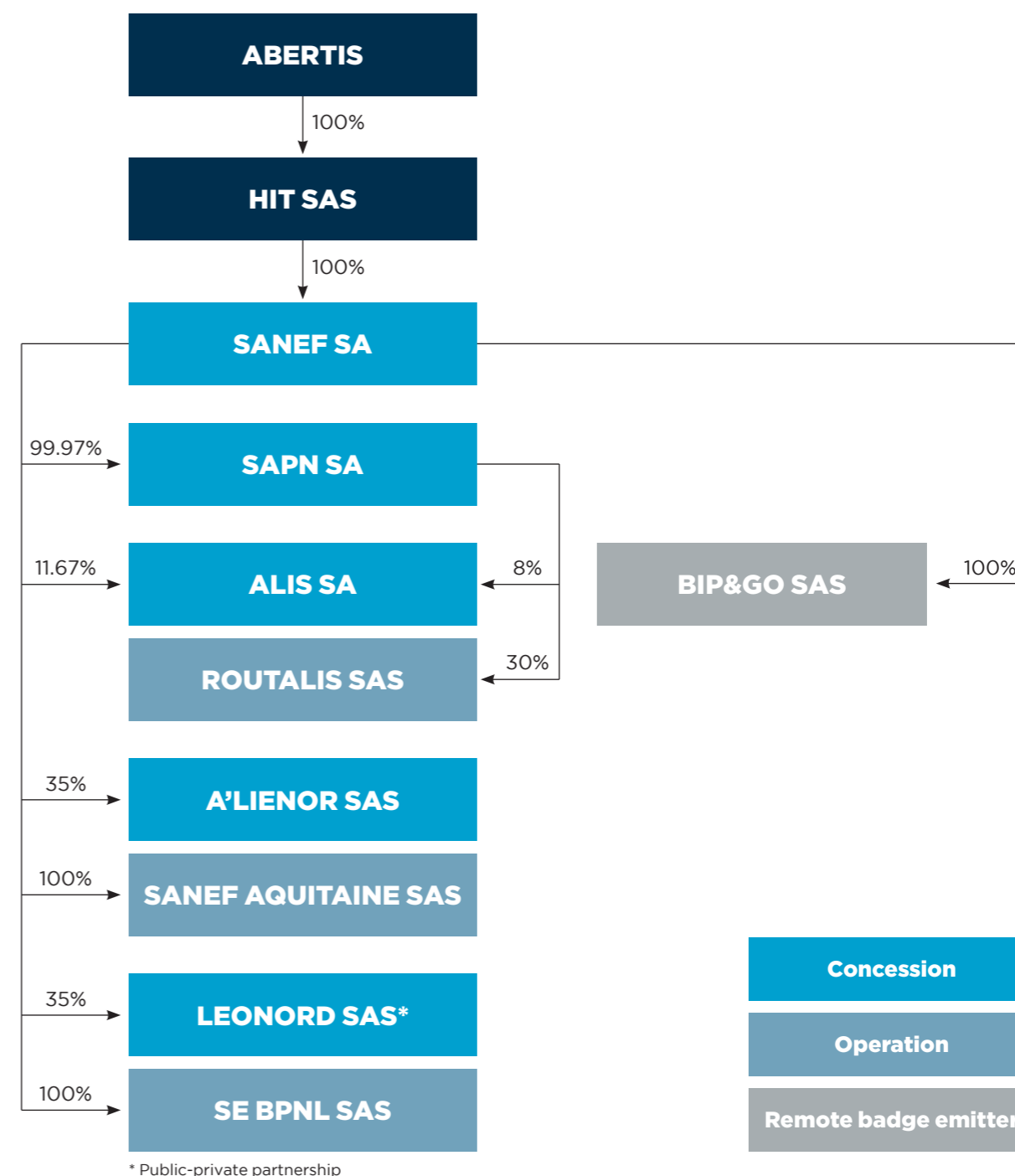
Laurence Pinot-Lacan,
Director of Legal Affairs

Christine Allard,
Director of Institutional
Relations and CSR

Edouard Fischer,
Director of Technology
and Systems

Géraldine Nion,
Operational
Director Bip&Go

Antoine Flavigny,
Internal Audit Director



The Spanish corporate group Abertis is the leading company in motorway management worldwide, with over 8,600 km of motorways managed in 15 countries in Europe, Asia and North and South America. The group employs more than 15,000 people, and registered sales of 5.3 billion euros in 2017. Abertis is a long-term industrial investor, working for territorial development and creation of value in all the countries where it operates. The group holds 100% of the share capital of Sanef, which represent 32% of its sales.

REPORT BY THE BOARD OF DIRECTORS

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I – SITUATION AND ACTIVITY OF SANEF AND GROUPE SANEF IN FY 2017

The following major events marked the activity of Groupe Sanef in the past year.

I.1 – Traffic and tariffs

• Annual revision of toll charges

The motorway tariffs are revised annually according to the contractual terms agreed with the State.

Sanef and Sapn raised their tariffs on 1 February 2017, in compliance with the decree dated 26 January 2017 and published in the official government record on 31 January 2017. The revised schedule of tariffs take two parameters into account: the consumer price index, and partial compensation for the higher government land use fee in place since 2013. The average increase was 0.582% for the Sanef network, and for the A13 and A29 motorways in the Sapn network. The base tariff and the reduced rate for Class 1 vehicles are unchanged for the A14 motorway.

• Summary of traffic on the Groupe Sanef network

Variation in km travelled 2016-2017	Light vehicles (LV)	Heavy goods vehicles (HGV)	LV + HGV
Sanef	+0.6%	+4.1%	+1.2%
SAPN	+0.8%	+5.0%	+1.3%
TOTAL FOR GROUP	+0.6%	+4.2%	+1.2%

Following four consecutive years of falling fuel prices (2013-2016), 2017 saw a sharp increase in average fuel prices, with an impact on the progression of light vehicle traffic, notably in the second quarter.

Cumulative annual total as of 31 December 2017 (2016)

	Sanef network			SAPN network			Groupe Sanef		
	2017	2016	%	2017	2016	%	2017	2016	%
Minor injuries (# of persons)	462	416	+11%	383	287	+33.4%	845	703	+20.2%
Serious injuries (# of persons)	79	79	-	34	23	+47.8%	113	102	+10.8%
Fatalities	31	29	+6.9%	7	8	-12.5%	38	37	+2.7%

With the leap year effect in 2016, total paid kilometres travelled fell by 0.27% in 2017.

The increase in travel by heavy goods vehicles reflects the improved economy and healthy trade activity. Nonetheless, at end 2017 the overall level of heavy goods vehicle traffic had just barely returned to its level of June 2008, when it peaked before the financial and economic downturn of 2008-2013.

I.2 – Noteworthy events for Sanef and Groupe Sanef activity

I.2.1 – Noteworthy events in operations

• Accident rate

The review of activity in 2017 shows a higher accident rate for Groupe Sanef, reflecting a general worsening of road safety figures for France.

This negative trend is due to a significant increase in traffic injuries on the Sapn network (+33.4% for minor injuries and +47.8% for serious injuries). These increases are due primarily to a bus accident in January and multiple-vehicle pile-ups attributable to weather conditions in January and November.

The number of fatalities rose in a lesser proportion (+2.7%, equal to one additional death for the whole of Groupe Sanef).

Groupe Sanef continued its action to promote road safety in 2017, via communication campaigns directed at its customers and publication of a new observatory of driver behaviour. This observatory confirms the higher speeds already observed in 2016, as well as other dangerous behaviour such as failure to keep sufficient distance between vehicles (25% of drivers), abusive use of the central lane (37% of drivers), failure to signal lane changes when passing (26% of drivers) and use of hand-held telephones (4% of drivers).

• Payment methods

Group data show that cash payments continue to decline regularly and now represent only 9% of payments. For the first time payment by credit or debit card has fallen slightly, by 0.9%, and now accounts for 43.6% of payments, while remote toll payment continues increase, reaching 47.5% (light vehicles and heavy goods vehicles together).

It should be noted that remote payment remains the method most used by customers on the Sanef network, (48%, compared to 41.7% by credit/debit card).

Cash payment on the Sapn network is the lowest in the group, at 6.7% of payments, and continues to decline. On this network the gap between magnetic card payment and remote payment is much smaller (46.8% as compared to 46.5%).

• Winter driving conditions

Temperatures recorded during the 2016-2017 winter driving period were consistent with seasonal averages. Precipitation was well below average in all regions. There were few occurrences of snowfall, and when it did snow the amount of precipitation was low.

The only travel difficulties due to weather were caused by sleet storms in January 2017.

Meetings to prepare for winter weather conditions were held both within the Groupe Sanef and with outside partners, and emergency exercises were conducted to maintain staff readiness and awareness of crucial responses in case of a large-scale emergency.

• Major maintenance operations on Groupe Sanef networks

Roadways

The Groupe Sanef roadway renovation programme for 2017 involved 118 km of Sanef motorways and 65 km of Sapn motorways (measured as the equivalent of 2x2 dual carriageway roads). This renovation work was divided between 11 projects, on the A1, A4, A16, A26, A13 and A29 motorways.

Retaining structures

In all 120 km of retaining structures were renovated on the Sanef network and 17 km on Sapn motorways. Groupe Sanef also built a turn-around loop, with two emergency passages in the central median at the Saint-Avoid and Loupershouse toll plazas, both critical areas when it comes to winter driving conditions.

Sanitation

Six watertight storage ponds were renovated in the group, two on the Sapn network and four on the Sanef network).

Major maintenance was carried out for 12 ponds, that were dredged to remove 1,700 tonnes of sludge (five ponds for Sapn, seven for Sanef).

Drainage outlets in lateral runoff ditches and channels were dredged over a total of 215 km.

Tree population

Planting schemes were set up with local authorities, after consultation, to compensate for trees removed in the course of cutting campaigns or local infrastructure work. In 2017 trees were planted at the Saint-Jean interchange on the A154 motorway (Louvières) and on the territory of Chamant and Setques along the A1 and A26 motorways respectively.

Civil engineering works

In 2017 Groupe Sanef pursued its maintenance and major repairs policy for civil engineering works, focusing on corrosion-proofing and reinforcement of metal components in these structures, repairs to girders, replacement of guard railings, roadway seals and watertightness compounds. Several nonconventional structures were rehabilitated: the viaduct over the Marne river (A4), the Fort-Rouge viaduct (A26), the viaduct over the Avre river (A1), and the covered trench at Mantes-la-Ville (A13). Work was started in 2017 to correct the exterior prestressed cables that had not been properly placed for the Boulonnais viaducts (A16). In the course of this work some cables were found to be corroded, necessitating additional emergency repairs to secure the structure. Further inspection and repairs are planned in 2018 and 2019.

I.2.2 – Significant concession developments

I.2.2.1 Changes in the contract framework and mandatory data transmission to the regulatory body *Autorité de régulation des activités ferroviaires et routières (ARAFER)*

• Contract framework

The framework of the contractual agreement between Sanef and Sapn and the French State remained unchanged in 2017. Preliminary studies and work for operations mandated under the Motorways Stimulus Plan (Plan de Relance Autoroutier, PRA) were integrated into the Sanef and Sapn concession contracts under Riders 12 and 10 respectively, and approved by decree on 21 August 2015. This work continued in 2017.

In the spring of 2017 the French State and the Sanef and Sapn concessionaires reached an agreement on a new motorway investment plan (Plan d'Investissement Autoroutier, PIA). This plan states objectives, set by the President of the French Republic, for building new interchanges, and for protection of the environment. Under the plan total additional investment by the group (Sapn and Sanef) comes to 147 million euros.

The projects outlined in Riders 11 and 13 to the respective Sanef and Sapn concession contracts, and the associated objectives contracts, were submitted to ARAFER for review in March 2017. ARAFER issued its reviews in June 2017, respectively Note no. 2017-054 (Sanef) and Note no. 2017-055 (Sapn). A new round of negotiations started with the publication of these reviews, and came to a close in early 2018. All contractual documents must now be reviewed by the French Council of State.

• **Submission of data to ARAFER**

By decision no. 2016-100 of 15 June 2016 pertaining to transmission of information by motorway concessionaires and by the companies listed in article L.122-32 of the Highways Code, ARAFER requires that concessionaires submit many items of financial and operational data.

On 30 March 2017 ARAFER opened a public consultation on the modifications that the authority sought to make to the above-mentioned decision no. 2016-100. ARAFER then approved decision no. 2017-047 of 24 May 2017, which is now the regulation in effect for transmission of information by motorway concessionaires.

Sanef and Sapn continued to submit documents in 2017, and this process entailed a substantial amount of work for the companies in Groupe Sanef.

1.2.2.2 Works completed or continuing in 2017

• **On the Sapn network**

The major works undertaken in 2017 were:

– **The new feeder road at Maison-Brûlée (A13)**

This project is part of the motorway stimulus plan. The new feeder road was opened to traffic in the summer of 2016. General construction work was completed in October, and the inauguration ceremony was held on 17 November 2016.

The ministerial decision approving the start of service was signed on 13 April 2017.

– **The third deck for the Guerville overpass (A13)**

The operation to build a third deck on the Guerville overpass and the corresponding motorway section is intended to increase capacity for standard traffic, and to make it possible to divert traffic for renovation of the two existing overpass decks. This work is part of the motorway stimulus plan. This operation was declared to be in the public interest on 17 December 2015.

During certain phases of construction work, in particular when the deck span is erected over the railway, the Paris / Mantes-la-Jolie / Rouen / Caen railway lines will have to be shut down. This must be planned several years in advance with the SNCF railway operator.

The first part of 2016 was devoted to obtaining the last administrative permits required by the significant constraints at the site, and general work began in summer 2016. The first span of the overpass was erected on 25 October 2017.

As of this writing the works are progressing as planned. The second and third spans are scheduled to be erected at Easter 2018 – when the most extensive interruption of railway service will occur – and in July 2018.

– **The widening of the Pont-l'Évêque / Dozulé segment (A13)**

This operation consists of widening the A13 to 2x3 lanes between the A13/A132 interchange at Pont l'Évêque and the no. 30 interchange at Dozulé. This project is part of the motorway stimulus plan, and has been declared to be in the public interest

Technical studies and environmental procedures were carried out by Sapn in 2016 and analysed in 2017.

Preliminary work started in the spring of 2017 to widen the lower-level passageways and hydraulic structures and to clear the roadway allowances. The main contract was awarded at the end of 2017.

The widening of the roadbed itself is expected to start up in March 2018.

– **Improving connections to Pont-Audemer (A13)**

Improving connections to Pont-Audemer, part of the motorway stimulus plan, comprises two separate segments:

- expansion of the existing half-interchange at Bourneville;
- construction of a new half-interchange towards Paris at Toutainville.

The request for approval in principle to make changes to these two segments was granted by ministerial decision on 10 June 2016.

The public enquiry regarding the Bourneville half-interchange was completed on 10 February 2017, and for the Toutainville half-interchange on 17 March 2017. The expansion of the Bourneville interchange and the new Toutainville interchange were declared to be in the public interest on 2 May and 30 May 2017 respectively.

General construction began on the Bourneville half-interchange in October 2017, and preliminary work on the Toutainville half-interchange started in November 2017. As of this writing construction work at the two sites is progressing as planned.

• **On the Sanef network**

– **Protection of water resources**

This work will create holding ponds for accidental pollution, to augment protection of water resources. Retaining basins to contain and treat rainwater runoff will be built upstream of waterways. These new structures will be built at 10 sites on the Sanef network, along the A1, A2 and A4 motorways. Lateral sanitation structures at the basin sites will also be renovated.

Work started up at 10 sites in 2017:

- A1 – Oise valley site at Chevrières;
- A1 – Oise valley site at Longueil Sainte-Marie;
- A4 – Ordrimouille site;
- A4 – Ardre site;
- A4 – Puisieux stream site;
- A4 – Vesle stream site;
- A4 – Biesme site;
- A4 – Beauchamp stream site;
- A4 – Zinsel site at Zilling;
- A4 – AEP well sites at Mommenheim;

– **Widening of emergency lanes (A29)**

These works were undertaken to widen the emergency lanes to 2.5 m on the A1-A26 section of the A29 motorway, a section where the emergency stopping lane is currently simply a hard shoulder. The work also comprises construction of a full-width running course including the newly created emergency lanes. This operation is part of the motorway stimulus plan, and was approved by ministerial decision of 16 October 2015.

Preparatory stages of work to protect the optic fibre network started in late 2015. General work started at the end of the summer in 2016. The widened emer-

gency lanes were completed on the whole section by the end of 2017. The full-width running course that includes the emergency lanes will be built in the spring of 2018, as initially planned.

– **Extension of the A16 motorway in Ile-de-France**

This project was declared to be in the public interest on 13 December 2014, following a public enquiry conducted by the central government. Environmental procedures were carried out in 2015 and early 2016. Technical specifications were drawn up and approved in the summer of 2016.

Work started in July 2016 and continued in 2017.

As of this writing the works are progressing as planned.

– **Expanded interchange at Bailly-Romainvilliers (A4)**

The Villages Nature holiday and eco-tourism accommodations site projected by the Disney and Pierre et Vacances consortium is the reason for expanding the existing no. 14 interchange at Bailly-Romainvilliers.

Following an agreement concluded in June 2015 between the president of the Seine-et-Marne departmental government council and the prefect for the Ile-de-France region, authorising an accord to cancel the A4-RN36 connection road, the projected work was written into the 2015 rider to the motorways stimulus plan.

Following environmental procedures started in summer 2015, the corresponding permits were obtained in spring 2016.

Technical documentation (request for approval of principle, preliminary plans) as well as tender procedures for the proposed work were completed in a very short time, in compliance with the conditions set by the State and to provide access to the holiday village as soon it opened.

The local context is a particularly sensitive concern, as legal appeals have been filed against this project.

Despite these issues, general work began in April 2016 and was finished at the end of 2017, excepting work related to signage, pending a final decision, and work on sanitation structures, that due to their land encroachment and have been delayed by the current legal action. Access to the holiday village was opened on 27 April 2017, and the remainder of the access itinerary has been in service since the end of 2017.

The State has inspected the several feeder roads prior to final approval of start of service, and the ministerial decision of approval is expected in early 2018.

1.2.2.3 Works completed or continuing in 2017

• On the Sapn network

– Mondeville feeder road (A13)

The Mondeville feeder road is designed to make it easier to exit from the Etoile activity zone located at the Caen Est exit by building a one-way road across the A13 motorway. This project was sponsored and entirely financed by the Caen la Mer urban community authority.

Work to draw up a request for approval of principle was started in 2013, leading to approval by ministerial decision on 4 August 2014.

Financing of the operation was completed in September 2017, making it possible to undertake the necessary preliminary studies.

– No. 29 interchange at La Haie-Tondue (A13)

This operation is part of the motorway stimulus plan.

Cofinancing by local authorities, set at 50% of the works cost (€3 million ex VAT) had not been secured at the end of August 2016, the deadline under the motorway stimulus plan. Talks continued with the Normandy regional government and the Calvados departmental government in 2017. These local authorities announced that they had secured financing for the operation on 8 January 2018.

– Creation of the Gravières interchange (A13)

As part of the national-interest operation Seine Aval, local authorities, the public body corporate EPAMSA and the State sought to build a supplementary interchange on the A13 motorway to boost economic development, augment housing supply and make it easier for companies to set up in this part of the Yvelines department.

After several meetings between the Yvelines departmental government, the Grand Paris Seine & Oise urban community authority and Sapn, the territorial authorities notified by letter dated 18 July 2016 that they were withdrawing from the agreement to finance and carry out the project.

At this stage the project is halted, and talks are underway with the State, the conceding party, to find replacement solutions.

• On the Sanef network

– A26-RN42 connection

This operation, included in the Sanef motorway stimulus plan, is designed to improve the connection between the A26 motorway and RN42 trunk highway via a 5-km feeder road, known as the Lumbres feeder road, between the highway and the motorway.

The request for approval of principle for this operation was filed for review on 2 August 2016.

In the course of the year 2017 preliminary technical studies were conducted, and consultations and meetings held with the relevant administrative departments.

In light of comments regarding land encroachment, in particular on agricultural land, that were registered during the consultation phase, the project was revised in collaboration with the State authorities. A new variant was proposed and published for public consultation in early 2018.

– A16-RN42 connection

This operation, part of the Sanef stimulus plan, is designed to improve the connection between the A16 motorway and the RN42 trunk highway at the Boulogne Est interchange.

The State accepted the feasibility study on 16 October 2016 and communicated its preferred options for the infrastructure variants.

The general contractor has been designated, and preliminary studies, environmental procedures and consultations are underway.

The request for approval of principle was submitted in September 2017. This operation is progressing as planned.

– A4-A35 / COS interchange

The plans to bypass Strasbourg on the west (Contournement Ouest de Strasbourg, COS) include at the northernmost point an interchange system with the existing A4 and A35 motorways (the A4-A35 hub), as set forth in the ministerial decision of 4 November 2005 and the public interest decree of 23 January 2008.

Under this operation, part of the stimulus plan, Sanef will undertake work to reconfigure the existing interchange, to give priority to a direct access from the A4 to the future bypass route.

This operation also includes construction of a passageway for wildlife in the vicinity of the Herrenwald forest. The request for approval of principle for the large wildlife passageway was submitted on 20 June 2017.

Ministerial approval for the interchange was issued on 4 May 2017.

The registration of paperwork by the government continued in 2017. The process to revise the urban planning documents of the Brumath local authority began in 2017, to ensure regulatory compliance. The State had neglected to revise the Brumath town planning scheme when urban planning documents were revised in accordance with the public interest declaration of 2008. Sanef worked with the prefecture to properly update the documents. The public consultation on the Brumath town planning scheme was open from 26 June to 28 July 2017. The decree

recognising compliance of the project and the Brumath town planning scheme was signed on 9 January 2018.

On 9 March 2017 the National Council FOR the Protection of Nature (CNPN) rejected a request for a dispensation regarding measures to protect regulated species. A new submission was reviewed by committee on 11 July 2017, and was once again rejected. Sanef is ready to submit a new plan that elaborates on its commitments, to better meet the CNPN requirements; the committee is expected to review this plan in early 2018.

Due to registration of paperwork and the CNPN rejections, the start of work has been postponed for one year. The work to be done can still be completed according to the concessionaire's schedule for the West Strasbourg bypass, that has also been delayed by the CNPN review.

– Metz North-East bypass – widening to 2x3 lanes (A4)

This operation comprises widening the A4 motorway to 2x3 lanes in the section of the Metz bypass between the A4-A31 and A4-A315 interchanges. The environmental compliance part of this operation is included in the motorway stimulus plan.

The procedures associated with this operation (notably declaration of public interest) may become more complex if the bypass section is integrated into the broader work being considered for the A31bis motorway.

The general contractor for technical studies and construction has been designated. A summary description of the widening work was submitted for review on 14 March with supplementary information filed on 21 July 2016.

The preliminary studies are well underway. Studies and meetings with the relevant administrative departments for environmental procedures are being pursued.

The ministerial decision on the summary documentation was issued on 7 July 2017.

This operation is progressing as planned.

1.2.3 – Noteworthy commercial events: rest and service areas

The rest and service areas on the Groupe Sanef networks continue to be modernised, notably with renovation or rebuilding of infrastructure, followed by introduction of new services and commercial establishments.

Sanef has also continued work under the motorway stimulus plan:

- 153 new carpooling spaces to be created at four sites;
- renovation work at 33 rest areas;
- 171 new parking spaces for trucks.

Quality control at rest areas in 2017:

– Sanef conducted an experiment, using 12 terminals to measure customer satisfaction with the cleanliness of rest areas.

– A major update to the Groupe Sanef rest area quality monitoring tool (called "Satisf'aire") is now being finalised. This improvement will make quality control more reliable and foster cooperation between the various Sanef departments involved in rest area maintenance.

– In the course of a quality control campaign conducted at 19 rest areas the average score was above 13/20, and no rest area had a score lower than 10/20. Sanef took advantage of contract renewal and competitive bidding for subconcession contracts at six service areas in 2017.

Concession fees and investment funding were raised to modernise the commercial premises and offer more services to customers in 2018.

1.3 – Groupe Sanef Earnings Statement

1.3.1 – Analysis of sales and earnings trends in 2017

• Operational earnings

Sales (not including construction earnings of 141 million euros in 2017 and 109 million euros in 2016)

(in millions of euros)	2017	2016
"Tolls" revenue	1,581	1,538
"Other sales" revenue	84	86
Total sales revenue	1,665	1,624
Other revenue	26	34
OPERATIONAL EARNINGS	1,691	1,658

Groupe Sanef earnings from operations improved by 33 million euros compared to 2016. The 41-million-euro increase in sales is attributable essentially to tolls collected, coupled with traffic and changes in tariffs. Other revenue streams were affected by the sale of the Eurotoll subgroup to Abertis Infraestructuras in late April 2017.

The increase in tolls revenue, +2.9%, breaks down as follows:

- +1.5% due to higher traffic,
- +0.6% due to higher tariffs,
- +0.7% due to a shift in the light vehicle/heavy goods vehicle ratio.

Other sales and revenue were down by 10 million euros as a result of the sale of Eurotoll.

• Operational charges (other than construction)

Operational charges (other than construction charges equal to 141 million euros in 2017) rose slightly, by 0.4%, or 3 million euros, from 813 million euros in 2016 to 816 million euros in 2017.

Purchases and external charges increased, from 92 million euros in 2016 to 95 million euros in 2017, and break down as follows:

– Consumption and charges related to operations amounted to 22 million euros, and were up by 1.5 million euros over 2016, for reasons due to winter weather conditions;

– Major maintenance, upkeep and repairs were down slightly compared to 2016, at 32 million euros;

– Other external charges were up by 2.5 million euros from 2016, from 39 million to 41 million euros in 2017. Lower charges due to the sale of Eurotoll were set off by an “industrial agreement”, a contract for use of Abertis Infraestructuras know-how that took effect on 1 July 2017.

Personnel costs fell by 1%, or 1.8 million euros (outside of the Eurotoll effect these costs rose by 1 million euros) and break down as follows:

(in millions of euros)	2017	2016	Variation
Salaries and payroll charges	(141.8)	(148.7)	(4.6)%
Profit-sharing	(7.9)	(5.4)	46.3%
Participation	(13.3)	(13.8)	(3.6)%
Other personnel charges	(2.8)	(2.6)	7.7%
Long-term benefits	(2.4)	0.4	(700.0)%
TOTAL	(168.3)	(170.1)	(1.1)%

The improvement in payroll charges is due mainly to the lower number of employees and the sale of Eurotoll. Employee profit-sharing is higher, due to the institution of an employee equity share plan in 2017. Participation is linked to the companies’ earnings. Other personnel charges include professional training. Long-term benefits are degraded by 2 million euros.

Taxes and fiscal levies are down by 21 million euros, primarily due to a reserve set aside for risk in 2016.

Contribution to EBITDA is as follows:

(in millions of euros)	2017	2016	Variation
Concessionaire companies	1,201.2	1,150.2	4.4%
Other companies	1.9	3.1	(38.7)%
TOTAL	1,203.1	1,153.4	4.3%

EBITDA of the concessionaire companies increased by 4.4% between 2016 and 2017, from 1,150.2 to 1,201.2 million euros. The EBITDA margin stands at 71.1% of operational earnings.

Reserves for depreciation and provisions are up by 20 million euros, essentially as the result of the many projects put into service in 2017, most notably the opening of on-road toll gates on the A4 motorway.

Operational earnings come to 875.5 million euros, an increase of 3.5% compared to 845.9 million euros in 2016.

The financial income statement is improved, from 140.5 million euros in 2016 to 120.5 million euros in 2017. This is due to continued efforts to reduce debt and to lower interest charges, as well as to capital gains consolidated after the sale of Eurotoll (+11.5 million euros).

The proportional share of earnings on a pro-rata basis is equal to +3 million euros, for the most part attributable to A’Liénor.

Corporate income tax due is 293.7 million euros, compared to 259.1 million euros in 2016. The tax charge is affected by the special contribution paid by companies with sales in excess of 1 billion euros, amounting to 28 million euros for Groupe Sanef in 2017. The share of consolidated income for Groupe Sanef amounts to 464.2 million euros, up from 450.6 million euros in 2016.

• Groupe Sanef cash flow

The Groupe Sanef cash flow table shows the following movements:

Type of flow (in millions of euros)	2017	2016
Operations	814.6	897.9
Investment	(228.2)	(192.3)
Financial activity	(799.3)	(270.9)
Variation in cash flow	(212.9)	434.7

Start of FY cash on hand	578,2	143,5
End of FY cash on hand (including exchange rate fluctuation)	365.3	578.2

As of 31 December 2017 cash on hand was 365.3 million euros, down by 212.9 million euros compared to 2016. This variation is due in large part to the bond issue completed in October 2016 for 300 million euros, and to dividend payments. The bond issue was made to extend the debt period and take advantage of lower interest rates.

I.3.2 – Sanef Earnings Statement

(in millions of euros)	2017	2016	Variation
Sales			
Tolls	1,187.3	1,156.1	2.7%
Other	41.1	38.9	5.7%
TOTAL	1,228.4	1,195.0	2.8%
Consumption	(15.4)	(14.6)	5.5%
Upkeep and maintenance	(25.3)	(22.9)	10.5%
Other external charges	(36.7)	(27.8)	(32.0)%
Payroll charges	(110.8)	(116.1)	(4.6)%
Other revenue and charges	23.5	19.4	(21.1)
Taxes and fiscal levies	(189.7)	(182.1)	4.2%
Reserves for amortisation and provisions	(227.1)	(216.5)	4.9%
Operational earnings	646.9	634.4	2.0%
Financial income	36.8	(7.2)	(611.1)%
Exceptional income	(1.1)	13.8	(108.0)%
Employee profit-sharing	(9.9)	(10.5)	(5.7)%
Corporate income tax	(226.9)	(197.8)	14.7%
NET BOOK INCOME	445.8	432.7	3.0%

Only the significant variations in Sanef accounts are explained here. Revenue from tolls was up by 31 million euros in 2017, following an increase of 41 million euros in 2016.

Consumption was down by 5.5%, as the early part of the winter in 2017 was a little bit colder than in 2016.

Other external charges rose by 32%, due to a know-how use “industrial agreement” with Abertis Infraestructuras. This charge is partly compensated by other revenue, as Sanef passes this cost on to its subsidiaries.

Payroll charges fell by 4.6%, a drop due for the most part to a lower number of employees.

Taxes and fiscal levies rose by 4.2%, an increase equal to 7.6 million euros. This increase is in part related to business activity (higher land use planning levy tied to higher traffic levels), but primarily to advances for the special voluntary contribution (Contribution Volontaire Exceptionnelle, CVE) paid to the Agence de Financement des Infrastructures de Transport en France. These advances were entered as charges.

Operational earnings came to 647 million euros, an increase of 2% over 2016.

Financial revenue is up sharply compared to 2016, by 44 million euros, due to lower interest charges obtained by refinancing operations, and to higher dividends paid by Sanef subsidiaries.

Exceptional income, at -1.1 million euros in 2017, includes a capital loss of 5 million euros on the sale of Eurotoll shares.

Corporate income tax rose by 14.7%. The overall tax rate stood at 39.43% in 2017, compared to 34.43% in 2016.

Net revenue came to 445,751,076.20 euros, an increase of 3%.

• **Cash flow**

Cash on hand fell by 242.1 million euros in 2017, down from +608.6 million euros at end 2016 to +366.5 million euros at end 2017. This trend is analysed as follows:

Cash flow generated by business activity	609.6 M€
Cash flow generated by operations Investments	(176.1) M€
Cash flow generated by financial activity	(675.6) M€
Variation in cash flow	(242.1) M€

The degraded cash flow is due primarily to loan reimbursements in this period and dividends paid out. Furthermore, 300 million euros in bonds were issued in 2016.

• **Information on payment deadlines**

As required by articles L.441-6-1 and D.441-4 of the Commercial Code, the debts owed to suppliers at the end of the financial year are broken down in detail here and listed by due date:

(in millions of euros)	Article D.441 I. -1°: Outstanding bills at the close of the financial year that has just ended					Article D.441 I. -2°: Accounts receivable not paid at the close of the financial year that has just ended					Total (1 day or more)	
	0 days (approximate)	1-30 days	31-60 days	61-90 days	91 days or more	Total (1 day or more)	0 days (approximate)	1-30 days	31-60 days	61-90 days		91 days or more
(A) Overdue payments by bracket												
Amount of bills involved	2012	-	-	-	-	137	437	-	-	-	-	762
Total amount of bills including VAT	11,694.29	133.95	12.11	(16.44)	(1,069.72)	(940.10)	36,232.08	939.65	223.28	112.74	682.62	1,957.61
Percentage of total amount of purchases (including VAT) for the year	3.77%	0.04%	0.00%	0.01%	0.34%	0.30%	-	-	-	-	-	-
Percentage of total sales for the year (including VAT)	-	-	-	-	-	-	2.46%	0.06%	0.02%	0.01%	0.05%	0.13%
(B) Bills not included in (A) for debts and receivables that are in dispute or not yet booked												
Number of bills excluded												84
Total amount of excluded bills												319.18
(C) Standard payment schedules applied (contractual terms or mandatory period by law – article L.441-6 or article L.443-1 of the Commercial Code)												
Payment schedules for calculating late payment	<input type="checkbox"/> Contractual schedules: (specify)					<input type="checkbox"/> Contractual schedules: (specify)						
	<input type="checkbox"/> Legal period: (specify)					<input type="checkbox"/> Legal period: (specify)						

• **Dividends paid out for the past three financial years**

Sanef dividends paid out for the financial years ending respectively 31 December 2014, 2015 and 2016 were the following:

FY ending	Number of shares	Distribution to associates (in euros)			
		Total amount	Amount eligible for tax allowance of 40%	Amount not eligible for tax allowance of 40%	Net distribution per share (rounded)
31/12/2014	76,615,132	293,000,000		293,000,000	3.82
31/12/2015	76,615,132	280,000,000		280,000,000	3.65
31/12/2016	76,615,132	432,747,390		432,747,390	5.6483

• **Amount of non tax deductible expenses or charges**

Expenditures or charges that are not fiscally deductible amount to 21,899 euros.

1.3.3 – Earnings for last five financial years

This table is given in Annex 1.

1.3.4 – Key performance indicators

The key performance indicators are listed in Annex 2, as part of the Corporate Social and Environmental Responsibility Report.

– **Operational activity**

Bip&Go pursued its development, primarily by acquiring new customers in France, as well as in Germany and the Benelux countries, and by maintaining the multi-channel distribution strategy it has followed from the beginning (digital, network of 15 sales offices, and partnerships). The digital sales channel brought in nearly two-thirds of new customers.

New operational services extending use of the remote toll badge in Spain were deployed in June 2016, and are now used by close to 200,000 badge holders. In 2017 this system collected 5 million euros in tolls in Spain. Bip&Go received the ADETEM award for the quality of this deployment.

It should also be noted that Bip&Go was the first brand to carry out a national television campaign in June and July 2017, which strongly boosted badge sales in 2017. A new website was also launched in September 2017.

• **Operating subsidiaries**

Two operating subsidiaries work within Groupe Sanef: Sanef Aquitaine and Société d'Exploitation du Boulevard Périphérique Nord de Lyon (SE BPNL) operate respectively the A65 motorway and the North Lyons ring road (Boulevard Périphérique Nord de Lyon).

– **Sanef Aquitaine**

Sanef Aquitaine, a wholly owned subsidiary of Sanef, operates the A65 motorway on behalf of A'Liéonor.

Traffic continued to rise in 2017, and was up 2.3% due to steady growth in light vehicle traffic (+2.7%). Heavy goods vehicle traffic fell slightly (0.5%).

II – SUBSIDIARIES AND HOLDINGS AS OF 31 DECEMBER 2017

II.1 – Subsidiaries

Groupe Sanef divested two subsidiaries in 2017:

- the Eurotoll company, at the time wholly owned by Sanef, was ceded to the Abertis Infraestructuras company on 16 May 2017;
- the A14 operating company was absorbed by its sole shareholder Sapn, in a merger that took effect as of 1 March 2017.

In addition to the changes at Sapn outlined above, the following noteworthy events at Sanef subsidiaries can be noted for FY 2017.

• **Bip&Go**

– **Business activity**

Bip&Go registered sales of 24.6 million euros for FY 2017, up 8% from 2016. Net before-tax income came to 9.1 million euros, an increase of 7% over 2016.

Bip&Go badge sales exceeded 215,000 units, an increase of 15% compared to 2016.

There was much less need for infrastructure repair work compared to previous years, allowing Sanef Aquitaine employees to devote themselves primarily to regular maintenance and to improve service quality at rest areas.

Sanef Aquitaine is expected to register sales of 7.26 million euros in FY 2017, clearing a net book profit of 249 million euros.

– SE BPNL

SE BPNL, a wholly owned subsidiary of Sanef, has operated and ensured major upkeep of operational infrastructure for the North Lyons ring road since 2 January 2015 under a 20-year contract between the Lyon Métropole urban government and the LEONORD group in which Sanef has a 35% stake.

This year the most significant activity was work to improve safety in tunnels and to replace operating infrastructure that should be completed by end April 2018.

SE BPNL is expected to register sales of 12.7 million euros in in FY 2017, clearing a net book profit of 531 million euros.

• Radio subsidiary

The company Sanef 107.7, a wholly owned subsidiary of Sanef, operates a radio broadcast service that covers most of the Sanef motorway network concession. The broadcaster is the holder of permits to broadcast on the 107.7 FM band delivered by the French broadcast authority (Conseil Supérieur de l'Audiovisuel, CSA).

Programming consisting of music and motorway information is produced by Mediameeting SAS for Sanef 107.7 in studios located at the Sanef premises in Senlis, and is aired 24 hours a day, 7 days a week.

Performance indicators have been established to guarantee service quality, and are monitored monthly. These indicators assess the timeliness of dissemination of traffic information, and compliance with the music programming rules set by the CSA.

The programming is presented by a team of 20 radio hosts, alternating sequences of music, traffic information, general news and advertising supplied by vendor Ketil under contract with Sanef 107.7. Traffic information is the priority focus of this programming, and in case of an incident or event that should be relayed to customers driving on the Sanef network, the radio host can at all times interrupt the programming to disseminate urgent information on all or part of the network.

Sanef 107.7 registered sales of 1,641 thousand euros in FY 2017 and cleared net income of 124.6 thousand euros.

II.2 – Main holdings

In the course of the financial year Sanef acquired no new participations or holdings, did not take control of any company, and did not divest any shares. No notification of holdings in excess of 10% of share capital was issued to any other company.

Groupe Sanef holds equity in two concessionaire companies, Alis et A'Liéonor.

• Alis

Sanef and Sapn together own 19.67% of the share capital of ALIS, holder of the concession for the Rouen - Alençon section of the A28 motorway (125 km).

This section was put into service on 27 October 2005; in 2017 average annual daily traffic was 8,573 vehicles per day, an increase of 1.6% over 2016 (heavy goods vehicles account for 19% of traffic).

Gross sales for FY 2017 are expected to come to 81 million euros, a 6.49% increase over 2016 sales of 77 million euros. Net earnings should be slightly under 9 million euros.

• A'Liéonor

Sanef holds 35% of the share capital of the A'Liéonor company, concessionaire of the A65 motorway between Langon and Pau (150 km).

This section was put into service on 16 December 2010; in 2017 average annual daily traffic was 7,199 vehicles per day, an increase of 2.3% over 2016 (heavy goods vehicles account for 10.4% of traffic).

Gross sales for FY 2017 are expected to be 58.7 million euros (compared to 58 million euros in 2016), and net income should be 8.5 million euros.

III – PROGRESS ACCOMPLISHED AND DIFFICULTIES ENCOUNTERED

– In a speech delivered on 28 July 2016 the President of France announced his wish to rapidly implement a new motorway investment scheme. By letter dated 31 August 2016 the Cabinet Secretary for Transport, the Sea and Fisheries set forth the financial framework of this scheme and specified the criteria for projects to be selected. The new investment plan, in association with local governments, will be formalised by riders to the concession contracts and by new objectives contracts with each company.

This investment plan focuses on operations that are technically and financial mature, that are located within the bounds of the public motorway concession, that are strongly supported by local authorities, and that are in the national interest with respect to fluid traffic flow on national highways, action to diminish dangers on the road, and environmental criteria.

Under this scheme Groupe Sanef and the French State have outlined a plan for building interchanges and for environmental improvement work.

– Legislation of 6 August 2015 (Law no. 2015-990 for Growth, Activity and Equal Economic Opportunity, known as the Macron Act) called for creation of an independent regulatory body for motorways in France. On 15 October 2015 the Autorité de Régulation des Activités Ferroviaires et Routières (ARAFER) replaced ARAF, and took charge of motorway regulation, with the following missions.

- ARAFER will be consulted on plans to modify concession contracts, or any other contract, when these plans have an incidence on toll charges or on the duration of the concession.
- ARAFER will draw up an annual summary of the accounts of motorway concessionaires.
- ARAFER will issue its opinion on the composition and rules of the contract tender committee.
- ARAFER will review past contracts let by concessionaire companies for their operations, on the basis of new competitive bidding thresholds enacted by law.
- ARAFER will issue its opinion on contracts let for secondary installations.

