

SANEF

Société Anonyme
30, boulevard Gallieni
92130 Issy-les-Moulineaux

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2019

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the information concerning the Group presented in the management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PHM-AEC
21, rue du Cirque
75008 Paris

Deloitte & Associés
6, place de la Pyramide
92908 Paris-La Défense Cedex

SANEF

Société Anonyme
30, boulevard Gallieni
92130 Issy-les-Moulineaux

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2019

To the Annual General Meeting of SANEF,

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of SANEF for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

SANEF

Our responsibilities under those standards are further described in the *Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

In accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Revenue recognition related to revenues from "tolls" ("Péages")

(Note 3.2 of the notes to the consolidated annual accounts)

Risk identified

The revenue generated using the French motorway network infrastructure, pursuant to the two concession contracts expiring respectively on December 31, 2031 and August 31, 2033, is made up of € 1,693 million by the activity " Tolls ", or 85% of the total revenues.

We considered that the revenue recognition process related to revenue from tolls and associated receipts was a key point of the audit, as:

- Toll transactions are characterized by a large volume, with individually small amounts;
- This process relies on an automated and complex information system, which requires (i) careful attention to the provision and transmission of information in systems and interfaces between successive applications, and (ii) the use of specific skills, to obtain assurance of the completeness and the accuracy of the toll revenue.

SANEF

Our response

We gained an understanding of the internal control system, as well as the key controls, set up by your company, concerning the revenue recognition of toll revenues and associated receipts.

In this context, we proceeded, with the support of our IT experts, to the following works:

- review of general IT controls relating to access and management of the centralized application of data, used for the recognition of toll revenue and associated receipts;
- verification of key controls and interfaces allowing the company to ensure the complete and correct recovery of the daily turnover in systems supporting accounting;
- testing, for six toll stations and six selected periods, of exhaustive and correct reporting of transactions between the different applications that make up Tolls revenue management and accounting systems;
- inspection, if necessary, of manual entries between the applications and the accounts;
- verification of the complete and correct recovery in accounting of the monthly turnover recorded, for each of the toll stations, in the back office,
- reconciliation between the daily turnover recorded in the back office and the receipts recorded.

Specific Verifications

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the management report of the Board of Directors.

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

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code is included in Group management report [in the information pertaining to the Group presented in the management report], being specified that, in accordance with the provisions of Article L.823-10 of the code, we have not verified the fair presentation and the consistency with the consolidated financial statements of the information contained therein and should be reported on by an independent assurance services provider.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of SANEF by the Annual General Meeting held on April 16, 2012 for Deloitte & Associés and on October 16, 2013 for PHM-AEC.

As at December 31, 2019, Deloitte & Associés and PHM-AEC were respectively in the 8th year and 7th year of total uninterrupted engagement, which is the 7th year since securities of the Company were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are

SANEF

considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express

SANEF

an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters, that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics (code de déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris and Paris-La Défense, the 3th of February 2020

The Statutory Auditors'

PHM-AEC

Deloitte & Associés

Vincent MOLINIE

Laurent ODOBEZ



Sanef Group

CONSOLIDATED FINANCIAL STATEMENTS **For the year ended December 31, 2019**

CONTENTS

SUMMARY FINANCIAL STATEMENTS	4
1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	4
2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
4. CONSOLIDATED STATEMENT OF CASH FLOWS	8
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	9
1 INFORMATION CONCERNING THE GROUP	9
2 ACCOUNTING POLICIES	12
2.1 APPLICABLE ACCOUNTING PRINCIPLES.....	12
2.1.1. <i>Application of IFRS16</i>	12
2.2 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS.....	14
2.3 CONSOLIDATION METHOD.....	14
2.4 TRANSLATION OF FOREIGN CURRENCIES.....	14
2.5 SEGMENT DATA.....	15
2.6 GOODWILL.....	15
2.7 INTANGIBLE ASSETS.....	15
2.7.1. <i>Intangible assets held under concession arrangements</i>	15
2.7.2. <i>Other intangible assets</i>	16
2.8 PROPERTY, PLANT AND EQUIPMENT.....	16
2.9 FINANCIAL INSTRUMENTS.....	16
2.9.1. <i>Non-derivative financial assets</i>	16
2.9.2. <i>Non-derivative financial liabilities</i>	17
2.9.3. <i>Derivatives</i>	17
2.10 INVENTORIES.....	17
2.11 TRADE AND OTHER ACCOUNTS RECEIVABLE.....	18
2.12 RECOGNITION OF INCOME TAXES.....	18
2.13 EQUITY.....	18
2.14 SHARE-BASED PAYMENT.....	18
2.15 INTEREST EXPENSES.....	18
2.16 CURRENT AND NON-CURRENT PROVISIONS.....	18
2.17 EMPLOYEE DEFINED BENEFIT OBLIGATIONS.....	19
2.18 REVENUE RECOGNITION.....	19
2.19 FINANCIAL INCOME AND EXPENSES.....	20
2.20 MEASURING THE FAIR VALUE OF FINANCIAL INSTRUMENTS.....	20
2.21 REPORTING STANDARDS AND INTERPRETATIONS NOT YET IN EFFECT.....	20
3 DETAILS OF THE SUMMARY FINANCIAL STATEMENTS	22
3.1 SCOPE OF CONSOLIDATION.....	22
3.1.1. <i>Investments in associates</i>	23
3.2 REVENUE.....	24
3.3 PURCHASES AND EXTERNAL EXPENSES.....	24
3.4 PAYROLL COSTS.....	25
3.5 OTHER INCOME AND EXPENSES.....	25
3.6 TAXES OTHER THAN ON INCOME.....	26
3.7 DEPRECIATION, AMORTIZATION AND PROVISIONS.....	26
3.8 FINANCIAL INCOME AND EXPENSES.....	27
3.9 INCOME TAXES.....	27
3.10 EARNINGS PER SHARE AND DIVIDENDS.....	28
3.11. INTANGIBLE ASSETS.....	29