In 2016 Groupe Sanef worked to establish relations with this authority, concerning both oversight of the Groupe Sanef contract tender committee, and filing of technical and financial information.

• Personnel security and safety

The year 2017 saw clear progress and results in terms of the security of personnel. The work accident rate fell from 14.6 to 10.5, the lowest rate ever achieved within Groupe Sanef.

• Work on the role of motorways in urban mobility

In the course of 2017 Groupe Sanef pursued wide-ranging discussions on the ways motorway infrastructure can contribute to daily mobility; this conversation is engaged both within the company and with all outside stakeholders concerned by this issue. This process led to a series of proposals for targeted investment designed to raise the number of passengers per vehicle coming into large cities, Paris in particular, and to encourage modal shifts while minimising vehicle changes. At the end of 2017

Groupe Sanef reorganised its structure and created a Marketing and Customer Experience division, underscoring the group's intention to focus on customers' experience and to work to improve travel for users in all customer segments.

• Quality, Safety and Environment management system

In 2017 Sanef began development of a corporate management system to address Quality, Safety and Environment. This approach reflects the group's aim to continually improve and simplify its corporate processes. Certification is expected in early 2019.

IV – RESEARCH AND DEVELOPMENT

• On-road electric vehicle charging technology (Fabric project)

The Fabric project is working to develop and test dynamic embedded wireless charging solutions to recharge electric vehicles as they drive. The technology to be tested in France is electrical induction. Fabric was selected for funding from the European Commission, for a four-year period starting in January 2014. As part of the work to develop specifications for operational roadway installations, Sanef outlined its requirements and constraints, and drew up the corresponding cost estimates.

The E-Way Corridor Axe Seine project continued in 2017, under the call for expressions of interest on the theme "Creating economic value in the environmental transition" for the period 2015-2020 issued by the French Environment and Energy Management Agency (ADEME). Groupe Sanef took part in the study focusing on dynamic on-road charging for heavy vehicles, and contributed expertise on logistics issues (coordination of logistics platforms and use of the A13 route).

In other areas, Groupe Sanef pursues a research and development programme that covers two main subjects:

• Toll collection

– Finalisation of a smartphone toll payment app. Having developed and validated a system to localise a telephone in the toll queue, Sanef is getting ready for commercial deployment of this service on the A13 and A14 motorways. A complete solution has been scaled up for industrial use and tested for reliability prior to the start of commercial service in 2018. The configuration includes devices embedded in the toll lane, smartphone applications, back-office software to operate the full subscription-to-payment cycle, and all security components.

– Conversion of the Boulay toll gates to free-flow passage entered the operational phase in 2017 (A4 motorway in the Moselle department). The work will continue in 2018 for start-up of service in early 2019. In this project Sanef and Emovis are jointly testing new equipment for vehicle classification.

– In conjunction with support for a CIFRE doctoral thesis, Sanef took part in research on remote toll payment using ITS-G5 vehicle infrastructure communication systems. One of the topics of this research work was the capacity to precisely locate and track vehicles in the toll queue, for both stop-and-go payment and free-flow payment.

- **Traffic and security**

– Under a partnership with Waze, a leading company in GPS navigation on smartphones, Groupe Sanef has put into place real-time reciprocal exchange of traffic data and event information. Data from Waze are channelled to traffic management centres where they are assessed in terms of their usefulness for the Sanef traffic information chain.

– Sanef continued its work on the SCOOP@F project for large-scale pilot testing of cooperative vehicle-infrastructure dialogue systems. This pilot is designed to achieve full-scale testing of the connected vehicle concept in France, and involves several highway management authorities (departmental governments and interdepartmental road traffic offices), the two French automakers, and research bodies (the University of Reims, in particular). SCOOP@F is co-funded by the European Commission under the TEN-T call for tenders. The first phase of the pilot project was completed in 2015. Phase 2, devoted to validation across the entire chain, from the laboratory to road sites, continued in 2017. Sanef installed new communication equipment along the A4 and A13 motorways. Using this equipment, fully autonomous (self-driving) vehicles, the Symbioz demo car, have been tested on the A13 roadway, in partnership with Groupe Renault. Tests focused in particular on passing through work zones and toll gates. Some 80 journalists from the national and international press were invited to a demonstration in November and December 2017.

– Several extensions of the project advanced to the specifications phase in 2017 and will go into development in 2018. These are the InterCor and C-Roads projects accepted by the European Commission and the PAC-V2X project supported by the Single Cabinet Fund of the French government (Fonds unique

interministériel, FUI, Ministère de l'Economie). All of these projects rely on installation of dedicated communication technology on sections of the A1 and A4 motorways, and on use of 4G mobile telephone networks. Groupe Sanef is working closely with public motorway management authorities bordering its networks (French State and Strasbourg Eurometropolis) to carry out these projects.

- **Services and maintenance**

– A pilot project involving the Internet of Things (IoT) has been set up at the Reims operations centre (A4). For this project more than 200 sensors have been installed to relay information from the field to a central platform. These data provide information on satisfaction scores concerning the cleanliness of sanitary facilities, intensity of use, water consumption, amount of waste discarded in bins, information on opening of service access portals and impacts on retaining structures. The pilot project will validate the advantages of using IoT on a larger scale within Groupe Sanef to improve service and optimise operational resources.

- **Open Innovation**

– In 2017 Sanef started up an Open Innovation programme to foster partnerships with start-ups and small and medium-sized businesses, focusing on the main areas of innovation in Groupe Sanef, i.e. new forms of day-to-day mobility, environmental issues, safety and security. Two competitions were held, with the CAP Digital and MOVEO competitiveness clusters. Some 25 proposals for experimentation were submitted, and were reviewed in a selection process involving all Sanef business divisions. Two partnerships have been created, and two others are being finalised. This programme will continue in greater depth in 2018.

V – PRINCIPAL RISKS AND UNCERTAINTIES

Like all motorway concessionaires, Groupe Sanef is exposed to a number of risks with an impact on its business activity.

- **Risks related to the concession contract**

The concession agreement between the French State and the company can be unilaterally terminated by the State for reasons of general public interest, with a right to compensation. The State can also declare the agreement to be cancelled in the event of serious breach of contract by the concessionaire company.

- **Regulatory risk**

The business environment of Groupe Sanef is highly regulated, and is subject to modification of these regulations, which apply to roadways, road safety, the environment, fiscal matters, transport, and data protection. More stringent terms of general regulations in these areas can lead to higher costs.

- **Risks related to traffic and sales**

Traffic can be affected by a number of factors, such as toll acceptability, quality and state of upkeep of motorways, network capacity, fuel prices, the existence of competing transport infrastructure. Heavy vehicle traffic is sensitive to economic conditions in Europe.

- **Operating risks**

Events that can disturb the operations of Groupe Sanef motorways include extreme natural disasters or climate events, large-scale accidents or even acts of intentional harm. Any of these events could lead to partial or total shutdown of the network.

- **Construction risks**

Construction operations can be hindered by incidents that directly affect completion of work: shortage of materials, higher costs for materials, failure of subcontractors or suppliers, worksite accidents, administrative delays, etc. These risks can also induce defects and poor work quality affecting civil engineering structures.

- **Currency exchange risk**

Groupe Sanef operates essentially in Eurozone countries, mainly in France. The company incurs practically no currency exchange risk in its transactions.

- **Interest rate risk**

The external financing of Groupe Sanef is denominated exclusively in euros, mainly at fixed rates, without significant risk of increase in interest rates.

- **Market risk**

Groupe Sanef could be affected by fluctuation in financial markets, notably where its debt refinancing is concerned.

VI – CORPORATE GOVERNANCE REPORT

VI.1 – All offices and functions exercised by corporate officers

Alain MINC

Chairman of the Sanef Board of Directors and member of the Remuneration and Appointments Committee

- **Other offices and functions:**

- Chairman of AM Conseil
- Board member, Caixabank (Spain)
- Board member of Prisa (Spain) through November 2017
- Advisor to Direct Energie

Francisco José ALJARO NAVARRO

Board member of Sanef and member of its Audit Committee

- **Other offices and functions:**

- Director General, Financiero y Desarrollo Corporativo de Abertis Infraestructuras, S.A.
- Joint board member, Participes en Brasil II, S.L.
- Consejero, Cellnex Telecom, S.A.
- Board member, Inversora de Infraestructuras, S.L.
- Board member, Abertis Motorways UK Limited
- Board member, Abertis Finance B.V.
- Joint board member, Abertis Autopistas España, S.A.
- Joint board member, Autopistas, Concesionaria Española, S.A.
- Joint board member, Autopistes de Catalunya, S.A. (Aucat)
- Joint board member, Infraestructures Viàries de Catalunya, S.A.
- Joint board member, Autopistas Aumar S.A.
- Joint board member, Iberpistas S.A.
- Joint board member, Castellana de Autopistas, S.A.
- Joint board member, Autopistas de León, S.A. (Aulesa)
- Joint board member, Abertis Telecom Satélites, S.A.
- Joint board member, Abertis Internacional, S.A.
- Consejero, Participes en Brasil, S.A.
- Board member, Arteris, S.A.
- Titular board member, Autopista Central, S.A.
- Titular board member, Abertis Autopistas Chile, S.A.
- Board member representing Abertis Telecom Satélites, S.A. at Hispasat
- Joint board member of Infraestructuras Americanas, S.L. as of 12 June 2017
- Joint board member, Societat d'Autopistes Catalanes, S.A.

- Joint Board member, Abertis India, S.L.
- Board member, Central Korbona, S.a.r.l.
- Board member, Central Korbona, Sweden AB
- Board member, Central Korbona Holdings AB
- Joint board member, Abertis Mobility Services, S.L. as of 28 July 2017
- Chairman, Autopistas Metropolitanas de Puerto Rico, LLC, as of 11 May 2017

Sophie BOISSARD

Sanef board member as of 9 May 2017

• **Other offices and functions:**

- Director General, Groupe Korian

• **Other offices within Groupe Korian:**

- Chairwoman of the Surveillance Council, Curanum
- Chairwoman of the Supervisory Board, Korian Management
- Board member, Segesta
- Board member, SLG
- Board member, Fondation KOR
- Member of the Surveillance Council, Allianz SE (listed company)

Mathias BURGHARDT,

representative of AXA République

Board member of Sanef and member of its Strategy and Commitments Committee

• **Other offices and functions:**

- President-Director General, AXA République S.A.
- Member of the Board of Directors, 2i Rete Gas Italia S.p.A
- Member of the Board of Directors, ARDIAN Spain S.L.
- Member of the Board of Managers, ARDIAN Infrastructure IV S.a.r.l.
- Representative of Marthilores to the Board of Directors, Compania Logistica de Hidrocarburos S.A. and Chairman of the Audit Committee
- Observer on the Executive Council and Coordination Committee of AXA Infrastructure Investissement SAS
- Member of the Board of Managers, AXA Infrastructure III S.a.r.l.
- Member of the Oversight Council, Indigo Infra SA
- Chairman of the Remuneration Committee, INFRA FOCH TOPCO SA

Martí CARBONELL

Board member of Sanef and member of its Audit Committee

• **Other offices and functions:**

- Director of Corporate Management Auditing, Abertis Infraestructuras, S.A.
- Alternate board member, Abertis Autopistas Chile, S.A.

Marta CASAS

Board member of Sanef

Other offices and functions:

- Legal Affairs Director, Abertis Infraestructuras, S.A.
- Board member, SPI-Sociedade par Participações em Imfraestrutura, S.A.
- Board member, PDC Participações, S.A.
- Board member, Autopista Fernão Dias, S.A. up to 18 April 2017
- Board member, Autopista Fluminense, S.A. up to 18 April 2017
- Board member, Autopista Litoral Sul, S.A. up to 18 April 2017
- Board member, Autopista Planalto Sul, S.A. up to 18 April 2017
- Board member, Autopista Régis Bittencourt, S.A. up to 18 April 2017
- Board member, Autovias S.A. up to 18 April 2017
- Board member, Centrovias Sistemas Rodoviários, S.A. up to 18 April 2017
- Advisory Secretary, Participes en Brasil S.A.
- Board member, Concessionária de Rodovias do Interior Paulista, S.A. up to 18 April 2017
- Board member, Vianorte, S.A. up to 18 April 2017
- Board member, Arteris, S.A.
- Alternate board member, Autopista Central, S.A.

Lluís DEULOFEU

Director General of Sanef

• **Other offices and functions:**

- Employee of Abertis Infraestructuras
- Chief executive officer, Société des Autoroutes Paris-Normandie SA
- Representative of Sanef, president of Eurotoll up to 16 May 2017
- Representative of Sanef, president of Bip&Go
- Representative of Sanef, president of LEONORD Exploitation
- Board member, Cellnex Télécom

Jean-Jacques DUCHAMP,

representative of PREDICA

Board member and member of the Audit Committee up to 28 April 2017

• **Other offices and functions:**

- Deputy Director General, Crédit Agricole Assurances
- Board member, Société Foncière Lyonnaise S.A.
- Board member, Gecina
- Board member, Vice-Chairman of the Board of Directors, Générale de Santé
- Board member of subsidiaries of Groupe Crédit Agricole SA:
 - PACIFICA
 - CPR-AM SA
 - CA VITA SA
 - SPIRICA
 - LifeSide Patrimoine
 - ISR Courtage

Jose Luis GIMENEZ

Board member, Sanef

• **Other offices and functions:**

- Director of Industrial Development, Abertis Infraestructuras S.A.
- Chairman, Bip & Drive
- Representative of the president of Abertis Autopistas España S.A. to Alazor Inversiones S.A. up to 15 February 2017
- Representative of the president of Abertis Autopistas España S.A. to Accesos Madrid, Concesionaria Española S.A. up to 15 February 2017
- Representative of the president of Vasco Aragonesa Concesionaria Española S.A. to Infraestructuras y Radiales S.A. up to 15 March 2017
- Representative of the president of Autopista Vasco Aragonesa Concesionaria Española S.A. to Autopista del Henares, Concesionaria del Estado up to 15 March 2017
- Representative of the president of Autopista Vasco Aragonesa Concesionaria Española S.A. to Erredosa Infraestructuras, S.A. up to 15 March 2017
- Consejero, Participes en Brasil, S.A.
- Board member, Sociedad Concesionaria Rutas del Pacífico S.A.
- Vice-president, Sociedad Concesionaria del Elqui S.A.
- Alternate board member, Infraestructura Dos Mil S.A.
- Board member, Arteris, S.A.
- Representative of the president of Abertis to Emovis S.A.S. up to 18 June 2017
- Consejero, Inversora d'Infraestructuras, S.L.
- Board member, Abertis Autopistas Chile, S.A.

Guy de PANAFIEU

Independent board member, Chairman of the Audit Committee and member of the Remuneration and Appointments Committee

• **Other offices and functions:**

- Vice-Chairman, Oversight Council, Métropole TV S.A.
- Board member, Korian S.A.
- Managing associate, Boileau-Conseil

Robert PEUGEOT

Permanent representative of FFP INVEST, Chairman of the Remuneration and Appointments Committee up to 28 April 2017

• **Other offices and functions:**

- President-Director General, FFP
- Member of the Oversight Council, Hermès International
- Board member, Faurecia
- Board member, Etablissements Peugeot Frères
- Board member, Sofina
- Board member, DKSH
- Managing associate, CHP Gestion SARL
- Permanent representative of FFP Invest, Chairman of Financière Guiraud SAS and member of the Oversight Council
- Permanent representative of FFP Invest, president of FFP Invest
- Permanent representative of FFP on the Peugeot SA Oversight Council
- Managing associate, SC Rodom
- Board member, TIKEHAU Capital Advisor
- Permanent representative of Maillot I on the board of SICAV ARMENE

Francisco REYNES

Board member, Sanef, Chairman of the Remunerations and Appointments Committee

• **Other offices and functions:**

- Vice-president and Executive Administrator, Abertis Infraestructuras S.A.
- Board member, Hispasat S.A.
- Joint board member, Autopistas, Concesionaria Española, S.A.
- Joint board member, Autopistas Aumar S.A.
- Joint Board member, Iberpistas S.A.
- Joint board member, Participes en Brasil II, S.L.
- Joint board member, Abertis Autopistas España, S.A.
- Joint board member, Autopistes de Catalunya, S.A.

- Joint board member, Infraestructures Viàries de Catalunya, S.A.
- Joint board member, Autopistas de León, S.A.
- Joint board member, Castellana de Autopistas, S.A.
- Chairman, Holding d'Infraestructures de Transport, S.A.S.
- Chairman, Holding d'Infraestructures de Transport 2, S.A.S.
- Joint board member, Abertis Telecom Satélites, S.A.
- Joint board member, Abertis Internacional, S.A.
- Chairman, Partícipes en Brasil, S.A.
- Board member, Arteris, S.A.
- Chairman, Abertis Autopistas Chile, S.A.
- Joint board member, Infraestructuras Americanas, S.L. up to 12 June 2017
- Joint board member, Societat d'Autopistes Catalanes, S.A.
- Chairman, Cellnex Telecom, S.A.
- Joint Board member, Abertis India, S.L.
- Board member, A4 Holding, S.p.A.
- Chairman, Inversora d'Infraestructuras, S.L.
- Joint board member, Abertis Mobility Services, S.L. as of 28 July 2017

Montserrat TOMAS

Board member, Sanef

• **Other offices and functions:**

- Fiscal Affairs Director, Abertis Infraestructuras, S.A.
- Board member, Hispasat, S.A.
- Board member, Central Korbana, S.a.r.l.
- Board member, Central Korbana, Sweden AB
- Board member, Central Korbana Holdings AB
- Alternate board member, Abertis Autopistas Chile, S.A.
- Alternate board member, Autopista Central, S.A.
- Board member, Central Korbana Chile, S.A.

Arnaud QUÉMARD

Director General Delegate, Sanef, as of 1 November 2017

• **Other offices and functions:**

- Board member, Sapn SA
- Chairman, Sanef 107.7 SAS
- Board member, Alis SA, Sanef representative

Anne-Gabrielle HEILBRONNER

Sanef board member and member of the Audit Committee as of 12 June 2017

• **Other offices and functions:**

- Member of the Executive Directorate and Secretary General of Publicis Groupe, S.A. (France), listed company
- Chairwoman, Publicis Groupe Services SAS (France)
- Member of the Executive Committee, Multi Market Services France Holdings SAS (France)
- Representative of Multi Market Services France Holdings, member of the Shareholders Committee, Wefcos SAS (France)
- Representative of Multi Market Services France Holdings, member of the board of Régie Publicitaire des Transports Parisiens Metrobus Publicité SA (France)
- Board member:
 - Somupi SA (France)
 - US International Holding Company, Inc (United States)
 - Sapient Corporation (United States)
 - Publicis Groupe Investments BV (Netherlands)
 - Publicis Groupe Holdings BV (Netherlands)
 - Publicis Holdings BV (Netherlands)
 - BBH Holdings Limited (United Kingdom)
 - Publicis Limited (United Kingdom)

Sylvie CHARLES

Sanef board member and member of the Audit Committee as of 12 June 2017

• **Other offices and functions:**

- Director General for rail and multimodal goods transport, SNCF Logistics
- Chairwoman, Transport Ferroviaire Holding
- Chairwoman, VFLI
- Chairwoman, Europe Intermodal Holding
- Chairwoman, Transport Ferroviaire Services
- Member of the Oversight Council, Geodis SA
- Chairwoman of the Board of Directors, Lorry Rail (Luxembourg)
- Vice-Chairwoman, BLS Cargo (Switzerland)
- Independent board member, Kaufman & Broad, member of the Audit Committee

VI.2 – Membership of the Board of Directors

Directors serve for a term of two years (article 12 of the company by-laws).

The current directors were elected by the annual meeting of 19 April 2016. Their terms will expire at the annual meeting to be held in 2018 to review the FY 2017 accounts. All incumbent members are eligible for re-election.

At the close of FY 2017 the membership of the Board of Directors was as follows:

- Mr Alain Minc, Chairman of the Sanef Board of Directors and member of the Remuneration and Appointments Committee
- Mr José Aljaro Navarro, member of the Audit Committee
- Mr Martí Carbonell, member of the Audit Committee
- Ms Marta Casas
- Ms Sylvie Charles, member of the Audit Committee
- Mr Jose Luis Gimenez
- Ms Anne-Gabrielle Heilbronner, member of the Audit Committee
- Mr Guy de Panafieu, Chairman of the Audit Committee and member of the Remuneration and Nominations Committee
- Mr Francisco Reynés, Chairman of the Remunerations and Appointments Committee
- Ms Montserrat Tomas.

The membership of the Board of Directors complies with the terms of the Commercial Code, article L.225-18-1, regarding equal representation of men and women on corporate governance boards.

The overall executive management of the company is exercised by Mr Lluís Deulofeu, named to this position by the board meeting of 17 October 2014.

Following a proposal by the Director General, the Board of Directors appointed Mr Arnaud Quémard to the position of Director General Delegate on 26 October 2017.

VI.3 – Preparation and organisation of work undertaken by the Board of Directors

In addition to the corporate by-laws, the functioning of the Board of Directors is governed by the board's rules of procedure, most recently amended by the board on 15 February 2007.

The rules of procedure adopted by the Board of Directors pertain to the relationships between corporate officers and their ethical implications. The operating procedures for the board's committees (see below) are appended to the rules of procedure along with the conditions for participating in board meetings via video or telecoms conference calls.

Notification of board meetings are generally sent to members five working days before the date of the meeting. Seeing that Spanish citizens participate in board meetings, meeting documents are sent out by electronic means. The official notification includes the agenda and documents related to the points to be discussed. Pertaining to urgent matters, documentation may be distributed at the time of the meeting.

The Director General and the Director General Delegate attend all meetings of the Board of Directors, and are accompanied by the executive directors of the company who report to the board on technical matters.

Four representatives of the Central Works Council (Comité Central d'Entreprise, CCE) are invited to all board meetings. The Central Works Council was represented at all the meetings held in 2017.

The accounts auditors are invited to, and attended, the board meeting devoted to approving the corporate accounts.

The secretariat of the Board of Directors is assumed by a senior executive of the legal staff.

The State, conceding party represented by the commissioner of the government, is systematically notified of all board meetings, but did not attend any of these meetings in 2017.

The Board of Directors and its committees were convened as follows in the course of the financial year.

• **The Board of Directors**

The board met four times in the course of the past financial year, at the initiative of the chairman.

At each meeting the chairman and the director general presented the noteworthy events and developments at Sanef since the preceding meeting.

A detailed account of business activities, concessions and finances was also presented at each meeting.

In addition to the recurrent matters that fall within the purview of the Board of Directors (approval of annual accounts and provisional budgets, approval of regulated agreements, convening of the Annual Shareholders Meeting, activity report by the director general) noteworthy items on the agenda for meetings in 2017 included the following:

- divestment of Eurotoll, at the time a subsidiary of Sanef, ceded to Abertis Infraestructuras;
- creation of a corporate mutual fund holding Abertis Infraestructuras shares, for the benefit of Groupe Sanef employees;

– renewal of authorisation of a Euro Medium Term Note for a maximum nominal amount of 2 billion euros, with proxy given to the director general to carry out bond issues up to a maximum nominal value of 1 billion euros per issue. The authorisation is given for one year;

– ongoing talks with the State, conceding party, regarding conclusion of a motorway investment plan, and progress on the motorway stimulus plan; stimulus plan measures are integrated into the Sanef concession as Rider 12.

The decisions of the board are made in keeping with the rules of quorum and majority stipulated by law. Board meetings and decisions are formally reported in minutes drawn up after each meeting, and signed by the chairman and one board member.

The average rate of attendance by board members in 2017 was 78%.

– **Board committees**

The Board of Directors has created three working committees, in keeping with article R.225-29 of the Commercial Code:

- Strategy and Commitments Committee
- Remuneration and Appointments Committee
- Audit Committee.

These committees met as required to prepare the agenda for the Board of Directors.

– Strategy and Commitments Committee: in the absence of items for its agenda, this committee was not convened;

– Remuneration and Appointments Committee: this committee met three times, to discuss the remuneration of the director general and of the director general delegate, the sharing out of attendance fees, and the implementation of gender parity on the board;

– Audit Committee: this committee met twice, to review the work of the accounts auditors, to study financial documentation and to follow audits and risk assessments.

VI.4 – Mandate of executive directors and potential limitations imposed on the powers exercised by the Director General

At its meeting of 19 April 2016 the Board of Directors approved the separation of the functions of the Chairman of the Board and those of Director General.

On 26 October 2017 the board appointed Mr Arnaud Quémard to be Director General Delegate, with the same powers as the Director General with respect to third parties.

The terms of article L.225-51 of the Commercial Code, reiterated in article 15.I of the by-laws, allow the Board of Directors to choose between executive management of the company exercised, under the responsibility of the board, either by the Chairman of the Board of Directors (joint functions), or by another physical person appointed by the Board of Directors, with the title of Director General (separation of functions). At the meeting of 19 April 2016, convened immediately following the Annual Shareholders Meeting that had renewed the terms of office of the board members, the Board of Directors confirmed its choice of separation of functions between Mr Lluís Deulofeu, Director General, and Mr Alain Minc, Chairman of the Board.

The Board of Directors did not place any restrictions on the powers exercised by the director general at the time of his appointment. The board's rules of procedure, however, stipulate that express authorisation from the Board of Directors is required for certain decisions, in particular:

- approval and/or modification of provisional annual operating and investment budgets; it is provided that in the absence of approval, Sanef will continue to operate on the basis of the most recently adopted budget, insofar as it is compatible with the current business plan;
- all funding projects;
- cash investment in amounts over 25 million euros;
- approval of the Sanef multi-year business plan;
- any plans for new diversification that is not included in the strategy decided by the Board of Directors;
- any investment or divestment (not approved under the annual budget) of more than 25 million euros, and on the advice of the Strategy and Commitments Committee, any investment or divestment valued at between five and 25 million euros;
- any modification of the company contract, concession agreement or pricing policy that might alter the economic parameters of the concession (investments, tariffs, length of the concession, etc.) by more than 50 million euros in terms of net present value.

VI.5 – Remuneration of corporate officers

As required under article L.225-37-3 of the Commercial Code, listed below are all compensation and in-kind benefits paid during the financial year by Sanef to each corporate officer, and by other companies controlled by Sanef, if any, as defined by article L.233-16 of the Commercial Code, and by the company that controls the Sanef. (The amounts reported are gross remuneration figures, before charges and tax.)

• **Members of the Board of Directors: attendance fees paid**

Directors	Amount
Alain MINC	€40,000
José ALJARO NAVARRO	€40,000
Mathias Burghardt (AXA République)	€5,500
Sophie BOISSARD	€2,500
Martí CARBONELL	€37,000
Marta CASAS	€26,000
Sylvie CHARLES	€26,000
Jean-Jacques DUCHAMP (PREDICA)	€8,500
Jose Luis GIMENEZ	€29,000
Anne-Gabrielle HEILBRONNER	€26,000
Guy de PANAFIEU	€48,000
Robert PEUGEOT	€11,000
Francisco REYNES	€48,000
Montserrat TOMAS	€18,000

• **Chairman of the Board of Directors: Mr Alain Minc**

– Fixed gross remuneration of 120,000 euros for FY 2017, paid in monthly instalments.

The principle and criteria for this remuneration were approved by a vote of the Ordinary Annual Shareholders Meeting of 30 June 2017, in compliance with article L.225-37-2 of the Commercial Code.

– Fixed gross remuneration of 120,000 euros proposed for FY 2018, to be paid in monthly instalments.

• **Former Director General: Mr Lluís Deulofeu**

The term of the position of Director General held by Mr Lluís Deulofeu ended on 28 February 2018, following a decision by the Board of Directors on 20 February 2018.

– Fixed remuneration of 620,175 euros for FY 2017. This remuneration was paid by Abertis Infraestructuras, a company incorporated under Spanish law that indirectly controls 100% of Sanef. Mr Lluís Deulofeu is an employee of this company and was seconded to Sanef on a full-time basis. Abertis Infraestructuras passed on to Sanef the compensation paid to Mr Lluís Deulofeu, euro for euro.

– Variable compensation for FY 2017:

Variable compensation equal to 50% of fixed remuneration is paid for performance objectives that are fully attained; this variable compensation may exceed 50% of fixed remuneration if performance surpasses objectives.

Performance objectives are made up for 60% of quantitative objectives, and for 40% of qualitative objectives.

The quantitative objectives are tied to attaining or exceeding budgeted operational earnings, to EBITDA, operational CAPEX, investment agreements compensated by the State, to the work accident rate, and rate of turnover in support and central administrative functions.

The qualitative objectives pertain to the motorway stimulus plan, the efficiency plan, safety for workers and customers, internal audit and compliance.

The Board of Directors noted that performance was better than the targeted quantitative objectives, at 112% (base 100), while qualitative performance attained 106% of objectives (base 100).

The Board of Directors recognises a performance level of 109% of objectives for 2017.

As for fixed remuneration, the variable compensation will be paid by Abertis Infraestructuras, and passed on to Sanef.

– Other benefits for FY 2017:

- housing, the lease and associated charges paid by Sanef and passed on to Abertis Infraestructuras, euro for euro;
- company car;
- expenses incurred in relation to the position as corporate officer are reimbursed.

The principle and criteria for all the items of this remuneration package listed above were approved by a vote of the Ordinary Annual Shareholders Meeting of 30 June 2017, in compliance with article L.225-37-2 of the Commercial Code.

• **Former Director General Delegate: Mr Arnaud Quémard**

The term of the position of Director General Delegate held by Mr Arnaud Quémard began on 1 November 2017 following a decision by the Board of Directors on 26 October 2017, and ended on 1 March 2018 following a decision by the Board of Directors on 20 February 2018.

– Fixed gross annual remuneration of 25,000 euros proposed for FY 2017; it is provided that the remuneration will be paid pro rata temporis for the financial year starting 1 January 2017, i.e. a gross annual sum of 4,167 euros for the period 1 November - 31 December 2017.

– Other benefits for FY 2017: expenses incurred in relation to the job position are reimbursed.

• **New Director General: Mr Arnaud Quémard**

The term of Mr Arnaud Quémard as Director General began on 1 March 2018, following a decision by the Board of Directors on 20 February 2018.

– Fixed gross annual remuneration of 300,000 euros proposed for FY 2017 to be paid in 12 equal monthly instalments; it is provided that the remuneration will be paid pro rata temporis for the financial year starting 1 January 2018, i.e. a gross annual sum of 250,000 euros for the period 1 March - 31 December 2018.

– Variable compensation equal to 50% of fixed remuneration proposed for performance objectives that are fully attained; this variable compensation may exceed 50% of fixed remuneration if performance surpasses objectives. Performance objectives are made up for 70% of quantitative objectives, and for 30% of qualitative objectives. The quantitative objectives are tied to fully attaining or exceeding budgeted operational earnings, to EBITDA, operational investments, investment agreements compensated by the State, to the work accident rate, and to the rate of turnover in support and central administrative functions. Qualitative objectives pertain to participation in the Grand Paris project, consolidation of the role of the director general, development of a commercial strategy for payment via Bluetooth technology, internal audit and compliance.

– It is proposed that Mr Arnaud Quémard be affiliated with the group health cost and prudential insurance programmes that are standard benefits for Sanef employees.

– It is proposed that Mr Arnaud Quémard be affiliated with the fixed-dues secondary retirement pension programme set up for Sanef employees by the contract agreed on 11 December 2008.

– It is proposed that Mr Arnaud Quémard be covered by unemployment insurance for corporate officers and directors (GSC) under the formula 70% / 12 months.

– If the term of Mr Arnaud Quémard as corporate officer should come to an end during the 12-month waiting period set by GSC, it is proposed that

Mr Arnaud Quémard receive a gross monthly severance payment determined according the following formula:

- the gross monthly severance payment shall be equal to 70% of the Baseline Remuneration (as defined below) received by Mr Arnaud Quémard;
- this indemnity will be paid for no more than 12 months from the date of the end of Mr Arnaud Quémard's term as corporate officer;
- payment of this indemnity will cease as of the month during which Mr Arnaud Quémard takes on a new paid activity.

– As stipulated by article L.225-38 of the Commercial Code, if Mr Arnaud Quémard is dismissed from the position of Director General for reasons other than gross or substantial misconduct ("faute grave ou lourde"), as construed in French labour law, it is proposed the Mr Arnaud Quémard receive severance pay according to the following formula:

- the gross severance payment shall be equal to 12 months of the Baseline Remuneration (as defined below);
- the gross amount of this severance payment shall be equal to 24 months of Baseline Remuneration (as defined below) after a period of 12 months starting with the appointment of Mr Arnaud Quémard to the position of Director General;
- the Baseline Remuneration shall be equal to:
 - the average fixed remuneration received by Mr Arnaud Quémard in the course of the 12 months preceding interruption of the term as corporate officer. In the event of interruption of the term before the end of the 12th month from the beginning of the term as corporate officer, the Baseline Remuneration shall be equal to the average fixed remuneration received during the months between the start of the term as General Director and the date of decision to put an end to the term of Mr Arnaud Quémard;
 - and 1/12 of the most recent variable compensation due; in the event of interruption of the term of Director General before variable compensation has been paid, a sum equal to 1/12 of the variable compensation received by Mr Arnaud Quémard under his employment contract;

• the severance indemnity shall be paid if the following performance conditions are met:

- performance will be measured according to the average percentage of objectives attained by Mr Arnaud Quémard in the course of the three financial years preceding the end of his term as Director General, whether these objectives were set under the appointment as corporate officer (Director General) or under the employment contract agreed with Mr Arnaud Quémard;
- the severance payment shall be due only if the average performance rate is 75% or higher;
- the maximum amount of gross severance indemnity paid to Mr Arnaud Quémard will be indexed to the average performance rate. As an example, if the average performance rate is equal to 90%, Mr Arnaud Quémard will receive 90% of the maximum gross severance indemnity.

– *Long-Term Incentive Plan 2018-2020:*

A *Long-Term Incentive Plan* has been put into place for 2018-2020.

Quantitative objectives pertain to *gross cash flow*, *gross operating profit*, *net debt*, *fatality rate* and *average duration of concessions*.

If the objectives of the *Long-Term Incentive Plan 2018-2020* are fully (100%) attained (with rates of under and over-performance between 75% to 125%), Mr Arnaud Quémard will receive a sum corresponding to 300% of his fixed remuneration for 2020.

– Ancillary benefits proposed for FY 2018:

- company car;
- expenses incurred in relation to the position as corporate officer are reimbursed.

VI.6 – Agreements concluded either directly or via a third party, between a corporate officer or a Sanef shareholder with over 10% of voting rights, and another company in which Sanef owns, directly or indirectly, over half of the share capital, excepting cases of agreements covering standard business operations that have been agreed under normal conditions

The Board of Directors has examined and approved the following agreements:

- disposal agreement for the sale of 100% of the share capital of Eurotoll by Sanef to Abertis Infraestructuras, and Contracts for Transition Services;
- agreement with the telephone service operator Cellnex (34% of equity held by Abertis Infraestructuras and two Sanef board members, plus Sanef's Director General, who sits on the Cellnex board) to market

excess capacity of existing communication pylons on the Groupe Sanef network, and transfer of accounts receivable held by the operators, in exchange for which Cellnex assumes the customer debt risk;

– contract between Sanef and Emovis, a subsidiary of Abertis Infraestructuras, for operation of a protected parking area for heavy trucks at the Eurotunnel approach.

VI.7 – Chart of delegations of authority and proxies granted by the Annual Shareholders Meeting to the Board of Directors pertaining to share capital increases

Not applicable

VI.8 – Special stipulations for shareholder participation in the Annual Shareholders Meeting

As stated in article 19 of the Sanef by-laws, the Annual Shareholders Meeting includes all shareholders, regardless of the number of shares held, provided that the shares are fully paid. Except in the event of exclusion dictated by law or the corporate by-laws, all shareholders are entitled to attend the annual meetings simply by presenting proof of identity, and to take part in decisions, either in person or by proxy, regardless of the number of shares held.

It is further provided that shareholders may take part in annual meetings by videoconference or by any other means of telecommunication that enables identification of the participants, within the bounds of conditions set by applicable law and regulations. These conditions will be stated in the notification of the meeting sent to eligible attendees.

The annual meetings are convened by the Board of Directors. In the absence of the Board of Directors, the meetings may also be convened by the accounts auditors, or other persons authorised by law to do so.

As stipulated by article 24 of the Sanef by-laws, the Ordinary Annual Shareholders Meeting is validly constituted for deliberation when first convened, if and only if the shareholders present, represented or voting by remote means hold at least one-fifth of outstanding voting shares.

If when first convened, the Ordinary Annual Shareholders Meeting is not able to deliberate for lack of quorum, a second notification is issued, and the meeting reconvened with no required quorum.

Decisions are made by majority vote of shareholders present, represented or voting by remote means.

The Ordinary Annual Shareholders Meeting is competent for all decisions not reserved for action by a Special Annual Shareholders Meeting, including annual approval of the accounts for the financial year just ended, and appointment or replacement of members of the Board of Directors.

As stipulated by article 25 of the Sanef by-laws, the Special Annual Shareholders Meeting is validly constituted for deliberation when first convened if and only if the shareholders present, represented or voting by remote means hold at least one-quarter of outstanding voting shares.

If when first convened, the Special Annual Shareholders Meeting is not able to deliberate for lack of quorum, a second notification is issued. The second meeting convened is validly constituted for deliberation if and only if the shareholders present, represented or voting by remote means hold at least one-fifth of outstanding voting shares. In the event of lack of quorum at the second Special Annual Shareholders Meeting, the meeting may be postponed for a period of no more than two months from the date of the initial notification.

The decisions of the Special Annual Shareholders Meeting are made by a majority vote representing at least two-thirds of the voting shares held by shareholders present, represented or voting by remote means. In the event of share capital increase by inclusion of reserves, profits or emission bonuses, the Special Annual Shareholders Meeting deliberates under the conditions of quorum and majority applicable for the Ordinary Annual Shareholders Meeting. A unanimous vote of shareholders is required in the event of change of nationality of the company or an increase in commitments by shareholders.

The Special Annual Shareholders Meeting is the only instance empowered to modify the corporate by-laws, in any way whatsoever.

Generally speaking, the validly constituted Annual Shareholders Meeting represents the shareholders as a whole. The decisions made are binding on all shareholders, even those who are absent, in disagreement or incapacitated.

VI.9 – Circumstances that may have an impact in the event of public buy-out or share swap offer

- Structure of Sanef equity

The share capital of Sanef totals 53,090,461.67 euros, divided among 76,615,132 shares, all of the same nominal value.

All the shares representing the capital of the Sanef are held by the holding company Holding d'Infrastructures de Transport (HIT), excepting shares, if any,

lent by HIT to certain members of the board. After Groupe Sanef went private in 2006, HIT equity was held for 48.45% by French shareholders. In the course of FY 2017 all of these minority shareholders withdrew, to the benefit of Abertis Infraestructuras that now holds 100% of HIT share capital.

- Statutory limitations on voting rights and transfer of shares, and clauses of agreements of which Sanef is informed under article L.233-11 of the Commercial Code

Article 9.II of the Sanef corporate by-laws stipulate that prior consent of the Board of Directors is required for any and all transfer of shares, with or without consideration, in any way or form, except in cases of inheritance, liquidation of matrimonial contract or cession to spouse, parent or offspring. Breach of this stipulation is grounds for nullity of the transaction.

- Direct or indirect participation in Sanef's share capital of which the company is informed under articles L.233-7 and L.233-12 of the Commercial Code.

Not applicable

- List of all securities holders bearing special oversight rights and description thereof

Not applicable

- Oversight mechanisms prescribed under a employee share ownership scheme, if any, when oversight is not ensured by personnel

Not applicable

- Agreements between shareholders of which Sanef is aware and which could entail restrictions on share transfers and on the exercise of voting rights

Not applicable

- Rules that apply to the appointment and replacement of members of the Board of Directors and to the modification of Sanef by-laws

The rules of appointment and replacement of members of the Board of Directors are those set forth in the Commercial Code. Directors are elected for a term of two years.

As previously stated, the Special Annual Shareholders Meeting is the only instance empowered to modify the corporate by-laws, in any way whatsoever.

- Powers of the Board of Directors, in particular to emit or buy back shares

The Board of Directors possesses the powers stipulated by law and by regulations.

- Agreements entered into by Sanef that are modified or terminated in the event that control of the company changes, excepting in the case that divulging the agreement, unless legally required, would cause serious harm to its interests

Sanef has entered into no agreement that would be modified or terminated in the event of a public offer for Sanef securities that are eligible for transactions on a regulated market; the securities issued by Sanef are exclusively bonds and their acquisition would not alter control of the company. The share capital of the company is not listed.

- Agreements stipulating payments to members of the Board of Directors, of the executive directorate, or employees if they resign or are dismissed without just cause or if their employment is terminated due to a public buy-out

Sanef has entered into no agreement stipulating indemnities to be paid to members of the Board of Directors, members of the executive directorate, or to employees, if they resign or are laid off without just cause or if their employment is terminated by reason of a public buy-out of company securities eligible for trading on a regulated market, these securities being exclusively bonds.

VI.10 – Employee share ownership

There is no employee share ownership scheme at the company. In the course of 2017, however, Sanef management set up a corporate mutual fund holding Abertis Infraestructuras shares, for the benefit of Groupe Sanef employees.