Consolidated financial statements Sanef Group- December 31, 2019

3.12.	PROPERTY, PLANT AND EQUIPMENT	30
3.13.	CURRENT AND NON-CURRENT FINANCIAL ASSETS	31
3.13.1	<i>Carrying amount of financial assets by accounting category</i>	31
3.13.2	<i>Non-consolidated affiliates</i>	33
3.13.3	<i>Information on loans and receivables in non-current financial assets</i>	33
3.14	TRADE AND OTHER ACCOUNTS RECEIVABLES.....	34
3.15	CASH AND CASH EQUIVALENTS	34
3.16	CAPITAL STOCK AND ADDITIONAL PAID-IN CAPITAL	35
3.17	PROVISIONS.....	35
3.18	LONG-TERM EMPLOYEE BENEFITS	36
3.18.1	<i>Post-employment defined benefit plans</i>	37
3.9.1.	<i>Other long-term benefits</i>	38
3.19	FINANCIAL LIABILITIES BY ACCOUNTING CATEGORY	39
3.20	TRADE AND OTHER ACCOUNTS PAYABLE	40
3.21	CONTINGENT LIABILITIES	40
3.22	MANAGEMENT OF FINANCIAL RISKS AND DERIVATIVE INSTRUMENTS	41
3.22.1	<i>Market risks</i>	41
3.22.2	<i>Credit risk</i>	42
3.22.3	<i>Liquidity risk</i>	43
3.24	SEGMENT DATA.....	44
3.25	AUDITORS' FEES.....	45
3.26	EVENTS AFTER THE END OF THE REPORTING PERIOD	45

SUMMARY FINANCIAL STATEMENTS

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in € thousands)</i>	Notes	2019	2018
Operating income		2,017,088	1,928,546
Revenue	3.2	1,990,700	1,902,769
<i>of which revenue excluding construction</i>		<i>1,780,438</i>	<i>1,726,674</i>
<i>of which revenue from construction</i>		<i>210,262</i>	<i>176,095</i>
Other income	3.5	26,388	25,777
Operating expenses		(1,053,098)	(1,010,269)
Purchases and external expenses	3.3	(304,524)	(281,243)
<i>of which construction costs</i>		<i>(210,262)</i>	<i>(176,095)</i>
Payroll costs	3.4	(179,036)	(177,606)
Other expense	3.5	(2,467)	(159)
Taxes other than on income	3.6	(233,122)	(230,195)
Depreciation, amortization and provisions	3.7	(333,950)	(321,066)
Operating income, net		963,991	918,277
Interest expense	3.8	(108,386)	(110,270)
Other financial expenses	3.8	(15,130)	(20,857)
Financial income	3.8	2,096	940
Income before tax		842,572	788,091
Income tax	3.9	(291,975)	(264,562)
Share in net income of associates	3.1	3,868	3,804
Net income before non-controlling interests		554,465	527,333
Non-controlling interests		30	40
Net income attributable to owners of Sanef		554,435	527,293

Basic earnings per share (in euros)		7.24	6.88
Weighted average number of shares		76,615,132	76,615,132
Diluted earnings per share (in euros)		7.24	6.88
Weighted average number of shares		76,615,132	76,615,132

Other components of comprehensive income:

<i>(in € thousands)</i>	2019	2018
Net income	554,465	527,333
Actuarial gains and losses on post-employment benefit plans	302	2,351
Tax effect (34.43%)	(104)	(809)
Effect of tax rate adjustment	33	(279)
<i>Items not potentially reclassifiable to profit and loss</i>	231	1,262
Fair value adjustment on cash flow hedges of associates (net of tax)	(20,199)	(558)
<i>Items potentially reclassifiable to profit and loss</i>	(20,199)	(558)
Total income and expenses recognized directly in equity	(19,968)	704
Total income and expenses recognized during the period	534,496	528,037
Attributable to the owner of Sanef	534,467	527,997
Non-controlling interests	30	40

2. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS (In € thousands)	Notes	December 31, 2019	December 31, 2018
Intangible assets	3.11	3,555,633	3,579,438
Property, plant and equipment	3.12	186,743	187,591
Investments in associates	3.1	42,042	58,793
Non-current financial assets	3.13	3,660	10,688
Provision for deferred tax		102,027	92,338
Total non-current assets		3,890,105	3,928,848
Inventories		5,392	5,638
Trade and other accounts receivable	3.14	241,553	208,143
	3.13	67	139
Cash and cash equivalents	3.15	8,857	230,376
Total current assets		255,867	444,296
TOTAL ASSETS		4,145,972	4,373,144

EQUITY AND LIABILITIES (in € thousands)	Notes	December 31, 2019	December 31, 2018
Capital stock	3.16	53,090	53,090
Additional paid-in capital	3.16	654,413	654,413
Consolidated reserves and net income		156,945	138,354
Equity attributable to the owners of Sanef		864,449	845,858
Equity attributable to non-controlling interests		118	124
Total equity		864,567	845,982
Non-current provisions	3.17	389,774	384,476
Provisions for long-term employment benefits	3.18	59,902	59,687
Non-current financial liabilities	3.19	2,199,106	2,443,268
Total non-current liabilities		2,648,782	2,887,432
Current provisions	3.17	35,163	32,008
Current financial liabilities	3.19	316,250	379,399
Trade and other accounts payable	3.20	281,210	228,321
Current tax liabilities			3
Total current liabilities		632,623	639,730
TOTAL EQUITY AND LIABILITIES		4,145,972	4,373,144

3. CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

<i>(In € thousands)</i>	Capital stock	Additional paid-in capital	Foreign exchange differences	Consolidated reserves and net income	Shareholders' equity	Non-controlling interests	Total Equity
As of January 1, 2019	53,090	654,413		138,354	845,857	124	845,982
Dividends				(515,876)	(515,876)	(35)	(515,911)
Recognized income and expenses				534,467	534,467	30	534,496
Change in scope							
Other						(1)	(1)
As of December 31, 2019	53,090	654,413		156,945	864,448	119	864,567

<i>(In € thousands)</i>	Capital stock	Additional paid-in capital	Foreign exchange differences	Consolidated reserves and net income	Shareholders' equity	Non-controlling interests	Total Equity
As of January 1, 2018	53,090	654,413		203,504	911,007	122	911,128
Dividends				(585,000)	(585,000)	(36)	(585,036)
Recognized income and expenses				527,997	527,997	40	528,037
Change in scope (*)				204	204		204
Other (**)				(8,351)	(8,351)	(1)	(8,352)
As of December 31, 2018	53,090	654,413		138,354	845,857	124	845,982