VI.11 – Renewal of accounts auditors

The annual meeting of 16 April 2012 designated the Deloitte firm as principal auditor, and B.E.A.S as the alternate auditor. The terms of these auditors will expire at the end of the annual meeting to be held in 2018 to review the accounts for FY 2017.

It will be proposed that the annual meeting renew the designations of Cabinet Deloitte and B.E.A.S. as accounts auditors.

The annual meeting of 16 October 2013 designated as co-auditors the firm PHM-AEC (principal) and Mr Vincent Molinié (alternate). The terms of these co-auditors will expire at the end of the annual meeting to be held in 2019 to review the accounts for FY 2018.

VII – PRINCIPAL CHARACTERISTICS OF INTERNAL CONTROL PROCEDURES AND RISK MANAGEMENT PROCEDURES PERTAINING TO COMPILATION AND PROCESSING OF ACCOUNTING AND FINANCIAL INFORMATION

The financial division of Sanef comprises seven departments:

- accounting
- management audit
- fiscal matters
- market management
- finances and cash flow
- strategy and planning; and purchasing.

These departments work together directly to draw up accounts and jointly ensure their accuracy.

- Business plan

A five-year business plan is drawn up every year (year N: budget for the year plus projections for four years). The plan includes for the five years to come:

- traffic projections
- investment
- financial policy
- Groupe Sanef earnings
- cash flows.

- Budget and reporting cycle

The Groupe Sanef management audit team works to develop and implement the budget cycle. Working with the management audit team each division in the group draws up its projections. These budgets are then submitted to Executive Management by each division. After validation they are sent to the various departments and business units; these budgets constitute their provision for the year N+1. These budgets are updated several times in the course of the year.

The management audit office issues a monthly report to operational business departments. This report includes monthly tracking of financial data compared to the annual budget (earnings), workforce data and operational indicators (traffic, transactions, productivity figures).

Quarterly business meetings are held with operational business departments to discuss their current accounts and progress towards annual objectives.

• **Investments**

Investment programmes are drawn up in the framework of the five-year business plan, and updated each time projections or budgets are revised.

The group pursues two types of investment:

- investment for expansion: investments with a financial counterpart (concession contract, objectives contract, stimulus plan, contracts with outside customers, etc.) or programmes that offer productivity gains (toll automation for instance);
- operational investments: these are essentially fixed assets for operations.

The investment plan is validated in October when the budget is drawn up.

Proposed investments are subject to authorisation by the Investment Committee (made up of the Director General, the Director of Finance, and the directors of operational departments) according to a preset threshold.

The Investment Committee meets monthly to approve projects above the threshold level. The committee also reviews the monitoring of the motorway investment plan for the year and verifies that investments are consistent with the commitments made under negotiated contracts (objectives contract, concession contract, stimulus plan, among others).

The committees formed to monitor contracts with the State meet quarterly, to make sure that projects are carried out in keeping with contractual commitments.

All investments are reviewed quarterly, project by project with the divisions involved.

• **Fiscal matters**

Fiscal intelligence is gathered, with close attention to taxes and fees related to the business activity.

• **Accounting**

The Accounting Department verifies that all requested payments have been approved at the operations level.

The department reviews immobilisations of fixed assets to verify that they are appropriate, with proper value and amortisation periods.

Specific audits are carried out of amounts reported for toll revenue, for amounts of transactions between companies and for remote toll collection.

• **Management audit and reporting**

Monthly reporting to the Abertis group includes:

- a consolidated earnings account with monitoring of discrepancies in relation to the budget
- a consolidated balance sheet
- Abertis Group debt tracking
- activity indicators (workforce, traffic, means of payment, etc.).

• **Finalisation of accounts**

Groupe Sanef draws up its consolidated accounts in compliance with the International Financial Reporting Standards (IFRS) in effect in the European Union, as required by regulations.

Social and consolidated accounts are established monthly by the Financial Division for reporting purposes.

The head of the Accounting Department is in charge of contact with the accounts auditors.

The accounts auditors may be invited to attend Audit Committee meetings, as the case may be.

• **Managing finances and cash flow**

The cash flow positions of Sanef and all the consolidated subsidiaries of Groupe Sanef are centralised at the Sanef level.

Cash flow, needs or surplus are managed in keeping with the projections for annual cash flow on a monthly basis and according to estimates for the month updated daily. All these documents are updated monthly for end-of-month balances.

Decisions on new financing and debt management are made by the Board of Directors.

VIII – NOTEWORTHY EVENTS THAT HAVE OCCURRED BETWEEN THE CLOSE OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT

• **Toll tariffs**

Groupe Sanef raised its tariffs on 1 February 2018, in compliance with the decree dated 29 January 2018 and published in the official record on 31 January 2018.

The new tariff structure takes two parameters into consideration:

- evolution of the consumer price index;
- partial compensation for the higher public domain fee in effect since 2013.

The average increase is 1.39% for the Sanef network and the Sapn inter-city network (A13, A29). Class 1 tariffs on the A14 motorway rose to 8.50 euros (including VAT) for the base rate and to 6.20 euros (including VAT) for the reduced rate.

IX – FORESEEABLE DEVELOPMENTS AND OUTLOOK FOR THE FUTURE

Groupe Sanef will have to consolidate its strengths, continue to look for opportunities for sustainable growth in its core area of business, and pursue investment and innovation, while maintaining its course of action in keeping with its general policy defining the group's missions, fundamental assets and strategic objectives.

Groupe Sanef missions are to ensure roadway security and fluid traffic flow, to maintain, repair and build motorway infrastructure, and to provide its customers with services associated with mobility.

To fulfil these missions Groupe Sanef relies on its fundamental strengths of safety, security, customer service, innovation, responsibility, and creation of value.

With these strengths Groupe Sanef will work to attain its strategic objectives:

- to protect the safety, health and development of its employees;
- to boost customer security and satisfaction;
- to transform the company by seeking and adopting innovation solutions;
- to reinforce its social and environmental responsibility;
- to ensure long-term profitability.

ANNEX 1

COMPANY EARNINGS FOR THE PAST FIVE FINANCIAL YEARS

Notes on indications	2013	2014	2015	2016	2017
I – CAPITAL AT END OF FY					
a) Share capital	53,090,462	53,090,462	53,090,462	53,090,462	53,090,462
b) Number of existing ordinary shares	76,615,132	76,615,132	76,615,132	76,615,132	76,615,132
c) Number of existing priority dividend shares (nonvoting shares)	–	–	–	–	–
d) Maximum number of future shares to be created:					
d1. by conversion of bonds	–	–	–	–	–
d2. by exercise of subscription rights	–	–	–	–	–
II – OPERATIONS AND FY EARNINGS					
a) Sales	1,100,084,169	1,135,234,911	1,158,122,677	1,195,040,404	1,228,425,126
b) Earnings before taxes, employee profit-sharing and calculated charges (amortisations and provisions)	703,102,162	758,948,579	782,989,241	868,117,642	903,280,799
c) Tax on profits	172,531,882	177,179,936	188,265,830	197,796,602	226,927,400
d) Employee profit-sharing benefits due for the financial year	10,204,574	9,427,529	9,755,396	10,474,893	9,981,708
e) Earnings after taxes, employee profit-sharing and calculated charges (amortisations and provisions)	297,469,463	345,692,170	379,996,762	432,747,391	445,751,076
f) Distributed income	297,469,463	345,692,170	379,996,762	432,747,391	445,751,076
III – EARNINGS PER SHARE					
a) Earnings after taxes and employee profit-sharing but before calculated charges (amortisations and provisions)	6.79	7.47	7.64	8.61	8.70
b) Earnings after taxes, employee profit-sharing and calculated charges (amortisations and provisions)	3.88	4.51	4.96	5.65	5.82
c) Dividend attributed to each share	3.88	4.51	4.96	5.65	5.82
IV – PERSONNEL					
a) Average workforce employed during the financial year	1,958	1,895	1,816	1,715	1,681
b) Amount of total salary expenditure (including profit-sharing) for the financial year	84,939,663	81,937,183	81,651,188	77,337,820	78,850,952
c) Social benefits paid to employees during the financial year (social security, benevolent works, etc.) ⁽¹⁾	40,549,659	39,729,584	39,583,020	37,626,785	36,332,328

1) Not including reserves and carried over social commitments

ANNEX 2

CORPORATE SOCIAL RESPONSIBILITY REPORT (see pages 39-71)

REPORT FROM THE BOARD OF DIRECTORS

ANNEX 2: CORPORATE SOCIAL RESPONSIBILITY REPORT IMPACT ON SOCIETY

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I – TERRITORIAL, ECONOMIC AND SOCIAL IMPACT OF SANEF'S ACTIVITY

Land use policy is guided by political decisions that can lead to the construction of high-speed motorway infrastructure. The need for these infrastructure projects is determined by expected social and economic gains, traditionally defined as:

- improved travel times for the routes;
- associated safety benefits (high-speed motorways are five times safer than trunk highways);
- cumulative individual benefits such as fuel savings;
- greater comfort and service levels.

In addition to these key features, motorways penetrate and irrigate territories and in this way contribute to the development of local, regional and national economic activity through their impact on the organisation and dynamics of the areas they traverse. This contribution takes shape from the earliest stages of preliminary studies, in the course of consultations with all local stakeholders concerning the construction project. Local partners, elected officials, actors in the economy, community groups and residents bordering project sites are always very attentive to all the changes and benefits brought by new infrastructure construction. They are driven by a shared concern, which is to amplify the positive effects of the motorway on the quality of local life, while reducing its negative effects such as noise and potential pollution risks. It is at this stage that the dynamic forces of local infrastructure and land use policy take form, creating the momentum for development of these spaces.

New motorway construction substantially boosts the economy and employment in the areas traversed by the motorway. Construction stimulates growth and modernisation in many local activities directly or indirectly involved in the construction process, from materials suppliers to restaurants. This phenomenon also brings opportunities for diversification and building greater professional expertise in local businesses. These are qualities that will continue to create value for the companies, after the end of the construction project.

In the operational phase many direct and indirect jobs are created to ensure infrastructure maintenance and operations, and to provide a high level of associated services for users (law enforcement, vehicle towing and repairs, food service at rest areas).

Above all, once the motorway is built it provides better accessibility, in the broadest sense of the term, to all the resources in the territories it crosses. Both labour and goods become less expensive. Tourism increases. The regional population is redistributed as employment centres become more accessible. The territories that are opened up are the prime beneficiaries of new economic development, when land use planning and policy measures are coordinated.

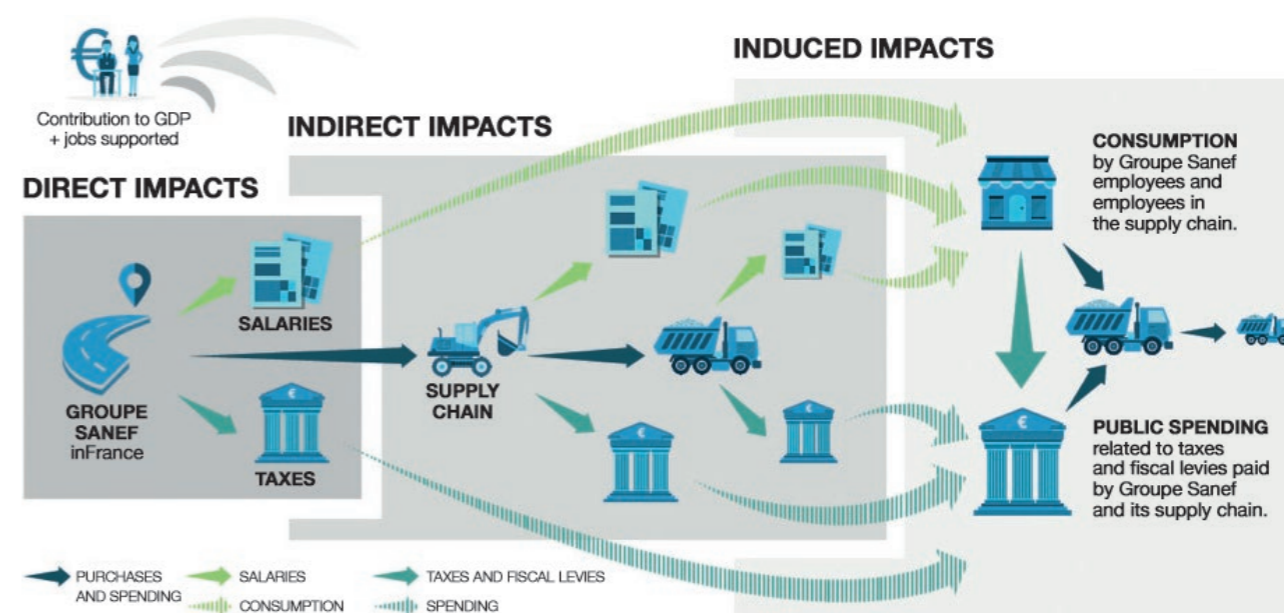
Groupe Sanef is convinced that these collective benefits are aligned with the goals of public and private-sector development in the areas affected by the infrastructure. Sanef is committed to better understanding and working with these mechanisms. The group pursues a broad dialogue with local stakeholders and elected officials in particular, to study and support all opportunities for sustainable development in the territories crossed by its motorways.

To better understand its impacts, Groupe Sanef conducted a social and economic assessment of its activity, entitled Local footprint®.

This study looks at the impact of Groupe Sanef financial flows on:

- employees,
- suppliers,
- the central State via fiscal and tax levies.

This assessment takes into account direct effects (Sanef's own activity), indirect impacts (suppliers) and induced effects (suppliers and contributions to the State budget passed through by a ripple effect).



The study findings highlight that one year of Sanef activity supported close to 18,600 jobs, a number equal to 6.8 times the number of direct jobs created, and generated 2,320 million euros in GDP, or 1.7 times the added value generated directly by Sanef.

II – RELATIONSHIPS WITH PERSONS AND ORGANISATIONS WITH AN INTEREST IN SANEF'S ACTIVITY, IN PARTICULAR BACK-TO-WORK ENTERPRISES, EDUCATIONAL INSTITUTIONS, ENVIRONMENTAL PROTECTION GROUPS, CONSUMER GROUPS AND LOCAL RESIDENTS

II.1 – Ongoing dialogue with Sanef stakeholders

By reason of its activity Groupe Sanef is positioned at the crossroads of crucial issues of sustainable development. The group is only one of the actors

for change in this domain. In this setting Sanef assumes its social and economic responsibility through regular and ongoing dialogue with all its stakeholders. By virtue of its territorial implantation and the nature of its work Sanef has always and quite naturally pursued a broad dialogue with its customers, employees, suppliers, media and not-for-profit groups, in addition to local government and public authorities. This vision of the group's responsibility to stakeholders is reflected daily in its activity and pushes the company to shape its policies accordingly.

This dialogue is the main tool ensuring a successful approach to sustainable development and progress in the action Sanef undertakes. It is the illustration of how Groupe Sanef has conducted its business over more than 50 years, based on responsible management practices, the only way to guarantee good governance and sustainable performance for its shareholders.

Category	Stakeholders	Main forms of dialogue
Professional/ trade organisations	Asfa Asecap	Participation in expert working groups Conferences
Employees	Personnel representatives Employees Labour unions	In-house communication media Collective bargaining agreements Meetings of safety at work committees, employee representatives, Works Council
Suppliers	Suppliers Subconcessionaires Subcontractors Technical consultants (general contractors, master builders) Public works construction companies	Regular meetings
Financial partners	Rating agencies Shareholders Investors Banks	Regular meetings Annual management report Annual report
Academia	Researchers and experts Universities	Abertis France Chair Un Avenir Ensemble foundation
Public authorities	Parliament State offices (central government) Ministry Regulatory authorities	Annual report Working group Meetings with parliamentary officials
Civil society	Media NGOs Not-for-profit groups Foundations Think-tanks	Working groups Press conferences Website Partnerships/Sponsors/Philanthropy
Actors in local communities and territories	Local government Residents	Information meetings and exchange Coordination meetings Website, Twitter
Motorway customers	Customers User groups	Satisfaction survey Consultative council of roadway users Website, Twitter
Actors and advocates in road safety	DSCR AFT IFTIM Driver training schools Experts and specialists	Field operations Working groups Website National conventions Site visits Meetings with parliamentary officials

II.2 – Focus on damage caused by rabbits

Groupe Sanef is also occasionally the target of protest from farmers who claim crop damage on lands bordering its motorways. For each claim Groupe Sanef commissions an agriculture expert

to represent the group at assessment meetings convened by the local farmers' insurance companies. In the course of these assessments the group seeks to establish the link of cause and effect between the motorway and the alleged damage,

the material nature of the damage, and its cost. The experts determine who, if anybody, is responsible and, depending on the findings, Sanef or Sapn compensates the local plaintiff.

In 2017 Groupe Sanef received 81 claims from local residents for crop damage caused by rabbits, a number very slightly higher than in 2016, when 79 claims were registered.

Breakdown for 2017:

- Compensation was paid in 55 cases, for a total of 45,651.60 euros, the damages evaluated by expert assessment;
- 11 claims were dismissed for reasons of no or insignificant damage;
- 15 claims were still being examined as of 31 December 2017.

II.3 – Renewed ties with the academic world

The Abertis Chair at the École des Ponts IFSTTAR was instituted on 27 January 2011 to promote training and research in the area of transport infrastructure management. The field of research has been extended to include road safety.

To interest professors and students in these issues and stimulate innovation in this field, the chair created an award in 2011, the Prix Abertis for transport infrastructure management. The national award recognises a doctoral thesis, master's degree dissertation or final study project (PFE) presented in the course of the calendar year. The award seeks to highlight innovative work.

The sixth cycle of the award was widely announced on websites and in the doctoral schools of several universities and top-tier engineering schools, for submissions from September to end December 2016. As of 31 December 2016, 31 candidates had submitted their work for consideration. The candidates broke down as follows: 21 candidates in the PhD category, 10 in the Master's and PFE category. The list of candidates is annexed to this document.

A review panel was constituted, with the following members:

- Mr Saïd MAMMAR, Full professor, Director of the Sciences and Technology research unit at Université d'Evry
- Mr Patrick NIERAT, IFSTTAR researcher, instructor at École des Ponts ParisTech
- Mr Simon COHEN, Emeritus Director of research, IFSTTAR, professor at École des Ponts ParisTech and Chair Director

For Sanef (Groupe Abertis):

- Ms Christine ALLARD, Director of Institutional Relations and Corporate Social Responsibility
 - Mr Edouard FISCHER, Director of New Technology
 - Mr Guy FRÉMONT, Head of Prospective Studies, New Technologies Division
 - Mr Arnaud HARY, Director of Concessions and Sustainable Development
 - Mr Arnaud QUÉMARD, Director General
- The winners were:

• PhD category

Ex aequo (10,000 euros award to be split between the winners)

– Pierre-Antoine LAHAROTTE: "Contribution à la prévision court terme, multi-échelle et multi-variée, par apprentissage statistique du trafic routier", (ENTPE, Université de Lyon)

– Gabriel MICHAU: "Estimation de matrices origine-destination lien : optimisation convexe et non lisse avec inférence de trajectoires Bluetooth", (École Normale Supérieure, Université de Lyon)

Award for road safety thesis (2,000 euros)

– Hedi HAMDANE: "Improvement of Pedestrian Safety: Response of detection systems to real accident scenarios", (Université d'Aix-Marseille)

• Master's and PFE category (4,000 euros)

– Marie-Juliette BARTHES: "Étude a priori de la régulation dynamique des vitesses appliquée au cas de l'A22", (ENTPE, Université de Lyon)

As an exceptional measure, Sanef allocated an additional 2,000 euros to the overall endowment of 14,000 euros for the Abertis Chair.

Beyond the Abertis Chair, Sanef teams work closely with scientific laboratories and departments in many schools and universities. A study has been initiated with the Centre de Formation et de Recherche en Eco-éthologie (CERFE) at the Université de Reims Champagne Ardennes, under a European project on the territorial fragmentation caused by major infrastructure. This multi-year study will run until 2020, with a broad panel of participants:

- representatives of institutions:
 - Regional government
 - DREAL

- linear infrastructure managers:
 - VNF
 - SNCF Réseaux
- wildlife managers, via hunters' associations in the Marne and Ardennes departments.

The first phase of this study will be to identify potential barriers using genetic analysis of targeted segments of the wildlife population. The second phase will seek to identify potential passages and assess their efficacy, on the basis of :

- mortality monitoring
- photographic traps
- GPS collar tracking (marten and deer)

II.4 – Partnerships to promote cultural activities in local territories

True to its commitment to regional cultural development, Groupe Sanef renews each year its support for a number of museums and festivals that are well rooted in their territory and promote high-quality and attractive events. By supporting and publicising regional cultural initiatives Sanef consolidates its collaboration with these regions, builds customer loyalty and stimulates traffic on its roadways. This also creates new tourism and financial benefits for these territories.

Groupe Sanef sponsored 23 operations of cultural philanthropy in 2017, all emblematic of the territories crossed by the group's motorway networks.

In liaison with the centennial commemoration of the First World War, Sanef has proposed several events devoted to this commemoration and given support to various institutions located near its motorways:

- 14-18 Centennial Mission (Fondation de France)
- Verdun Memorial
- Historial de la Grande Guerre, Péronne - Thiepval
- Museum of the Great War, Meaux
- Reims Cathedral Choir.

Institutions underwritten by Groupe Sanef include:

- Musée du Quai Branly – Jacques Chirac, Paris
- Réunion des Musées Métropolitains Rouen Normandie (Métropole de Rouen)
- Département Seine Maritime
- Museum of Impressionisms, Giverny
- Louvre-Lens Museum
- Estate of Chantilly (Institut de France)
- Ville de Senlis
- Parc Jean-Jacques Rousseau, Ermenonville
- Musée de la Cour d'Or, Métropole de Metz.

Festivals supported are:

- Planche(s) contact photography festival, Deauville (Calvados)
- Festival Blues sur Seine, Yvelines
- Festival des Oiseaux et de la Nature, Baie de Somme (Somme)
- Journées de la Rose (Institut de France), Ermenonville (Oise)
- Festival des Forêts, Compiègne (Oise)
- Flâneries Musicales, Reims (Marne)
- Festival Au Grès du Jazz, La Petite Pierre (Bas-Rhin)
- Festival Renaissance, Bar le Duc (Meuse)
- Association des Amis du Château de Fouquières, (Pas-de-Calais)

In addition to free tickets for Groupe Sanef employees and motorway pass holders, these events benefit from promotion and publicity on all the group's communication media: the www.sanef.com website, Twitter feed, email campaigns aimed at customers, posters and flyers distributed within the company and at customer welcome desks, weekly chronicles on the Sanef radio frequency 107.7, especially on weekends of heavy tourist travel.

II.5 – Action to get people into work

• What's at stake for Groupe Sanef

- Territorial implantation: be seen as a positive social and economic force in our territories;
- Image and reputation: promote the human values of Groupe Sanef in a context of heightened awareness and attention to ethical issues, commitment and employees' desire for meaningful engagement;
- Supplement our human resources policy: be recognised as an actor supporting the welfare of the communities in our territories, to encourage commitment on the part of our employees;
- Social and environmental responsibility: pursue philanthropic action that is in step with society;
- More globally: give material expression to our values through action in the field.

• Objectives

Our aim is to be a responsible enterprise in our local sphere of activity, to support work with people excluded from the economy and society, and to involve our workforce in this action, mobilising voluntary "godparents" among employees who present and follow up on projects for the group.

Through its philanthropic action, Groupe Sanef affirms its socially responsible attitude and its solidarity, and works to create social connections, attention to others and dialogue in its territories.

In this way the group aims to help individuals in difficult social circumstances and rebuild links that will help get them back into work and professional life.

• Nature of contributions

For the different projects funded by Groupe Sanef, support may take the form of:

- financial aid, preferably earmarked for investments to help develop the beneficiary's activity (purchases of tools, vehicles, IT equipment, etc.) rather than for operating expenses;
- assistance to increase mobility (funding driver education to obtain driving licences);
- in-kind donations (vans, cars, gardening equipment, furniture, clothing, etc.);
- transfers of skills and expertise (knowledge sponsorship);
- bridges between social sponsorship and cultural philanthropy programmes.

• Eligible entities

- Not-for-profit groups and charities, without political or religious affiliation
- Back-to-work programmes
- Vocational integration enterprises
- Vocational integration workshops and worksites
- Community and neighbourhood business councils

• Selection criteria for social sponsorship

To qualify projects must:

- target professional integration of long-term unemployed persons, job seekers over 50 years old, and persons with disabilities;
 - advocate for educational advancement of children in underprivileged neighbourhoods;
 - be located in regions served by our motorways;
 - be conceived as an ongoing effort to create durable jobs;
 - be introduced and followed by a Groupe Sanef employee who acts as a "godparent" or sponsor.
- Eligible projects are not:
- enterprises created for the purposes of promotion, publicity or profits;
 - affiliated with commercial entities;
 - linked to government bodies or administrations.

In 2017 Groupe Sanef supported 37 work integration worksites and projects under its social sponsorship policy.

These groups received both financial aid and in-kind donations, generally collected by our operational centres.

Beneficiaries inform the volunteer "godparents" at Groupe Sanef of their needs for goods and equipment. The in-kind donations are essential for the beneficiary groups, and enable them to pursue and develop their job and employment action.

The "godparents" transmit the various desiderata expressed by the beneficiary groups at selection committee meetings.

The partnerships concluded to foster cultural and social philanthropic action represent in total financial and in-kind donations valued at 1,143,075.00 euros, divided between 943,305 euros for cultural action and 199,770 euros for social action.

Groupe Sanef is active in two other ways to foster professional and vocational integration and back-to-work action.

Sanef has subscribed to the Enterprises and Neighbourhood Charter, registering its signature on 26 January 2017 with Jean-Michel Thornary, Commissioner General for Equal Opportunity across territories. In signing on to this charter Groupe Sanef is making a commitment to step up its implication in local economic development through targeted measures in favour of employment, integration and training for the residents of priority action neighbourhoods. These measures prolong the social action already undertaken by Groupe Sanef.

The second approach to professional and vocational integration pursued by Sanef is manifested in contractual terms that the group has written into some of its contracts and calls for tender. In 2016 Sanef chose to include social clauses in several calls for tender. These clauses stipulate that the contracting partners must execute a stated volume of work hours with persons in employment integration programmes. These provisions are being evaluated and monitored to determine if they should be more widely adopted.

Groupe Sanef also supports the Demos projected led by the Philharmonie de Paris. Demos (for Dispositif d'éducation musicale et orchestrale à vocation sociale) creates opportunities for children to play in classical symphonic orchestras, to more broadly disseminate the practice of music in all segments of society. This project started up in 2010 and is coordinated by the Cité de la Musique and the Philharmonie de Paris. It is aimed at children in neighbourhoods that are targeted under urban action policy, and in rural areas that have few cultural resources. Demos is active in places where access to artistic and cultural education is difficult, for economic and social reasons, or because teaching facilities and resources are far from residents' homes. The programme aims to enrich children's education, to transmit the heritage of classical music, and foster positive insertion in society. This action is built on strong cooperation between professional musicians and social workers.

Demos is part of a national movement that seeks to enhance group learning of classical music and to broaden the audiences for this musical heritage. The first experimental phase was centred on the Ile-de-France region in 2010-2012, followed by a second phase with two additional departments (Aisne and Isère) in 2012-2015. The current phase will deploy Demos in all of France from 2015 to 2019. Demos receives support from the French State and a great many local authorities, in addition to private sponsors.

Sanef directly sponsors six Demos orchestras that are located near its networks. Each is supported by a group employee, in Metz, Reims, Saint-Quentin, Beauvais, Yvelines and Plaine Commune. This three-year commitment will enable Demos to buy instruments for the participating children, and is a material contribution to the programme's success.

II.6 – Autoroute Académie (Motorway Academy)

Working from the observation that 16 to 25-year-olds are the age group most involved in road accidents, the Abertis Foundation and Groupe Sanef launched the www.autorouteacademie.com website in 2011. This website is devoted to motorway driving for youths learning to drive and those who have just obtained their driving licence, with the aim of doing a better job of preparing tomorrow's drivers.

The Abertis Foundation and Groupe Sanef have received help from driver training professionals in setting up the academy in 2011 and in promoting it since then. The Centre d'Education Routière (CER), the Association Nationale pour la Promotion de l'Education Routière (ANPER) and the Conseil National des Professions de l'Automobile (CNPA) have provided their expert knowledge to help better understand the needs of youths who want to obtain their driving licence.

The various phases of the Autoroute Académie project have been monitored by the Roadway Education office under the auspices of the government Delegation for roadway traffic and safety. The academy questionnaire has been validated as consistent with the content of passenger vehicle and motorcycle driving licence examinations. The office has also confirmed the positive benefits of this action undertaken by the Abertis Foundation and Groupe Sanef.

No new content was added to this programme in 2017, but a game contest was conducted throughout the year. Each quarter 25 contestants were selected to receive motorway passes worth 60 euros in an independently supervised drawing, for a total of 100 winners in the year. In all over 36,000 individuals entered the contest via the website, that totalled more than 100,000 views.

III – SUBCONTRACTORS AND SUPPLIERS

The Groupe Sanef Ethics Code stipulates that, with a view to social responsibility and economic performance, the procedures for choosing suppliers and awarding contracts to companies that Sanef works with must meet minimum requirements for competitive bidding and transparency. Above a certain level of contract value the selection procedures may be even stricter. Groupe Sanef pledges to respect the principles of equal access and treatment for all suppliers. Contract awards are based primarily on criteria of quality, cost and compliance with delivery schedules.

III.1 – Choice of subconcessionaires

Groupe Sanef has incorporated the notion of "sustainable development" into its selection of subconcessionaires. Various criteria have been included in calls for tender in order to gauge respondents' participation in this environmental and societal movement. Project tenders integrate strong commitments, for example rational energy

use comprising use of renewable energy resources, action to protect residents and customers from visual and noise pollution, waste sorting and water-saving measures.

Specifically, following calls for tender between 2010 and 2012, 35 motorway service areas in the Sanef network have been renovated to comply with the group's sustainable development standards. An additional 15 service areas will be renovated by 2019, bringing the total proportion to over 85% of service areas recently redone according to these principles.

Groupe Sanef also seeks to encourage and support distribution of renewable energy in its networks. The group is working with subconcessionaires to install natural gas and hydrogen fuelling points at service areas, in addition to more electric vehicle charging stations.

III.2 – Contractual framework for works execution

The works contracts awarded by Groupe Sanef include a set of general administrative conditions (Cahier des clauses administratives générales, CCAG) that contain clauses pertaining to protection of the environment, i.e.:

– *General conditions, Article 7 – Protection of the environment*

7.1. The contract holder ensures that the tasks executed by the contractor comply with current legislative and regulatory requirements for protection of the environment, for human health and safety, and for preservation of adjacent areas. The contractor must be able to show proof of this compliance, during execution of the contracted work and throughout the period of warranty on this work, upon request from the representative of the contract awarding authority.

To this end the contract holder will take all appropriate measures to control conditions that could degrade the environment, notably waste generated during execution of the contract, dust, smoke, pollutant emissions, noise, impacts on fauna and flora, surface and groundwater pollution.

7.2. Should the legislation governing protection of the environment be amended in the course of execution of the contract, any eventual modifications of the contract requested by the representative of the awarding authority so as to ensure compliance with new rules will be formulated in a rider signed by the contracting parties.

– *General conditions, Article 38*

31.8. Special requirements for work carried out near inhabited areas, frequently used spaces or protected zones:

When work is to be carried out near inhabited or frequently used areas or in proximity to zones that qualify for protection under environmental preservation measures, the contract holder must take, at the contractor's expense and responsibility, all necessary steps and as far as possible, to keep all nuisances imposed on users and neighbours to a minimum, in particular the effects of impeded access, machinery noise, vibrations, smoke and dust.

Environmental protection obligations are also stipulated under the special administrative and technical conditions contained in Groupe Sanef contracts (Cahier des Clauses Administratives Particulières, CCAP and Cahier des Clauses Techniques Particulières, CCTP). Typically, the special administrative conditions for works contracts include a clause 9.4.4 referring to protection of the environment that stipulates:

"The implementation, monitoring and enforcement of compliance with specific measures for environmental protection at the worksite shall be listed in an Environmental Stewardship Statement drawn up by the contract holder. This statement shall conform to the requirements of the special technical clauses. The contract holder shall draw up a statement of provisions for waste disposal. This statement shall conform to the requirements of the special technical clauses. This document can be included in the Environmental Stewardship Statement."

Some contracts provide for penalties in the event of intentional noncompliance or of negligence on the part of the contract holder with regard to the environmental stipulations under the special technical conditions.

IV – GOOD FAITH PRACTICES

IV.1 – Customer security and safety, a constant priority

To make its motorways ever safer for users, Groupe Sanef is continually improving security measures and steadily pursues campaigns to raise safety awareness.

The radio frequency Sanef 107.7 broadcasts road safety advice in its daily programming.

The Sanef observatory of motorway behaviour was set up in 2012 to scientifically measure and study risk-prone behaviour. The findings of this

observatory are communicated to media outlets at the start of the heavy summer holiday travel period and are widely passed on by French media.

The observatory's conclusions provide inspiration and themes for the group's awareness campaigns, presented in 4x3m poster displays, messages on the Sanef 107.7 radio frequency and on the sanef.com website and social media. Three communication campaigns were conducted in 2017 in the group's networks, on the following themes:

- "Adjust your speed"
- "Take a break"
- "Slow down if you see me".

Groupe Sanef also organises campaigns to meet with its customers at service areas. During the mass travel summer traffic season Groupe Sanef staff are mobilised to combat drowsiness at the wheel, the foremost cause of motorway accidents.

For example, on 20 and 21 July 2017, at the start of summer holiday travel, operations were mounted at Vironvay (A13), Sommesous (A26) and Baie de Somme (A16) with the prime objective of preventing this danger. It was impressed on drivers that the only way to avoid drowsiness at the wheel is to make a rest stop. Customers were given tips on ways to detect the first signs of fatigue and the chance to have a relaxing massage by a physical therapist.

Our media content reached audiences of several million readers, listeners and television viewers.

Other operations were carried out throughout the year with a number of actors involved in roadway safety.

Four campaigns dubbed "An alternative to punishment" were conducted in 2017:

- 2 in the Eure department
- 1 in Longeville (Moselle)
- 1 in Arras (Pas-de-Calais) during the national event devoted to motorway workers (more than 200 reactions elicited).

These campaigns proposed, as an exception to the rule, to give drivers stopped for a traffic code violation an educational session instead of a fine or other sanction. These campaigns were carried out in collaboration with police forces, and drew a lot of attention.

Other measures were taken at businesses that work in our network to raise awareness of worker safety issues:

- EDF Porcheville
- Esso Giberville
- Alstom Valenciennes (700 individuals contacted)
- XPO Logistique Simécourt – Est (150 individuals contacted)

In partnership with AFTRAL in Senlis two events were held to raise awareness of safety instructors in transport companies. These sessions devoted to motorway safety and the security of the Sanef workforce took place in April and in November with 39 instructors who reached an audience of close to 15,000 truck drivers.

Another campaign entitled "Relais Calmos" targeted motorcyclists and road safety; this campaign was announced by a press release and publicised by radio spots broadcast 20 times a day in the week preceding the events.

- A1 – Vémars rest area (Avril): an audience of 300 motorcyclists reached as traffic returned from the 24-hour motorcycle race in Le Mans.
- A16 – Baie de Somme Enduropale rest area (27-28 January): an audience of 700 motorcyclists reached.

"Hyperawareness" operations were conducted at three rest areas in the Groupe Sanef network during the start of the heavy summer travel season. These sessions showed a wide audience how to recognise the first signs of fatigue, and emphasised the need to make stops during summer holiday travel.

A digital media operation was put into place with the Road Safety Delegation of the French Ministry of the Interior. This was a photo contest, #onposepourelapause, to incite drivers to take a break on their way to holiday destinations. Vacationers posed for photos during their halt, and posted them to Instagram with the hashtag #onposepourelapause. The best pictures and winning contestants were selected by a jury made up of: Emmanuel Barbe, Cabinet Delegate for road safety; Anne Lavaud, Delegate General of the Road Accident Prevention advocacy group; Thierry Mathon, head of photography unit at the Ministry of the Interior; Christophe Rihet, photographer and author of the "Road to Death" exhibit shown at the recent Rencontres de la Photographie in Arles; and Christine Allard, Director of Institutional Relations and Corporate Social Responsibility at Groupe Sanef. The winning photographs were displayed at a Sanef rest area.

IV.2 – Preventing corruption

In its Ethics Code Groupe Sanef reiterates its rejection of all forms of corruption, whether it be intended to obtain special treatment, influence the outcome of negotiations or secure an authorisation from a government administration at national, European or international levels or from any other depositary of public authority.

IV.3 – In defence of human rights

Groupe Sanef complies with all legislation in force and pledges to respect human rights and fundamental freedoms.

Under its Ethics Code the group aims to ensure equal opportunity for all its employees and non-discrimination between employees with regard to sex, origins, religion, beliefs, ideology, age, sexual orientation, nationality, political opinions, labour union activity, disability, family or marital status.

Groupe Sanef advocates mutual respect, integrity, honesty, transparency, confidence and respect for human dignity in relationships between its employees.

REPORT FROM THE BOARD OF DIRECTORS

ANNEX 2: CORPORATE SOCIAL RESPONSIBILITY REPORT IMPACT ON THE ENVIRONMENT

Environmental protection at Sanef (description according to article 225, Grenelle 2 legislation of 12 July 2010)

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I – GROUP ENVIRONMENTAL POLICY

Groupe Sanef has a history of over 50 years, building its motorway network and developing its activity in the heart of the European economy. Sanef occupies a place as an industry reference and leader in its core business lines of motorway concessionaire and operator, offering modern and innovative solutions in the service of mobility.

Environmental management and protection have been integrated in Sanef's operations from the beginning, with the goal of making the company's environmental footprint as light as possible.

Remote toll payment solutions Free-flow toll payment and 30 km/h speeds at toll gates are two advances for the environment; eliminating stop-and-go traffic at multiple toll lanes generates substantial fuel savings, and avoids CO₂ emissions in the same proportions.

In the role of builder and operator of infrastructure the activity of the concessionaire may have a significant impact on the environment, by the take-up of land occupied by the motorway, by the splintering of territorial entities and the segmentation created by the roadway infrastructure. For these reasons Groupe Sanef places great importance on environmental studies and assessment of the environmental sensitivity of the spaces in which the company pursues its activity.

To steer its policy in this area Groupe Sanef has adopted the following objectives:

- limit the environmental footprint of its activities via:
 - pollution and risk prevention;
 - control and limitation of consumption of natural resources and energy;
- comply with legal and other applicable requirements.

I.1 – Corporate organisation

Oversight of environmental action is exercised at the group level by the Department of Social, Economic and Environmental Responsibility, where two full-time employees are assigned to draw up and evaluate environmental and corporate social responsibility policies. This department is also in charge of determining investments in related areas, such as water resources, noise pollution, waste management, etc. Operational measures fall under the auspices of the Construction Division and the Property Division.

In this capacity, and to manage upkeep of existing structures, the Property Division includes five people who work on hydraulics issues and three others on landscaping. In addition to handling maintenance and upkeep, these teams sometimes take on the missions of general builder for certain investments and major upkeep jobs. Locally each maintenance centre has a dedicated team of skilled roadway workers assigned to cleaning, mowing, clearing, upkeep of water treatment facilities, and of gates and fencing.

A new system of support functions was created in late 2017, when a corporate management system was put into place, under the authority of the General Director of Groupe Sanef. It is the job of this new entity to devise and set up the future corporate management system, with the aim of obtaining ISO 9001, ISO 14001 and OHSAS 18001 certification in early 2019.

I.2 – Employee training and information on protection of the environment

In 2017 232 group employees attended training modules on environmental issues. These sessions totalled 2,212 hours of training, at a cost of 86,600 euros.

Groupe Sanef possesses a broad communications toolbox (intranet, managers' blogs, etc.) used to ensure top-down communication destined to inform employees.

The in-house publication "100% Nous" is another communication tool entirely dedicated to informing personnel. This quarterly magazine covers all group corporate news and regularly devotes articles to current environmental news.

The biodiversity management scheme set up by Groupe Sanef was certified under the Ecocert Engagement Biodiversité criteria in 2015. The Ecocert certification was confirmed following a follow-up audit, notably on the Sanef Aquitaine network, in November 2017.

In all six companies (Guerlain, Séché, Bolloré Logistics, GSM, Veolia and Sanef) signed on to this approach as pilot participants as early as 2015, to demonstrate that it is entirely possible to reconcile economic activity and respect for natural life and diversity.

This label recognises the decades-long commitment of the group's companies to preservation of biodiversity. As a reminder, it was in the early 1990s that Sanef devised its Plan Objectif Environnement to limit the environmental impacts of its constructions and to determine the roadway track within the designated right-of-way that would have the least impact on the environment.⁽¹⁾

Groupe Sanef continues to follow this innovative approach in its building and construction activity, integrating biodiversity issues from the very first planning stages and up through the operational phase.

I.3 – Minimising environmental risks

The main environmental risks and risk factors for the group were identified and analysed in the course of an audit of environmental regulatory compliance in 2008.

This work has largely inspired the content of corporate policy pertaining to water resources and noise abatement as well as to protection of biodiversity. These policies now guide and coordinate the group's action regarding protection of the environment, with the goal of eliminating, managing and reducing all forms of pollution.

These policies will be updated as the corporate management system based on the ISO 14001 standard is elaborated in 2018, and reviewed for certification.

Internal steering procedures for new construction projects ensure that environmental constraints are properly taken into account and the best solutions implemented to address the issues that have been identified. These projects are contracted to outside

general contractors who are subject to external inspection, either by Groupe Sanef itself or by outside service companies.

Green commitments have also led to significant investment to protect the environment, via implementation of water, noise and waste action plans within the group, and have guided policy to preserve biodiversity. These programmes have been extended under the motorway stimulus plan, in particular protection of water resources (see the second chapter of this document).

All of these actions and policies have been built on one of the fundamental tenets of sustainable development: dialogue with stakeholders. This method is also a cornerstone of risk management in these areas, on a daily basis.

I.4 – Provisions and guarantees for environmental risk

Groupe Sanef has recently revised its insurance strategy to align with the Abertis programme.

The group now has:

Primary insurance policy: ZURICH contract no. 7400029260

- Taken out by: Sanef SA
- To cover: Sanef, Sapn, SE BPNL, LEONORD Exploitation, Sanef Aquitaine

Coverage: Legal liability of the subscriber and its subsidiaries (art.3.1.1. of general terms)	€6,000,000
Deductible	€100,000

Coverage: Legal liability of executive management (art.3.1.2. of general terms)	None
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Coverage: Legal liability of customers (art.3.1.3. of general terms)	None
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Coverage: Cost of pollution prevention (art.3.2.1. of general terms)	€6,000,000
Deductible	€100,000

Coverage: Cost of prevention of environmental harm (art.3.2.2. of general terms)	€6,000,000
Deductible	€100,000

(1) Declared to be in the public interest.

Coverage: Cost of remediation of environmental harm (art.3.2.3. of general terms)	€6,000,000
Deductible	€100,000
Coverage: Cost of pollution clean-up (art.3.2.4. of general terms)	€6,000,000
Deductible	€100,000
Coverage: Loss of operating revenues (art.3.2.5.)	None
Total insurance coverage (including legal fees)	€6,000,000

Secondary insurance policy: ZURICH contract no. 52373545 taken out by Abertis:
 No change in level of coverage: guarantees capped at 34 million euros (in addition to the 6 million euros of primary insurance coverage) – Deductible €150,000

II – POLLUTION AND WASTE MANAGEMENT

II.1 – Measures to prevent, reduce or remediate discharges to the air, water and soil that have serious environmental consequences

As mentioned above, management of discharges to water and soil are coordinated under the group's environmental protection policies and in strict application of the regulatory framework. The characteristics of discharges to surface and groundwater and to soil are determined in relation to the vulnerability and sensitivity of the receiving milieu. When the milieu is highly vulnerable preventive management devices are installed (holding basins, sluice gates) to trap and confine any accidental pollution, this being the main risk, in conjunction with rainfall over a given period of time.⁽¹⁾ If the milieu is neither sensitive or vulnerable corrective measures are taken to handle this type of impact.

Groupe Sanef has analysed the vulnerability of water resources in its motorway network. The most vulnerable zones have been identified, and an action programme established to protect these areas from accidental pollution.

Under this programme systems have been designed and built to handle accidental pollution; the type of structure depends on the vulnerability of the resource. Pollution prevention installations were built at 10 sites in 2017, under the motorway stimulus plan, for a cost of close to 20 million euros. These installations generally include an impermeable rainwater collection system and holding ponds to retain accidental pollution.

Furthermore, on all motorways put into service since 1995 and at all major worksites since then, run-off and discharges from motorway infrastructure are subject to strict conditions and instructions issued by prefectural decrees (established under procedures stipulated by legislation on water resources).

Atmospheric discharges are not subject to special rules or instructions, other than the public impact enquiries carried out before construction, both for new motorway sections and for additional improvements on existing motorways.

This notwithstanding, the group has carried out a greenhouse gas assessment that quantifies some of the emissions produced by the company. These emissions are reported in detail in section IV below.

II.2 – Measures to prevent, recycle and dispose of waste

Groupe Sanef uses a simple classification system to manage its waste:

- internal waste: waste generated by the companies in the group;
- external waste: waste generated by subcontracted activities, e.g. worksite waste, basin dredging sludge, etc.;
- outside waste: waste generated by customers at rest areas, service stations and along the roadside.

• Internal waste

The amount of hazardous waste produced by Groupe Sanef in 2017 was an estimated 659 tonnes, including 462.79 tonnes of sludge dredged from rainwater treatment structures.⁽²⁾

The quantity of nonhazardous waste produced was 248,771 tonnes, of which 242,545 tonnes of worksite waste (external waste) and 4,051 tonnes of customer waste at rest areas or left along the roadside (outside waste was 1% higher than in 2016).

• Worksite waste

Construction work on the group's motorways generated 242,545 tonnes of worksite waste in 2017; nearly four times as much as in 2016. This type of waste is highly variable from one year to another, as it depend solely on the works programme and the type of work carried out. In 2017 almost all of the construction under the motorway stimulus plan had started, leading to a substantial increase in "consumption" related to this work (materials, worksite waste, etc.)

II.3 – Measures to counter food waste

This item is not relevant to Sanef's activities.

II.4 – Tackling noise and other activity-specific forms of pollution

Under Sanef's Green Commitments over 700 homes were equipped with acoustic insulation between 2010 and 2013. All the "noise hot spots" along the group's motorways have been treated as part of this action.

This vast programme has for all practical purposes entirely eliminated "sensitive zones" for noise along the motorway network. There remain some areas in which residents declined the measures offered under the "hot spots" protection programme, and other areas in which residents complain of motorway noise, but where noise levels do not exceed regulatory levels.

Groupe Sanef has compiled a noise observatory with detailed mapping of the acoustic footprint of its motorways. This mapping yields the strategic noise maps and noise abatement plans that are required under existing regulations. The strategic noise maps were updated in 2017, as required by law for the third period (Directive 2002/49/EC relating to the assessment and management of environmental noise).

III – SUSTAINABLE RESOURCE USE

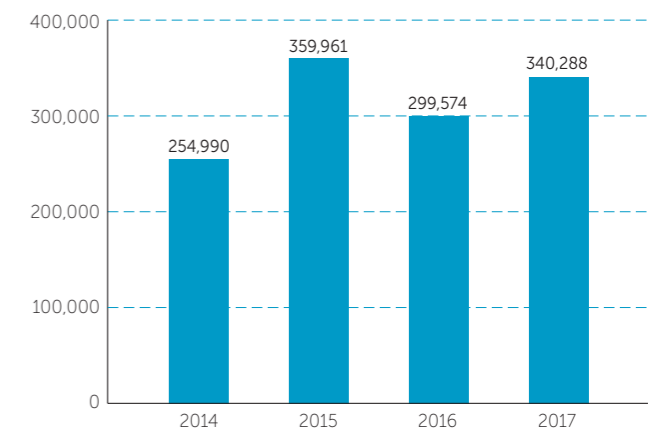
The Groupe Sanef Environment Policy is designed to limit the footprint of the group's activity on natural resources and the environment. To this end resource consumption indicators have been in place for nearly 10 years, and today the group is able to take measures to first stabilise and then reduce consumption.

III.1 – Main resources consumed:

• Potable water

Potable water consumption (not including well water) came to 340,288 m³ in 2017, an increase of close to 14% over consumption in 2016. This increase is due mainly to a leak on the A14 motorway (30,819 m³).

Water consumption (m³)



Water consumption from Sanef private wells and rainwater recovery represent under 1% of the group's water consumption, and are not included in this consumption indicator.

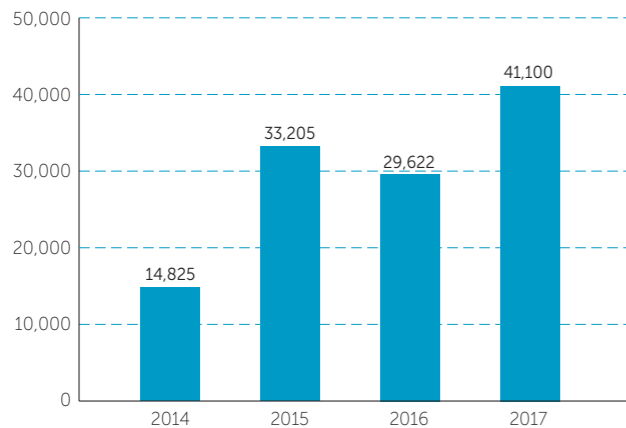
(1) Rainfall is qualified by three parameters: intensity, duration and frequency. The combination of these parameters yields a water level.

(2) The definition of this indicator has changed in content and scope since the previous year, and has been aligned with the new waste organisation system in the Abertis database.

• Salt

The amount of salt consumed came to 41,100 tonnes in 2017, more than in 2016, but still at a low level due to mild winter conditions since 2014.

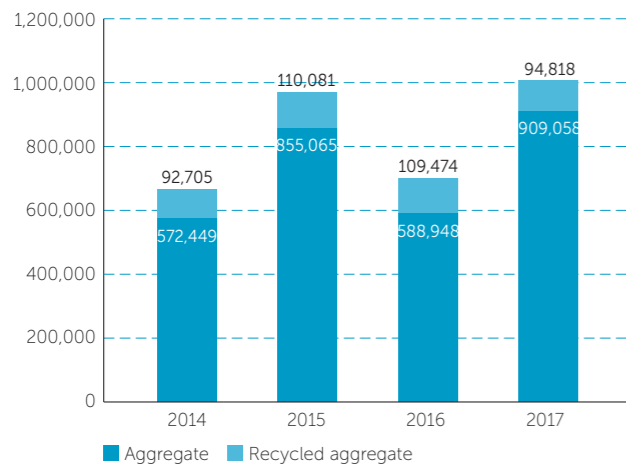
Salt consumption



• Raw materials

In all 909,058 tonnes of aggregate were consumed in 2017, primarily for roadbeds (764,868 tonnes of asphalt). Other materials consumed were concrete and metals: respectively 119,277 tonnes and 3,955 tonnes in 2017.

Aggregate consumption (tonnes)



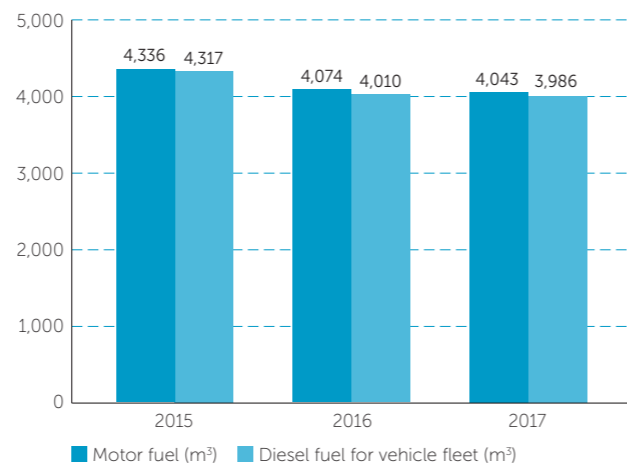
Material consumption is up sharply, due to the motorway stimulus plan that comprises some 20 operations representing more than 700 million euros of investment. Preliminary studies have been completed and nearly all of these construction projects are now underway.

To limit its impact on resources Sanef chooses recycled materials whenever possible. In 2017 94,818 tonnes of recycled aggregate were incorporated in 320,253 tonnes of recycled asphalt.

• Fuel consumption

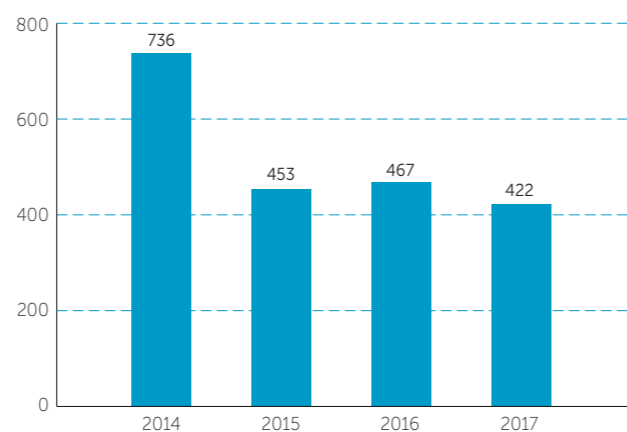
Fuel consumption for the Groupe Sanef vehicle fleet was stable in 2017, at 4,043 m³, compared to 4,074 m³ in 2016.

Fuel consumption (tonnes)



Heating oil consumption for building heating (welcome offices, maintenance centres and buildings at toll plazas) came to 422 m³, down by nearly 10% compared to the previous year.

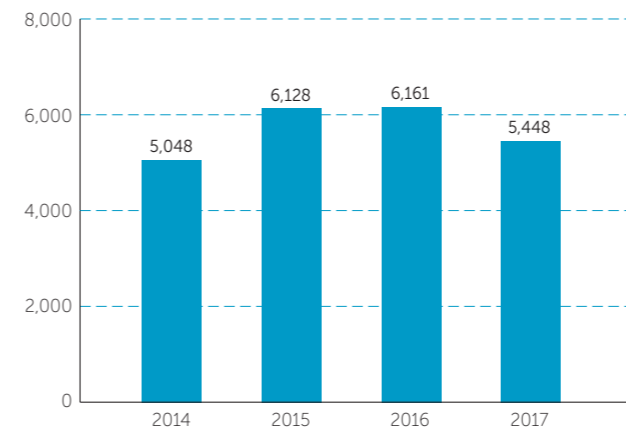
Heating oil consumption (m³)



• Gas consumption

Gas consumption amounted to 5.448 GWh in 2017, down by close to 11% compared to 2016.

Gas consumption (MWh)



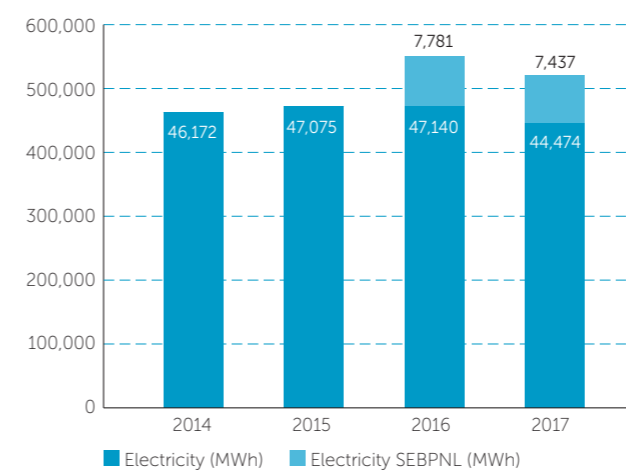
The weather conditions during the winter months of 2017 are fairly clearly the explanation for this variation, which is in line with the drop in heating oil use.

• Electricity consumption

For Groupe Sanef as a whole electricity consumption stood at 51.90 GWh for 2017, a decrease of slightly over 5.5% compared to 2016.

NB: Annual electricity consumption is calculated for a rolling year, based on bills received in 2017 and estimation of consumption that had not yet been billed at end 2017. This estimate is based on power consumption as billed for the same period at the end of 2016.

Electricity consumption (MWh)



• Energy efficiency and alternative energy production

In 2017 Sanef generated and sold 137,679 kWh of electricity, down nearly 5.3% from 130,735 kWh in

2016. Power is generated by photovoltaic (PV) solar panels installed at the following sites:

- Ecopole
- Porte du Vignoble toll plaza
- Ormes toll plaza
- Cricqueville en Auge barriers

III.2 – Land occupation

The Groupe Sanef motorways occupy on average 10 hectares per kilometre. Of these 10 ha, 4 are dedicated to green earthworks (fill talus, excavated material, surplus soil). These spaces left to nature are under no constraints or pressure, and are often refuges for small wildlife and conservancy zones for numerous species. To preserve these features, extensive sustainable land management practices are applied on these spaces totalling over 7,000 hectares for the Group.

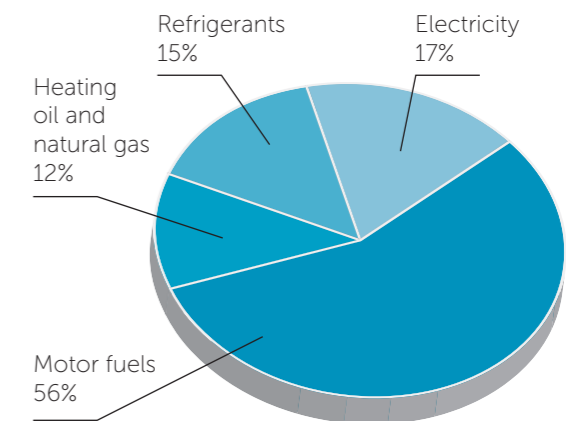
IV – GREENHOUSE GAS EMISSIONS (GHG)

IV.1 – Emissions linked to Sanef's activity

Fuel consumed by the Groupe Sanef vehicle fleet accounts for close to 56% of GHG emissions directly associated with Groupe Sanef's business activity.

Electricity consumption is the second-largest category of emissions, at 17%, just above refrigerant gases in air-conditioning equipment at 15% (emissions with a very high CO₂ equivalent factor).⁽¹⁾ Heating oil and natural gas represent 12% of emissions.

Breakdown of GHG emissions (Scopes 1 and 2)



(1) Refrigerant gas emissions were calculated on the basis of a leakage rate (> 10% per year) for air-conditioning units containing 9 kg of refrigerant.

In summary, Groupe Sanef emissions break down as follows:

Scope 1	18,862 tonnes CO ₂ equivalent
Scope 2	4,270 tonnes CO ₂ equivalent
Scope 3	5,493,495 tonnes CO ₂ equivalent

Direct emissions by Sanef (23,132 tonnes CO₂ equivalent) are marginal compared to the 5,493,495 tonnes CO₂ equivalent in emissions generated by our customers.

(NB: Emissions linked to motorway use are estimated on the basis of travel by vehicle category using emission factors from the Ademe Base Carbon database.)

IV.2 – Adaptation to the consequences of climate change

The International Panel on Climate Change (IPCC) foresees an increase in extreme climate phenomena, and society is less and less willing to accept risk. This makes it imperative to take major climate events into consideration when designing, operating and carrying out maintenance of infrastructure, and in management of land use and territories.

With this in mind Sanef took part in a climate risk project entitled Gestion du Risque Climatique pour les Infrastructures (GERICI) from 2003 to 2006, along with Egis and Météo France. The project objectives were the following:

- to design a climate risk analysis method suited to infrastructure management;
- to develop a simulation tool to be used by infrastructure operators for prevention and early warning;
- to propose remedial measures;
- to suggest key areas for renewing policy and strategic cooperation between actors.

On the basis of this exercise operational modes and procedures were bolstered and adapted to meet new climate constraints highlighted in the course of the project.

GERICI is the first concrete, structured and comprehensive analysis of the climate risk incurred by infrastructure and the territories served.

Discussion focusing on these issues continued in 2007 under GERICI 2 (also known as GERICI Réseaux), with a broader and more comprehensive approach to risk management, integrating the positions and action of key players in the territories crossed by roadway networks.

This thinking provided inspiration for subsequent projects at the European level: first Risk Management

for Roads in a Changing Climate (RIMAROCC), which borrowed from the methodology tested by GERICI, and more recently Roads for today, adapted for tomorrow (ROADAPT) in 2015. Groupe Sanef did not directly participate in these projects. These initiatives are a good illustration of the trail-blazing and avant-garde nature of the GERICI project.

At the State level, a national action plan against climate change (Plan national d'actions contre le changement climatique, PNACC) was implemented in 2016. The first findings of this plan, exploratory in nature, were released in 2017. These findings will serve to develop a second plan to coordinate action at different levels of territorial government and administration.

Group Sanef actively monitors this subject, which will surely provide the structural backbone for the development and design of mobility in the future and the infrastructure that will support it.

V – ENERGY MANAGEMENT

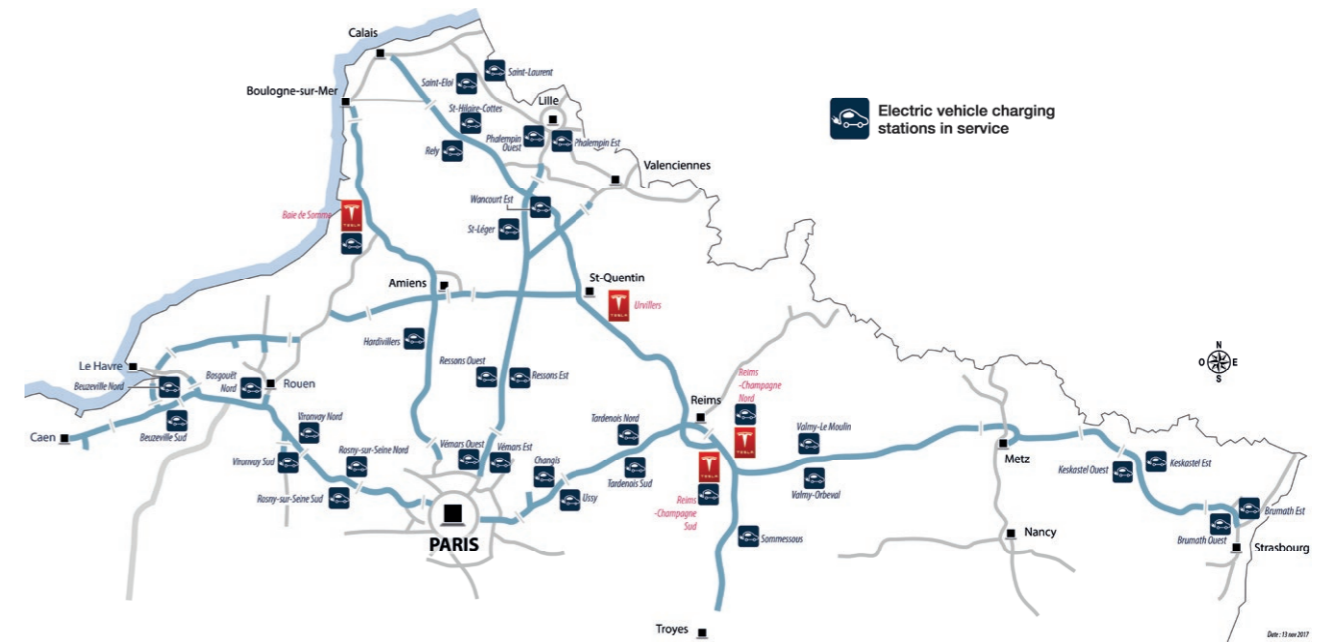
V.1 – Energy Audits

Groupe Sanef has outlined the fundamentals of an action plan prefiguring an energy management system, after having conducted regulatory energy audits in 2015 as required under EU Energy Efficiency Directive 2012/27/EU of 25 October 2012.

Following on the initial measures of this plan, the future corporate management system will establish the groundwork of an energy management system.

V.2 – Electric mobility

At the other end of the power cable, Groupe Sanef has decided to promote electric vehicles on motorways to its customers. To this end Groupe Sanef has built up a partnership with EDF and its subsidiary Sodetrel, to work towards the goals of the European Corridors project, along with its partners (Renault, Nissan, BMW, Volkswagen, Paris Tech, EDF and Sodetrel). Under this project 33 rapid charging stations for electric vehicles have been installed at rest areas in the Groupe Sanef network, enabling electric vehicle owners to travel farther, and “spend a weekend at the shore” via the group's motorways. These stations are supplemented by Tesla terminals installed at selected service areas. In all 67 electric vehicle charging stations are available on the Groupe Sanef network.



VI – PRESERVATION OF BIODIVERSITY

Having conducted a vast audit of biodiversity as part of its Green Commitments scheme, Groupe Sanef has established its strategy in this area. This strategy is built around four areas of action:

- managing infrastructure in nature-friendly ways;
- ensuring that infrastructure is permeable to wildlife;
- developing and sharing knowledge of biodiversity;
- collaborating with stakeholders and communicating with the public.

To attain these goals and present the natural wealth and ecological diversity of motorways' green spaces to a wide audience, Groupe Sanef has drawn up a programme to raise awareness aimed at all its stakeholders:

- motorway customers;
- Groupe Sanef employees;
- partners focusing on biodiversity (local authorities, regional nature parks, nature conservancies, the National Natural History Museum, not-for-profit groups, etc.)

This programme has been deployed since January 2014. It targets specific actions for different audiences, and as of this year has found its place in the biodiversity management policy implemented by the group, the Ecocert Engagement Biodiversité programme (see section I.b of this document).

VI.1 – Motorway customer awareness

- Biodiversity chronicles and vignettes on Sanef.com

To make its customers more aware of the wealth of biodiversity found along the verges of its motorways Sanef designed a campaign for broadcast on the Sanef 107.7 radio frequency, the media most listened to by customers during their travel on the Sanef network. This campaign is animated by vignettes and interviews with Sanef's partners. After broadcast the subjects are posted online on the sanefgroupe.com website.

- Entertainment events at the Chevières rest area in May 2017

The Chevières rest area (A1 motorway) was rehabilitated under the Green Commitments scheme and dedicated to biodiversity in the Oise River Valley. It now boasts an imaginative educational nature path devoted to the species and habitats found in the Oise Valley. The path was designed in collaboration with the Picardy nature conservancy.

For the second year in a row, an event highlighting the biodiversity of the Oise Valley was held on 19 and 20 May, during Nature Festival week, for customers at the Chevières rest area on the A1 motorway. Various activities were deployed by Sanef to raise customers' awareness of the ecological richness in motorway green areas. A number of

workshops, for all ages, were offered by Sanef and its partners:

- an educational trail to discover the emblematic species of the Oise Valley and their characteristic habitats, presented by an entomologist;
- an introduction to apiculture, the role of pollinating insects and the dangers of extinction of bees;
- building bird houses with the Ligue de Protection des Oiseaux;
- games and a contest with a questionnaire on biodiversity in the Oise Valley;
- video presentations.

This event was organised jointly with the Ligue de Protection des Oiseaux, the Agrion not-for-profit group based in the Oise department, and an amateur beekeeper.

VI.2 – Awareness actions for employees (see section 1.b)

• Apiculture and the role of pollinating insects

As mentioned above, partnerships have been created with beekeepers to install a network of beehives at selected sites:

- an orchard at a rest area near Saverne;
- an operations building near Ormes (in the vicinity of Reims);
- an abandoned field next to the Wailly-Beaucamp maintenance centre.

A few months after installation the first honey harvest was extracted, and initiation to beekeeping sessions were held for the company's employees.

VI.3 – Publication of a document aimed at Sanef stakeholders to increase awareness of biodiversity



This brochure is intended for Sanef's future partners and aims to very simply summarise what is at stake for biodiversity at the scale of Groupe Sanef and to outline the group's strategy in this area. This document emphasises the use of maps to enable readers to

easily situate biodiversity issues in the Sanef network in relation to the main features of the surrounding natural environment (forests, waterways, nature parks, etc.)

The audiences targeted by this brochure are:

- territorial partners: nature parks, nature conservancies, not-for-profit groups;
- local government: regional councils, departments, municipalities, etc.;
- central government administrations and agencies: Direction Départementale des Territoires (DDT, Ministère de la Transition Ecologique et Solidaire), Direction Régionale de l'Environnement, de l'Aménagement et du Logement (DREAL, Ministère de la Transition Ecologique et Solidaire), among others.

VII – METHODOLOGICAL ISSUES

Background:

In 2015 the group changed its enterprise resource planning (ERP) software (SAP replacing Qualiact) and its corporate organisation (reorganisation starting in June 2015).⁽¹⁾ The effects of this change in management tools continued to be felt in 2016, and to a lesser extent in 2017.

VII.1 – Methodology related to waste management

• Waste generation

The waste amounts reported refer to waste eliminated during the year. This means that waste held in storage (in dumpsters at a maintenance centre for example) may be generated in year N and disposed of in N+1, (e.g. when the dumpster is full).

VII.2 – Methodology related to sustainable resource use

• Water consumption

Recorded potable water consumption is water drawn from the public drinking water supply. In 2017 this consumption was established on the basis of all water bills entered in the ERP, covering maintenance centres as well as general services. It does not include water drawn from Sanef private wells or recovered rainwater. Nor does it integrate water consumed for commercial activities at service areas.

• Materials consumption

Figures for materials consumed (aggregate, asphalt, concrete, metal, etc.) are for consumption recorded for operations (worksites) completed during the year. Consumption for worksites in operation over several calendar years is reported for the year when work is completed. An exception to this principle was made this year for the work to prolong the A16 motorway in Ile-de-France. To more accurately represent the large quantities of materials involved in this multi-year operation we have preferred to enter materials at date of consumption.

• Asphalt consumption

Annual asphalt consumption includes aggregate used to produce the asphalt.

• Recycled asphalt consumption

Recycled asphalt refers to asphalt that includes a proportion of recycled aggregate. As a general rule the proportion of recycled content in recycled asphalt varies between 10% and 50%. Tonnage of recycled aggregates is based on asphalt tonnage, and not on weight of aggregate alone. This principle is retained for the following reasons:

- it is consistent with practices in earlier years;
- it is aligned with "trade practices", i.e. the standard operating procedures of companies working on roadbed replacement.

VII.3 – Methodology related to GHG emissions

GHG emissions are calculated on the basis of the mandatory GHG assessment conducted in late 2015, which was based on consumption data for 2014, and updated using 2017 consumption data (the carbon assessment is required under article 75 of the National Commitment to the Environment Act of 12 July 2010). Applicable emission factors are derived from the Base Carbone database published by the Greenhouse Gas Assessment Resource Centre (French Environment and Energy Management Agency, Ademe).

(1) Enterprise Resource Planning software is an integrated software package.

REPORT FROM THE BOARD OF DIRECTORS

ANNEX 2: CORPORATE SOCIAL RESPONSIBILITY REPORT SOCIAL RELATIONS

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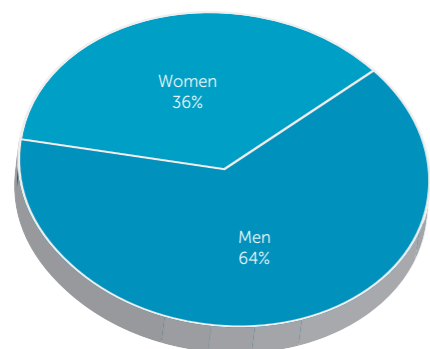
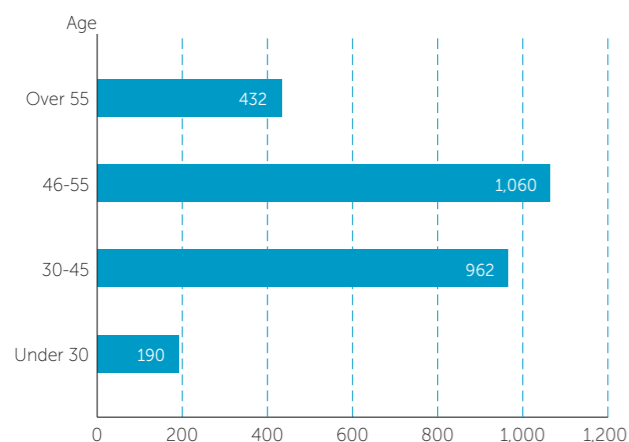
I – EMPLOYMENT

The total workforce employed by the group comprised 2,477 permanent employment contracts as of 31 December 2017. The consolidated scope in 2017 includes Sanef, Sapn, Sanef Aquitaine, Bip&Go, as well as SE BPNL.

I.1 – Total workforce and breakdown of employees by sex and age

- Breakdown by age (physical persons, all contracts as of 31 December 2017)

Workforce as of 31/12/2017



I.3 – Pay and remuneration trends

	2015	2016	2017
Average gross annual remuneration for women	€32,259.32	€37,262	€36,910
Total gross annual remuneration for women (DADS fiscal statement)	€30,913,220	€33,313,691	€30,881,370
Number of employees in category	958,3	894	837
Average gross annual remuneration for men	€40,137.27	€41,241	€42,481
Total gross annual remuneration for men (DADS fiscal statement)	€69,156,971	€68,822,583	€66,701,690
Number of employees in category	1 723	1 668,8	1 609
Average gross annual remuneration	€37,322	€39,853	€39,900
Total gross annual remuneration (DADS fiscal statement)	€100,070,191	€102,136,274	€97,583,060
Number of employees in category	2681,3	2652,8	2 446

I.2 – New hires and departures

Groupe Sanef concluded 53 new permanent employment contracts (not including internal transfers) in 2017 and 762 fixed-term employment contracts, giving a total of 815 new hires for the year (not including internal transfers). Groupe Sanef signed 24 apprenticeship contracts and 17 professional consolidation contracts in 2017.

In 2017 36 employees were laid off (all causes and contract types), 61 employees retired, 12 persons voluntarily resigned, and 726 contracts came to an end (70% of which were seasonal workers), for a total of 835 departures.⁽¹⁾

This figure does not include negotiated contract terminations, regularisations, transfers, early termination of trial periods, or deaths (six deaths in 2017).

NB: As it habitually does to handle peak traffic and replace absent employees, Sanef employed temporary staff in 2017, including fixed-term contracts, temporary workers from recruitment agencies, and seasonal workers.

All employees of Groupe Sanef receive a personal social statement each year listing all items of their remuneration. This statement provides employees with a detailed picture of all items that make up their remuneration (pay, profit-sharing benefits, incentives and bonuses, in-kind benefits, secondary social health insurance and prudential plans, etc.) It is important to emphasise the significance of employee profit-sharing incentives and bonuses in the two main companies of the group, Sanef and Sapn.

Profit-sharing incentives are capped at 5% of aggregate payroll costs for these two companies; this limit was reached in 2017. Bonuses paid came to 14.08% of payroll costs for Sanef and 13.54% for Sapn.

II – ORGANISATION OF WORK HOURS

II.1 – Organisation of work hours

Different types of work schedules coexist with Groupe Sanef:

- daytime schedules;
 - shift workers – 2 x 8 h
 - shift workers – 3 x 8 h
 - toll collection employees with variable schedules.
- Within Groupe Sanef full-time work loads break down as follows:
- 211, 215 or 217 days a year for management-level employees;
 - 1,603 hours/year (with or without overtime compensation days) or 1,607 hours/year;
 - 35 hours weekly average over a cycle for shift workers;
 - 35 hours/week for nonmanagement/nonshift workers (with or without overtime compensation days)

The different companies within the group employ personnel under permanent employment contracts or under fixed-term contracts within the numerical limits set by law.

Under specific and occasional circumstances, Sanef or Sapn may hire under temporary (fixed-term) contracts when heavy traffic is expected (long weekends and school holidays).

II.2 – Employee absenteeism

The total number of absences at Groupe Sanef for work-related and work travel accidents, occupational and work-related illnesses came to 6,211 working days in 2017, broken down as follows:

Days of absence	6,211
– for work-related accidents	3,689
– for commuting and work travel accidents	1,922
– for occupational and work-related illnesses	600

All managerial and central office staff (close to 300 employees) followed a training module on prevention of absenteeism in 2017 (participants were either physically present or participated via e-learning options). This training focused on interviews with employees when they return to work.

III – RELATIONS WITH SOCIAL PARTNERS

III.1 – Organisation of social dialogue, in particular procedures for information, consultation and negotiation with personnel

A number of business and corporate projects were brought before personnel representative bodies throughout the year. The most significant were:

- changes to the organisation of some divisions in the group, after consultation with the Central Works Council at Sanef and with the Works Council at Sapn;
- annual economic and financial analysis, after consultation with the Central Works Council at Sanef and the Works Councils at Sapn, Bip&Go and SE BPNL;
- social policy, working conditions and employment, after consultation with the Central Works Council at Sanef and the Works Councils at Sapn, Bip&Go and SE BPNL;
- presentation of the corporate strategic outlook, after consultation with the Central Works Council at Sanef and the Works Councils at Sapn, Bip&Go and SE BPNL ;
- modification of internal corporate rules and regulations and their annexes, after consultation with the Central Works Council at Sanef and the Works Councils at Sapn, Bip&Go, and SE BPNL, and personnel representatives at Sanef Aquitaine.

The annexes to the internal rules now include:

- guidelines on use of information and communication technology (annex 1)

(1) This figures does not include deaths in the workforce (six in 2017).

- an ethics code (annex 2)
 - a good conduct code to fight corruption and influence-peddling (annex 3)
- implementation of a professional warning system, after consultation of the Central Works Council at Sanef, the Works Councils at Sapn, Bip&Go and SE BPNL, and personnel representatives at Sanef Aquitaine;
- implementation of the charter on disconnection, after consultation with the Central Works Council at Sanef.

Other major projects were presented or implemented within the different companies in the group, notably:

- ongoing implementation of the group agreement pertaining to management of job functions and career advancement (Gestion des Emplois et des Parcours Professionnels, GEPP);
- implementation of a call for tenders relating to secondary health insurance and prudential benefits in the group;
- election of personnel representatives at Sapn and SE BPNL;
- creation of the Abertis Actionnariat corporate mutual fund as part of the group's employee savings plan.

Groupe Sanef's executive management, in conjunction with Abertis, decided to create Abertis Actionnariat (FCPE Abertis) to allow employees to share in the valued created by the activities of the Abertis group and to give them a greater sense of belonging to the group.

This corporate mutual fund holds Abertis shares. It is included in the Groupe Sanef employee savings plan, and is meant to ensure long-term benefits. To encourage employee shareholding, a sum of up to 1,000 euros was granted to each employee entitled to profit-sharing incentives at the Sanef, Sapn, Bip&Go, Sanef Aquitaine and SE BPNL companies for the year 2016, on the condition that the money be used to invest in the Abertis Actionnariat fund.

In all 1,700 employees bought shares in the Abertis Actionnariat fund, 60% of the workforce eligible for the profit-sharing benefit. The corporate mutual fund was initially valued at 1.5 million euros, of which 1 million euros were invested by employees and 0.5 million euros added in by the company.

An Oversight Council has been instituted, on which sit representatives elected by employees.

III.2 – Current status of collective bargaining agreements and action plans

The principle subjects of negotiation in 2017 were:

- mandatory annual salary negotiations;
- rider to provisional management plans for job functions and skills (GEPP);
- quality of life at work;
- attribution of an additional profit-sharing incentive for companies in the group;
- toll booth bonus;
- rider to the group employees sharing plan (PEG);
- rider to the group retirement saving plan (PERCO).

These negotiations resulted in 29 agreements signed within the group.

Groupe Sanef

- agreement on so-called Generation employment contracts, 26 April 2017;
- Rider 2 appended to the PEG agreement, 29 June 2017;
- Rider 1 appended to the GEPP agreement, 7 July 2017;
- Agreement relating to setting up a health care costs plan, 27 September 2017;
- Agreement relating to setting up a prudential insurance plan, 27 September 2017;
- Rider 3 appended to the PEG agreement, 8 November 2017;
- Rider 1 appended to the PERCO agreement, 17 November 2017;

Sanef

- Agreement pertaining to salaries in 2017, 17 March 2017;
- Agreement on donation of work days; 23 May 2017;
- Action plan to address quality of life at work, 20 July 2017;
- Agreement granting an additional profit-sharing incentive, 29 June 2017;
- Agreement on the toll booth bonus, 29 November 2017.

Sapn

- Agreement pertaining to salaries in 2017, 17 March 2017;
- Agreement pertaining to quality of life at work, 27 February 2017;
- Agreement granting an additional profit-sharing incentive, 23 June 2017;
- Agreement on the toll booth bonus, 17 October 2017;

- Agreement relating to harmonisation of the status of former employees of the SEA14 company, 10 July 2017;
- Agreement on rest days granted in compensation for work on legal holidays, 31 May 2017.

Sanef Aquitaine

- Agreement pertaining to salaries in 2017, 17 March 2017;
- Agreement pertaining to quality of life at work, 9 March 2017;
- Agreement on profit-sharing incentives, 6 June 2017;
- Agreement granting an additional profit-sharing incentive, 28 June 2017;

Bip&Go

- Agreement pertaining to salaries in 2017, 30 March 2017;
- Agreement pertaining to quality of life at work, 30 March 2017;
- Agreement granting an additional profit-sharing incentive, 28 June 2017;

SE BPNL

- Agreement pertaining to salaries in 2017, 20 March 2017;
- Agreement granting an additional profit-sharing incentive, 26 June 2017;
- Agreement to prolong mandates, 6 June 2017;
- Agreement to prolong mandates, 13 July 2017;

IV – HEALTH AND SAFETY

IV.1 – Health and safety conditions at work

In its Ethics Code Groupe Sanef reaffirms that the health and safety of its workers, subcontractors and customers are a high priority. Promoting health and safety is also the first objective of the group's strategic policy.

With this in mind the group has implemented specific procedures and organisational structures. A Preventive Action department was created in the Human Resources Division in 2017, headed by a coordinator and comprising in addition three prevention officers, five prevention technicians and an assistant.