(*) Sanef 107.7 integration

(**) Prior year adjustments

4. CONSOLIDATED STATEMENT OF CASH FLOWS

(in € thousands)	2019	2018
OPERATING ACTIVITIES		
Operating income, net	963,991	918,277
Depreciation, amortization and provisions	353,541	329,256
Reversals of depreciation, amortization and provisions	(17,819)	(24,317)
Disposal gains and losses	(604)	(607)
Change in inventories	246	(470)
Change in trade and other accounts receivable	(33,239)	24,737
Change in trade and other accounts payable	44,889	(6,328)
Taxes paid	(301,388)	(256,859)
	1,009,617	983,689
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(39,583)	(51,288)
Additions to intangible assets	(257,444)	(262,081)
Proceeds from disposals of property, plant and equipment and intangible assets	1,613	2,710
Additions to non-current financial assets		(230)
Proceeds from disposal of non-current financial assets	100	
Net cash held by subsidiaries on acquisition/disposal	6,887	3,499
Interest income	1,571	
Dividends received	421	328
	(286,434)	(307,062)
FINANCING ACTIVITIES		
Dividends paid to owners of SANEF	(515,876)	(585,000)
Dividends paid to non-controlling shareholders	(35)	(36)
Reimbursement of borrowings	(320,000)	(120,000)
Interest expense	(107,864)	(107,362)
Deposits and guarantees	(927)	823
	(944,702)	(811,576)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(221,519)	(134,949)
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	230,376	365,325
CASH AND CASH EQUIVALENTS – END OF PERIOD	8,857	230,376

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INFORMATION CONCERNING THE GROUP

The Sanef group holds two concessions granted by the French government, through which it manages the construction and operation of 1,785 kilometers of toll roads, engineering structures and facilities. Of this total, Sanef manages 1,406 kilometers and Sapn manages 379 km. As of December 31, 2019, and December 31, 2018, the group's network in service consisted of 1,773 kilometers

Since the signing of an agreement with the French State to make sustainable development investments in 2010, the terms of the concessions of Sanef and Sapn were set at December 31, 2029.

The French Government entered into a highway stimulus plan with the major highway concession-holders totaling €3.2 billion for the whole sector in 2015. This stimulus plan "Plan de Relance" comes as part of the negotiations completed in April 2015 with the signature of a framework agreement between the French Government and the Vinci, APRR-AREA and Sanef (plus Sapn) groups.

The agreement establishes the shared aim of the French Government and the highway concession-holders to continue their contractual arrangement far into the future and to develop it based on the following principles:

1. Expanded investment in infrastructure:
 - i) Direct investments through the Stimulus Plan:
 - a) For Sanef, the Stimulus Plan represents an investment program of about €330 million and a two-year extension of the concession.
 - b) For Sapn, the Stimulus Plan represents an investment program of €260 million and a three year eight month extension of the concession.
 - ii) Indirect investments through:
 - a) the concessionaires' paying the AFITF an Extraordinary Voluntary Contribution (French acronym CVE). The CVE, in the amount of €60 million per year, will be paid by all the highway concessionaires party to the agreement until the end of each company's concession. The Sanef (Sanef and Sapn) Group's share represents 17% of the total CVE.
 - b) The creation by Vinci, APRR and the Sanef shareholders of a €200 million fund for the ecological modernization of transportation (French acronym FMET). The contribution to this made by Sanef Group shareholders was €50 million.
2. Stabilizing the contractual relationship with Sanef and Sapn and the economic balance of the concessions:
 - i) Inserting a so-called fiscal stability provision by amending Article 32
 - ii) Implementation of a measure to cap the profitability of concessions, made by amending Article 36 of the Sanef and Sapn concession agreements.
3. Compensation for the 2013 increase in the State fee for use of public land (*redevance domaniale*) by an additional increase in tolls from 2016 through 2018 and compensation for the toll freeze in 2015 by an additional increase in tolls from 2019 through 2023.
4. Adding to the company sustainability policies of the concessionaires, fostering carpooling, environmentally friendly vehicles and helping young people and/or students.

5. Creating an independent regulatory authority for the highway sector. On October 15, 2015, ARAF became ARAFER (French acronym for rail and road operators regulatory authority) and in 2019 ART (French acronym for transport regulatory authority) and took over the regulation of the highway sector (i.e. consultation on plans to amend a concession or any other contract if it has an impact on toll rates or the time period of the concession.)

Decree no. 2015-1046 of August 21, 2015, approving the riders to the agreements made between the French Government and Sanef was published on August 23, 2015 in the *Journal Officiel*.

As a result of these riders, the Sanef concession contracts now expire on December 31, 2031 and the Sapn contracts on August 31, 2033.

The primary concession arrangements are similar for both companies, and the attached specifications constitute the fundamental instruments establishing the relationships between the French government as grantor and both companies. In particular, these arrangements set out the terms and conditions for the construction and operation of the toll roads, the applicable financial provisions, the duration of the concession and the terms under which the installations are to be recovered at the end of the concession.

The provisions most likely to influence the outlook of the Group's operations include:

- the obligation to maintain all engineering structures in a good state of repair and to ensure the continuity of traffic circulation under good safety conditions and in good working order;
- the provisions setting toll rates and the conditions for changes thereto;
- the clauses providing for applicable provisions in the event of regulatory changes of a technical or tax nature applicable to toll road operators. If such a change was liable to seriously compromise the financial equilibrium of the concessions, the French government and the concession operators would agree the compensation to be envisaged by mutual agreement;
- the provisions liable to guarantee that all of the engineering structures of the concession have been placed in a proper state of repair on the date the contract expires;
- the conditions under which the assets are to be turned back over to the French government at the end of concession and the restrictions placed upon the assets;
- the ability of the French government to buy out the concession arrangements in the general interest.

In the context of the privatization of the Company, the French government announced its desire to modify the concession arrangements awarded to Sanef via amendments to the agreements that were approved by the boards of directors of Sanef and Sapn on April 27 and May 4, 2006, respectively.

Negotiations on a new plan contract, the Highway Investment Plan (Plan d'Investissement Autoroutier "PIA"), were initiated in the autumn of 2016. The Rail and Road Transport Regulation Authorities issues its approval in June 2017.

Discussions between the Sanef Group and the French State resumed in December 2017 following an amendment to the plan. The draft amendments to the concession agreements which will incorporate the PIA investments and the price increases in the Sanef and SAPN concessions were examined by the Conseil d'Etat in the first half of 2018.

In the amount of EUR 122 million, the PIA provides the creation or modification of 4 interchanges, carpooling and protection facilities of natural environments. The PIA will be compensated by a further increase in toll rates for Sanef and SAPN between 2019 and 2021 and cofinanced by certain local authorities.

The Highway Investment Plan (PIA) was published in the Journal Officiel on August 30, 2018 after receiving a favorable opinion from the Council of State.

Sanef's registered office is located at 30 boulevard Gallieni – 92130 Issy-les-Moulineaux – France.

2 ACCOUNTING POLICIES

2.1 Applicable accounting principles

Sanef's 2019 consolidated financial statements have been prepared in accordance with the international accounting standards published by the International Accounting Standards Board (IASB), as approved by the European Union on December 31, 2019. The texts published by the IASB and not adopted by the EU are not applicable to the Group.

They were prepared on a historical cost basis, with the exception shown below. The preparation of the financial statements requires estimates and choices to be made on how to apply the standards to certain transactions.

The following standards and interpretations are applicable with effect from 2019:

- The application of IFRS 16 starting from January 1, 2019, related to lease (see note 2.1.1).

The other standards and interpretations whose application is mandatory as from January 1, 2019 have no material impact on the Sanef group's consolidated financial statements for the year ended December 31, 2019. They mainly concern:

- Improvements to IFRS, 2015-2017 cycle: Amendments to IFRS 3 and 11, IAS12 and IAS 23,
- IFRIC 23 "Uncertain tax positions",
- Amendments to IFRS 9, IAS19 and IAS28.

The group has not elected for early adoption in its financial statements of any standards or interpretations whose application is not mandatory as of 2019.

2.1.1. Application of IFRS16

IFRS 16 establishes a single accounting model for lessees of leases. As such, all contracts are recorded in the statement of financial position, with a liability corresponding to the obligation to make the lease payments and an asset representing the right to use the leased asset. In the income statement, depreciation of the right-of-use asset and interest on the lease payment liability replace the lease payment expense.

IFRS 16 has been applied by the Group since January 1, 2019 according to the modified retrospective method; under this approach, comparative figures are not restated but the cumulative effects of the transition are recognized as an adjustment to the January 1, 2019 opening balance sheet with no impact on opening equity.

The leases eligible under IFRS16 relate to vehicle rentals (long term) and an office rental contract for the Group's headquarters.

Consolidated financial statements Sanef Group- December 31, 2019

<i>ASSETS</i> <i>(in € Thousands)</i>	Decembre 31, 2018 Opening January 1st, 2019 without IFRS 16	Application of IFRS 9	January 1st, 2019, including IFRS 16
Goodwill			
Intangible assets	3,579,438		3,579,438
Property, plant and equipment	187,591	11,840	199,431
Investments in associates	58,793		58,793
Non-current financial assets	10,688		10,688
Provision for deferred tax	92,338		92,338
Total non-current assets	3,928,848	11,840	3,940,688
Inventories	5,638		5,638
Trade and other accounts receivable	208,143		208,143
Current financial assets	139		139
Cash and cash equivalents	230,376		230,376
Total current assets	444,296		444,296
TOTAL ASSETS	4,373,144	11,840	4,384,984

<i>EQUITY AND LIABILITIES</i> <i>(in € Thousands)</i>	Decembre 31, 2018 Opening January 1st, 2019 without IFRS 16	Application of IFRS 9	January 1st, 2019, including IFRS 16
Capital stock	53,090		53,090
Additional paid-in capital	654,413		654,413
Consolidated reserves and net income	138,354		138,354
Equity attributable to the owners of HIT	845,858		845,858
Equity attributable to the non-controlling interests	124		124
Total equity	845,982		845,982
Non-current provisions	384,476		384,476
Provisions for long-term employment benefits	59,687		59,687
Non-current financial liabilities	2,443,268	10,218	2,453,486
Total non-current liabilities	2,887,432	10,218	2,897,650
Current provisions	32,008		32,008
Current financial liabilities	379,399	1,622	381,021
Trade and other accounts payable	228,321		228,321
Current tax liabilities	3		3
Total current liabilities	639,730	1,622	641,352
TOTAL EQUITY AND LIABILITIES	4,373,144	11,840	4,384,984

Estimates and judgments:

The preparation of the consolidated financial statements required Management to make certain judgments and to include certain estimates and assumptions. Those estimates and their underlying assumptions were based on

experience and other factors deemed reasonable under the circumstances.

They served as the basis for the judgments that were made, as the information required to determine the carrying amounts of certain assets and liabilities could not be obtained directly from other sources. Actual values may differ from these estimates.

Significant estimates made by the Group relate to the valuation of concession intangible assets in view of a potential impairment, depreciation periods for replaceable assets, the recoverable value of goodwill, provisions (particularly provisions for infrastructure maintenance), and impairment of receivables.

2.2 Approval of the consolidated financial statements

The Sanef Group's consolidated financial statements were approved by its Chairman on February 03, 2020. The Group's shareholders will approve the financial statements at the meeting scheduled in April 23th, 2020.

2.3 Consolidation method

The consolidated financial statements include the financial statements of Sanef, its controlled subsidiaries and its associates, established at the end of each reporting period. The financial statements of subsidiaries and associates are prepared for the same period as those of the parent company.

Subsidiaries are fully consolidated when they are controlled by the Group. Such control is established when the Group has the direct or indirect power to make decisions relating to operations and finance in order to obtain full advantages from the subsidiary.

Non-controlling interests are presented on the statement of financial position in a separate category from equity. The share of non-controlling interests in income is presented on a separate line of the statement of comprehensive income.

Companies over which the Group exercises notable influence ("associates") are consolidated using the equity method. Notable influence is presumed when the Group holds more than 20% of a company's shares. If this criterion is not met, other criteria – such as whether the Group is represented on the company's Board of Directors – are considered when deciding whether or not to apply the equity method. The subsidiaries under joint control are also consolidated by the equity method.