The primary missions of the prevention staff are:

- current awareness of regulatory rules and compliance;
- evaluation of occupational risks and ways to minimise these risks in operations;
- oversight of the safety management system;

- implementation of occupational health and safety training and awareness schemes;
- management of work-related accidents and occupational illnesses;
- management of internal audits;
- in-house occupational health and safety communication;
- communication with internal and outside interlocutors on occupational health and safety.

The corporate organisation was revised in late 2017, to better fit with the new strategic outlook of the group, particularly where occupational health and safety are concerned. A Corporate Management System department was created, answering directly to Executive Management. The operational team of prevention staff answers to regional Human Resources management, to strengthen ties of proximity with operations employees.

Issues related to employees' health and safety are examined at the highest level of corporate management. Concretely, a safety and security assessment for the period is on the agenda of all executive management committee meetings.

Likewise, safety incidents are reported weekly to the executive management committee.

• OHSAS certification

Groupe Sanef has voluntarily undertaken a programme to continually improve health and safety conditions. To implement this approach Sanef, Sapn and SE BPNL have devised a health and safety management system that has obtained OHSAS 18001 certification (2007 version).

• Safety tools

Putting a priority focus on development of a safety culture at Sanef, various measures have been put in place to assist managers and reduce the incidence of work-related accidents and occupational illnesses. These take the form of:

- campaigns to raise personnel awareness of the main occupational risks;
- "Accident" flash bulletins;
- safety sessions;
- specific health and safety rules and procedures to be followed;
- active information screens installed in all roadway viability centres to present 15-minute safety sessions and disseminate awareness messages throughout the year;

– a “PSI alert” system implemented to relay information on all accidents and safety incidents involving employees, via the group’s messaging system;

– all employees involved in the management by objectives approach are given an individual safety/security objective.

An audit was carried out to assess the corporate culture of health and safety at work; this audit looked at three pillars of safety and security, and their strengths and weaknesses:

- equipment
- procedures
- safety culture.

The findings of the audit identified the following points for improvement:

- action to bolster existing tools;
- focus on risk perception (exposure to roadway traffic vs other risk);
- revitalised human and social ties in collective organisations;
- in-depth analysis of the impact of safety and security issues:
 - before introducing change;
 - after a serious or potentially serious event.

Sanef continued to pursue its policy of innovation in the service of safety in 2017. For example, Sanef launched an experimental system to detect a dangerous vehicle that could potentially harm workers at roadwork sites. This system is designed to enable workers to get to safety as quickly as possible.

Groupe Sanef also rolled out an awareness campaign urging customers to step up their vigilance and attention when approaching roadway work zones.

Safety and security issues are now examined at the industry sector level, via the Association des Sociétés Françaises d’Autoroutes (ASFA) in particular. Meetings on these issues are attended by management and employee representatives from all motorway companies, to work together to improve safety conditions via information exchange and targeted communication campaigns. With ASFA all these companies actively participated in the events of the national awareness days devoted to motorway and highway worker safety that took place on 20 and 21 October 2017.

• **Safety awareness and training**

In a context where risk management is crucial, Sanef trains its workers to react to risks induced by customer behaviour. Sanef has devised an approval system to vet employees who work on the roadway. These approvals are regularly renewed.

In 2017 17,025 hours of safety and risk prevention training were dispensed; attendance represented 50% of group employees who received training in 2017.

• **Handling traumatic events**

By the nature of their work, Groupe Sanef employees may have to handle traumatic events. Groupe Sanef has a policy to provide additional support to accompany employees in these circumstances, supplementing the action taken by in-house prevention teams. Tools for managers (procedures, training, support measures) have been deployed to help them work with employees in distress.

• **Policy to mitigate harsh working conditions**

In 2017 specific regulatory thresholds and criteria were introduced to characterise employee exposure to harsh working conditions. Groupe Sanef has taken steps to evaluate worker exposure in relation to these thresholds. Groupe Sanef pursues its commitments in the following areas:

- identifying specific work situations that require close attention in order to improve working conditions;
- establishing action plans for steps to reduce harsh working conditions and environments to the greatest extent possible, in existing and future contexts.

This policy focuses on reducing exposure to multiple risks, improving working conditions and pursuing measures to allow workers to stay on the job.

• **Health at work**

Groupe Sanef organised a broad contest in 2017 to encourage employees to practice daily physical activity. All employees were given a pedometer to measure daily physical activity in terms of number of steps taken (walking).

Employees were encouraged to form teams of seven and enter a 100-day Global Challenge, from March to June 2017. The contest drew 672 employees in 96 teams (60% men and 40% women).

This challenge clearly created ties between team members, and as a result:

- 66% of employees now meet the recommended level of 10,000 steps a day, compared to 19% before the Global Challenge;
- 65% of employees who monitored their weight registered weight loss;
- 73% of employees now get the recommended amount of sleep, compared to 47% before the Global Challenge;
- 67% of employees report lower stress at work or in their private life;
- 47% of employees report increased productivity or better concentration;
- 53% of employees are now aware of the company’s commitment to health and well-being.

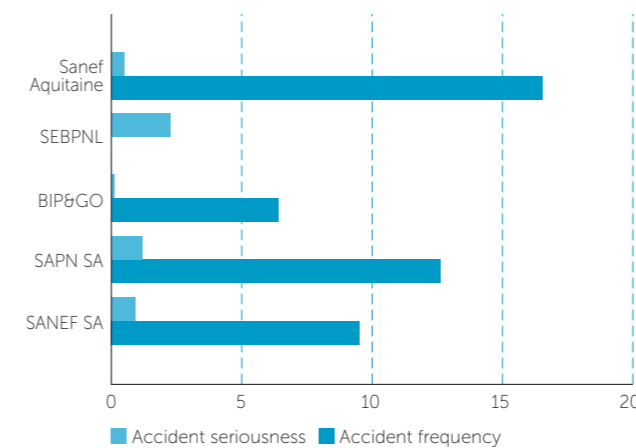
IV.2 – Work-related accidents (frequency and seriousness) and occupational illnesses

In 2017 38 work-related accidents with medically prescribed time off occurred within Groupe Sanef, and 11 instances of occupational illness were registered in the group’s companies. As of this writing only four claims of occupational illness have been validated by the social insurance system.

Across the group as a whole 3,689 days of absence for work-related accidents were reported in 2017.

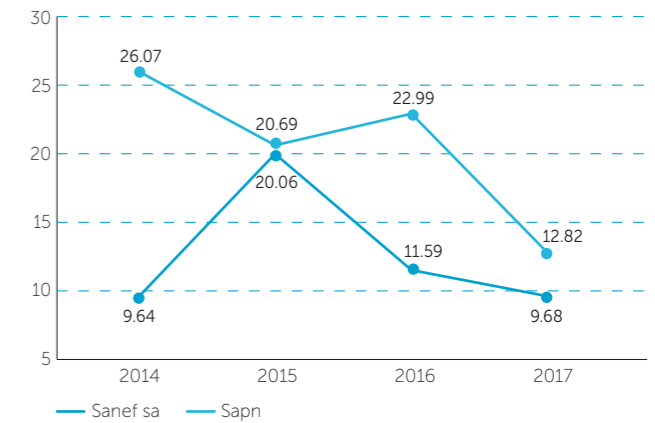
Frequency and seriousness of work-related accidents at the group are recorded as follows:

Accident frequency and seriousness in 2017

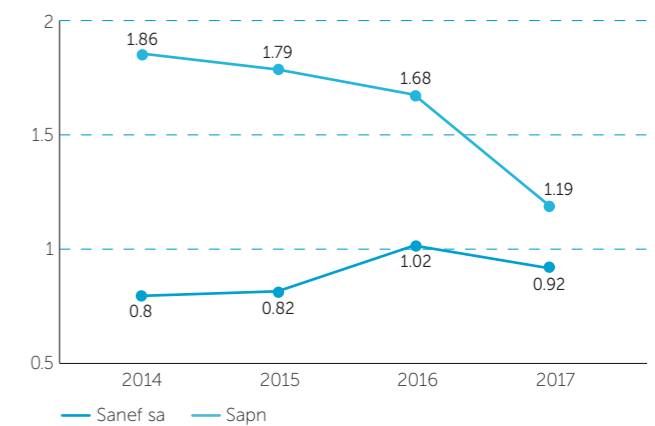


These rates break down as follows for the main entities:

Accident frequency



Accident seriousness



V – TRAINING

V.1 – Outlook for training at Groupe Sanef for the next three years

The future development of the group calls for ongoing and continual adaptation of its organisation and resources to ensure they are consistent with the group’s strategy and projects. The different trades and job functions that constitute the core of our activity may evolve as our ambitions grow.

To prepare for these changes it is essential that we identify the skills and competences needed for our development and success in achieving transformation in the future.

Occupational training is a prime lever for preparing workers for change. Training gives access to new knowledge, and fosters development of compe-

tences and acquisition of new skills. It strengthens the professional attitude of teams, contributes to personal development and boosts employability. It casts a new light on the tasks of each worker, and builds cohesion and team spirit.

Training should also give each worker the chance to become a pro-active agent of his or her career, through annual individual professional development interviews and new mandatory legal provisions stipulating access to training.

The directions outlined for occupational training in the group for the next three years take into account the priorities set in the jobs and careers advancement agreement signed on 4 May 2016. Training objectives are guided by five major principles:

- develop the skills required to pursue group strategy in its companies, according to activities and needs;
- develop the skills required to transform our organisation, working methods and management tools;
- encourage professional mobility and facilitate integration of workers in their new positions;
- highlight and value the skills and competence of all employees and provide secure pathways for professional advancement;
- reinforce managerial skills.

In addition, the group wishes to promote training to boost the qualifications of as many workers as possible.

In compliance with legal requirements, the general orientation of occupational training is updated annually, in keeping with the strategic outlook of the companies in the group.

The training programme is drawn up annually, in keeping with:

- the strategic orientation of the company;
- the needs of each division as required for its development and future projects;
- development plans drawn up on the basis of individual professional development interviews with each employee.

The corporate training plans include both collective and individual measures.

V.2 – Total hours of training

Training is offered to all employees regardless of status (executive staff, management-level staff, employees, workers), sex or type of contract (permanent or fixed-term employment).

However apprentices, interns and workers under qualification contracts (school and work schemes) are not included in the training programme, unless their assignments require them to perform tasks for which certification is necessary (e.g. travel on the motorway network, electrical work).

In 2017 36,324 hours of training were dispensed within Sanef, Sapn, Bip&Go, Sanef Aquitaine and SE BPNL (30,258 hours in 2016).

Across the group as whole 77% of employees received some form of training in the course of the year.

Expenditure for training came to 1,947,393 euros in 2017 (not including mandatory payments), equal to 2% of total payroll charges.

VI – EQUAL TREATMENT OF EMPLOYEES

VI.1 – Measures taken to foster equality between women and men

In compliance with the international accords of the International Labour Organization, the Groupe Sanef companies work to promote equality between men and women in equivalent job positions, to ensure comparable career advancement, remuneration, access to training, and to positions of responsibility in the company hierarchy, as well as in hiring policy.

The gender parity situation is examined with social partners each year at the time of annual salary negotiations, and during consultations on corporate social policy, working conditions and employment. Groupe Sanef companies have action plans in place or collective bargaining agreements on equality between men and women at work.

Gender parity is already in full effect on the Executive Management Committee, that numbers 10 directors, five men and five women, in addition to the Director General.

The average gross annual salary of male senior management-level staff in the group is 69,340 euros, compared to 59,004 euros for women at the same level.

Average gross annual remuneration for men in nonmanagement positions is 37,860 euros for men, compared to 35,456 euros for women.

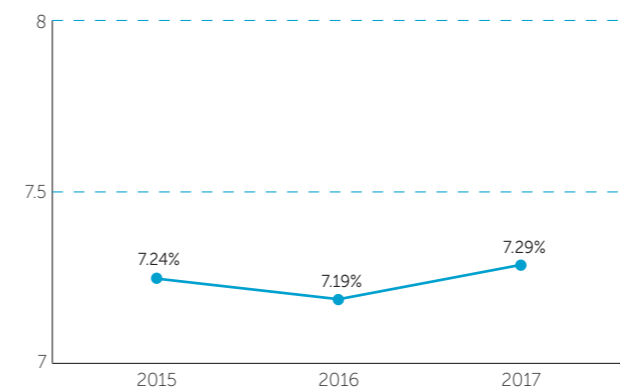
VI.2 – Measures taken to foster employment and integration of persons with disabilities

Groupe Sanef is very pro-active in matters of social responsibility, and has focused strongly in recent years on action to integrate and support people with disabilities.

The mission for employment of people with disabilities is entrusted to the Human Resources Department, which leads, coordinates and communicates on measures taken in this area, for the group as a whole.

This action is deployed in four main directions: hiring, retention, communication and increased recourse to the protected workplace sector. To facilitate implementation of support measures for persons with disabilities, the group has also created an in-house network of disabilities reference persons, and an action plan is drawn up each year.

Employment of persons with disabilities (DOETH rate)



VI.3 – Policy to fight discrimination

Under article 3.3.6 of its Ethics Code (annexed to the internal rules and regulations of Groupe Sanef companies), the group pledges to guarantee equal opportunity for all its employees and nondiscrimination between employees with regard to sex, origins, religion, beliefs, ideology, age, sexual orientation, nationality, political opinions, labour union activity, disability, family or marital status.

The action plans and collective agreements in place in the group's companies also include policy measures to combat all forms of discrimination.

VII – COMPLIANCE AND SUPPORT FOR THE STIPULATIONS OF THE FUNDAMENTAL CONVENTIONS OF THE INTERNATIONAL LABOUR ORGANIZATION, PERTAINING TO

- freedom of association and the right to collective bargaining
- absence of discrimination in employment and profession
- bans on forced or coerced labour
- effective abolition of child labour.

Groupe Sanef complies with all legislation in force and fully respects human rights and fundamental freedoms.

Groupe Sanef advocates mutual respect, benevolence, integrity, honesty, transparency, confidence and respect for human dignity in relationships between its employees.

These principles are also affirmed in the Groupe Sanef Ethics Code that is annexed to the internal rules and regulations of the group's companies, and in the action plans and collective agreements in force in the group's companies. These principles also apply to the group's stakeholders, notably its suppliers.

INDEPENDENT ACCOUNTS AUDITOR REPORT RELATED TO THE CONSOLIDATED SOCIAL, ENVIRONMENTAL AND CORPORATE INFORMATION IN THE CORPORATE ACTIVITY REPORT

for FY ending 31 December 2017

To the shareholders,

In our capacity as designated independent third-party Auditor of Sanef corporate accounts, accredited by COFRAC under the number 3-1048,⁽¹⁾ we submit to shareholders our report on the consolidated social, environmental and corporate information for the financial year ending 31 December 2017 (hereafter referred to as CSR information) presented in the annual corporate activity report, in keeping with the provisions of article L.225-102-1 of the Commercial Code.

Corporate Responsibility

The Board of Administrators has a duty to draw up an activity report that includes the CSR information stipulated by article R.225-105-1 of the Commercial Code, in compliance with company guidelines (hereafter referred to as the Guidelines). A summary of the guidelines is included in the activity report, and is available upon request at the corporate headquarters.

Independence and Quality Control

The independence of our organisation is governed by regulations, the ethics code of our profession and by the terms of article L.822-11 of the Commercial Code. We have in addition implemented a quality control mechanism that includes explicitly stated policies and procedures to ensure compliance with deontological rules, professional doctrine and applicable laws and regulations.

Responsibility of the accounts auditor

Our duty as auditor is:

– to certify that the required CSR information is included in the activity report, or, if not included, that this omission is explained as required by article R.225-105, item 3 of the Commercial Code (Certification of inclusion of CSR information);

– to conclude with reasonable confidence that overall the CSR report sincerely presents and reports all significant and substantial information in keeping with the Guidelines (reasoned opinion on the sincerity of reported CSR information).

It is not our duty, however, to emit an opinion on compliance with other legal requirements, if any, in particular those stipulated by article L.225-102-4 of the Commercial Code (duty of care) and by Law no. 2016-1691 of 9 December 2016 (the Sapin II Act) relating to action against corruption.

Our review was conducted by six people over some four weeks between November 2017 and February 2018. We also called upon specialists in corporate social responsibility to assist us in our audit.

Our review described below, was carried out in compliance with the order of 13 May 2013 governing the execution of this mission by independent auditors and according to the professional code of the Compagnie nationale des commissaires aux comptes as it applies to these tasks. The Reasoned opinion on sincerity complies with the international ISAE 3000 standard.⁽²⁾

1 – Certification of inclusion of CSR information

Scope and extent of the review

Through interviews with the executive management of the relevant corporate divisions we were informed of the company's sustainable development policy, as it relates to the social and environmental consequences of the company's business activity and its impact on society, and as the case might be of measures and programmes pursued under this policy.

We compared the CSR information presented in the activity report with the list of items given in article R.225-105-1 of the Commercial Code.

In the absence of certain consolidated information we verified that explanations had been given for these omissions, as required under article R.225-105, item 3, of the Commercial Code.

We ascertained that the CSR information covered the consolidated corporate scope, i.e. the company and its subsidiaries as defined by article L.233-1 and the companies that it controls as defined by article L.233-3 of the Commercial Code, with the limitations specified in the note on methodology in section VII of the environment report and in the section on social relations in the activity report.

Conclusion

On the basis of our review and considering the limitations mentioned above, we certify that the requisite CSR information is included in the activity report.

2 – Reasoned opinion on the sincerity of reported CSR information

Scope and extent of the review

We conducted interviews with some 10 people in charge of compiling CSR information from the corporate divisions tasked with collecting this

information, and in some instances with the persons in charge of internal control and risk management. We sought to:

– assess the appropriateness, relevance, reliability, neutrality, intelligibility and exhaustive nature of the Guidelines, with reference to good practices in this business sector, as the case might be;

– ascertain that procedures to gather, compile, process and verify CSR information are in place and are designed to ensure that the information is complete and consistent; to review the internal control and risk management procedures for the elaboration of CSR information.

We defined the nature and scope of our tests and verifications in keeping with the nature and importance of the CSR information in relation to the characteristics of the company, the social and environmental impacts of its activity, and its policy options for sustainable development and pursuit of good practices established in the business sector.

To determine the CSR information we deemed to be most significant for the consolidated entity⁽³⁾:

– we consulted documentation and conducted interviews to corroborate qualitative information on organisational aspects, policies and action, and we subjected quantitative data to analytical procedures, on the basis of samples; we have

(1) The scope of this certification is available at www.cofrac.fr.

(2) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

(3) Social indicators: Total workforce as of 31/12; Number of women in workforce as of 31/12; Number of temporary work contracts as of 31/12; Number of permanent work contracts as of 31/12; Number of full-time equivalent jobs on an annual basis; Number of permanent contract and fixed-term contract hires; Number of dismissals; Number of resignations; Number of contracts ended; Number of retirements; Total number of employees leaving workforce; Average gross annual remuneration for men; Total days of absence for work-related illness; Number of work-related accidents leading to medically prescribed absence; Number of days of absence for work accidents; Number of fatal work accidents; Number of claims for work-related illness; Number of hours work; Total hours of absence; Total hours of training; Total hours for safety and risk prevention training; Total investment for training. Environmental indicators: Total water consumption (m³); Salt consumption; Aggregate consumption; Asphalt consumption; Recycled aggregate consumption; Recycled asphalt consumption; Concrete consumption; Metals consumption; Vehicle motor fuel consumption; Number of vehicles; Fuel consumption other than vehicle fleet; Electricity consumption; Natural gas consumption; Total self-generated renewable energy consumption; Scope 1 GHG emissions; Scope 2 GHG emissions; Scope 3 GHG emissions; Total internal hazardous waste; Total internal nonhazardous waste; Outside waste (household waste at rest areas); Worksite waste.

verified calculations and the consolidation of data, and we have verified the coherence and consistency of these data with other information published in the activity report;

– in a representative sample of entities in the corporate group and sites selected by type of activity, contribution to consolidated indicators, location, and on the basis of a risk analysis, we conducted interviews to ascertain that procedures were properly applied, and we carried out detailed tests on samples, to verify calculations and correlated data with supporting documentation.⁽⁴⁾ The sample covered all published environmental and social data.

We assessed the coherence of the rest of consolidated CSR information in the light of our knowledge of the company.

Lastly we assessed the relevance of the explanations furnished, as the case might be, for information that was lacking, either totally or in part.

It is our opinion that the sampling methods and the size of the samples we selected, using our professional judgement, authorise us to issue a conclusion of moderate assurance. More extensive verification would have been necessary to support a conclusion of higher level of assurance. Given the use of sampling techniques and other limitations inherent to any information system and internal control mechanism, the risk of failure to detect a material misstatement in the CSR information cannot be entirely ruled out.

Conclusion

Our review did not reveal any material misstatement of a nature to contradict the assessment that overall the CSR information is presented sincerely and in keeping with the Guidelines.

Neuilly-sur-Seine, 30 March 2017

Independent auditor

Deloitte & Associés

Laurent Odobez
Associate

Eric Dugelay
Associate, Sustainable development

CONSOLIDATED ACCOUNTS

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(4) Social data: Sanef SA, Bip&Go, SAPN, Sanef Aquitaine, SE BPNL.
Environmental data: Sanef SA, Bip&Go, SAPN, Sanef Aquitaine, SE BPNL and the Senlis maintenance centre.

SUMMARY FINANCIAL STATEMENTS

I – GLOBAL INCOME STATEMENT

(in thousands of euros)	Notes	2017*	2016
Operational earnings		1,832,476	1,768,187
Revenue	3.2	1,806,311	1,733,837
revenue other than construction		1,664,894	1,624,433
revenue of construction activity		141,417	109,404
Other revenue	3.5	26,164	34,351
Operational charges		(957,005)	(922,338)
Purchases and external charges	3.3	(236,284)	(201,351)
construction charges in above		(141,417)	(109,404)
Payroll charges	3.4	(168,296)	(170,051)
Other charges	3.5	(1,521)	1,491
Taxes and fiscal levies	3.6	(223,244)	(244,914)
Charges for depreciation, amortisation and provisions	3.7	(327,660)	(307,513)
Operating profit		875,471	845,850
Interest	3.8	(113,876)	(126,459)
Other financial charges	3.8	(21,704)	(22,350)
Financial revenue	3.8	15,081	8,327
Before-tax profit		754,972	705,369
Tax on income	3.9	(293,689)	(259,142)
Net earnings share of equity affiliates	3.1	2,979	4,441
FY profit		464,262	450,668
Share attributable to noncontrolling interests		36	42
Share attributable to the Sanef shareholder		464,226	450,625
Earnings per share (in euros)		6.06	5.88
Weighted average number of shares		76,615,132	76,615,132
Diluted earnings per share (in euros)		6.06	5.88
Weighted average number of shares		76,615,132	76,615,132

* 2017 data include four months of the Eurotoll subgroup.

OTHER ITEMS IN GLOBAL INCOME

(in thousands of euros)	2017	2016
FY profit	464,262	450,668
Actuarial gains and losses on defined-benefit post-employment benefits	6,741	(13,440)
Tax effect	(2,321)	4,627
Effect of tax rates regularised under the most recent financial legislation	(663)	(370)
Subtotal of items that cannot be later reclassified as income	3,757	(9,183)
Variation in fair value of cash flow coverage derivatives		
Tax effect		
Variation in fair value of cash flow coverage derivatives for equity affiliates, after tax	1,213	(559)
Subtotal of items that cannot be later reclassified as income	1,213	(559)
Total revenue and charges booked as equity	4,970	(9,742)
TOTAL REVENUE AND CHARGES BOOKED IN FY 2017	469,232	440,926
Share attributable to the Sanef shareholder	469,196	440,883
Share attributable to noncontrolling interests	36	42

II – CONSOLIDATED BALANCE SHEET

ASSETS

(in thousands of euros)	Notes	31/12/2017	31/12/2016
Intangible assets	3.11	3,641,031	3,751,489
Tangible assets	3.12	181,397	181,324
Securities in equity affiliates	3.1	57,596	54,799
Noncurrent financial assets	3.13	14,311	17,731
Deferred tax assets		87,589	100,212
Total noncurrent assets		3,981,924	4,105,556
Inventory		5,168	5,764
Trade accounts and other accounts receivable	3.14	232,770	204,696
Current financial assets	3.13	397	1,176
Cash and cash equivalents	3.15	365,325	578,233
Assets held for sale			111,672
Total current assets		603,661	901,540
TOTAL ASSETS		4,585,586	5,007,096

EQUITY AND LIABILITIES

(in thousands of euros)	Notes	31/12/2017	31/12/2016
Capital	3.16	53,090	53,090
Premium payments	3.16	654,413	654,413
Consolidated reserves and earnings		203,504	167,098
Group share of equity		911,008	874,602
Minority interests		122	120
Total equity		911,129	874,722
Noncurrent provisions	3.17	403,223	416,900
Deferred social obligations	3.18	56,895	67,738
Noncurrent financial debt	3.19	2,760,103	2,875,925
Total noncurrent debt		3,220,221	3,360,563
Current provisions	3.17	32,151	43,138
Current financial debt	3.19	179,232	314,516
Current financial debt	3.20	240,397	269,544
Supplier payables and other accounts payable		2,456	39,220
Tax due			105,393
Total current debt		454,236	771,811
TOTAL LIABILITIES		4,585,586	5,007,096

III – VARIATION IN EQUITY

(in thousands of euros)	Capital	Issuance premiums	Exchange differential	Consolidated reserves and earnings	Equity - share attributable to the Sanef shareholder	Share attributable to non-controlling interests	Total equity
1 January 2017	53,090	654,413		167,099	874,602	120	874,722
Movement in equity							
Distribution of dividends				(432,747)	(432,747)	(29)	(432,776)
Charges and revenue booked				469,232	469,232	36	469,268
Remuneration in shares							
Change in scope							
Other				(80)	(80)	(5)	(85)
31/12/2017	53,090	654,413		203,504	911,007	122	911,129

(in thousands of euros)	Capital	Issuance premiums	Exchange differential	Consolidated reserves and earnings	Equity - share attributable to the Sanef shareholder	Share attributable to non-controlling interests	Total equity
1 January 2016	53,090	654,413		6,352	713,855	106	713,961
Movement in equity							
Distribution of dividends				(280,000)	(280,000)	(21)	(280,021)
Charges and revenue booked				440,927	440,927	41	440,968
Remuneration in shares							
Change in scope							
Other				(180)	(180)	(6)	(186)
31/12/2016	53,090	654,413		167,099	874,602	120	874,722

IV – CONSOLIDATED CASH FLOW STATEMENT

(in thousands of euros)	2017	2016
OPERATIONS		
Operating profit	875,471	845,850
Charges for depreciation, amortisation and provisions	334,686	311,481
Reversals of amortisation and provisions	(36,813)	(2,448)
Capital gains/losses on disposal of assets	(255)	957
Variation in inventory	(595)	(815)
Variation in trade accounts and other accounts receivable	28,195	(9,529)
Variation in supplier accounts and other accounts payable	(62,173)	(5,665)
Tax paid	(323,897)	(241,974)
	814,620	897,857
INVESTMENT		
Tangible assets acquired	(41,810)	(35,973)
Intangible assets acquired	(210,986)	(158,483)
Disposal of tangible and intangible assets	1,382	1,977
Other financial assets acquired	(30)	(30)
Receipts related to sale of financial assets		
Net cash flow on acquisition and disposal of subsidiaries	23,000	
Interest received	252	252
	(228,192)	(192,257)
FINANCIAL ACTIVITY		
Dividends distributed to the Sanef shareholder	(432,719)	(280,000)
Dividends distributed to noncontrolling interests	(29)	(21)
Receipts from loans		439,123
Loan repayment	(245,250)	(304,850)
Investment subsidies (gross)	8,522	441
Interest paid	(129,861)	(125,563)
Premium paid on debt refinancing in 2015		
	(799,336)	(270,870)
VARIATION IN CASH FLOW	(212,908)	434,729
START OF FY CASH ON HAND	578,233	143,503
END OF FY CASH ON HAND	365,325	578,233

ANNEX TO CONSOLIDATED ACCOUNTS

I – INFORMATION ON GROUPE SANEF

Groupe Sanef is the holder of two concessions attributed by the French State for the construction and operation of 1,785 km of motorways, infrastructure and associated installations, of which 1,406 are operated by Sanef and 379 km by Sapn. The Groupe Sanef motorway network in service as of 31 December 2017 was 1,773 km, the same as on 31 December 2016.

With the signing of a pledge for sustainable development investment with the State in 2010, the expiration date of the Sanef and Sapn concession contracts were set at 31 December 2029.

In 2015 the French government and the main motorway concession operators signed a motorway stimulus plan totalling 3.2 billion euros of funding for the sector as a whole. This stimulus plan follows on the talks concluded in April 2015 that led to a Protocol Agreement between the French State and the Vinci, APRR-AREA, and Sanef (and Sapn) corporate groups.

This protocol affirms the shared determination of the State and the motorway concession operators to pursue their contractual relationship over the long term and to amend it on the basis of the following principles:

1. Increased investment in infrastructure:

i) Direct investment under the Stimulus Plan:

a) For Sanef the stimulus plan represents planned investment of approximately 330 million euros and a two-year extension of the concession.

b) For Sapn the stimulus plan represents planned investment of 260 million euros and an extension of the concession by three years and eight months.

ii) Indirect investment via:

a) A voluntary contribution (Contribution Volontaire Exceptionnelle, CVE) paid by motorway concession operators to the Agence de Financement des Infrastructures de Transport de France (AFITF). This contribution in the amount of 60 million euros annually will be paid by the group of operators who are signatories to the protocol, up through the end of their respective concession agreements. The share due by Groupe Sanef (Sanef and Sapn) represents 17% of the total contribution.

b) A 200-million-euro environmental modernisation fund created by Vinci, APRR and Sanef shareholders (Fonds de Modernisation Écologique des Transports, FMET). The contribution of Groupe Sanef shareholders is 50 million euros.

2. Measures to stabilise the contractual relationship with Sanef and Sapn, and ensure the economic equilibrium of the concessions:

i) Implementation of a "fiscal stability" clause by revision of article 32;

ii) A cap on the profitability of concessions, transposed by revision of article 36 of the Sanef and Sapn concession agreements.

3. Additional increases in toll charges for 2016, 2017 and 2018, to compensate for higher public domain use fees in effect since 2013, and additional increases in tolls from 2019 through 2023 to compensate for a freeze on tolls in 2015.

4. Reinforcement of the concession operators' commercial policy in support of sustainable development, via action to encourage carpooling and use of environmentally friendly vehicles, and in favour of youth and/or students.

5. Creation of an independent regulation authority for the motorway sector; on 15 October 2015 ARAF was renamed Autorité de Régulation des Activités Ferroviaires et Routières (ARAFER), and took charge of motorway regulation (i.e. consultations for proposed modification of concession contracts and other contracts affecting toll rates or duration of the concession).

Decree no. 2015-1046 of 21 August 2015 approving riders to agreements between the State and Sanef and between the State and Sapn was published in the Official Journal of the French government on 23 August 2015.

The Sanef concession was extended to 31 December 2031 and the Sapn concession to 31 August 2033.

The main clauses of the concession contracts, similar for the two companies, and the terms of reference annexed to the contracts are the fundamental instruments that define the relationship between the State, the conceding party, and the two concessionaire companies. These documents pertain to the construction and operation of motorways, the applicable financial conditions, the duration of the concession and the mechanisms governing reversion of the infrastructure at the end of the concession period.

The principal clauses that could influence the operating outlook include:

– the obligation to maintain all infrastructure in a good state of repair, and to ensure uninterrupted traffic flow and conditions that are safe and convenient;

– clauses stipulating toll rates and rate increases;

– clauses outlining the applicable mechanisms in the event of change in the technical and fiscal regulations affecting motorway companies: if these changes are of a nature to seriously jeopardise the equilibrium of the concessions, the State and the concessionaire companies shall reach an agreement on compensatory measures to be applied;

– clauses intended to ensure that concession infrastructure is returned in a good state of repair at the expiration of the contract;

– conditions governing the reversion of assets to the State at the end of the concession and restrictions placed on assets;

– the option held by the State to buy back the concession contracts for reasons of general public interest.

In the context of the privatisation of Groupe Sanef, the French State adjusted the concession contracts via riders that were approved by the Boards of Directors of Sanef and Sapn, on 27 April and 4 May 2006 respectively.

Lastly, objectives contracts have been agreed between the Groupe Sanef companies and the State, outlining supplementary investment programmes and tariffs policy. The Sanef objectives contract came to an end in 2015; the Sapn contract is still being negotiated.

In January 2017 Groupe Sanef and the State signed a protocol for motorway investment (Plan d'Investissement Autoroutier, PIA) in the amount of close to 140 million euros.

This plan stipulates construction of interchanges to give better access to certain territories, and measures to protect the environment (carpooling parking spaces and preservation of natural habitats).

This plan will be financed by an additional increase in tolls between 2019 and 2021, and by local territorial authorities for certain measures.

Riders to the terms of reference were drafted in conjunction with the State in early 2017, and submitted to ARAFER for review in March 2017. ARAFER issued its opinion in June 2017.

Before the investment plan can take effect the Council of State must review the draft decree to approve the riders to the Sanef and Sapn concession contracts.

Sanef corporate headquarters are located at: 30, boulevard Gallieni, Issy-les-Moulineaux, 92130 France.

II – ACCOUNTING METHODS

II.1 – Accounting guidelines

Groupe Sanef consolidated accounts for FY 2017 have been established in compliance with international accounting standards published by the International Accounting Standards Board (IASB) and approved by the European Union as of 31 December 2017.

IASB recommendations that have not been adopted by the EU are not applicable to the group.

The accounts are drawn up according on a historical costs basis, except where noted otherwise. When preparing financial statements it is necessary to make estimations and choices as to how standards are applied to certain operations.

The standards and interpretations used starting with the FY 2017 accounts are the following:

– Annual Improvements to IFRS (2010-2012 cycle) issued in December 2013: the amendments under this annual IFRS improvements procedure apply to financial years as of 1 February 2015, and refer to six standards. These standards do not have a material effect on the consolidated financial statements of the group.

– Annual Improvements to IFRS (2012-2014 cycle) issued in September 2014: the amendments under this annual IFRS improvements procedure apply to financial years as of 1 January 2016, and refer to four standards. These standards do not have a material effect on the consolidated financial statements of the group.

– Amendments to IAS 19 regarding "Fixed-benefit plans", to IAS 16 and IAS 38 on "Clarification of acceptable amortisation methods", to IAS 1 on "Presentation of financial statements"; these amendments have no material effect on the group's financial statements.

– Amendment to IFRS 11 on "Acquisition of a share of a joint activity" has no application for the group and no effect on its financial statements.

In its intermediate financial statements the group did not anticipate standards and interpretations that are not mandatory in 2017 (the eventual impact on the group's financial statements is being analysed).

The main regulatory changes in 2017 are the following:

– Validation of legislation on "duty of care" by the Constitutional Council in March 2017. Under this legislation companies are obligated to anticipate social, environmental and governance risks via a "duty of care plan", starting with FY 2017, followed by a "report" starting with FY 2018.

– Entry into force of legislation (Sapin 2 Act), as of 1 June 2017, comprising eight key measures to prevent and fight corruption. The anti-corruption agency created by this legislation will start monitoring the companies covered as of 2018.

Group Sanef has taken all steps necessary to keep up with these changes and comply with regulations.

Estimations and judgement calls

When preparing the consolidated financial statements the corporate executive management must use its judgement, and also work with estimations and assumptions. These estimations and underlying assumptions are based on past experience and other factors that are considered to be reasonable in light of the circumstances.

These estimations are the grounds for judgement calls to determine the book value of assets and liabilities that cannot be evaluated directly from other sources. The real value may be different from the estimated value.

The principal estimations made by the group pertain to: valuation of intangible assets of the conceded domain, with a view to eventual depreciation; amortisation periods for renewable assets; provisions and reserves set aside, in particular allowances for work to return infrastructure to its initial state; and depreciation of accounts receivable.

II.2 – Approval of consolidated accounts

The consolidated accounts of Groupe Sanef were approved by the Board of Directors on 2 February 2018.

The accounts will be submitted to the Annual Shareholders Meeting in April 2018 for approval.

II.3 – Consolidation method

The financial statements include the financial statements of Sanef, subsidiaries it controls and equity affiliates, established at the end of each financial year. The financial statements of subsidiaries and equity affiliates are established for the same financial year as the parent company.

Subsidiaries are consolidated by global integration when the group holds a controlling interest. The exercise of a controlling interest is assumed when the group has the power to directly or indirectly make financial and operational decisions for the benefit of the subsidiary.

The holdings of minority shareholders are listed in the balance sheet in a separate category of equity assets. The minority shareholders' share of earnings are booked as a separate item in the income statement.

Subsidiaries are consolidated using the equity method when the group exercises a considerable influence. The exercise of considerable influence is assumed when the group holds more than 20% of shares. In the absence of such share holdings, other factors, such as Groupe Sanef membership on the subsidiary's Board of Directors, are deemed relevant for consolidation under the equity method. Jointly controlled subsidiaries are also consolidated using the equity method.

Newly acquired subsidiaries are consolidated from the date of effective control.

Their assets and liabilities are evaluated at this date according to the method of acquisition.

II.4 – Exchange differential

Transactions in foreign currency conducted by the group's companies are converted at the exchange rate in effect at the time the transaction is concluded. Assets and liabilities in foreign currency are converted at the exchange rate in effect at the end of the financial year. The resulting exchange differential are booked as other financial revenue and charges in the global income statement.

Subsidiaries and equity investments outside of the euro currency zone use the local currency for their operations, and most of their transactions are labelled in this currency. Their balance sheet is converted at the close of the financial year; the income statement is converted at the average annual exchange rate. The resulting exchange differentials in the financial statements of these subsidiaries and equity investments are booked on the line "Exchange reserves" in consolidated equity. The acquisition differential for these subsidiaries are booked in their operating currency.

II.5 – Sectoral information

Groupe Sanef is not required to disclose sectoral information as defined in IFRS 8 "Operating segments". Nonetheless several indicators that present the concessions of other activities separately are given in note 3.24.

II.6 – Acquisition differential

The acquisition differential is the difference between the purchase price plus related costs before IFRS 3 revision, of shares in entities controlled by the group, and the group's fair value share of their net assets at the date of effective control. This differential corresponds to elements of the companies acquired that cannot be identified. The acquisition differentials are not amortised, in keeping with IFRS 3 "Business combinations".

The group must finalise accounting of the acquisition of these entities within 12 months of the date of acquisition.

A depreciation test is conducted as soon as signs of loss of value are detected, and at least once a year. To carry out this test, the acquisition differentials are assigned to the units that generate cash flow, i.e. the smallest asset sets that generate cash flow independently of the cash flow of the group as a whole.

II.7 – Intangible assets

II.7.1 – Intangible assets of conceded property and domain

As provided under IFRIC 12, the intangible assets of the conceded domain consist of the right to use the public service infrastructure that the State has made available under the concession contract, and to bill users of the public service. This infrastructure must be returned to the State free of charge, at the expiration of the concession contract.

The concession comprises all the lands, infrastructure and facilities required for the construction, upkeep and operation of the motorway, including existing roadways, dependencies and other installations provided to serve users or intended to improve operations. These properties may be part of the initial construction, or secondary installations on motorways in service.

The conceded assets are initially entered in the balance sheet at their fair value based on the construction work or infrastructure improvements, in counterpart to revenue booked for services provided to the conceding State. In practice the fair value is equal to the cost price of the construction work contracted to third parties and booked as other external charges. The intangible assets of the conceded domain are amortised over the duration of the concession contract (expiring in December 2031 for Sanef and August 2033 for Sapn, the two main concession contracts of Groupe Sanef) at a rate that reflects the consumption of the economic gains expected from the conceded intangible rights (linear depreciation for "mature" concessions, according to traffic projections for "new" concessions).

As the agreement between the French government and the Sanef and Sapn companies has been finalised (see note 1, Information on Groupe Sanef), it has been decided to book the special voluntary contribution (CVE) as an intangible concession asset, in application of IFRIC 12. The special contribution is deemed to be an additional right to operate the public service infrastructure made available by the State under the concession contract, with a corresponding provision entered under liabilities.

II.7.2 – Other intangible assets

Other intangible assets include software applications acquired by the group. These assets are booked at acquisition cost, and amortised by linear depreciation for periods between three and five years, depending on their useful life span.

Development costs are for the most part fully booked in the global income statement for the financial year in which they are incurred, insofar as these expenditures do not meet the criteria of immobilised assets.

II.8 – Tangible assets

In application of IFRIC 12, only "renewable" tangible assets not controlled by the conceding party, including toll collection equipment, signalling, remote transmission and video surveillance devices, information technology hardware, tools, machinery, and transport vehicles are booked as tangible assets in Groupe Sanef financial statements, and are amortised by linear depreciation over their period of use.

Useful life	Years
Equipment, machinery and tools	5 - 8 years
Information technology hardware	3
Vehicles	5
Fitting-out and installations	8

II.9 – Financial instruments

Evaluation and entry of financial assets and liabilities are governed by IAS 39 "Financial instruments: Recognition and Measurement".

II.9.1 – Nonderivative financial instruments

When initially booked these financial assets are recognised in the balance sheet for their fair value plus transaction costs.

At the time of acquisition Groupe Sanef decides to classify the financial asset in one of the three asset categories provided under IAS 39, depending on the intent and purpose of the acquisition. The measurement method applied to the asset in later accounts is determined by this classification; either amortised cost or fair value.