Companies that have been newly acquired are consolidated as from the effective date control is acquired. Their assets and liabilities are valued at that date in accordance with the acquisition method used.

2.4 Translation of foreign currencies

In Group companies, transactions in foreign currencies are translated using the exchange rate in effect at the time they occur. Money market assets and liabilities denominated in foreign currencies are translated at the closing exchange rate for the period. Any translation gains and losses are recognized in the statement of comprehensive income as other financial income and expense.

The subsidiaries and equity investments located outside of the eurozone use their local currency as operating currency and this currency is used for the majority of their transactions. Their statements of financial position are translated using the exchange rate in effect at the end of the reporting period, while their statements of comprehensive income are translated using the average annual exchange rate. Any gains or losses that may result from the translation of the financial statements of these subsidiaries and affiliates are recognized in consolidated

equity under “Cumulative translation adjustments.” Goodwill on these subsidiaries is recognized in the local functional currency.

2.5 Segment data

The Group is not obliged to provide segment data, as defined in IFRS 8. However, some indicators presenting the concessions separately from other activities (basically telematics) are presented in note 3.24.

2.6 Goodwill

Goodwill represents the difference between the acquisition price (including ancillary costs incurred before the application of the revised IFRS 3) of the shares of companies that are controlled by the Group and the Group’s share in the fair value of their net assets at the date control is acquired. It corresponds to non-identifiable items within the acquired companies. In accordance with IFRS 3 *Business Combinations*, goodwill is not amortized.

The Group has a period of 12 months from the date of acquisition to finalize the accounting for any business combinations.

Goodwill is tested for impairment as soon as there is an indication of a loss of value, and at least once per year. For this test, goodwill is allocated at the cash-generating unit level, representing the smallest groups of assets generating autonomous cash flows, compared to the total cash flows of the Group.

2.7 Intangible assets

2.7.1. Intangible assets held under concession arrangements

In accordance with IFRIC 12, intangible assets held under concession arrangements represent the contractual right to use the public service infrastructure made available by the government and to charge users of the public service. The infrastructure must be returned to the government without charge at the end of the concession period.

The concession covers all land, engineering structures and facilities required for the construction, maintenance and operation of each toll road or section of toll road, including on- and off-ramps, out-buildings and other facilities used to provide services to toll road users or designed to optimize toll road operations. Assets may include either original infrastructure or complementary investments on toll roads in service.

On initial recognition, the assets are measured based on the fair value of the construction or improvement work performed on the infrastructure with a contra-entry in profit or loss, corresponding to the revenue recognized for the services performed for the government granting the concession. In practice, fair value is equal to the cost of construction work entrusted to third parties and recognized in other external expenses. Intangible assets held under concession arrangements are amortized over the life of the concession (expiring in December 2031 for Sanef and in August 2033 for Sapn, the Group's principal concessions.) at a pace that reflects the consumption of economic benefits expected from the intangible right conceded (on a straight-line basis for mature concessions and based on traffic forecasts for new concessions).

As the arrangement between the French Government and Sanef and Sapn had been made final (see Note 1.1), it was decided to recognize the CVE (extraordinary voluntary contribution) as an intangible asset of the concessions by applying IFRIC 12 (in that the CVE was judged to be a supplemental right to operate the public service infrastructure opened up for concession by the State) with an offsetting provision in liabilities.

2.7.2. Other intangible assets

The remaining intangible assets consist mainly of software purchased by the Group. They are recognized at cost and are amortized on a straight-line basis over a period of three to five years, depending on their useful life.

Currently, development expenses are mainly charged to the statement of comprehensive income in the period during which they are incurred, as they do not meet the requirements for capitalization

2.8 Property, plant and equipment

Following the adoption of IFRIC 12, only the replaceable assets that are not controlled by the grantor, such as toll booth equipment, signage, remote transmission and video-surveillance systems, computer equipment, vehicles, machinery and tools are classified as “property, plant and equipment” in the Sanef Group financial statements. They are depreciated on a straight-line basis over their useful life.

Useful lives	Number of years
Equipment and tools	5 to 8 years
Computer hardware	3
Vehicles	5
Facilities	8

Following the application of IFRS 16, leases are recorded as an item of property, plant and equipment representing the right to use the leased property and are amortized on a straight-line basis over the lease term. The impacts of the first-time application are listed in point 2.1.1 (p.13).

2.9 Financial instruments

The measurement and recognition of financial assets and liabilities are defined by IAS 39 *Financial Instruments: Recognition and Measurement*.

2.9.1. Non-derivative financial assets

Depending on the business model and related cash flow characteristics, financial assets include:

- financial assets for which the objective of the economic model is both to hold them to collect contractual cash flows and to sell them (non-consolidated affiliates classified as assets representing equity instruments);
- financial assets that are held to maturity in order to receive contractual cash flows (operating loans and receivables);
- other financial assets held under either of the above business models (including cash and cash equivalents).

Held-to-maturity financial assets are securities with determinable income and fixed maturities. After initial recognition at fair value, they are measured and recognized at amortized cost using the effective interest rate (EIR) method, less the amount of any impairment losses.

Non-consolidated affiliates classified as assets representing equity instruments are measured at fair value through equity, through profit and loss.

Financial assets held to maturity to collect contractual cash flows (operating loans and receivables) are measured at amortized cost.

Other financial assets held under either of the above business models (including cash and cash equivalents) are measured at fair value through profit or loss. Gains and losses on these assets, corresponding to interest, dividends, changes in fair value and gains and losses on disposal, are recognized in cost of borrowings or in other financial income and expenses depending on the nature of the assets concerned.

Cash and cash equivalents, measured at fair value through profit or loss, include all cash balances, short-term deposits at the date of initial recognition, and very short-term UCITS that do not present any significant risk of impairment.

2.9.2. *Non-derivative financial liabilities*

Financial liabilities include borrowings, trade accounts payable and other payables related to operations.

With the exception of financial liabilities measured at fair value through profit or loss, borrowings and other interest-bearing financial liabilities are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method, which results in an actuarial amortization of the transaction costs directly attributable to issuance of the financial liability.

2.9.3. *Derivatives*

Derivative instruments are recognized in the statement of financial position at fair value, whether positive or negative.

Derivatives implemented in accordance with the Group's interest rate risk management policy but which do not meet the conditions for classification as hedges, or for which the Group has not chosen hedge accounting, are recognized in the statement of financial position at fair value, with changes in fair value being recognized in profit or loss.

When they meet the conditions for classification as fair value hedging instruments, the change in their fair value is recognized in profit or loss. The inverse change in fair value of the hedged position, related to the hedged risk, results in the recognition in profit or loss of the adjustment to the value of this position in the statement of financial position. Given the characteristics of the derivatives put in place by the Group, the impact of this method of accounting is immaterial with regard to the income statement.

A cash flow hedge is a hedge of the exposure to changes in cash flows that are attributable to a particular risk associated with a recognized asset or liability or a forecast transaction and which would affect the net income presented. When derivatives meet the conditions for classification as cash flow hedging instruments, the change in fair value relating to the effective portion is recognized directly in equity and in profit or loss

2.10 *Inventories*

Inventories consist of fuel, and salt. They are estimated using the weighted average cost method. They are written down when their cost exceeds their net realizable value.

2.11 *Trade and other accounts receivable*

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost.

Impairment of trade receivables is recognized to take into account the losses expected at maturity.

2.12 *Recognition of income taxes*

Taxes include both current income tax expense and deferred taxes.

Tax receivables and payables generated during the year are classified as current assets or liabilities.

Deferred taxes are recognized on all temporary differences between the carrying amount of assets and liabilities and their tax basis. This method consists of calculating deferred taxes using the tax rates expected to apply when the temporary differences reverse, if such tax rates have been enacted. Deferred tax assets are recognized only when it is probable that they will be recovered in the future. Deferred tax assets and liabilities are offset against one another, regardless of when they are expected to reverse, where they concern entities in the tax group. Deferred taxes are not discounted to their present value and are recognized on the statement of financial position as non-current assets and liabilities.

2.13 *Equity*

All costs directly attributable to the capital increases are deducted from additional paid-in capital.

Dividend distributions to Sanef shareholders are recognized as a liability in the financial statements of the Group on the date the dividends are approved by the shareholders.

2.14 *Share-based payment*

Employee compensation in the form of equity instruments is recognized as an expense, with a contra entry to additional paid-in capital. In accordance with IFRS 2 *Share-based Payment*, they are stated at fair value of the instruments granted and the expense is spread over the vesting period.

2.15 *Interest expenses*

The interest expenses generated during the building of conceded engineering structures are included in the building cost of these structures.

2.16 *Current and non-current provisions*

In accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, a provision is recognized when the Group has an obligation to a third party arising from a past event and it is probable that an outflow of resources will be required to fulfill this obligation.

Non-current provisions mainly correspond to the contractual obligation to maintain or restore the infrastructure (excluding any improvements) as well as the CVE. These provisions are measured based on the Group's best estimate of the future expenditure required to renew toll road surfaces and maintain engineering structures and are set aside as the infrastructure is used. The provision for the CVE consists of projected future payments. They

are discounted using a discount rate representing the time value of money. The impact of discounting non-current provisions is recognized in “Other financial expenses”.

2.17 *Employee defined benefit obligations*

Salaried employees of the Sanef Group receive lump-sum termination benefits which are paid to those employees who are actively employed by the Sanef Group when they retire. Furthermore, employees who retire before 2017 from the subsidiary Sapn are entitled to partial coverage of their healthcare insurance premium contribution.

Prior to retirement, employees are paid defined benefits by the Group in the form of long service awards.

These defined benefit obligations are recorded on the statement of financial position and measured using the projected unit credit method, based on estimated future salaries, which are used to calculate benefits. Expenses recognized during the year include current service costs during the year presented in payroll costs, with the financial cost corresponding to the reversal of the discounting of the actuarial obligation classified as an operating expense. The expected return on the hedge assets is charged against this financial cost.

Actuarial gains and losses resulting from post-employment obligations are recognized in “other comprehensive income”. Actuarial gains and losses on other long-term benefits are recognized immediately through profit or loss.

2.18 *Revenue recognition*

Revenues mainly consist of toll receipts and are recognized as the corresponding services are provided.

In accordance with IFRIC 12, the Sanef Group recognizes in “Revenue” an amount corresponding to the fair value of the construction and improvement work performed for the grantor of the concession, with a contra-entry in intangible assets (see note 2.7). Fair value is equal to the cost of construction work subcontracted to third parties and recognized in “Purchases and external expenses”. In accordance with IFRS15, revenue and construction costs are recognized by reference to the stage of completion of the contract.

Long-term contracts for services provided by the Group are recorded according to IFRS 15 *Revenue* based on the stage of completion of the services.

Consolidated revenue is recognized in accordance with IFRS 15 “Revenue from Contracts with Customers”.

Before accounting for revenue, the standard requires identification of a contract as well as the various performance obligations contained in the contract. The number of performance obligations depends on the types of contracts and activities. Most Sanef group contracts include only one performance obligation.

The fundamental principle of IFRS 15 is that the recognition of revenue from contracts with customers must reflect:

- on the one hand, the pace of fulfillment of performance obligations corresponding to the transfer to a customer of control of a good or service;
- and, on the other hand, the amount to which the seller expects to be entitled as remuneration for the activities carried out.
-

An analysis of the notion of transfer of control of a good or service is decisive, as this transfer determines the recognition of revenue. The transfer of control of a good or service can be carried out continuously (recognition of revenue on a percentage-of-completion basis) or on a specific date (recognition on completion).

The revenue recognition method for concession contracts follows the provisions of IFRIC 12 “Service Concession Arrangements” and includes:

- on the one hand, the income received on motorway facilities under concession and the income from related activities such as fees for commercial installations, income from the leasing of telecommunications infrastructures and parking lots; and
- on the other hand, the revenue recognized in respect of the construction of new infrastructures under concession, earned on a percentage-of-completion basis in accordance with IFRS 15.

2.19 *Financial income and expenses*

Interest expense includes interest payable on borrowings, calculated using the amortized cost method at the effective interest rate.

The result on hedging derivatives includes changes in fair value and all flows exchanged.