The assets held to maturity are exclusively shares with fixed or determinable returns, at set dates, other than loans and debt obligations acquired with the intent of holding them up to their due date. They are measured at amortised cost using the effective interest rate method. The net earnings of the assets held to maturity are equal to interest revenue and to impairment losses. Groupe Sanef owns no assets in this category.

Loans and debt obligations are nonderivative financial assets with fixed or determinable returns that are not listed on regulated markets. These assets are measured at amortised cost using the effective interest rate method. This category includes trade accounts, debt linked to equity investments, surety deposits, financial advances, guarantees and other loans and debt. Loans and debt are recognised with deduction of depreciation for impairment losses in the case of nonpayment risk. Net gains and losses on loans and debt correspond to interest income and impairment losses.

Tradeable assets are measured at fair value, and fluctuation in value is entered directly in the equity category. These assets are primarily nonconsolidated shares held as equity investments. They are entered in the balance sheet at acquisition cost, in the absence of an active market. Net gains or losses of tradeable assets recognised as revenue and charges comprise dividends, impairment losses, and gains or losses on disposal of assets.

Financial assets booked at fair value through profit or loss comprise, for one part, financial assets held for transaction purposes that the group has from the beginning held with the intent to sell in the short term, and secondly, assets optionally recognised at fair value. It is not the vocation of Groupe Sanef to hold financial assets for trading, and the group does not hold such assets. The assets are measured at fair value and variation in value is entered as revenue and charges in the global income statement. Financial assets that are optionally entered at fair value through profit or loss, include cash flow and cash flow equivalents. Net earnings on assets measured at fair value through profit or loss comprise interest revenue, variations in fair value and gains or losses on disposal of assets.

Cash flow comprises cash in bank accounts. Cash flow equivalents are investments that are highly liquid, with maturity terms of under three months, without significant risk of impairment loss. Cash flow equivalents are recognised in the category of assets measured at fair value through profit or loss.

II.9.2 – Financial liabilities – nonderivatives

The financial liabilities include financial debt, supplier payables and other operating debts.

With the exception of financial liabilities measured at fair value through profit or loss, loans and other interest-bearing financial debts are carried at amortised cost using the effective interest rate method that includes an actuarial depreciation of transaction costs directed linked to the emission of the financial liability. Given their short maturity, supplier payables and other operating debts are entered in the balance sheet at their historic cost; calculation of amortised cost using the effective interest rate method gives very similar amounts.

II.9.3 – Financial instruments – derivatives

Derivatives are recorded at fair value in the balance sheet, whether the value is positive or negative.

Derivatives that have been put into place in keeping with the group's interest rate risk management policy, but that do not fulfil the conditions to qualify as hedging instruments, or for which the group has not chosen hedge accounting, are entered in the balance sheet at fair value; changes in fair value are recorded in the income statement.

When these instruments meet the criteria of fair value hedges, variation in fair value is recorded in the income statement. Variation in fair value in the opposite direction of the hedged position, linked to the risk covered, triggers an entry in the income statement in exchange for adjustment of the position's value in the balance sheet. Given the characteristics of the derivatives implemented by the group, this accounting method has no significant impact on the income statement. In the case of derivatives that do not meet the criteria of hedge coverage, the variation in fair value of the instruments is entered in the income statement.

Cash flow hedging instruments cover exposure to cash flow variations that are attributable to a specific risk associated to a booked asset or liability or to a planned transaction that would affect the net earnings recorded. When the derivatives meet the criteria to qualify as cash flow hedges, variation in their fair value is recognised directly in equity for the effective part and in the income statement for the ineffective part of the variation.

II.10 – Inventory

Inventory comprises fuel and salt supplies. Inventories are valued at weighted average cost. They are subject to depreciation when net market value is below cost.

II.11 – Trade accounts receivable and other debtors

Trade accounts receivable are initially booked at fair value, and later entered at amortised cost. Short-term operating receivables are booked on the basis of their nominal value, because updating them has no significant effect.

Accounts receivable are depreciated when there is an objective indicator that the group will not be able to recover all or part of the sums due.

II.12 – Treatment of tax on profits

Taxes include tax due on profits and deferred taxes.

Taxes and tax debt due in the course of the financial year are recognised in current assets and liabilities.

Deferred taxes are recognised for the temporary difference between the balance sheet value of assets and liabilities, and their valuation for fiscal purposes. Deferred taxes are calculated on the basis of expected tax rates at the time of resolution of the temporary discrepancy, insofar as these rates have been set at the close of the financial year. Deferred tax assets are recognised only in light of probable recovery in the future. Deferred tax assets and liabilities are offset, regardless of maturity, when they apply to entities fiscally integrated within the group. Deferred taxes are not discounted. They are recognised in noncurrent assets and liabilities.

II.13 – Equity

Costs directly imputable to capital increases are carried as deductions from emission premiums.

Dividends distributed to the Sanef shareholder are recognised as debt in the group's financial statement at the date the dividends are approved by the shareholder.

II.14 – Employee remuneration in shares

Employee remuneration paid in the form of equity instruments are carried as charges in counterpart to issuance premiums in equity. As stipulated by IFRS 2 "Share-based payment", this remuneration is recognised at the fair value of the instruments awarded, and the charge is spread over the time period necessary for employees to acquire full rights to the shares.

II.15 – Interest

Interest charges incurred during the period of construction of conceded infrastructure are included in the cost of construction of these works.

II.16 – Current and noncurrent provisions

As stipulated by IAS 37 "Provisions, contingent liabilities and contingent assets", a provision is booked when the group has an obligation to a third party as a result of a past occurrence, and when it is probable that an expenditure will be necessary to extinguish the obligation.

Noncurrent provisions are for the most part contractual obligations for the maintenance and repair of conceded infrastructure (excluding any improvements) and the special voluntary contribution (CVE). These provisions are recognised on the basis of the best estimation of the future cost of replacing roadway running courses and of the upkeep of engineering works and structures. The provisions are constituted at the pace of deterioration of the infrastructure. The provision for the special voluntary contribution comprises future provisional payments. These provisions are updated on the basis of a discount rate that is representative of the time value of money. The accretion expense for long-term provisions is recognised in Other financial charges.

II.17 – Fixed-benefit social obligations

Groupe Sanef employees are entitled to retirement benefits paid out at the time of retirement, on the condition that the employee is still employed by the group at this date; Employees at the Sapn subsidiary who took retirement before 2017 are also entitled to a benefit that covers some of the cost of their secondary pension benefits plan.

Groupe Sanef awards a bonus to employees who have received the "Médaille d'honneur au travail" distinction, a fixed benefit paid before retirement.

These fixed-benefit obligations are recognised in the balance sheet and measured using the projected credit unit method, based on estimation of the salary base that will determine the benefits. The charges entered in the course of the financial year include the cost of services rendered during the year, booked as payroll charges, and the financial cost of the accretion expense of the actuarial debt entered in financial charges; this financial cost is imputed to the expected returns on coverage assets.

Actuarial differentials resulting from valuation of post-employment obligations are booked in Other items in global income. The actuarial differentials generated by other long-term benefits are entered immediately as earnings.

II.18 – Recognition of revenue

Revenue is derived essentially from tolls, and is recognised as these sales of services are recorded.

According to the interpretation made under IFRIC 12, Groupe Sanef recognises as revenue the fair value of services rendered to the conceding party in the form of construction work or improvement of conceded infrastructure, in counterterpart to recognition of an intangible asset (see note 2.7). This fair value is equal to the cost of construction work subcontracted to third parties and recorded in Purchases and external charges. Revenue and construction costs are recognised according to the advancement of work, as stipulated by IAS 11.

Long-term service contracts carried out by Groupe Sanef are recognised according to the pace of execution of services, as stipulated by IAS 18.

II.19 – Financial items in revenue and charges

Interest charges include loan interest due, calculated as amortised cost using the effective interest rate method.

Earnings on hedge assets include variation in fair value and cash flows.

Other financial revenue and charges are revenues from loans and receivables calculated using the effective interest rate method, gains on cash investments and cash flow equivalents, impairment losses on financial assets, dividends and exchange earnings.

II.20 – Determining the fair value of financial instruments

The fair value of all financial assets and liabilities is determined at the close of the financial year, either for accounting purposes or for publication as information in annexes. This value corresponds to the amount that could be obtained in exchange for an asset, or a liability extinguished, between properly informed and consenting parties, acting under normal competitive conditions.

Most of the derivatives that could be used by Groupe Sanef (swaps, caps, collars, etc.) are negotiated on over-the-counter markets for which there are no listed prices. As a consequence these instruments are valued on the basis of evaluation models that are commonly used by market players, based on market conditions at the date of close.

The valuation techniques used to determine the fair value of derivatives are all listed in the level 2 schedule of fair value in IFRS 7, and are as follows:

- rate swaps are assessed using the discounted future contractual cash flow method;
- optional revenues are assessed based on valuation models (e.g. Black & Scholes) using published value quotations on an active market and/or quotations obtained from outside financial establishments;
- exchange and rate derivatives are assessed by discounting the interest rate differential.

The fair value of listed loans is the market value at the close of the financial year, whereas the fair value of unlisted loans is calculated by discounting contractual flows, loan by loan, at an interest rate corresponding to the interest rate Groupe Sanef would obtain for similar loans at the end of the year.

For payables and receivables coming due in under a year, and certain variable-rate payables and receivables, the book value is considered to be a reasonable approximation of the fair value, given the short billing and payment times applied by Groupe Sanef.

The valuations obtained using these models are adjusted to account for the evolution of credit risk incurred by Groupe Sanef.

II.21 – Standards and interpretations not yet in effect

A number of standards and interpretations that have been definitively adopted by the IASB and IFRIC bodies are still in the process of being validated by EU authorities, and therefore are not yet in effect; Groupe Sanef did not apply them by anticipation in its consolidated accounts for 2017.

Entry into effect of IFRS 15, 9 and 16

IFRS 15 relating to recognition of revenue, and IFRS 9 relating to financial instruments took effect on 1 January 2018. Groupe Abertis has carried out a prospective study of their impact.

IFRS 16 relating to rental contracts will take effect on 1 January 2019, and has also been analysed by Abertis.

The amendment to IAS 19 "Employee benefits" concerning employee contributions does not apply to the benefit schemes provided by Groupe Sanef.

III – EXPLANATORY NOTES ON LINE ITEMS IN THE SUMMARY FINANCIAL STATEMENTS

III.1 – Scope of consolidation

Groupe Sanef is made up of the parent company Sanef and the following subsidiaries:

Companies	Activity	Consolidation method
Sapn	Motorway concession	Global integration
Bip&Go	Distributor (wireless)	Global integration
SE BPNL	Motorway operator	Global integration
LEONORD Exploitation	Motorway operator	Global integration
LEONORD	Motorway concession	Equity method
Alis	Motorway concession	Equity method
Routalis	Motorway operator	Equity method
A'Liéonor	Motorway concession	Equity method
Sanef Aquitaine	Motorway operator	Global integration

SEA14 absorbed by Sapn with effect on 1 January 2017

A merger agreement was signed between SEA14 and Sapn on 17 January 2017, with retroactive effect to 1 January 2017. Accordingly all SEA14 activities were absorbed by Sapn as of 1 January 2017.

The Sanef Saba Parking France company was liquidated as of 10 March 2017.

The above are the only changes in the consolidation scope between 31 December 2016 and 31 December 2017.

The Eurotoll and Eurotoll ZRT subsidiaries were ceded to Abertis with effect on 1 May 2017.

A cession agreement relating to Eurotoll and Eurotoll ZRT was signed between Sanef SA and Abertis on 16 May 2017, with retroactive effect as of 1 May 2017. As a result Groupe Sanef accounts for 2017 cover only four months of the activity of these two subsidiaries (January through April 2017).

III.1.1 – Participations in equity affiliates

The main financial masses of the equity affiliate companies are:

2017

(in thousands of euros)	A'Liéonor	Alis	Routalis	LEONORD
Share of capital held	35.00%	19.67%	30.00%	35.00%
Currency	Euro	Euro	Euro	Euro
Assets	1,106,863	1,138,818	3,581	73,374
Liabilities other than equity	851,454	938,455	2,444	73,334
Equity	255,409	200,363	1,137	40
Revenue	58,675	81,204	10,928	13,947
Operating profit or loss	26,851	46,728	1,874	0
Before-tax profit or loss	9,957	14,799	1,635	0
FY PROFIT OR LOSS	8,475	8,827	1,093	0

2016

(in thousands of euros)	A'Liéonor	Alis	Routalis	SSPF	LEONORD
Share of capital held	35.00%	19.67%	30.00%	50.00%	35.00%
Currency	Euro	Euro	Euro	Euro	Euro
Assets	1,173,598	1,120,721	2,812	181	73,374
Liabilities other than equity	747,062	963,871	1,934	8	73,334
Equity	426,536	156,850	878	173	40
Revenue	58,000	90,481	10,466	4	13,947
Operating profit (loss)	25,382	38,363	1,402	(4)	0
Before-tax profit (loss)	10,194	3,289	1,223	(4)	0
PROFIT (LOSS) FOR THE YEAR	8,822	2,505	834	(4)	0

* 2016 accounts

Groupe Sanef applies paragraph 29 of IAS 28 "Investments in associates and joint ventures" stipulating: "If an investor's share of losses in an associate equals or exceeds its interest in the associate, the investor discontinues recognising its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate. For example, a component for which

payment is neither planned nor probable in the foreseeable future constitutes in substance an extension of the investor's interest in the associate."

Sanef's management deems the payment of the debt obligation held by Sanef and Sapn on Alis to be planned and probable, given the very long time of the concession. Therefore there is no reason to extend the interest held by Groupe Sanef to recognise Alis' losses.

Groupe Sanef has accordingly ceased to recognise its share in the losses incurred by Alis, as these losses exceed Groupe Sanef's interest equal to 4.2 million euros. As the Alis 2017 income statement shows a profit of 8.8 million euros, the cumulative nonrecognised share came to 25.5 million euros as of 31 December 2017.

The Groupe Sanef companies also hold debt obligations on Alis for 11 million euros (see note 3.23).

III.2 – Revenue

(in thousands of euros)	2017*	2016
Tolls	1,580,764	1,537,904
Pass subscriptions and wireless services	20,341	29,781
Fees for commercial facilities	32,278	29,943
Telecom services	7,084	6,634
Engineering and other services	24,428	20,170
Revenue other than tolls	84,130	86,529
Construction revenue on work contracted to third parties	141,417	109,404
REVENUE	1,806,311	1,733,837

* 2017 data include four months of activity for the Eurotoll subgroup.

Pass sales and wireless services include billings for subscription management fees.

Fees from commercial establishments are paid by the operators of these installations located at service areas.

Telecom services are rental of optical fibre networks and pylons to telecommunications operators.

Engineering and other services include sale of motor fuel, services executed on the network or in the immediate vicinity, and services sold by subsidiaries elsewhere than within the motorway concession.

III.3 – Purchases and external charges

(in thousands of euros)	2017*	2016
Infrastructure maintenance	(11,360)	(12,060)
Upkeep and repairs	(20,540)	(20,645)
Consumption and charges related to operations	(21,785)	(20,281)
Other purchases and external charges	(41,181)	(38,960)
Construction revenue on work contracted to third parties	(141,417)	(109,404)
PURCHASES AND EXTERNAL CHARGES	(236,284)	(201,351)

* 2017 data include four months of activity for the Eurotoll subgroup.

III.4 – Payroll charges

(in thousands of euros)	2017*	2016
Employee remuneration	(93,036)	(97,292)
Social charges	(48,791)	(51,363)
Profit-sharing incentives	(7,942)	(5,426)
Employee profit-sharing bonuses	(13,303)	(13,776)
Other personnel charges	(2,786)	(2,601)
Charges related to stock options		
Post-employment benefits and other long-term benefits	(2,438)	408
PAYROLL CHARGES	(168,296)	(170,051)

* 2017 data include four months of activity for the Eurotoll subgroup.

The tax credit for competitiveness and employment (CICE) in effect since 1 January 2013 takes the form of a reduction in the amount of tax to be paid; it is the equivalent of a reduction in mandatory social charges and is recognised as such in payroll charges.

III.5 – Other revenue and charges

(in thousands of euros)	2017*	2016
Gains on disposal of tangible and intangible assets	1,382	1,977
Capitalised production	4,929	4,272
Operating subsidies	127	89
Other miscellaneous revenue	19,726	28,014
Other revenue	26,164	34,351
Miscellaneous charges	(1,127)	(957)
Net reserves for provisions	(394)	2,448
OTHER CHARGES	(1,521)	1,491

* 2017 data include four months of activity for the Eurotoll subgroup.

Miscellaneous charges in 2017 include losses on disposal of tangible and intangible assets, and net charges for litigation reserves.

Other miscellaneous revenue in 2017 includes revenue from LEONORD Exploitation under the contract for operation of the Boulevard Périphérique Nord de Lyon (see note 3.1).

III.6 – Taxes and fiscal levies

(in thousands of euros)	2017*	2016
Land Use Planning levy	(108,926)	(107,621)
Territorial economic contribution	(46,986)	(47,243)
Public domain use fee	(59,145)	(80,076)
Other taxes and fiscal levies	(8,188)	(9,974)
TAXES AND FISCAL LEVIES	(223,244)	(244,914)

* 2017 data include four months of activity for the Eurotoll subgroup.

The Land Use Planning Levy is calculated by the number of paid kilometres travelled on the whole network in the course of the year. It is paid monthly and adjusted at the end of the year. The base rate of the levy is 7.32 euros per thousand kilometres travelled.

The public domain use fee or annual fee for occupation of public land, instituted by article 1 of Decree no. 97-606 of 31 May 1997 (codified in article R.122-27 of the Highways Code) can be assimilated to a tax calculated on the basis of the concessionaire's revenue from the activity of motorway concessionaire on the national public domain and the number of kilometres of roadway operated as of 31 December of the previous year. This fee is paid in July of each year for the period running from 1 July to 30 June of the previous year. This mandatory fee is due only as of 1 July each year, and is booked in full in the second quarter.

Variation in the "Taxes and fiscal levies" line is thus directly related to changes in revenue, essentially from the concessionaire companies.

III.7 – Provisions for depreciation and amortisation

(in thousands of euros)	2017*	2016
Provisions for amortisation of intangible assets	(245,490)	(229,350)
Provisions for amortisation of tangible assets of concessions	(42,129)	(35,578)
Provisions for amortisation of tangible assets of other companies	(439)	(2,689)
Total provisions for amortisations	(288,059)	(267,617)
Net reserves for provisions on the conceded domain	(39,601)	(39,896)
Net reserves for provisions for depreciation of assets of other companies		
PROVISIONS FOR DEPRECIATION AND AMORTISATION	(327,660)	(307,513)

* 2017 data include four months of activity for the Eurotoll subgroup.

III.8 – Financial charges and revenue

Financial charges and revenue break down as follows:

(in thousands of euros)	2017	2016
Interest charges on debts evaluated at amortised cost	(113,876)	(126,459)
TOTAL INTEREST CHARGES	(113,876)	(126,459)
(in thousands of euros)	2017	2016
Other financial charges		
Accretion expense for long-term provisions	(21,460)	(21,954)
Other financial charges	(244)	(395)
OTHER FINANCIAL CHARGES	(21,704)	(22,350)

(in thousands of euros)	2017	2016
Financial revenue		
Revenue from equity investments	119	48
Revenue from other payables and investment in transferable securities	14,506	6,036
Other financial revenue	455	2,243
TOTAL FINANCIAL REVENUE	15,081	8,327

Financial revenue as of 31 December 2017 includes an amortisation of 455 thousand euros from the sale of Sanef and Sapn hedge swaps (see note 3.13.3); this amortisation stood at 5,556 thousand euros for 2016. The swap was fully amortised in January 2017.

Financial revenue as of 31 December 2017 was for the most part constituted by the consolidated revenue from the divestment of the Eurotoll subgroup, in the amount of 11,513 thousand euros.

III.9 – Tax on profits

(in thousands of euros)	2017	2016
Tax and assimilated levies due on profits	(283,824)	(264,555)
Deferred tax	(9,864)	5,414
TAX	(293,689)	(259,142)

Proof of tax for FY 2017 and FY 2016 is itemised below:

(in thousands of euros)	2017	2016
Net income	464,262	450,668
Tax charge	293,689	259,142
To be excluded: share for equity affiliates/consolidation gains	14,492	4,441
Before-tax income	743,459	705,369
Theoretical tax charge (39.43% in 2017)	(293,146)	(242,858)
Nondeductible charges - permanent differences	5,841	(5,344)
Variation in tax rate on deferred tax	(11,810)	(4,958)
Tax credits and other temporary differences	5,426	(5,982)
TAX	293,689	259,142

Deferred tax is distributed as follows for the major categories of the balance sheet:

(in thousands of euros)	As of 31/12/2015		As of 31/12/2014*	
	Base	Tax	Base	Tax
Tangible and intangible assets	(87,885)	23,827	(105,124)	44,140
Provisions for risk and charges	396,783	(115,884)	444,843	(145,875)
Debt, derivative instruments and other	(15,611)	4,468	(17,229)	1,523
TOTAL	293,286	(87,589)	322,489	(100,212)

As was the case as of 31 December 2016, there was no outstanding tax not yet booked as of 31 December 2017.

III.10 – Income per share and dividends

The base income per share is calculated by dividing net income for the financial year that is attributable to shares, by the weighted average number of shares in circulation over the period.

In the absence of dilutions, the diluted income per share is equal to the base income per share.

III.11 – Intangible assets

Gross value (in thousands of euros)	As of 01/01/2017	Acquisitions	Disposals	Variation in consolidation scopes and other changes*	As of 31/12/2017
Software purchases	83,426	6,469		(5,793)	84,102
Other intangible assets	3,843				3,843
Intangible assets of conceded domain	8,884,367	141,417	(6,969)	(253)	9,018,562
TOTAL	8,971,637	147,886	(6,969)	(6,046)	9,106,508

Gross value (in thousands of euros)	As of 01/01/2016	Acquisitions	Disposals	Variation in consolidation scopes and other changes*	As of 31/12/2016
Software purchases	81,012	6,140		(3,726)	83,426
Other intangible assets	3,866			(23)	3,843
Intangible assets of conceded domain	8,775,252	109,404		(288)	8,884,367
TOTAL	8,860,130	115,544		(4,037)	8,971,637

Amortisations (in thousands of euros)	As of 01/01/2017	Provisions	Reversals on ceded assets	Variation in consolidation scopes and other changes*	As of 31/12/2017
Software purchases	(65,856)	(5,200)		607	(70,449)
Other intangible assets	(3,838)	(3)			(3,841)
Intangible assets of conceded domain	(5,150,453)	(240,744)		10	(5,391,187)
TOTAL	(5,220,147)	(245,946)		617	(5,465,477)

Amortisations (in thousands of euros)	As of 01/01/2016	Provisions	Reversals on ceded assets	Variation in consolidation scopes and other changes*	As of 31/12/2016
Software purchases	(63,111)	(5,119)		2,374	(65,856)
Other intangible assets	(3,852)	(8)		22	(3,838)
Intangible assets of conceded domain	(4,926,230)	(224,223)			(5,150,453)
TOTAL	(4,993,193)	(229,350)		2 396	(5,220,147)

* The column "Variation in consolidation scope and other changes" includes in particular the divestment of the Eurotoll subgroup in 2017.

Net value (in thousands of euros)	As of 01/01/2017	As of 31/12/2017	Net value (in thousands of euros)	As of 01/01/2016	As of 31/12/2016
Software purchases	17,570	13,653	Software purchases	17,901	17,570
Other intangible assets	5	2	Other intangible assets	14	5
Intangible assets of conceded domain	3,733,914	3,627,376	Intangible assets of conceded domain	3,849,022	3,733,914
TOTAL	3,751,489	3,641,031	TOTAL	3,866,937	3,751,489

Works contracts that have been concluded and not yet executed were worth 151,921 thousand euros as of 31 December 2017, and 169,884 thousand euros as of 31 December 2016. These works projects are essentially for intangible assets.

III.12 – Tangible assets

Gross value (in thousands of euros)	As of 01/01/2017	Acquisitions	Disposals	Variation in consolidation scopes and other changes*	As of 31/12/2017
Operating assets of motorway concession companies	723,896	41,288	(12,416)	1,817	754,585
Assets of other companies	3,198	522	(49)	(320)	3,351
TOTAL	727,094	41,810	(12,465)	1,497	757,936

Gross value (in thousands of euros)	As of 01/01/2016	Acquisitions	Disposals	Variation in consolidation scopes and other changes*	As of 31/12/2016
Operating assets of motorway concession companies	703,826	35,076	(14,948)	(58)	723,896
Assets of other companies	8,257	897	(84)	(5,872)	3,198
TOTAL	712,083	35,973	(15,032)	(5,930)	727,094

Amortisations (in thousands of euros)	As of 01/01/2017	Provisions	Reversals	Variation in consolidation scopes and other changes*	As of 31/12/2017
Operating assets of motorway concession companies	(543,740)	(42,129)	11,681		(574,188)
Assets of other companies	(2,030)	(1,039)	48	670	(2,351)
TOTAL	(545,770)	(43,168)	11,729	670	(576,539)

Amortisations (in thousands of euros)	As of 01/01/2016	Provisions	Reversals	Variation in consolidation scopes and other changes*	As of 31/12/2016
Operating assets of motorway concession companies	(520,401)	(37,796)	14,457		(543,740)
Assets of other companies	(6,751)	(471)		5,192	(2,030)
TOTAL	(527,152)	(38,267)	14,457	5,192	(545,770)

* The column "Variation in consolidation scope and other changes" includes in particular the divestment of the Eurotoll subgroup in 2017.

Net value (in thousands of euros)	As of 01/01/2017	As of 31/12/2017	Net value (in thousands of euros)	As of 01/01/2016	As of 31/12/2016
Operating assets of motorway concession companies	180,156	180,398	Operating assets of motorway concession companies	183,424	180,156
Assets of other companies	1,168	999	Assets of other companies	1,506	1,168
TOTAL	181,324	181,397	TOTAL	184,931	181,324

III.13 – Current and noncurrent financial assets

III.13.1 – Book value of financial assets by accounting category

Noncurrent financial assets

The financial assets presented in the tables below do not include "Trade accounts and other operating receivables" (note 3.15) or "Cash and cash equivalents" (note 3.16).

As of 31 December 2017, in book value

Noncurrent financial assets (in thousands of euros)	Tradeable assets	Loans and accounts receivable	Net book value	Fair value
Equity investments	921		921	921
Accounts receivable linked to participations		10,878	10,878	10,878
Loans		1,940	1,940	1,940
Deposits and surety		572	572	572
Financial instruments – derivatives				
Other financial assets				
TOTAL OF NONCURRENT FINANCIAL ASSETS	921	13,390	14,311	14,311

As of 31 December 2016, in book value

Noncurrent financial assets (in thousands of euros)	Tradeable assets	Loans and accounts receivable	Net book value	Fair value
Equity investments	922		922	922
Accounts receivable linked to participations		15,392	15,392	15,392
Loans		1,976	1,976	1,976
Deposits and surety		430	430	430
Financial instruments – derivatives				
Other financial assets		(988)	(988)	(988)
TOTAL OF NONCURRENT FINANCIAL ASSETS	922	16,810	17,731	17,731

Receivables linked to equity investments in the amount of 10,878 thousand euros as of 31 December 2017 (15,392 thousand euros as of 31 December 2016) are essentially related to the Alis company.

Current financial assets

As of 31 December 2017, in book value				
Noncurrent financial assets (in thousands of euros)	Tradeable assets	Loans and accounts receivable	Net book value	Fair value
Interest on associated claims				
Financial instruments – derivatives				
Other financial receivables		397	397	397
TOTAL OF CURRENT FINANCIAL ASSETS		397	397	397

As of 31 December 2016, in book value				
Noncurrent financial assets (in thousands of euros)	Tradeable assets	Loans and accounts receivable	Net book value	Fair value
Interest on associated claims				
Financial instruments – derivatives				
Other financial receivables		1,176	1,176	1,176
TOTAL OF CURRENT FINANCIAL ASSETS		1,176	1,176	1,176

III.13.2 – Breakdown of nonconsolidated equity investments

Nonconsolidated equity investments are:

(in thousands of euros)	Share of equity held as of 31 December 2017	Net book value	
		31/12/2017	31/12/2016
- Sanef 107.7	99.99	15	15
- Centaure Pas de Calais	34.00	259	259
- Centaure Paris Normandie	49.00	343	343
- Centaure Grand-est	14.44	131	131
- Autoroutes Trafic SNC	20.63	72	72
- Sogarel	5.00	100	100
- Emetteur Groupe Sanef (EGS)	100.00	0	1
TOTAL NONCONSOLIDATED EQUITY INVESTMENTS		921	922

The equity investments carried as tradeable financial assets include controlled subsidiaries that are not consolidated in accounts, but for which consolidation would have an immaterial impact.

III.13.3 – Derivatives

Rate swaps considered to be fair value hedge operations (for a fair value of 33,118 thousand euros carried as assets as of 31 December 2012) were sold in the course of the first quarter 2013 for a net amount of 33,495 thousand euros. This positive balance has been spread out over the remaining period of the loans covered, i.e. up through January 2017 at the latest. The amount booked as financial revenue in 2017 came to 455 thousand euros (5,556 thousand euros in FY 2016). The amount remaining to be amortised as of 31 December 2017 is nil.

III.13.4 – Information on loans and receivables carried as noncurrent financial assets

Loans granted as part of contribution to construction and carried in the balance sheet (loans) represent a current amount of 1,572 thousand euros as of 31 December 2017 (1,510 thousand euros as of 31 December 2016) and fall due 20 years from the date of payment. They do not carry interest. These loans were granted in fulfilment of the mandatory contribution to construction required of employers. The current value of these loans is updated at a 4% interest rate, and this rate is used to determine the financial revenue recorded in the income statement.

III.14 – Trade accounts and other operating receivables

(in thousands of euros)	As of 31/12/2017	As of 31/12/2016
Advances and down payments on orders	668	601
Trade accounts and associated claims: tolls	117,224	95,764
Trade accounts and associated claims: other activities	8,391	11,695
Doubtful customers	5,769	3,124
Trade accounts to be billed	37,220	19,347
Other miscellaneous accounts receivable	9,817	15,091
Provision for depreciation of accounts receivable	(8,673)	(6,874)
Total trade and other financial receivables*	170,417	138,747
Other nonfinancial accounts receivable	62,354	65,949
TOTAL TRADE AND OTHER RECEIVABLES	232,770	204,696

* Financial assets are evaluated according to accounting line in loans and receivables.

Trade accounts and other operating receivables are included in the accounting category "Loans and receivables" under IAS 39. They are carried at nominal value in the balance sheet, or depreciated as the case may be.

Given the very short due dates, this valuation method is very close to the amortised cost using the effective interest rate method and to fair value.

Other miscellaneous receivables in the amount of 9,817 thousand euros as of 31 December 2017 include various other debtors (including TIS (Télébadge Inter Société) orders worth 1,574 thousand euros for Sanef and Sapn) and current and associated accounts in the group.

Nonfinancial receivables include social and fiscal receivables, excepting current fiscal credits for tax on profits, if any.

III.15 – Cash and cash equivalents

Groupe Sanef has chosen to record cash equivalents as assets measured at fair value through profit or loss. The book value of cash and cash equivalents is their fair value.

The breakdown of cash and cash equivalents is given in the following table.

(in thousands of euros)	As of 31/12/2017	As of 31/12/2016
Cash equivalents: SICAV (Société d'investissement à capital variable) – open-ended investment fund	132,103	313,835
Liquidities	233,223	264,398
TOTAL CASH AND CASH EQUIVALENTS	365,325	578,233

The group's investment policy is to place excess liquidities in monetary funds (SICAV) managed by financial institutions rated at least A+ by S&P.

III.16 – Capital and emission premiums

The share capital of the Sanef company as of 31 December 2017 and as of 31 December 2016 was set at 53,090,456 euros, divided into 76,615,132 shares of a nominal value of 0.69295 euros each. All these shares are entitled to dividend payments. Emission premiums corresponding to shareholder capital contributions exceeding the nominal value of shares came to 654,413 thousand euros as of 31 December 2017, as was also the case as of 31 December 2016.

III.17 – Provisions

As of 31 December 2017

Noncurrent	As of 01/01/ 2017	Provisions	Reversals		Variation for discounted present value	Variation in scope and other changes	As of 31/12/ 2017
			Appropriation for the FY	Reversal without appropriation			
Provisions on the conceded motorway domain	416,900	39,601	(74,120)		20,842		403,223
Other							
TOTAL	416,900	39,601	(74,120)		20,842		403,223

Current	As of 01/01/ 2017	Provisions	Reversals		Variation for discounted present value	Variation in scope and other changes	As of 31/12/ 2017
			Appropriation for the FY	Reversal without appropriation			
Litigation	7,243	732	(313)	(1,677)			5,985
Other	35,894	6,294	(1,982)	(14,040)			26,166
TOTAL	43,138	7,026	(2,295)	(15,717)			32,151

TOTAL	As of 01/01/ 2017	Provisions	Reversals		Variation for discounted present value	Variation in scope and other changes	As of 31/12/ 2017
			Appropriation for the FY	Reversal without appropriation			
Provisions on the conceded motorway domain	416,900	39,601	(74,120)		20,842		403,223
Litigation	7,243	732	(313)	(1,677)			5,985
Other	35,894	6,294	(1,982)	(14,040)			26,166
TOTAL	460,038	46,627	(76,415)	(15,717)	20,842		435,374

As of 31 December 2016

Noncurrent	As of 01/01/ 2016	Provisions	Reversals		Variation for discounted present value	Variation in scope and other changes	As of 31/12/ 2016
			Appropriation for the FY	Reversal without appropriation			
Provisions on the conceded motorway domain	413,723	39,896	(49,606)		14,035	(1,148)	416,900
Other							
TOTAL	413,723	39,896	(49,606)		14,035	(1,148)	416,900

Current	As of 01/01/ 2016	Provisions	Reversals		Variation for discounted present value	Variation in scope and other changes	As of 31/12/ 2016
			Appropriation for the FY	Reversal without appropriation			
Provisions on the conceded motorway domain	10,030		(17,200)		7,170		
Litigation	7,303	3,982	(341)	(2,983)		(718)	7,243
Other	14,144	30,320	(6,261)	(3,027)		718	35,894
TOTAL	31,477	34,303	(23,802)	(6,010)	7,170		43,138

TOTAL	As of 01/01/ 2016	Provisions	Reversals		Variation for discounted present value	Variation in scope and other changes	As of 31/12/ 2016
			Appropriation for the FY	Reversal without appropriation			
Provisions on the conceded motorway domain	423,753	39,896	(66,806)		21,205	(1,148)	416,900
Litigation	7,303	3,982	(341)	(2,983)		(718)	7,243
Tax							
Other	14,144	30,320	(6,261)	(3,027)		718	35,894
TOTAL	445,200	74,199	(73,408)	(6,010)	21,205	(1,148)	460,038

All provisions on the conceded motorway domain are classed as noncurrent (provisions for the future replacement of roadway running courses, upkeep of infrastructure such as bridges and tunnels, and the exceptional contribution CVE).

III.18 – Deferred social obligations

Deferred social obligations included fixed-benefit post-employment plans (end-of-career payments, secondary health insurance for retirees) and other benefits (work service awards, support measures under the job and career management scheme GEPP).

The total amount of these obligations in the balance sheet breaks down as follows:

	31/12/2017	31/12/2016
Fixed-benefit post-employment plans	46,511	52,279
Other benefits	10,384	15,459
TOTAL	56,895	67,738

III.18.1 – Fixed-benefit post-employment plans

Fixed-benefit plans break down as follows:

	31/12/2017	31/12/2016
Obligations and entitlements	46,511	52,279
Other benefits		
TOTAL	46,511	52,279
Total amount in balance sheet	46,511	52,279

The above amounts are estimated on the basis of the following assumptions:

	31/12/2017	31/12/2016
Discount rate	1.50%	1.25%
Rate of pay increase	2.75%	2.75%

The sensitivity of these obligations to a change in these assumptions is estimated as follows as of 31 December 2017:

(in thousands of euros)	31/12/2017			
	Discount rate		Rate of pay increase	
	Increase of 50 bp: 2.0%	Decrease of 50 bp: 1%	Increase of 50 bp: 3.25%	Decrease of 50 bp: 2.25%
TOTAL OF OBLIGATIONS AND ENTITLEMENTS	43,936	49,335	49,042	44,174

The obligations for fixed-benefit plans are still fully funded by the group.

As of 31 December 2016 the sensitivity for these two assumptions was as follows:

(in thousands of euros)	31/12/2016			
	Discount rate		Rate of pay increase	
	Increase of 50 bp: 1.75%	Decrease of 50 bp: 0.75%	Increase of 50 bp: 3.25%	Decrease of 50 bp: 2.25%
TOTAL OF OBLIGATIONS AND ENTITLEMENTS	49,072	55,873	54,991	49,774

The tables below show in detail the benefits due by the group as of 31 December 2017 and as of 31 December 2016, and the fair value of assets financed for each category of commitment (secondary health insurance coverage for Sapr retirees - medical benefits).

Fixed-benefit social obligations	IFC*		Supplementary pensions		Secondary health insurance		TOTAL	
	As of 31/12/2017	As of 31/12/2016	As of 31/12/2017	As of 31/12/2016	As of 31/12/2017	As of 31/12/2016	As of 31/12/2017	As of 31/12/2016
Obligations and entitlements at beginning of FY	42,550	34,438		3,131	9,729	4,176	52,279	41,745
New obligations and changes in plans				(2,744)				(2,744)
Cost of services	2,239	1,754		377	382	10	2,621	2,141
Financial interest charge	496	631		63	122	84	618	778
Actuarial losses (gains)	(1,956)	7,859			(4,785)	5,581	(6,742)	13,440
Benefits paid	(2,149)	(1,649)			(117)	(122)	(2,266)	(1,771)
Change in scope		(483)		(827)				(1,310)
OBLIGATIONS AND ENTITLEMENTS AT END OF FY	41,180	42,550		5,331	9,729	46,511	52,279	

* Indemnité de fin de carrière.

Total actuarial gains generated by fixed-benefit post-employment social obligations in FY 2017 came to 6,742 thousand euros (13,440 thousand euros of actuarial losses in FY 2016). These actuarial gains are composed of 4,133 thousand euros of gains due to changes in demographic assumptions, 2,373 thousand euros due to changes in financial assumptions (discount rate raised from 1.25% to 1.50%) and to 235 thousand euros in experience adjustments (compared to a loss of 4,676 thousand euros in 2016 due to financial assumptions and to 2,417 thousand euros in experience adjustment gains).

The actuarial gains of 6,742 thousand euros (actuarial losses of 13,440 thousand euros in 2016) are broken down by origin as follows:

	31/12/2017	31/12/2016
Actuarial losses (gains) generated in the FY	(6,742)	13,440
– due to changes in financial assumptions	(2,373)	4,676
– due to changes in demographic assumptions	(4,133)	11,181
– due to experience adjustments for the obligation	(235)	(2,417)

III.18.2 – Other long-term benefits

The other long-term benefits are composed of work service awards and other provisions.

(in thousands of euros)	As of 31/12/2017			As of 31/12/2016			
	Awards	Provisions	TOTAL	CATS*	Awards	Provisions	TOTAL
As of 1 January	1,371	14,088	15,459	158	1,164	16,556	17,878
Inclusion in scope							
Provision							
Appropriation	(187)	(4,907)	(5,094)	(161)	(183)	(2,468)	(2,812)
Reversal without appropriation							
Discounted present value			0	3			3
Actuarial losses and gains	19		19		390		390
AS OF 31 DECEMBER	1,203	9,181	10,384	0	1,371	14,088	15,459

*Cessation d'Activité des Travailleurs Salariés.

III.19 – Financial liabilities by accounting category

Current and noncurrent financial debt:

(in thousands of euros)					
As of 31/12/2017					
	Liabilities measured at amortised cost	Liabilities held for trading	Derivative instruments qualified as hedges	Net book value at close of FY	Fair value at close of FY
Current and noncurrent borrowing	2,880,104			2,880,104	3,317,230
Advances from the State	17,318			17,318	17,318
Deposits and surety received	21,132			21,132	21,132
Accrued interest not yet due	20,782			20,782	20,782
Total financial debt excluding suppliers	2,939,335	0	0	2,939,335	3,376,462
Suppliers and other financial debt (see note 3.20)	103,421			103,421	103,421
TOTAL FINANCIAL DEBT ACCORDING TO IAS 39	3,042,757	0	0	3,042,757	3,479,883

(in thousands of euros)					
As of 31/12/2016					
	Liabilities measured at amortised cost	Liabilities held for trading	Derivative instruments qualified as hedges	Net book value at close of FY	Fair value at close of FY
Current and noncurrent borrowing	3,121,175			3,121,175	3,642,150
Advances from the State	17,318			17,318	17,318
Deposits and surety received	20,769			20,769	20,769
Current bank account balances	94			94	94
Accrued interest not yet due	31,084			31,084	31,084
Total financial debt excluding suppliers	3,190,441	0	0	3,190,441	3,711,415
Suppliers and other financial debt (see note 3.22)	122,028			122,028	122,028
TOTAL FINANCIAL DEBT ACCORDING TO IAS 39	3,312,469	0	0	3,312,469	3,833,443

Deposits and surety received are primarily deposits made by card and badge holders; these deposits are refunded when the subscription is cancelled and the card or badge returned. They are assimilated to demand deposits and therefore do not need to be discounted.