Other financial income and expenses includes revenues from loans and receivables, calculated using the amortized cost method at the effective interest rate, as well as gains on investments of cash and cash equivalents, impairment of financial assets, dividends and foreign exchange gains and losses.

2.20 *Measuring the fair value of financial instruments*

The fair value of all financial assets and liabilities is determined at the end of the financial period and is recognized either directly in the financial statements or in the notes to the financial statements. The fair value is the amount for which an asset could be exchanged or for which a liability could be extinguished between informed, consenting parties at arm's length.

Most derivative instruments (swaps, caps, collars, etc.) are traded in over-the-counter markets for which there are no quoted prices. As a result, they are measured on the basis of models commonly used by the players involved to measure such financial instruments, using the market conditions existing at the end of the reporting period.

The following valuation techniques, all classified as level 2 of the categories of fair values under IFRS 7, are used to determine the fair value of derivative instruments:

- Interest rate swaps are measured by discounting all future contractual cash flows;
- Options are measured using valuation models (e.g. Black & Scholes) that are based on quotes published on an active market and/or on listings obtained from independent financial institutions;
- Currency and interest rate derivative instruments are measured by discounting the differential in interest payments.

The fair value of listed loans is the market value at the closing date, while the fair value of unlisted loans is calculated by discounting the contractual flows, one borrowing at a time, at the interest rate the Sanef Group would obtain on similar borrowings at the end of the borrowing period.

The carrying amount of receivables and payables due within one year and certain floating rate receivables and payables is considered to be a reasonable approximation of their fair value, taking into account the short payment and settlement periods used by the Sanef Group.

The valuations generated by these models are adjusted in order to take into account the changes in the Sanef Group's credit risk.

2.21 *Reporting standards and interpretations not yet in effect*

The standards and interpretations adopted by the European Union in force for financial years beginning on or after January 1, 2020 are not applied early in these financial statements:

Consolidated financial statements Sanef Group- December 31, 2019

- “Definition of a business”- amendment to IFRS3;
- IBOR stage 1: Amendments to IFRS7, IFRS9 and IAS 39;
- IFRS 17 "Insurance contracts";
- Amendments to IAS 1 and IAS 8.

3 DETAILS OF THE SUMMARY FINANCIAL STATEMENTS

3.1 Scope of consolidation

The Sanef Group consists of the parent company Sanef and the following subsidiaries:

Sociétés	Activité	Méthode de consolidation
Sapn	Toll road concession operator	Full consolidation
Bip&Go	Distribution (Telematics)	Full consolidation
SE BPNL	Toll road operator	Full consolidation
Léonord Exploitation	Toll road operator	Full consolidation
Léonord	Toll road concession operator	Equity method
Alis	Toll road concession operator	Equity method
Routalis	Toll road operator	Equity method
A'Lienor	Toll road concession operator	Equity method
Sanef Aquitaine	Toll road operator	Full consolidation
Sanef 107.7	Radio	Full consolidation

There was no change in the scope of consolidation between December 31, 2018 and December 31, 2019.

3.1.1. Investments in associates

Summary financial highlights of associates:

2019 <i>(in € thousands)</i>	A'LIENOR	ALIS	ROUTALIS	LEONORD
<i>% Interest</i>	<i>35.00%</i>	<i>19.67%</i>	<i>30.00%</i>	<i>35.00%</i>
<i>In local currency</i>	<i>Euro</i>	<i>Euro</i>	<i>Euro</i>	<i>Euro</i>

Assets	1,142,293	1,120,051	3,436	98,811
Liabilities excluding equity	814,668	895,422	2,196	97,928
Equity	327,625	224,629	1,240	883

Revenue	66,479	87,235	11,824	18,662
Operating income (loss)	30,377	53,109	2,009	1,676
Income (loss) before tax	12,205	23,202	1,743	310
Net Income (loss)	10,867	18,760	1,196	178

2018 <i>(in € thousands)</i>	A'LIENOR	ALIS	ROUTALIS	LEONORD
<i>% interest</i>	<i>35.00%</i>	<i>19.67%</i>	<i>30.00%</i>	<i>35.00%</i>
<i>In local currency</i>	<i>Euro</i>	<i>Euro</i>	<i>Euro</i>	<i>Euro</i>

Assets	1,093,336	1,121,119	3,741	105,506
Liabilities excluding equity	828,306	911,022	2,292	104,655
Equity	265,030	210,097	1,449	851

Revenue	63,516	90,607	11,403	17,630
Operating income (loss)	28,725	53,936	1,868	1,297
Income (loss) before tax	11,942	24,795	1,670	314
Net income (loss)	10,089	16,166	1,234	154

The Sanef Group applies section 29 of IAS 28, which states that: "If an investor's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognizing 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, an item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the entity's investment in that associate."

The Sanef Group's management believes that repayment of the claim held by Sanef and Sapn against Alis is planned and likely to occur, given the very long term of the concession. It is therefore not necessary to extend the Sanef Group's investment in order to determine Alis' losses.

The Sanef Group therefore discontinued recognizing its share of Alis' losses, which exceed the amount of its €4.2 million investment. Since Alis posted a profit of €18.7 million in 2019, the cumulative unrecognized share was €18.6 million at December 31, 2019.

The companies of the Sanef group no longer hold any claims against Alis as of 12/31/2019 (see note 3.23).

3.2 Revenue

<i>(in € thousands)</i>	2019	2018
Toll receipts	1,692,559	1,642,175
<i>Subscription sales and telematics services</i>	26,654	24,714
<i>Fees from service area operators</i>	33,671	33,557
<i>Telecommunications fees</i>	7,125	7,188
<i>Engineering services and other</i>	20,429	19,040
Revenue from activities other than toll collection	87,879	84,499
Revenue from construction work performed by third parties	210,262	176,095
Revenue	1,990,700	1,902,769

Sales of subscriptions and telematics services include the billing of operating expenses on subscriptions.

Fees from service station and other service area operators correspond to fees received from the operators of service stations and other retail outlets located in toll road rest and service areas.

Telecommunications fees correspond mainly to the rental of fiber optic cables and masts to telecoms operators.

Engineering services and other includes sales of fuel, the various services provided on the network or in close proximity, services provided by other companies.