Financial debt other than borrowing has a fair value corresponding to its book value.

Through its Sanef and Sapn subsidiaries Groupe Sanef refinanced in the last quarter of FY 2015 a part of its debt that was held by Caisses Nationales des Autoroutes (CNA). This operation allowed the group to reduce the need for short-term refinancing (in particular CNA loans maturing in 2018) at lower cost, and diversified its sources of funding.

On 19 October 2016 Sanef completed a second bond issue of 300 million euros coming due in 12 years (19 October 2028) with a coupon of 0.950%.

III.20 – Supplier and other debt

(in thousands of euros)		
	As of 31/12/2017	As of 31/12/2016
Advances and down payments on orders	(1,205)	9,535
Suppliers	21,801	22,644
Debt tied to assets	82,815	89,848
Other financial debt	10	
Total supplier and other financial debt*	103,421	122,028
Fiscal and social debt	125,468	132,642
Deferred revenue	11,508	14,874
Total nonfinancial debt	136,976	147,516
TOTAL SUPPLIER PAYABLES AND OTHER DEBT	240,397	269,544

* Liabilities measured at amortised cost

Supplier and other debt is very short-term debt and the carrying amount is very close to fair value.

III.21 – Other liabilities if any

Litigation

The companies of Groupe Sanef are litigants in a number of disputes that arise in the normal course of their business. As of 31 December 2017 Groupe Sanef is of the opinion that none of the current litigation is of a nature to have a significant operational impact on its earnings or its financial position (other than risks already provisioned in its corporate accounts).

Contribution for landscape protection

Under the French government's "1% for Landscape and Development" policy, Groupe Sanef contributes to the cost of work required to build motorway sections (under construction or planned) that are in harmony with the surrounding landscape, on the condition that the local authorities involved match the group's expenditures.

(in thousands of euros)	31/12/2017	31/12/2016
Contribution for landscape protection	3	124

These "1% Landscape" expenditures are a component of the public action set forth in a policy note dated 12 December 1995 on protection of the environment and economic development in the regions traversed by motorways and major inter-regional itineraries, and are stated in the terms of reference of the concession contract as follows: "For motorways under construction or planned for future construction, the beneficiary of the concession shall contribute to expenditures required to build the motorway in harmony with the surrounding environment, in the interest of local residents as well as of motorway users, including costs of upkeep for the landscape features that are put in to place. These expenditures may be incurred for measures outside of the concession perimeter, as the case may be. The amount due by the concession operator shall not exceed 0.5% of the cost of work, on the condition that the public authorities contribute to the funding of these expenditures in the same amount, under conditions to be specified by the central government." (article 12.10).

In order for local governments to exercise their rights under this policy, the motorway works must be listed as eligible by government decree. On the basis of this list local authorities may request subsidies for the work under the 1% Landscape provision, creating an obligation for the company to contribute to the cost of the landscaping work.

Surety guarantees given

As parent company Sanef has given two sureties for a total of 2,367 thousand euros as guarantees for ALiénor in relation to the execution of the A65 motorway operation contract.

Sanef granted three bank guarantees to the Ages company in 2016, for a total of 4,000 thousand euros.

Sanef has underwritten two bank guarantees in relation to the operation contract for the Lyons ring road (Périphérique Nord de Lyon) for a cumulative amount of 7,801 thousand euros.

Sanef has underwritten surety in the amount of 900 thousand euros for ALBEA in relation to the A150 motorway project.

The total amount of surety guarantees is 15,541 thousand euros as of 31 December 2017 (20,811 thousand euros as of 31 December 2016).

Deposits received

Groupe Sanef companies have received deposits and contract guarantees for a total of 22,450 thousand euros as of 31 December 2017 (15,726 thousand euros as of 31 December 2016).

III.22 – Management of financial risk and derivative instruments

III.22.1 – Market risk

In terms of market risk (interest rates, exchange and listed securities) Sanef is exposed primarily to interest rate risk.

Fixed-rate debt is subject to a risk of variation in fair value in the event of buy-out in the open market, whereas variable-rate debt has an impact on future financial earnings.

(in thousands of euros)	2017				2016			
	Income		Equity		Income		Equity	
	Increase of 50 bp	Decrease of 50 bp	Increase of 50 bp	Decrease of 50 bp	Increase of 50 bp	Decrease of 50 bp	Increase of 50 bp	Decrease of 50 bp
Variable-rate debt	(515)	515	-	-	(705)	705	-	-

A variation of 50 basis points in interest rates at the close of the FY would result in an increase (diminution) of income in the amounts indicated above, but would not have an impact on equity in 2017. For the purposes of this analysis it is assumed that all other variables remain constant.

The structure of interest rates for borrowing is as follows:

(in thousands of euros)	As of 31/12/2017	As of 31/12/2016
Fixed or adjustable rate	2,677,431	2,898,846
Variable rate	202,672	222,328
TOTAL	2,880,104	3,121,175

Subsequent to the sale in the first quarter of 2013 of interest rate swaps designed to convert some of Sanef and Sapn fixed-rate debt to variable-rate debt, the group holds no debt variabilisation instruments as of 31 December 2017, as was already the case as of 31 December 2016.

Overall Sanef is exposed to only a limited risk of increase in financial charges if interest rates rise.

The fact that some of Sanef's financial debt is fixed-rate debt makes the fair value of this debt sensitive to changes in interest rates. Lower interest rates will increase the fair value, and higher interest rates will reduce the fair value. The difference between the fair value of fixed-rate debt and their book value would be recognised as profit or loss only if Sanef were to decide to repay in advance, depending on market opportunities.

The sensitivity of variable-rate instruments to interest rate changes has been determined by an analysis considering all variable flows for derivative and nonderivative instruments. This analysis is constructed on the assumption that the amounts of debt and financial instruments in the balance sheet as of 31 December 2017 and 31 December 2016 are constant over one year.

Groupe Sanef incurs little exchange risk; the group has little exposure to transaction risk in the course of its business activity.

III.22.2 – Credit risk

For Groupe Sanef credit risk is the risk of financial loss in the event that a customer or counterpart to a financial instrument fails to fulfil their contractual obligations.

The book value of the group's financial assets (presented below) represents the maximum exposure to credit risk.

(in thousands of euros)	Note	31/12/2017	31/12/2016
Claims linked to these equity investments	3.13	10,878	15,392
Loans	3.13	1,940	1,976
Deposits and surety	3.13	572	430
Trade receivables and other financial receivables	3.14	170,417	138,747
Current financial assets	3.13	397	1,176
Cash and cash equivalents	3.15	365,325	578,233
TOTAL		549,529	735,954

Breakdown of loans by date of maturity is as follows:

Year	Less than 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
2018	120,000						120,000
2019		318,529					318,529
2020			256,489				256,489
2021				220,182			220,182
2022					262,878		262,878
2023						360,702	360,702
2024						453,039	453,039
2025							
2026						592,900	592,900
2027							
2028						295,384	295,384
31 DECEMBER 2017	120,000	318,529	256,489	220,182	262,878	1,702,025	2,880,104
31 December 2016	245,250	120,000	318,724	255,240	219,941	1,962,020	3,121,175

Trade and other receivables amounted to 233 million euros as of 31 December 2017 (139 million euros of assets as of 31 December 2016), and cash on hand came to about 365 million euros (578 million euros as of 31 December 2016). Credit risk for these amounts is negligible, given the quality of the group's counterparts and conditions for payment of trade accounts that prevail in the group (cash payment at purchase or in a very short term).

Excess liquidities are invested with first-rate financial institutions. These institutions are also the counterparts for derivative instruments.

III.22.3 – Liquidity risk

Liquidity risk is defined as the risk of possible difficulties encountered by the group to meet loan payment deadlines or other obligations.

Other than investment for development, financing needs are at a level such that there would be no foreseeable difficulty in obtaining loans.

The principal financial debt of Sanef (CNA and BNP/Dexia loans) is subject to two covenants:

– ratio of net debt to EBITDA

– ratio of EBITDA to net financial charges.

As of 31 December Groupe Sanef is in compliance with these covenants, as was the case as of 31 December 2016.

As Groupe Sanef debt has a term that is shorter than the concession contract, the group will have to secure refinancing according to a timetable that the group

can control, thanks to the foreseeability of operating cash flow and investment. At the time of this writing the group foresees no problems in securing refinancing.

(in millions of euros)	Note	Book value	Contractual cash flow	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	Over 5 years
NONDERIVATIVE FINANCIAL LIABILITIES								
Financial borrowing	3.21	2,880	3,495	66	159	424	996	1,850
Advances from the State and local authorities	3.21	17	17	17				
Deposits, surety and other financial debt	3.21	21	21	21				
Supplier payables	3.22	103	103	103				
Other current debt	3.22	0	0	0				
Total flow			3,637	207	159	424	996	1,850
Flows for interest-rate derivative assets			0					
TOTAL FLOW AFTER ACCOUNTING FOR HEDGES			3,637	207	159	424	996	1,850

III.23 – Transactions with affiliated parties

No commercial transaction took place between Groupe Sanef and its shareholder HIT, nor with the shareholders of the latter company. No other information is given concerning transactions between the affiliated parties, insofar as these transactions are deemed to be nonsignificant under IAS 24.

An industrial agreement was concluded between Sanef SA and Abertis Infraestructuras SA on 12 June 2017. This contract stipulates the transfer of Abertis' expertise and know-how in the motorway sector and the technical assistance required for this transfer. It also stipulates that Sanef has the option to apply this agreement within its subsidiaries. In consideration of this transfer Sanef has agreed to pay an annual fee. This contract entered into effect on 1 July 2017.

The equity affiliate companies are presented in note 3.1.

As of 31 December 2017 Groupe Sanef was owed a total of 10.8 million euros by the Alis company (15 million euros as of 31 December 2016). The amount of the loan granted to Alis by the group, plus capitalised interest, came to 4.6 million euros, including 0.5 million euros VAT at 6% interest (9.6 million euros as of 31 December 2016). The group also has a shareholder advance of 3.8 million euros at 12% interest (2.8 million euros as of 31 December 2016 at 2.08% interest), as well as operational advances of 2 million euros ex VAT, for a total of 2.4 million euros including tax as of 31 December 2017 (compared to 2.1 million euros ex VAT/2.6 million including tax as of 31 December 2016) repayable by a fixed sum of 179 thousand euros per year up through 2028.

The table below shows the amounts booked for the year as charges for compensation and assimilated benefits granted by Sanef and the companies it controls to persons who were members of the Executive Committee or the group's Board of Directors either during the year 2017 or at the close of the financial year.

(in millions of euros)	2017
Compensation	2.6
Social charges due by employer	1.1
Post-employment benefits	-
Other long-term benefits	-
Contract termination indemnities	0.7
Payment in shares *	-

* Charge for the year stated as required by IFRS 2 "Share-based payment"; see note 2.14.

III.24 – Aggregated financial data

Aggregated financial data are presented for the contribution of each sector to the Groupe Sanef consolidated financial statement.

(in thousands of euros)	Sanef	Sapn	Bip&Go	Operating companies of concessionaire companies *	Subtotal: concessionaire companies	Other	Groupe Eurotoll*	Groupe Sanef
Revenue other than construction	1,228,002	408,062	17,438	17,438	1,653,502	8,478	2,915	1,664,894
EBITDA	888,973	300,602	11,646	11,646	1,201,221	1,421	490	1,203,131
EBITDA margin (in %)	72.4%	73.7%	66.8%	66.8%	72.6%	16.8%	16.8%	72.3%
OPERATIONAL EARNINGS	656,787	208,452	8,930	8,930	874,169	1,072	230	875,471

* Includes four months in 2017.

EBITDA corresponds to operational earnings before depreciation and amortisation.

III.25 – Honoraria of accounts auditors

The firms Deloitte & Associés and PHM-Audit Expertise et Conseil and their associated firms are the independent auditors of the HIT group at the date of 31 December 2017.

Honoraria in the amount of 293 thousand euros were paid to the independent auditors in 2017 for the mandatory audit of corporate accounts and for services rendered other than certification of accounts

The total of these payroll charges came to 4.4 million euros in 2017.

In FY 2017 365 thousand euros were paid out in attendance fees.

concerning the entities consolidated within Groupe Sanef. Of this total amount 66 thousand euros pertain to certification of accounts, a mission corresponding essentially to the issuance of comfort letters, the drafting of the OTI (Organisme Tiers Indépendant) report on CSR information, among others.

III.26 – Events occurring after the close of the FY

No event of significance has occurred since the close of the financial year.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED ACCOUNTS

for FY ending 31 December 2017

To the attention of the Annual Shareholders Meeting of the Sanef company,

STATEMENT

In execution of the mission entrusted to us by the shareholder meetings of your company, we have audited the consolidated accounts of the Sanef company for the financial year ending 31 December 2017, as they are stated in the documents annexed to this report.

We certify that, according to the International Financial Reporting Standards adopted by the European Union, the consolidated accounts are honest and sincere, and faithfully reflect the operational earnings for the financial year, as well as the financial position, property, assets and holdings of the group made up of the persons and entities included in the consolidation.

The assessment formulated here is consistent with the contents of our report to the Audit Committee.

BASIS FOR THE ASSESSMENT

Audit guidelines and standards

We have conducted our audit in keeping with professional standards in effect in France. We believe that the data we have collected are sufficient and appropriate to support our opinion.

Our duties under these standards are listed in the section entitled *Responsibility of the independent auditors concerning the audit of consolidated accounts* in this report.

Independence

We have carried out our mission in compliance with the rules of independence that apply to us, for the period from 1 January 2017 to the date of issuance of our report. In particular, we have not furnished services excluded by article 5, paragraph 1, of the EU regulation no. 537/2014 or by the professional ethics of the independent auditors profession.

JUSTIFICATION OF OUR ASSESSMENT – KEY FINDINGS OF THE AUDIT

As required by articles L.823-9 and R.823-7 of the Commercial Code pertaining to justification of our assessment, we call your attention to the key points of our audit concerning risk of significant material

misstatements which, in our professional judgement, are the most important findings of the audit of the consolidated accounts, and the action we have taken in light of these risks.

Our assessments are made in the context of the audit of the full set of consolidated accounts and of the opinion formulated above. We do not formulate any opinion concerning the items of the consolidated accounts taken separately.

Revenue recognised for toll receipts

(Notes 2.18 and 3.2 in the annex to the consolidated accounts)

Risk identified

The consolidated revenue for FY 2017 comes to 1,806 million euros, of which 1,581 million euros are toll receipts.

These receipts are recognised as revenue at the time the corresponding services are delivered.

It is our view that the process of recognising revenue from toll receipts and the associated payments is a key point of the audit, given that:

- toll transactions represent a substantial volume of payments that are individually small;
- this process relies on a complex computer system necessitating close attention to the entry and transmission of data in the system network, and to the interfaces between successive applications, in keeping with the management rules established by the group.

Our action

We obtained information on the internal control mechanism and the key control steps implemented by the group with respect to recognition of revenue from toll receipts and the associated payments.

With this knowledge and with support from our information technology specialists, we have conducted the following tests:

- verification of key control steps and interfaces that enable the company to correctly and fully record daily receipts in accounting support systems;
- verification, by means of tests at a selected toll gate and time period, that transactions are correctly and exhaustively transmitted between the successive applications that make up the management and accounting system for toll revenue;

- examination of manual records, if any, between software applications and the accounting department;
- verification that the monthly revenue accounts for each toll station are correctly and exhaustively recorded in back office operations, and cross-checking of daily revenue recorded in back office and the payments booked, for all toll stations over a selected period of time.

VERIFICATION OF INFORMATION ON THE GROUP GIVEN IN THE ACTIVITY REPORT

We also carried out the legally required verification of specific information on the group published in the Chairman's activity report, in compliance with professional standards in effect in France.

We have no remarks to make on the sincerity of this information and its consistency with the consolidated accounts.

INFORMATION OBTAINED UNDER OTHER LEGAL AND REGULATORY OBLIGATIONS

Designation of the independent auditors

Our firms were designated independent auditors of the accounts of the Sanef company, by the Shareholders Meeting of 16 April 2012 for Deloitte & Associés, and by the Shareholders Meeting of 16 October 2013 for PHM-AEC.

As of 31 December 2017 Deloitte & Associés was in the sixth of its mission, without interruption, and PHM-AEC in its fifth year. Both firms have been auditors for the five years since the company's debt securities have been admitted for trading on the regulated market.

RESPONSIBILITY OF EXECUTIVE MANAGEMENT AND THE PERSONS IN CHARGE OF CORPORATE GOVERNANCE WITH RESPECT TO THE CONSOLIDATED ACCOUNTS

It is the duty of the executive management to establish consolidated accounts that faithfully reflect the corporation in keeping with IFRS standards as adopted in the European Union, and to put into place the internal controls that management deems necessary to establish consolidated accounts free of material misstatement, whether due to error or to fraud.

When establishing the consolidated accounts it is management's responsibility to assess the capacity of the company to pursue its operations, and to present in these accounts, as the case may be, any and all

information relevant to continued operation and to apply the accounting rules for continued operation, unless it is planned to cease activity or to liquidate the company.

It is the duty of the Audit Committee to oversee the process for drawing up financial information and to monitor the effectiveness of internal controls and risk management systems, and of internal audit procedures if any, regarding the preparation and treatment of accounting and financial information.

The consolidated accounts have been approved by the Board of Directors.

RESPONSIBILITY OF INDEPENDENT AUDITORS REGARDING THE AUDIT OF CONSOLIDATED ACCOUNTS

Aims and procedures of the audit

We have been designated to draw up a report on the consolidated corporate accounts. Our objective is to obtain reasonable assurance that the consolidated accounts taken as a whole are free of significant irregularity, discrepancy or material misstatement. Reasonable assurance indicates a high level of confidence, but without guaranteeing that an audit carried out according to the standards of the profession will systematically detect all material misstatements. Misstatements may be the result of fraud or the consequence of errors, and are considered to be significant when it can be reasonably anticipated that the misstatements, taken separately or cumulatively, will influence the economic decisions made by users based on these accounts.

As specified by article L.823-10-1 of the Commercial Code, our mission to certify the accounts does not extend to a guarantee of the viability or quality of management for your company.

In the context of an audit carried out according to professional standards applicable in France, the independent auditor uses his or her professional judgement throughout the entire audit process. In addition, the auditor:

- identifies and assesses the risk that the consolidated accounts contain material misstatements, whether they be due to fraud or error, specifies and implements audit procedures pertaining to this risk, and gathers the information and data that he or she deems to be sufficient and appropriate to serve as the basis for the auditor's opinion. The risk of nondetection is greater for material misstatements due to fraud than

for misstatement, irregularity or discrepancy due to error, because fraudulent intent can imply collusion, falsification, voluntary omissions, false statements or avoidance of internal control;

- takes steps to be informed of the internal control pertaining to the audit, in order to construct audit procedures that are appropriate to the circumstances, and not for the purpose of emitting an opinion on the effectiveness of internal control;

- forms an opinion as to whether the accounting methods used are appropriate, and of the reasonableness of the accounting estimates made by corporate management, and assesses the information provided on these estimations in the consolidated accounts;

- forms an opinion as to whether corporate management has appropriately applied the accounting conventions for continued operations, and according to the information gathered, whether or not there is significant uncertainty related to events and/or circumstances that might jeopardise the capacity of the company to pursue its operations. This assessment is based on information gathered up to the date of writing of the auditor's report; it is nonetheless emphasised that subsequent events or circumstances may arise that could call into question the continuity of operations. If the auditor concludes that a significant uncertainty exists, he or she calls the attention of readers of the audit report to the information that the consolidated accounts provide about this or these uncertainties; if no information is provided, or is not relevant, the auditor formulates certification with reservation, or refuses to certify the accounts;

- forms an opinion of the overall presentation of the consolidated accounts and assesses whether they faithfully reflect operations and underlying events;
- gathers information concerning the financial position of the persons or entities included in the consolidation that the auditor deems to be sufficient and appropriate to serve as the basis for an assessment of the consolidated accounts. The auditor is responsible for the organisation, supervision, management and execution of the audit of the consolidated accounts, and for the opinion formulated regarding these accounts.

Report to the Audit Committee

Our report submitted to the Audit Committee outlines the scope of the audit work and the work programme implemented, and presents the conclusions that we have drawn from our work. We also inform the committee of any significant flaws detected in the internal control procedures regarding the elaboration and treatment of accounting and financial data.

Among the elements communicated in this report to the Audit Committee we list the risks of material misstatements that in our view are the most significant for the audit of the consolidated accounts for the financial year. These risks constitute the key points of the audit that we summarise in this note.

We also submit to the Audit Committee our statement of independent status, as required by article 6 of EU regulation no. 537-2014, according to the rules applicable in France as stipulated by articles

L.822-10 to L.822-14 of the Commercial Code and by the professional ethics code of independent auditors. In case of need we discuss the risks concerning our independence with the Audit Committee, and describe the protective measures put into place.

Paris and Neuilly-sur-Seine, 30 March 2018

Independent auditors

PHM-AEC	Deloitte & Associés
Philippe MOURARET	Laurent ODOBEZ

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SUMMARY FINANCIAL STATEMENTS

I – INCOME STATEMENT

(in thousands of euros)	Notes	2017	2016
Revenue	3.1.1	1,228,425	1,195,040
Other revenue	3.1.2	24,356	21,577
Operating charges		(605,848)	(582,207)
Purchases and external charges	3.1.3	(123,355)	(114,086)
Payroll charges	3.1.4	(110,793)	(116,110)
Other charges	3.1.5	(920)	(2,128)
Taxes and fiscal levies	3.1.6	(143,690)	(133,365)
Depreciation, amortisation and provisions	3.1.7	(227,089)	(216,518)
Operating income		646,934	634,410
Financial income	3.1.8	36,845	(7,173)
Current income		683,778	627,237
Exceptional income	3.1.9	(1,118)	13,782
Employee profit-sharing bonuses	3.1.10	(9,982)	(10,475)
Income tax	3.1.11	(226,927)	(197,797)
NET INCOME		445,751	432,747

II – BALANCE SHEET

ASSETS

(in thousands of euros)	Notes	31/12/2017	31/12/2016
Intangible assets	3.2.1	81,096	80,306
– Amortisations and provisions		(68,269)	(63,838)
Tangible assets	3.2.2		
– Owned property, plant and equipment		14,368	14,508
– Concession assets		7,071,094	6,925,310
– Amortisations and provisions		(4,407,428)	(4,209,140)
Financial assets	3.2.3	864,859	885,210
Total tied-up capital		3,555,719	3,632,356
Inventory and receivables	3.2.4	3,850	4,439
Trade receivables	3.2.5	134,799	115,741
Other accounts receivable and accrual accounts	3.2.6	121,062	183,234
Transferable securities and liquidities	3.2.7	419,711	567,729
Total current assets		679,422	871,143
TOTAL ASSETS		4,235,141	4,503,499

LIABILITIES

(in thousands of euros)	Note	31/12/2017	31/12/2016
Capital		53,090	53,090
Additional paid-in capital and reserves		658,787	658,787
Retained earnings		261,448	261,448
FY income		445,751	432,747
Investment subsidies		78,314	81,376
Regulated provisions		0	0
Equity	3.2.8	1,497,391	1,487,449
Provisions for risk and charges	3.2.9	91,646	104,500
Borrowing and financial debts	3.2.10	2,451,965	2,666,096
Suppliers and accounts payable	3.2.11	19,296	22,227
Other accounts payable and accrual accounts	3.2.12	174,843	223,227
Total debt		2,646,104	2,911,550
TOTAL LIABILITIES		4,235,141	4,503,499

III – CASH FLOW STATEMENT

(in thousands of euros)	Note	2017	2016
Net income		445,751	432,747
Cancellation of charges and revenue not affecting cash flow or not related to business activity:			
– Amortisations and provisions (excluding provisions on current assets)		220,592	228,343
– Capital gains/losses on disposal of assets		5,299	(857)
– Amortisation of investment subsidies		(5,457)	(5,285)
Gross cash flow	3.3.1	666,185	654,949
Variation of working capital funds required for the business activity			
– Receivables and accrual accounts		(10,731)	(148,603)
– Inventory and receivables		589	525
– Operating and other debts		(46,407)	(24,127)
Variation of working capital funds required for the business activity	3.3.2	(56,549)	(172,205)
Net cash flow generated by business activity		609,636	482,744
Acquisition of tangible and intangible assets	3.3.3	(198,722)	(136,465)
Disposal of tangible and intangible assets		1,196	1,696
Net variation of other financial assets		21,388	558
Net cash flow related to investment activity		(176,138)	(134,211)
Dividends paid to shareholders		(432,747)	(280,000)
Capital increase or reduction			
Investment subsidies received		2,395	189
Debt issue		-	367,333
Loan repayment		(245,250)	(229,285)
Other variation		-	-
Net cash flow related to financial operations		(675,602)	(141,763)
Variation in cash flow		(242,104)	206,770
Cash and cash equivalents – opening balance		608,619	401,850
Cash and cash equivalents – closing balance ⁽¹⁾		366,515	608,619
(1) Closing balance:			
Transferable securities and liquidities		419,711	567,729
Current bank account balances		(32,070)	-
Current cash pooling accounts		(21,126)	40,889
CASH AND CASH EQUIVALENTS – CLOSING BALANCE		366,515	608,619

ANNEX TO ACCOUNTS

This annex is an integral part of the annual accounts. It includes information that supplements the balance sheet, the income statement and the cash flow statement, so that taken together all these documents faithfully present the property and holdings, financial position and income of the company for the financial year.

Information that is not mandatory is given only if and when it is of substantial significance.

I – OVERVIEW OF THE COMPANY AND NOTEWORTHY EVENTS

I.1 – Concession contract

– The Sanef corporation is the beneficiary of a concession agreement with the French State which has ceded 1,393 kilometres of motorway to the company, of which 1,388 km were in service as of 31 December 2017.

– In late 2004 Sanef signed new terms of reference intended to ensure the long-term equilibrium of the concession following the reform implemented by the government order of 28 March 2001 that voided the State guarantee and prolonged the concession through 2028.

Sanef also signed in late 2004 the 2004-2008 long-term programme agreement (contrat d'entreprise) guaranteeing tariff increases that will enable the company to implement planned tasks.

– In the framework of taking the company private (see section 1.3) a rider to the terms of reference was approved by the Sanef Board of Directors on 27 April 2006.

– In early 2011 the company signed a long-term programme agreement for 2010-2014.

– Under the Grenelle environmental commitments and the economic stimulus plan of the French government, on 25 January 2010 Sanef pledged to make sustainable development investments on the order of 170 million euros over three years, in exchange for an extension of the concession agreement by one year, up to 2029.

– In 2015 the concession agreement was prolonged to 31 December 2031 (see section 1.2, Noteworthy events).

– In January 2017 Groupe Sanef and the State signed a protocol for motorway investment (Plan d'Investissement Autoroutier, PIA) for an amount of close to 140 million euros.

This plan stipulates construction of interchanges to give better access to certain territories, and measures to protect the environment (carpooling parking spaces and preservation of natural habitats).

This plan will be financed by an additional increase in tolls between 2019 and 2021, and by local territorial authorities for certain measures.

Riders to the terms of reference were drafted in conjunction with the State in early 2017, and submitted to ARAFER for review in March 2017. ARAFER issued its opinion in June 2017.

Before the investment plan can take effect the Council of State must review the draft decree to approve the riders to the Sanef and Sapn concession contracts.

The sole shareholder of Sanef is the Holding d'Infrastructures de Transport company (HIT). Sanef is also integrated into the fiscal group headed by HIT.

I.2 – Noteworthy events

The French government and the main motorway concession operators have signed a stimulus plan comprising 3.2 billion euros of funding for the sector as a whole. This stimulus plan follows on the talks concluded in April 2015 that led to a Protocol Agreement between the French State and the Vinci, APRR-AREA, and Sanef (and Sapn) corporate groups. This protocol affirms the shared determination of the State and the motorway concession operators to pursue their contractual relationship over the long term and to amend it on the basis of the following principles:

1. Increased investment in infrastructure
 - i) Direct investment under the Stimulus Plan
 - a) For Sanef the stimulus plan represents planned investment of approximately 330 million euros and a two-year extension of the concession;
 - b) For Sapn the stimulus plan represents planned investment of 260 million euros and an extension of the concession by three years and eight months.
 - ii) Indirect investment via:
 - a) A voluntary contribution (Contribution Volontaire Exceptionnelle, CVE) paid by motorway concession operators to the Agence de Financement des Infrastructures de Transport de France (AFITF). This contribution in the amount of 60 million euros annually will be paid by the group of operators who are signatories to the protocol, up through the end of their respective concession agreements. The share due by Groupe Sanef (Sanef and Sapn) represents 17% of the total contribution.
 - b) A 200 million euro environmental modernisation fund created by Vinci, APRR and Sanef shareholders (Fonds de Modernisation Ecologique des Transports, FMET). The contribution of Groupe Sanef shareholders is 50 million euros.

2. Measures to stabilise the contractual relationship with Sanef and Sapn, and ensure the economic equilibrium of the concessions:

- i) Implementation of a "fiscal stability" clause by revision of article 32;
- ii) A cap on the profitability of concessions, transposed by revision of article 36 of the Sanef and Sapn concession agreements.

3. Additional increases in toll charges for 2016, 2017 and 2018, to compensate for higher public domain use fees in effect since 2013, and additional increases in tolls from 2019 through 2023 to compensate for a freeze on tolls in 2015.

4. Reinforcement of the concession operators' commercial policy in support of sustainable development, via action to boost carpooling and environmentally friendly vehicles, and in favour of youth and or students.

5. Creation of an independent regulation authority for the motorway sector; on 15 October 2015 ARAF was renamed Autorité de Régulation des Activités Ferroviaires et Routières (ARAFER), and took charge of motorway regulation (i.e. consultations for proposed modification of concession contracts and other contracts affecting toll rates or duration of the concession).

Decree no. 2015-1046 of 21 August 2015 approving riders to agreements between the State and Sanef and between the State and Sapn was published in the Official Journal of the French government on 23 August 2015.

The Sanef concession was extended to 31 December 2031 and the Sapn concession to 31 August 2033 (as opposed to extension to 2029 for both concessions as of 30 June 2015 and as of 31 December 2014).

In May 2017 Sanef ceded its shares in its Eurotoll subsidiary, valued at 23.4 million euros, to the parent company of the Abertis Infraestructuras group.

II – ACCOUNTING PRINCIPLES

The Sanef annual accounts are established in compliance with accounting rules currently in effect in France, and in particular with the regulations issued by the Comité de Réglementation Comptable (CRC).

II.1 – Intangible assets

Intangible assets are for the most part software applications that are amortised over three to five years.

II.2 – Tangible assets of conceded property and domain

The fixed assets listed in the Sanef balance sheet are almost exclusively concession assets; for the most part they will revert free of charge to the State when the concession expires. Rules for recognising these assets in accounts and their amortisation are the following:

• concession assets

The concession comprises the motorways and sections of motorways listed in note 1 and all the lands, infrastructure and facilities required for the construction, upkeep and operation of each motorway or section of motorway, plus secondary installations including existing roadways, dependencies and ancillary installations directly necessary to serve users or intended to improve operations.

The fixed assets on conceded property are either "nonrenewable" assets that remain in place during the concession period (notably infrastructure and civil engineering works) or "renewable" assets with a useful life shorter than the concession period (toll booth equipment, signage, remote transmission and video surveillance systems, information technology hardware, vehicles, machinery and tools).

Investments for non-renewable assets are divided between assets corresponding to the initial construction and additional assets acquired for motorways already in service.

Concession assets are recognised in the balance sheet at their historical cost price, including interim interest and some earmarked direct charges.

• amortisation of assets of conceded domain

Nonrenewable assets are subject to a "financial depreciation charge" calculated on a straight-line basis over the period between the date when they were commissioned and the expiry of the concession. This amortisation, which is carried as an operating cost, is not intended to recognise the technical depreciation of the assets but to draw down their net book value to zero at the expiry of the concession.

Renewable assets are those with a useful life shorter than the concession period; they are amortised for depreciation on a straight-line basis over their estimated useful life, between three and ten years.

Useful life	Years
Running (surface) courses	10
Equipment, machinery and tools	5 to 8 years
Information technology hardware	3
Vehicles	5
Fitting-out and installations	8

A financial depreciation charge is also calculated on renewable operating assets, for the purpose of spreading across the period of the concession the capital loss that would result from returning the operating assets to the conceding entity free of charge at the expiry of the concession if only an ordinary depreciation charge were applied.

For renewable operating assets the provision for financial depreciation charges is calculated on the basis of the net book value corresponding to the acquisition cost of the assets less the cumulative ordinary depreciation at the end of the financial year and the cumulative financial depreciation at the beginning of the financial year.

To make these amortisations clear for the financial community, the financial and ordinary depreciation amortisations are presented together in the income statement and in the balance sheet. In the income statement they are recorded as an operating charge and in the balance sheet they are deducted from the assets to which they apply.

II.3 – Component-based accounting for assets

Since FY 2002 the company has applied rules 2002-10 and 2003-7 issued by the Comité de la Réglementation Comptable. As stipulated by these rules the resurfacing of roadway running courses is recorded as an asset and amortised on a straight-line basis over ten years, on average.

When this method was first used in 2002, Sanef retrospectively rebooked this category of expense, with the result that at the start of the period on 1 January 2002 the net value of fixed assets increased by 31,184 million euros and the value of net equity by 15,094 million euros, after taxes.

II.4 – Provisions for upkeep of conceded infrastructure

The company has constituted a provision for upkeep and repair of concession structures since FY 2011. Under the concession agreement the company has contractual obligations to maintain or rebuild civil engineering works. In FY 2011 Sanef conducted a thorough inventory of defects and degradation necessitating repairs to these structures, excluding improvements and upgrades, and set aside a provision to cover the best estimate of the amount needed to carry out these repairs.

II.5 – Provisions for renewal of running courses

The company has constituted a provision for resurfacing of roadway running courses since FY 2011, in keeping with article 393-1 of general accounting principles (Plan Comptable Général, PCG). Sanef resurfaces its roadways every 10 years on average, and this provision covers the effects of rising costs, which follow the TP09 price index for the supply and application of asphalt (manufacture and implementation of bitumen and aggregate), between the most recent resurfacing and the close of the FY.

II.6 – Investment subsidies

Investment subsidies received to finance construction assets are recorded as equity. They are recognised as income over the concession period at the same time as provisions are booked for financial depreciation charges on the corresponding construction assets.

II.7 – Financial assets

Equity investments in subsidiaries are carried in the balance sheet at historical cost. A provision is set aside if the inventory value, as determined on the basis of financial outlook or the net worth of subsidiaries and investments, is lower than the cost of acquisition.

II.8 – Inventory

Inventories are stated at weighted average cost. A provision for depreciation is recorded when their value is lower than the cost price.

II.9 – Receivables

Receivables are booked at their face value. Doubtful accounts that may not be recovered are written down via a provision for depreciation.

II.10 – Transferable securities

Transferable securities are carried in the balance sheet at their cost of acquisition or their net realisable value if it is lower. Unrealised gains are not booked.

II.11 – Loans

Premiums pertaining to issuance or repayment of bonds and issuance costs incurred since 1995 for funds subscribed through the Caisse Nationale des Autoroutes (CNA) and bond issues are carried as assets in the category of deferred charges and are amortised on a straight-line basis over the period of the loans, which are ultimately paid back.

II.12 – Conversion of receivables and debt in foreign currency

Receivables and debt labelled in foreign currencies are converted at the current exchange rate at the close of the FY. Currency exchange differences resulting from this adjustment are recognised in the currency conversion account and a provision is stated for losses and charges when the difference leads to an unrealised loss.

II.13 – Pensions and other employee benefits

The sum total of the company's obligations for employee benefits is carried in the balance sheet and changes in these obligations are stated as payroll charges.

II.14 – Income tax

Sanef does not state deferred taxes in its annual accounts.

II.15 – Financial risks

Groupe Sanef operates exclusively in Eurozone countries, and mainly in France. The company incurs no currency exchange risk in its transactions.

II.16 – Receivables and debts by category

Receivables and debts are recognised by category in assets and liabilities, regardless of due date.

Unless noted otherwise, receivables and debts are due within less than one year.

**III – DESCRIPTION OF ITEMS
IN SUMMARY FINANCIAL STATEMENTS****III.1 – Income Statement****III.1.1 – Revenue**

Revenue is broken down as follows:

(in thousands of euros)	2017	2016
Tolls	1 187 324	1 156 092
Revenue other than toll receipts	41 101	38 948
REVENUE	1,228,425	1,195,040

Breakdown of revenue other than tolls:

(in thousands of euros)	2017	2016
Pass subscriptions and remote services	4,183	3,678
Fees for commercial facilities (a)	26,484	24,497
Sale of motor fuel and other items	1,572	1,786
Telecom services (b)	4,405	4,090
Engineering and systems services	4,457	4,897
REVENUE OTHER THAN TOLL RECEIPTS	41,101	38,948

a) Fees for commercial facilities
These are fees received from third parties who operate commercial establishments at service areas.

b) Telecom services
These services include rental of optical fibre networks and/or pylons to telecommunications operators.

c) Engineering services and system sales
The engineering services provided are mostly project management assistance and consulting, or sale of toll collection systems.

III.1.2 – Other operating income

(in thousands of euros)	2017	2016
Transfer of charges and capitalised production	5,816	5,329
Reimbursement for damage incurred	5,100	4,416
Various rentals	841	559
Seconded personnel	1,691	1,266
Miscellaneous ancillary revenue	10,770	9,835
Other revenue	138	171
OTHER OPERATING REVENUE	24,356	21,577

III.1.3 – Purchases and external charges

Purchases and external charges break down as follows:

(in thousands of euros)	2017	2016
Energy, supplies and spare parts	(15,398)	(14,630)
Infrastructure upkeep and repairs	(11,945)	(9,604)
Routine maintenance	(13,391)	(13,300)
Public domain use fee	(45,969)	(48,733)
Other charges and outside services	(36,652)	(27,819)
PURCHASES AND EXTERNAL CHARGES	(123,355)	(114,086)

The public domain use fee instituted by decree no. 97-606 of 31 May 1997 is owed by motorway concession operators for occupation of public lands.

III.1.4 – Payroll charges**a) Analysis of charges**

Sanef payroll charges break down as follows:

(in thousands of euros)	2017	2016
Salaries and remuneration	(69,969)	(70,259)
Social charges and deferred social obligations ⁽¹⁾	(35,168)	(41,612)
Profit-sharing incentives and contribution to employee saving plan	(5,657)	(4,239)
PAYROLL CHARGES	(110,793)	(116,110)

(1) Deferred social obligations: see section 3.2.9 on provisions for other charges.

The profit-sharing agreement was renewed on 29 June 2012 for a period of three years running from 1 January 2012 to 31 December 2014. A new profit-sharing agreement was concluded on 25 June 2015 for a fixed term of three years. It was in effect for the financial years from 1 January 2015 to 31 December 2017.

b) Weighted average workforce

	31/12/2017	31/12/2016
Executive and management staff	259	254
Supervisors	653	644
Workers	769	817
WORKFORCE	1,681	1,715

The information listed above refers to the average weighted number of employees at the company.

III.1.5 – Other management charges

These "Other management charges" are essentially 365 thousand euros in attendance fees paid in FY 2017 (363 thousand euros in FY 2016); 294 thousand euros in losses on receivables (1,444 thousand euros in FY 2016); and 236 thousand euros in negotiated indemnities paid to users to compensate for accidental damage incurred on the motorway network (309 thousand euros in FY 2016).

III.1.6 – Taxes and fiscal levies

(in thousands of euros)	2017	2016
Land Use Planning Levy	(83,224)	(82,294)
Territorial Economic Contribution	(36,374)	(33,705)
Taxes, levies and similar payments due on remuneration	(3,111)	(3,080)
Other taxes and fiscal levies	(20,981)	(14,286)
TAXES AND FISCAL LEVIES	(143,690)	(133,365)

The Territorial Economic Contribution (Contribution économique territoriale, CET) is made up of two assessments: the Corporate Real Estate Tax (Contribution foncière des entreprises, CFE) assessed on holdings subject to property taxes, and the Contribution on Corporate Added Value (Contribution sur la Valeur Ajouté des Entreprises, CVAE) assessed on the added value produced by the company.

In 2017 the total territorial contribution came to 16,489 thousand euros (CVAE) and 18,547 thousand euros (CFE), after a 10,840 thousand euro rebate granted to cap the total tax, in proportion to added value.

The Land Use Planning Levy was raised from 6.86 euros to 7.32 euros per 1,000 km of distance covered, under the 2011 Finances Act adopted on 29 December 2010.

III.1.7 – Depreciation, amortisation and provisions

(in thousands of euros)	2017	2016
Amortisation for depreciation of roadways	(39,259)	(36,237)
Amortisation for depreciation of tangible and intangible assets (other than roadways)	(34,656)	(31,666)
Financial depreciation charge for assets	(164,855)	(148,137)
including		
Financial depreciation charge for nonrenewable assets	(163,301)	(148,116)
Financial depreciation of renewable assets	(1,554)	(21)
Net charge for provisions	11,681	(479)
including		
Charges for provisions for resurfacing of roadways	865	5,871
Charges for provisions for repair of engineering structures	4,577	2,845
Charges for operating provisions ⁽¹⁾	(5,907)	(18,863)
Reversals of operating provisions ⁽¹⁾	12,145	9,668
DEPRECIATION, AMORTISATION AND PROVISIONS	(227,089)	(216,518)

(1) Other than deferred social obligations (see section 3.1.4, Payroll charges)

A provision of 53,779 thousand euros for maintaining concession engineering structures in a good state of repair was set aside on 31 December 2011 (see section 2.4).

A provision of 73,858 thousand euros for roadway resurfacing was also set aside on 31 December 2011 (see section 2.5).

III.1.8 – Financial income statement

(in thousands of euros)	2017	2016
Interest on borrowing and other miscellaneous interest	(77,924)	(91,878)
Capitalised intermediate interest	–	–
Amortisation of bond issuance fees and premiums	(1,062)	(906)
Other net financial revenue and charges	115,831	85,610
FINANCIAL INCOME	36,845	(7,173)

In 2017 the item "Other financial revenue and charges" includes dividends paid by Sapn (98,775 thousand euros), Bip&Go (5,538 thousand euros), Sanef Aquitaine (184 thousand euros) SE BPNL (570 thousand euros), Sogarel – Aéroport de Lille (90 thousand euros), Centaure Nord-Pas-de-Calais (29 thousand euros).

In 2016 this item included 73,377 thousand euros in dividends for Sapn, 9,000 thousand euros for Bip&Go, 76 thousand euros for Sanef Aquitaine and 48 thousand euros for Centaure.

This item also included 269 thousand euros in interest on the A'Liéonor debt in 2016.

III.1.9 – Exceptional income

(in thousands of euros)	2017	2016
Gains/losses on sale of assets	(5,299)	857
Provisions and reversals for risk and charges	(21)	698
Amortisation of investment subsidies	5,457	5,285
Other net exceptional revenue and charges	(1,254)	6,943
EXCEPTIONAL INCOME	(1,118)	13,782

Capital gains/losses on sale of assets in 2017 come essentially from the sale of Eurotoll to Abertis, an operation that resulted in a loss of 5,472 thousand euros. "Other exceptional revenue and charges" in 2017 are the result of liquidation of the Sanef Saba Parking France company, at a net loss of 988 thousand euros.

III.1.10 – Employee profit-sharing bonus

(in thousands of euros)	2017	2016
PROFIT-SHARING BONUSES	(9,982)	(10,475)

Sanef reached an agreement that took effect in 2006 for an open-ended period of time.

III.1.11 – Income tax

As of 1 June 2006 Sanef is integrated into the tax consolidation entity of the corporate group headed by HIT. Sanef's income is included in the income determined for the group as a whole.

Only HIT is subject to tax on its profits. Each integrated subsidiary company contributes to the tax, in an amount calculated on each company's income, as if the companies were taxed separately.

The charge for income tax breaks down as follows:

(in thousands of euros)	2017	2016
Tax for FY operations	(226,927)	(197,797)
TOTAL	(226,927)	(197,797)

An exceptional contribution equal to 15% of the corporate income tax due by companies with gross revenue of over one billion euros was instituted by the Amended Finances Act for 2017. This contribution comes to 28,819 thousand euros for Sanef.

This temporary contribution applies to FYs ending between 31 December 2017 and 30 December 2018. The overall corporate tax rate rose from 34.43% in 2016 to 39.43% in 2017.

Deferred taxes are not booked. These deferrals are linked mainly to capitalised interim interest that will be reintegrated on a straight-line basis over the remaining time of the concession.

III.2 – Balance sheet**III.2.1 – Intangible assets**

(in thousands of euros)	31/12/2017	31/12/2016
Intangible assets	81,096	80,306
Amortisation of intangible assets	(68,269)	(63,838)
INTANGIBLE ASSETS	12,826	16,468

Intangible assets are mainly software tools that are amortised over a period of three to five years.

Variations break down as follows:

Gross value (in thousands of euros)	01/01/2017	Acquisitions or transfer	Disposals and releases	Service start-up	31/12/2017
Intangible assets	70,643	1,564	–	6,325	78,533
Current fixed assets	9,663	2,438	–	(9,538)	2,563
INTANGIBLE ASSETS	80,306	4,002	–	(3,213)	81,096

Amortisations (in thousands of euros)	01/01/2017	Provisions	Reversals and disposals	Other	31/12/2017
Amortisation of intangible assets	63,838	4,431	–	–	68,269
INTANGIBLE ASSETS	63,838	4,431	–	–	68,269

III.2.2 – Tangible assets

Gross value (in thousands of euros)	01/01/2017	Acquisitions or transfer	Disposals and releases	Service start-up	31/12/2017
Private assets	14,072	3,372	(4,116)	125	13,453
Operating assets – Buildings in service	5,816,512	22,390	(391)	126,348	5,964,859
Operating assets – Renewable roadways	360,270	28,361	(26,051)	26,326	388,905
Operating assets – Infrastructure in service	450,553	3,152	(6,516)	48,591	495,780
Current fixed assets	298,412	127,443	(5,214)	(198,177)	222,464
TANGIBLE ASSETS	6,939,818	184,719	(42,288)	3,213	7,085,462

Amortisations (in thousands of euros)	01/01/2017	Provisions	Reversals and disposals	31/12/2017
Amortisation for depreciation of private property assets	9,335	1,973	(3,975)	7,333
Amortisation for depreciation of operating assets	381,749	28,251	(6,024)	403,976
Amortisation for depreciation – Renewable roadways	159,737	39,259	(26,051)	172,945
Financial depreciation charge for nonrenewable assets	3,589,827	163,558	(257)	3,753,128
Financial depreciation charge for operating assets	68,492	1,554	–	70,046
TANGIBLE ASSETS	4,209,140	234,596	(36,308)	4,407,428

III.2.3 – Financial assets

(in thousands of euros)	31/12/2017	31/12/2016
Equity investments and shareholdings	699,571	717,643
Accounts receivable linked to equity investments	162,558	164,878
Depreciation	–	–
Loans	2,163	2,260
Other financial assets	567	429
FINANCIAL ASSETS	864,859	885,210

The "Equity investments" item includes 599,909 thousand euros of equity in Sapn as of 31 December 2017.

Via the LEONORD partnership created with the Fayat construction and public works group and the FIDEPP 2 investment fund of the BPCE bank, on 24 November 2014, Sanef entered into a contract for safety improvements, maintenance and operation of the northern segment of the Lyons ring road (Boulevard Périphérique Nord de Lyon, BPNL).

Under this contract the Société d'Exploitation du Boulevard Périphérique Nord de Lyon (SE BPNL), wholly owned by Sanef, and the LEONORD Exploitation company, of which 85% is owned by Sanef, are responsible for operation and maintenance of the ring road for a period of 20 years starting 2 January 2015. Sanef controls a 35% stake, valued at 14 thousand euros, of the LEONORD company, and 85%, valued at 34 thousand euros, of LEONORD Exploitation.

In May 2017 Sanef ceded its shares in its Eurotoll subsidiary, valued at 23,400 thousand euros, to the parent company of the Abertis Infraestructuras group.

Lastly, in the process of winding down the activity of Sanef Saba Parking France (SSPF) in which Sanef held a 50% stake, it was decided to liquidate the company in April 2017.

As of 31 December 2017 the item "Receivables linked to equity investments" comprises essentially a loan made to Sapn in the amount of 160 million euros and an advance to ALIS in the amount of 2.4 million euros. The amount stated in "Loans" pertains to the mandatory investment in construction work amounting to 1,869 thousand euros and a 295 thousand euro cash advance to CNA.

III.2.4 – Inventory

(in thousands of euros)	31/12/2017	31/12/2016
Inventory and receivables	3,850	4,439
Depreciation of inventory	–	–
NET INVENTORY AND RECEIVABLES	3,850	4,439

Inventory comprises only salt and vehicle fuel.

III.2.5 – Trade receivables

(in thousands of euros)	31/12/2017	31/12/2016
Toll customers (pass holders, etc.)	106,229	84,846
Customers – Other activities	28,924	31,422
Doubtful debts written off	(354)	(526)
TRADE RECEIVABLES	134,799	115,741

The trade receivables for "Other activities" include future revenue for commercial facilities, 9,162 thousand euros as of 31 December 2017 and 10,181 thousand euros as of 31 December 2016. This item also includes future billings: 4,019 thousand euros to be billed to Sanef Aquitaine for technical assistance in 2017; 831 thousand euros to Eurotoll for TIS; 1,553 thousand euros to SE BPNL for technical assistance; 105 thousand euros for services to Bip&Go.

As of 31 December 2017 the write-offs are mainly for toll customers, in the amount of 269 thousand euros.

III.2.6 – Other receivables and accrual accounts

(in thousands of euros)	31/12/2017	31/12/2016
State and other public bodies	48,476	39,345
Other receivables and future revenue	40,789	94,091
Prepaid expenses	23,506	40,442
Deferred charges and accrual accounts	8,292	9,356
OTHER ACCOUNTS RECEIVABLE	121,062	183,234

As of 31 December 2017 the "Other accounts receivable" item included 33,502 thousand euros of current balances constituted under a intragroup cash pooling agreement, compared to 86,161 thousand euros as of 31 December 2016 (see *section 4.5*).

The item "Accounts receivable - State and other public bodies" includes 31,413 thousand euros of future payments from the State, comprised of 3,226 thousand euros in "competitiveness and employment" tax credits (CICE) for 2017 and a 31,187-thousand euros rebate for the CET levy, capped at 3% of added value. This sum covers 12,670 thousand euros for 2016, 10,840 thousand euros for 2017, and 7,677 thousand euros for the additional CFE tax roles for the period 2012-2015, when the tax was already capped.

As of 31 December 2017 "Prepaid expenses" includes 23,175 thousand euros for the company's share of the public domain use fee for the first quarter of 2018 compared to 22,794 thousand euros for the first quarter of 2017 (see *section 3.1.3*).

"Deferred charges" are the amounts for nonamortised bond issue premiums and debt repayment.

III.2.7 – Transferable securities and liquidities

(in thousands of euros)	31/12/2017	31/12/2016
Transferable securities	128,103	309,835
Liquidities	291,608	257,894
TRANSFERABLE SECURITIES AND LIQUIDITIES	419,711	567,729

"Transferable securities" are mainly cash mutual fund investments, savings notes and negotiable certificates of deposit.

The company does not hold any own equity shares.

III.2.8 – Equity

The share capital of the Sanef company stands at 53,090,462 euros equally divided into 76,615,132 shares with the same value.

The change in equity is as follows:

(in thousands of euros)	01/01/17	Allocation of income	Dividends	Subsidies received less reversal	Regulated provisions	FY income	31/12/17
Capital	53,090						53,090
Issuance premiums	652,426						652,426
Legal reserves and long-term gains	6,361						6,361
Retained earnings	261,448						261,448
Income 31.12.2016	432,747	(432,747)	432,747				–
Income 31.12.2017	–					445,751	445,751
Investment subsidies	81,376			(3,062)			78,314
Regulated provisions	0						0
	1,487,449	(432,747)	432,747	(3,062)	–	445,751	1,497,391

(in thousands of euros)	01/01/16	Allocation of income	Dividends	Subsidies received less reversal	Regulated provisions	FY income	31/12/16
Capital	53,090						53,090
Issuance premiums	652,426						652,426
Legal reserves and long-term gains	6,361						6,361
Retained earnings	161,451	99,997					261,448
Income 31.12.2015	379,997	(379,997)	280,000				–
Income 31.12.2016	–					432,747	432,747
Investment subsidies	86,473			(5,096)			81,376
Regulated provisions	0				(0)		0
	1,339,798	(280,000)	280,000	(5,096)	(0)	432,747	1,487,449

As of 31 December 2017, as at the date of 31 December 2016, there are no instruments giving rise to dilution. In the course of FY 2017 Sanef received 2,395 thousand euros in investment subsidies, and 5,457 thousand euros were reversed.

In FY 2016 the investment subsidies had increased by 188 thousand euros, and 5,285 thousand euros were written back.

III.2.9 – Provisions for risk and charges

(in thousands of euros)	01/01/2017	Provision	Reversals (provisions used)	Reversals (provisions not used)	Other	31/12/2017
Pensions and other employee benefits	32,645		(287)	(877)		31,481
including:						
<i>End-of-career benefits</i>	31,634		(287)	(796)		30,551
<i>Service medals</i>	1,011			(82)		930
Litigation	5,451	504	(128)	(154)		5,672
Fines	265			(200)		65
Roadway renewal	1,491			(865)		625
Repairs to engineering structures	31,315		(4,577)			26,738
Other provisions for risk	22,007	4,925	(4,970)	(2,264)		19,698
Other provisions for charges	11,326		(3,958)			7,367
PROVISIONS FOR RISK AND CHARGES	104,500	5,429	(13,920)	(4,360)	–	91,646

Provisions for pensions and other employee benefits:

The main assumptions retained by Groupe Sanef for end-of-career benefits as of 31 December 2016 are:

- discount rate: 1.50% (yield on bonds issued by blue-chip companies);
- average increase in remuneration: 2.75%.

As of 31 December 2017 the amount recognised for end-of-career benefits is 28,795 thousand euros.

Provisions for resurfacing of roadway running courses and repairs to engineering structures

(see sections 2.4 and 3.1.7)

Provisions for other charges

Groupe Sanef has taken steps to improve its performance, notably by opening talks with personnel representatives to implement a job functions and career advancement plan for 2016-2018 (Gestion des Emplois et des Parcours Professionnels, GEPP). As of 31 December 2015 Sanef had set aside a provision for measures related to this GEPP 2016-2018 scheme.

III.2.10 – Borrowing and financial debts

(in thousands of euros)	31/12/2017	31/12/2016
Fixed-rate debt	2,237,100	2,445,100
Including: <i>CNA loans</i>	90,000	298,000
<i>BNP-Dexia loan</i>	947,100	947,100
<i>Private bond issue</i>	300,000	300,000
<i>Public bond issue</i>	900,000	900,000
Variable or adjustable rate CNA loans	-	17,000
Other variable or adjustable rate loans	103,000	123,250
Subtotal for borrowing (capital)	2,340,100	2,585,350
Other debt	94,027	52,596
Subtotal	2,434,127	2,637,946
Accrued interest	17,838	28,150
TOTAL BORROWING AND FINANCIAL DEBTS	2,451,965	2,666,096

In June 2005 Sanef wrote back some fixed-rate CNA loans to Sapn in the amount of 314,809 thousand euros, as part of a recapitalisation of its subsidiary.

In July 2007 Sanef arranged financing for itself and its subsidiary Sapn in the amount of 1.5 billion euros underwritten equally by DEXIA Crédit Local and BNP Paribas in the form of a fixed-rate loan over 17 years, with funding available over a period of nine years. The loan payments are spread out from 2020 to 2024. The fixed rate is set at 5.398%.

The total of amounts withdrawn since 30 July 2007 breaks down as follows:

(in thousands of euros)	Amount of withdrawal	Sanef share	SAPN share
CUMULATIVE TOTAL	1,500,000	947,100	552,900

Sanef has also established lines of credit with Bankia (formerly Caja Madrid), Banesto and Sabadell starting in FY 2010. As of 31 December 2017 the outstanding debt with these three institutions was nil.

At the date of 30 June 2011 Sanef also took out a loan with the Banque Européenne d'Investissement (BEI). Outstanding debt owed to BEI was 103 million euros as of 31 December 2017.

Sanef issued 300 million euros in bonds underwritten by BNP Paribas on 26 July 2013. This bond issue at 2.5% comes due on 26 July 2019.

In the last quarter of FY 2015 Sanef refinanced part of its CNA debt (see below). This operation allowed the group to reduce the need for short-term refinancing (in particular CNA loans maturing in 2018) at lower cost, and to diversify its sources of funding.

Sanef bought back the CNA notes due in 2018 and part of those due in 2017, for a total of 438,817 thousand euros (including 3,250 million euros for inflation indexing) and on 16 November 2015 issued ten-year public securities (16 March 2026) in the amount of 600 million euros with a 1.875 coupon. The buy-back purchase included a 45 million euro redemption premium paid to CNA and was fully booked in charges in FY 2015.

On 19 October 2016 Sanef completed a second bond issue of 300 million euros coming due in 12 years (19 October 2028) with a coupon of 0.950.

Net debt statement:

(in thousands of euros)	31/12/2017	31/12/2016
Borrowing and financial debts	2,451,965	2,666,096
Transferable securities and liquidities	419,711	567,729
Net debt	2,032,254	2,098,367
VARIATION	(66,113)	(303,062)

CNA loans

These loans were taken out by Sanef from the Caisse Nationale des Autoroutes (CNA), an administrative public body corporate, under an agreement between CNA and motorway concession operators. Under this agreement the concession operators have access to funds raised by CNA, either through its bond issues or through the BEI or CDC banks.

The CNA loans granted to concession operators carry the same conditions and due dates as the debt CNA has incurred to finance them.

The fixed-rate CNA loans have a nominal interest rate of 0.51%; the average nominal rate for outstanding fixed-rate debt was 4.80% as of 31 December 2017, compared to 3.50% as of 31 December 2016.

As of 31 December 2017 Sanef had no outstanding variable-rate loans.

Since 31 December 2004 Sanef has used swaps (variable-rate payer and fixed-rate receiver) to convert part of its interest to variable rates. These swap contracts were cancelled as of 30 January 2013. This transaction resulted in a positive balance for the company amounting to 29,242 thousand euros repaid in instalments up through January 2017.

As of 31 December 2016 the repayment schedule on the principal of the company's financial debts was the following:

Years	Capital at under one year	Capital between 1 to 5 years	Capital at over 5 years	TOTAL Remains to be repaid
2018	110,000			110,000
2019		320,000		320,000
2020		179,000		179,000
2021		154,600		154,600
2022		181,000		181,000
2023			187,000	187,000
2024			308,500	308,500
2025				–
2026			600,000	600,000
2027				–
2028			300,000	300,000
TOTAL AS OF 31/12/2017	110,000	834,600	1,395,500	2,340,100
TOTAL AS OF 31/12/2016	245,250	763,600	1,576,500	2,585,350

Of which 103,000 thousand euros at variable or adjustable rates.

Item "Other borrowing and financial debts"

In addition to deposits and guarantees received in the amount of 3,082 thousand euros and a 5,000-thousand-euro loan from the Bip&Go subsidiary, as of 31 December 2017 this item also includes the current account balances of group companies: Bip&Go for 47,362 thousand euros, Sanef Aquitaine for 3,41 thousand euros, SE BPNL for 3,755 thousand euros,

plus interest accrued in the amount of 40 thousand euros. The accounts are linked under an intragroup cash pooling agreement set up in December 2004.

III.2.11 – Suppliers and accounts payable

(in thousands of euros)	31/12/2017	31/12/2016
SUPPLIER DEBT AND ACCOUNTS PAYABLE	19,296	22,227

III.2.12 – Other accounts payable and accrual accounts

(in thousands of euros)	31/12/2017	31/12/2016
Debt related to assets	66,264	81,478
Fiscal and social debt (including employee profit-sharing bonuses)	94,343	102,056
Deferred earnings and accrual accounts	8,005	9,684
Other debt	6,232	30,009
OTHER DEBT AND ACCRUAL ACCOUNTS	174,843	223,227

As of 31 December 2017 8,005 thousand euros are recognised as "Deferred earnings".

Fiscal and social debts include 9,914 thousand euros in provisions for "Employee profit-sharing".

"Deferred earnings" from operations are 1,625 thousand euros in fees owed by commercial establishments spread out over the remaining time of these contracts, and 6,203 thousand euros in access fees for optical fibre networks owed by telecommunications operators.

The item entitled "Other debt" recognises operating debt of 2,598 thousand euros earmarked for TIS principals and 1,636 thousand euros for commissions on TIS billings.

This item also includes the HIT current account in the amount of 479 thousand euros. This amount represents the balance of the pro rata share of corporate income tax due by Sanef to HIT, the head company of the fiscal entity, in the amount of 514 thousand euros for FY 2017, the difference stemming from regularisation of tax credits for the previous financial year (see sections 3.1.11 and 4.5).

III.2.13 – Off-balance-sheet commitments

a) Commitments to be honoured

(in thousands of euros)	31/12/2017	31/12/2016
Future 1% landscape commitment	3	124
Sureties and guarantees given	15,538	20,803
TOTAL	15,541	20,927

Contribution for landscape protection

Under the French government's "1% for Landscape and Development" policy, Groupe Sanef contributes to the cost of work required to build motorway sections (under construction or planned) that are in harmony with the surrounding landscape, on the condition that the local authorities involved match the group's expenditures.

These "1% Landscape" expenditures are a component of the public action set forth in a policy note dated 12 December 1995 on protection of the environment and economic development in the regions traversed by motorways and major inter-regional itineraries, and are stated in the terms of reference of the concession contract as follows:

"For motorways under construction or planned for future construction, the beneficiary of the concession shall contribute to expenditures required to build the motorway in harmony with the surrounding environment, in the interest of local residents as well as of motorway users, including costs of upkeep for the landscape features that are put in to place. These expenditures may be incurred for measures outside of the concession perimeter, as the case may be. The amount due by the concession operator shall not exceed 0.5% of the cost of work, on the condition that the public authorities contribute to the funding of these expenditures in the same amount, under conditions to be specified by the central government." (article 12.10).

In order for local governments to exercise their rights under this policy, the motorway works must be listed as eligible by government decree. On the basis of this list local authorities may request subsidies for the work under the 1% Landscape provision, creating an obligation for the company to contribute to the cost of landscaping work.

Sureties and guarantees given

Sanef has furnished the following guarantees to three banks:

- Two sureties as parent company for a total of 2,367 thousand euros as guarantees for A'Liéonor in execution of the A65 motorway concession and operation contract.
- A surety in the amount of 900 thousand euros for ALBEA in relation to the A150 motorway project;
- Two sureties for a total of 7,801 thousand euros for the Boulevard Périphérique Nord de Lyon project;
- Three sureties for a total of 4,000 thousand euros for the AGES group (Germany).

Other sureties given as of 31 December 2017:

(in thousands of euros)	Amount of the surety
Beneficiary:	
CCI Grand Lille Aéroport	8
Swiss Federal Customs Union (CHF 500,000).	462
TOTAL	470

As part of group refinancing operations (see section 3.2.10) Sanef has given guarantees benefiting Sapn for an amount corresponding to the funds called by Sapn, plus the associated interest and fees. The amount called by Sapn came to 552,900 thousand euros as of 31 December 2017.

b) Commitments received

Commitments received are in part bank guarantees on contracts. These performance bonds are taken out by the construction companies to cover their contractual obligations to complete work or services commissioned by Sanef.

(in thousands of euros)	31/12/2017	31/12/2016
Bank sureties	18,417	13,319
TOTAL	18,417	13,319

c) Orders for assets or major repairs

(in thousands of euros)	31/12/2017	31/12/2016
Works contracts (signed, work not yet started)	100,821	126,814
TOTAL	100,821	126,814

No major off-balance-sheet commitments as defined by existing standards are omitted from the statement by Sanef of its off-balance-sheet commitments.

III.3 – Cash flow statement

III.3.1 – Determining gross cash flow

Provisions on circulating assets are not included in the amortisations and provisions used to calculate gross cash flow. The latter include:

- net provisions for fixed assets;
- net provisions for risk and charges;
- variation in deferred charges;
- debt indexing.

(in thousands of euros)	2017	2016
Net provisions on fixed assets	226,940	213,711
Net provisions for risk and charges	(7,411)	13,726
Variation in deferred charges	1,062	906
Debt indexing	–	–
TOTAL AMORTISATIONS AND PROVISIONS NOT INCLUDING CURRENT ASSETS	220,592	228,343

III.3.2 – Variation in working capital needs for operations

Variation in outstanding interest due and in deposits received are integrated in "Operating debt and miscellaneous" (cash flow generated by company activity).

III.3.3 – Acquisition of assets

Variation in cash flow generated by acquisition of assets is determined by FY investments less the variation in the balance of suppliers' accounts on the assets side of the ledger.

IV – ADDITIONAL INFORMATION

IV.1 – Accounting consolidation

Sanef consolidated accounts cover Sanef and its subsidiaries:

- Sapn, Sanef Aquitaine, Bip&Go, LEONORD Exploitation, SE BPNL, are fully consolidated, using the global integration method;
- minority holdings in ALIS, Routalis, A'Liéonor and LEONORD are consolidated by the equity method.

Sanef accounts are themselves consolidated in the HIT group, itself consolidated in the Abertis group, Spain.

IV.2 – Accounting and financial indicators

(in thousands of euros)	2017	2016
Added value	1,115,986	1,090,699
Gross operating surplus	860,412	845,286
Gross operating margin (%)	70.04	70.73
EBITDA ⁽¹⁾	862,877	844,439
EBITDA margin (%)	70.24	70.66
Gross cash flow	666,185	654,949

(1) Operating income corrected for equity charges and not including depreciation, amortisation and provisions

IV.3 – Litigation

Sanef is a party in a number of instances of litigation that arise in the normal course of its business. As of 31 December 2017 Sanef is of the opinion that none of the current litigation related to its business activity is of a nature to have a significant negative effect on its operating income, its activity or its financial position (other than risks already provisioned in its corporate accounts).

IV.4 – Terms of reference

The main concession agreement and the associated terms of reference appended to this agreement are the fundamental instruments that frame the relationship between the French State and the Sanef company. The clauses of the terms of reference concern the construction and operation of motorways, the applicable financial conditions, the duration of the concession and the mechanisms governing reversion of the infrastructure at the end of the concession period.

The principal clauses that could influence the operating outlook include:

- the obligation to maintain all infrastructure in a good state of repair, and to employ all possible means to ensure uninterrupted traffic flow that is safe and convenient;
- clauses stipulating toll rates and rules for rate increases;
- clauses stipulating mechanisms to be applied in case of changes in technical regulations or fiscal rules applicable to motorway operators. If these changes were to jeopardise the financial equilibrium of the concession operations, the French State and the concession holder would agree upon compensation;

– the clauses intended to ensure that concession infrastructure is returned in a good state of repair at the expiration date of the contract;

– conditions governing the reversion of assets to the State at the end of the concession and restrictions placed on assets;

– the option allowing the State to buy out the concession contracts for reasons invoking the general interest as of 1 January 2013.

IV.5 – Information on associated parties

The principal third parties with privileged positions in relation to Sanef are:

- the majority shareholder, Holding d'Infrastructures de Transport (HIT), owning 99.99% of Sanef;
- Sanef subsidiaries and holdings in other companies, listed in note 5, in particular Sapn.

An industrial agreement was concluded between Sanef SA and Abertis Infraestructuras SA on 12 June 2017. This contract stipulates the transfer of Abertis' expertise and know-how in the motorway sector and the technical assistance required for this transfer. It also stipulates that Sanef has the option to apply this agreement within its subsidiaries. In consideration of this transfer Sanef has agreed to pay an annual fee. This contract entered into effect on 1 July 2017.

The current account for HIT in the item "Other debt" stated by Sanef as of 31 December 2017, in the amount of 479 thousand euros, represents the balance of the share of corporate income tax due by Sanef to HIT as head of the fiscal group for FY 2017. This amount is equal to 226,636 thousand euros less 226,122 thousand euros in intermediate payments made by Sanef. The difference of 35 thousand euros is due to regularisation of tax credits for earlier periods.

Current accounts for subsidiaries in the following items:

- "Other financial debt" i.e. Bip&Go for 47,362 thousand euros, Sanef Aquitaine for 3,41 thousand euros, and SE BPNL for 3,755 thousand euros;
- "Other receivables", i.e. 33,500 thousand euros for Sapn, are cash pooling accounts established under an intragroup agreement.

"Supplier debt" includes the Bip&Go account for 4,179 thousand euros, Sapn for 339 thousand euros and Abertis for 899 thousand euros.

The item "Accounts receivable" includes the Eurotoll account for the amount of 15,084 thousand euros (including 7,614 thousand euros in future billing); the Sapn account for 4,103 thousand euros (including 2,659 thousand euros in future billing); the Sanef Aquitaine account for 4,069 thousand euros, primarily future billing; the Bip&Go account for 618 thousand euros, the SE BPNL account for 1,746 thousand euros in future billing; the Emovis account for 371 thousand euros; and the Abertis account for 358 thousand euros.

In 2017 Sanef booked 3,244 thousand euros in interest on the loan made to Sapn (see *section 3.2.3*).

In the course of FY 2017 Sanef booked revenue of 67 thousand euros for Sapn interest, associated with loans managed under the intragroup cash pooling agreement. Interest payments booked as charges stand at 160 thousand euros, of which 111 thousand euros for Bip&Go.

Interest on the ALIS loan in the amount of 555 thousand euros was booked in FY 2017, of which 192 thousand euros for regularisation of sums for 2016.

The relationships with other subsidiaries and investment holdings do not represent significant amounts.

IV.6 – Remuneration of executive officers

Remuneration of corporate officers came to 947 thousand euros in FY 2017. This includes 403 thousand euros in remuneration in-kind paid by Sanef and 545 thousand euros passed by the Abertis group. This remuneration was 883 thousand euros in FY 2016. No remuneration was paid to other administrators.

In FY 2017 365 thousand euros were paid out in attendance fees. The amount of attendance fees paid in FY 2016 was 363 thousand euros.

IV.7 – Honoraria of accounts auditors

The Deloitte & Associés and PHM - Audit Expertise et Conseil firms and their associated firms are the independent auditors of the company as of 31 December 2017.

Honoraria in the amount of 217 thousand euros were paid to the independent auditors in 2017 for the mandatory audit of corporate accounts and for services rendered other than certification of accounts. Of this total 58 thousand euros pertain to certification of accounts, a mission corresponding essentially to the issuance of comfort letters and the drafting of the OTI report on CSR information.

V – LIST OF SUBSIDIARIES AND EQUITY INVESTMENTS

List of subsidiaries and equity investments (in thousands of euros)	Book value of equity holdings		Capital share	Loans and cash advances		Revenue ex VAT	Income	
	Capital	Other equity ⁽¹⁾		Gross	Net			Net value
Subsidiaries (over 50% of shares)								
- Sapn	14,000	332,699	99.97%	599,909	599,909	160,000	408,420	121,601
- Sanef 107.7	15	687	99.90%	15	15		1,641	125
- Bip&Go	1	312	100.00%	1	1		24,097	6,031
- Sanef Aquitaine	500	50	100.00%	500	500		7,259	249
- SE Bd Périphérique Nord Lyon	40	4	100.00%	53	53		12,693	711
- LEONORD Exploitation	40	12	85.00%	34	34		12,844	14
Equity investments								
- A'Liéonor	275,632	(28,698)	35.00%	96,471	96,471	38	58,675	8,475
- LEONORD ^(*)	40	-	35.00%	14	14		13,947	-
- Centaure Nord P-d-C ^(*)	320	1,144	34.00%	259	259		865	86
- Centaure Grand Est ^(*)	450	719	14.44%	131	131		1,236	38
- Autoroutes Trafic ^(*)	349	325	15.47%	54	54		1,759	117
- Alis	2,850	188,686	11.67%	2,030	2,030	2,400	80,648	8,827
- SOGAREL ^(*)	2,000	5,547	5.00%	100	100		27,020	747

Capital and other equity in foreign companies outside of the euro currency zone, if any, is expressed in foreign currency (in thousands).

(1) Not included in FY income.

(*) Figures available as of 31 December 2016.

In the course of FY 2017 Sanef received dividends of 98,755 thousand euros from Sapn, 5,538 thousand euros from Bip&Go, 570 thousand euros from SE BPNL, 184 thousand euros from Sanef Aquitaine, 29 thousand euros from Centaure Nord Pas-de-Calais, and 90 thousand euros from Sogarel (Aéroport de Lille).

INDEPENDENT AUDITORS' REVIEW OF ANNUAL ACCOUNTS

for FY ending 31 December 2017

To the attention of the Annual Shareholders Meeting of the Sanef company,

REVIEW STATEMENT

In execution of the mission entrusted to us by the shareholder meetings of your company, we have audited the annual accounts of the Sanef company for the financial year ending 31 December 2017, as they are stated in the documents annexed to this report.

We certify that the annual accounts are honest and sincere, according to the rules and principles of accounting in France, and that they faithfully reflect the operating income of the financial year, and the financial position, property and holdings of the company at the end of the financial year.

The assessment formulated here is consistent with the contents of our report to the Audit Committee.

BASIS FOR THE ASSESSMENT

Audit guidelines and standards

We have conducted our audit in keeping with professional standards in effect in France. We believe that the data we have collected are sufficient and appropriate to support our opinion.

Our duties under these standards are listed in the section entitled *Responsibility of the independent auditors concerning the audit of consolidated accounts* in this report.

Independence

We have carried out our mission in compliance with the rules of independence that apply to us, for the period from 1 January 2017 to the date of issuance of our report. In particular, we have not furnished services excluded by article 5, paragraph 1, of the EU regulation no. 537/2014 or by the professional ethics of the independent auditors profession.

JUSTIFICATION OF OUR ASSESSMENT – KEY FINDINGS OF THE AUDIT

As required by articles L.823-9 and R.823-7 of the Commercial Code pertaining to justification of our assessment, we call your attention to the key points of our audit concerning risk of significant material misstatements which, in our professional judgement, are the most important findings of the audit of the annual accounts, and the action we have taken in light of these risks.

Our assessments are made in the context of the audit of the full set of annual accounts and of the opinion formulated above. We do not formulate any opinion concerning the items of these annual accounts taken separately.

Revenue recognised for toll receipts

(Note 3.11 in the annex to the annual accounts)

Risk identified

Revenue for FY 2017 come to 1,228 million euros, of which 1,187 million euros are toll receipts.

These receipts are recognised as revenue at the time the corresponding services are delivered.

It is our view that the process of recognising revenue from toll receipts and the associated payments is a key point of the audit, given that:

- toll transactions represent a substantial volume of payments that are individually small;
- this process relies on a complex computer system necessitating close attention to the entry and transmission of data in the system network, and to the interfaces between successive applications, in keeping with the management rules established by the group.

Our action

We obtained information on the internal control mechanism and the key control steps implemented by your company to recognise revenue from toll receipts and the associated payments.

With this knowledge and with support from our information technology specialists, we have conducted the following tests:

- verification of the key controls and interfaces that enable the company to correctly and fully record daily receipts in accounting support systems;
- verification, by means of tests at a selected toll gate and time period, that transactions are correctly and exhaustively transmitted between the successive applications that make up the management and accounting system for toll revenue;
- examination of manual records, if any, between software applications and the accounting department;

- verification that the monthly revenue accounts for each toll station are correctly and exhaustively recorded in back office operations, and cross-checking of daily revenue recorded in back office and the payments booked, for all toll stations over a selected period of time.

VERIFICATION OF THE MANAGEMENT REPORT AND OTHER DOCUMENTS COMMUNICATED TO SHAREHOLDERS

We also carried out the legally required specific verification operations, in compliance with professional standards in effect in France.

Information given in the management report and other documents communicated to shareholders regarding the financial situation and annual accounts

We have no observations to make regarding the sincerity of the information given in the management report by the Board of Directors and in the documents submitted to the shareholders on the financial position and the annual accounts, nor on the consistency of this information with the annual accounts.

Information pertaining to corporate governance

We attest that the section of the Board of Directors' management report devoted to corporate governance includes the information required under articles L.225-37-3 and L.225-37-4 of the Commercial Code. With regard to information on remuneration and advantages granted to the company officers and commitments in their favour, as furnished in compliance with article L.225-225-37-3 of the Commercial Code, we have verified that the information reported is consistent with the accounts or with the data used to establish the accounts, and as the case may be with other information gathered by your company from other companies that control or are controlled by your company. On the basis of this review we attest that this information is accurate and sincere.

We have verified that the information related to circumstances or events that your company thinks might have an impact in the event of a public buy-out or exchange offer, furnished as stipulated by article L.225-37-5 of the Commercial Code, is consistent with the documents on which this information is based and that were communicated to us. On the basis of this review, we have no remarks to formulate regarding this information.

INFORMATION OBTAINED UNDER OTHER LEGAL AND REGULATORY OBLIGATIONS

Designation of the independent auditors

Our firms were designated independent auditors of the accounts of the Sanef company, by the Shareholders Meeting of 16 April 2012 for Deloitte & Associés, and by the Shareholders Meeting of 16 October 2013 for PHM-AEC.

As of 31 December 2017 Deloitte & Associés was in the sixth year of its mission, without interruption, and PHM-AEC in its fifth year. Both firms have been auditors for the five years since the company's debt securities have been admitted for trading on the regulated market.

RESPONSIBILITY OF EXECUTIVE MANAGEMENT AND THE PERSONS IN CHARGE OF CORPORATE GOVERNANCE REGARDING ANNUAL ACCOUNTS

It is the duty of executive management to establish annual accounts that faithfully reflect the corporation, in keeping with French accounting rules and principles, and to put into place the internal controls that management deems necessary to establish annual accounts free of material misstatement, whether due to error or fraud.

When establishing the annual accounts it is management's responsibility to assess the capacity of the company to pursue its operations, and to present in these accounts, as the case may be, any and all information relevant to continued operation and to apply the accounting rules for continued operation, unless it is planned to cease activity or to liquidate the company.

It is the duty of the Audit Committee to oversee the process for drawing up financial information and to monitor the effectiveness of internal controls and risk management systems, and of internal audit procedures if any, regarding the preparation and treatment of accounting and financial information.

The annual accounts have been approved by the Board of Directors.

RESPONSIBILITY OF INDEPENDENT AUDITORS REGARDING THE AUDIT OF THE ANNUAL CORPORATE ACCOUNTS

Aims and procedures of the audit

We have been designated to draw up a report on the annual corporate accounts. Our objective is to obtain reasonable assurance that the annual accounts taken as a whole are free of significant irregularity, discrepancy or material misstatement. Reasonable assurance indicates a high level of confidence, but without guaranteeing that an audit carried out according to the standards of the profession will systematically detect all material misstatements. Misstatements may be the result of fraud or the consequence of errors, and are considered to be significant when it can be reasonably anticipated that the misstatements, taken separately or cumulatively, will influence the economic decisions made by users based on these accounts.

As specified by article L.823-10-1 of the Commercial Code, our mission to certify the accounts does not extend to a guarantee of the viability or quality of management for your company.

In the context of an audit carried out according to professional standards applicable in France, the independent auditor uses his or her professional judgement throughout the entire audit process. In addition, the auditor

- identifies and assesses the risk that the annual accounts contain material misstatements, whether they be due to fraud or error, specifies and implements audit procedures pertaining to this risk, and gathers the information and data that he or she deems to be sufficient and appropriate to serve as the basis for the auditor's opinion. The risk of nondetection is greater for material misstatements due to fraud than for misstatement, irregularity or discrepancy due to error, because fraudulent intent can imply collusion, falsification, voluntary omissions, false statements or avoidance of internal control;
- takes steps to be informed of the internal control pertaining to the audit, in order to construct audit procedures that are appropriate to the circumstances, and not for the purpose of emitting an opinion on the effectiveness of internal control;
- forms an opinion as to whether the accounting methods used are appropriate, and of the reasonableness of the accounting estimates made by corporate management, and assesses the information provided on these estimations in the annual accounts;
- forms an opinion as to whether corporate management has appropriately applied the accounting conventions for continued operations, and according

to the information gathered, whether or not there is significant uncertainty related to events and/or circumstances that might jeopardise the capacity of the company to pursue its operations. This assessment is based on information gathered up to the date of the auditor's report; it is nonetheless emphasised that subsequent events or circumstances may arise that could call into question the continuity of operations. If the auditor concludes that a significant uncertainty exists, he or she calls the attention of readers of the audit report to the information that the annual accounts provide about this or these uncertainties; if no information is provided, or is not relevant, the auditor formulates certification with reservation, or refuses to certify the accounts;

– forms an opinion of the overall presentation of the annual accounts and assesses whether they faithfully reflect operations and underlying events.

Report to the Audit Committee

Our report submitted to the Audit Committee outlines the scope of the audit work and the work programme implemented, and presents the conclusions that we have drawn from our work. We also inform the committee of any significant flaws detected in the internal control procedures regarding the elaboration and treatment of accounting and financial information.

Among the elements communicated in this report to the Audit Committee we list the risks of material misstatements that in our view are the most significant for the audit of the consolidated accounts for the financial year. These risks constitute the key points of the audit that we summarise in this review.

We also submit to the Audit Committee our statement of independent status, as required by article 6 of EU regulation no. 537-2014, according to the rules applicable in France as stipulated by articles L.822-10 to L.822-14 of the Commercial Code, and by the professional ethics code of independent auditors. In case of need we discuss the risks concerning our independence with the Audit Committee, and describe the protective measures put into place.

Paris and Neuilly-sur-Seine, 30 March 2018

Independent auditors

PHM-AEC	Deloitte & Associés
Philippe MOURARET	Laurent ODOBEZ



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