3.3 Purchases and external expenses

<i>(in € thousands)</i>	2019	2018
Maintenance of infrastructure	(9,433)	(12,383)
Maintenance and repair (*)	(25,403)	(18,657)
Consumption and expenses related to operations (**)	(18,893)	(22,426)
Other external expenses (**)	(40,533)	(51,681)
Expenses for construction work carried out by third parties	(210,262)	(176,095)
Purchases and external expenses	(304,524)	(281,243)

* Repair refunds are in other income in 2019

** includes capitalized production costs in 2019

3.4 Payroll costs

<i>(in € thousands)</i>	2019	2018
Salaries and wages	(104,981)	(99,828)
Payroll taxes	(46,294)	(50,873)
Incentive plan	(7,394)	(7,564)
Employee profit-sharing	(15,151)	(14,228)
Other payroll costs	(2,818)	(2,730)
Post-employment and other long-term employee benefits	(2,397)	(2,382)
Payroll costs	(179,036)	(177,606)

Effective as of January 1, 2013, the tax credit for competitiveness and employment (CICE) was removed as of January 1, 2019 and offset by a reduction in payroll taxes.

3.5 Other income and expenses

<i>(in € thousands)</i>	2019	2018
Gains on disposal of PP&E and intangible assets		523
Repair refunds (*)	7,089	
Capitalized production costs (**)		7,822
Operating grants	128	176
Miscellaneous income	19,171	17,255
Other income	26,388	25,777
Miscellaneous expenses	693	(19)
Other net additions to provisions	(3,160)	(140)
Other expenses	(2,467)	(159)

(*) Recorded in other income in 2019

(**) Recorded in other purchases and external charges in 2019
(K€ 9,939 in 2019)

Other miscellaneous income in 2019 included the income from Leonord Exploitation from the operating contract on the north ring road around Lyon (see Note 3.1).

3.6 Taxes other than on income

<i>(in € thousands)</i>	2019	2018
Regional development tax	(111,619)	(110,602)
Local business tax	(49,816)	(48,838)
Local government royalties	(63,609)	(61,804)
Other taxes	(8,078)	(8,950)
Total taxes other than on income	(233,122)	(230,195)

The regional development tax is calculated on the basis of the number of kilometers of toll-paying toll roads in the network that were traveled during the year. This tax is paid on a monthly basis and a final adjustment payment is made at the end of the year. The regional development tax has been levied at the basic rate of €7.32 per thousand kilometers traveled.

The royalty paid to local governments (also known as the annual royalty for occupation of a public domain) is an obligation created by Article 1 of Decree No. 97-606, dated May 31, 1997 and voted as Article R.122-27 of the French Toll Road Code. It is a tax calculated on the basis of the revenues earned by the concessionaire from its toll road concession activity, operated in the public domain, and the number of kilometers of toll roads operated as of December 31 of the preceding year. This tax is paid in July of each year, to cover the period from July 1 to June 30 of the following year. This obligation therefore exists as of July 1 of each year and is recognized in full during the second half of the year.

The change in the line “Taxes other than on income” is therefore very directly related to the change in revenues, essentially from the concession operator companies.

3.7 Depreciation, amortization and provisions

<i>(In € thousands)</i>	2019	2018
Amortization of intangible assets	(255,269)	(243,982)
Depreciation of PP&E: concessions	(39,197)	(38,244)
Depreciation of PP&E: other companies	(310)	(334)
Total depreciation and amortization	(294,777)	(282,560)
Additional provisions on infrastructures under concession	(39,173)	(38,505)
Depreciation, amortization and provisions	(333,950)	(321,066)

3.8 Financial income and expenses

Analysis of financial income and expenses:

<i>(in € thousands)</i>	2019	2018
Interest expenses on debt stated at amortized cost	(108,386)	(110,270)
Total interest expense	(108,386)	(110,270)

<i>(in € thousands)</i>	2019	2018
Other financial expenses		
Long-term provision discounting expense	(15,010)	(20,847)
Miscellaneous financial expenses	(120)	(10)
Total financial expenses	(15,130)	(20,857)

<i>(in € thousands)</i>	2019	2018
Financial income		
Income from equity investments	37	190
Income from other receivables and marketable securities	977	750
Miscellaneous financial income	1,082	
Total financial income	2,096	940

3.9 Income taxes

<i>(in € thousands)</i>	2019	2018
Corporation tax expense	(301,749)	(277,515)
Deferred tax expense	9,774	12,953
Corporation tax	(291,975)	(264,562)

Tax proof for fiscal years 2019 and 2018

(in € thousands)	2019	2018
Net income (net of non-controlling interests)	554,465	527,333
Income tax	(291,975)	(264,562)
To be excluded: Share in net income of associates	3,868	3,804
Income before tax	842,572	788,091
Theoretical tax expense (34.43%)	(290,097)	(271,340)
Non deductible expenses - permanent differences		2,284
Difference observed in rates on deferred taxes	(1,413)	3,233
Tax credits and other provisions	(465)	1,261
Effective tax expense	(291,975)	(264,562)

Analysis of deferred taxes by key statement of financial position lines:

(in € thousands)	December 31, 2019		December 31, 2018	
	Basis	Taxes	Basis	Taxes
Property, plant and equipment and intangible assets	(21,730)	5,727	(37,229)	9,904
Provisions for risks and charges	393,494	(110,405)	381,032	(105,885)
Debt, derivatives and other	(9,654)	2,651	(13,186)	3,643
TOTAL	362,110	(102,027)	330,618	(92,338)

As it was the case at December 31, 2018, no tax assets were recorded at December 31, 2019.

3.10 Earnings per share and dividends

Basic earnings per share are calculated by dividing distributable net income attributable to owners of the parent for the period by the weighted average number of shares outstanding during the period.

As the Group has no dilutive instruments, diluted earnings per share are identical to basic earnings per share.

3.11. Intangible assets

Gross amount (In € thousands)	January 1, 2019	Additions	Disposals	Changes in consolidation scope and other (*)	December 31, 2019
Purchased software	89,719	5,532	(352)	245	95,144
Other intangible assets	3,843				3,843
Concession intangible assets	9,155,932	210,262		15,431	9,381,625
TOTAL	9,249,494	215,794	(352)	15,676	9,480,612

(*) change in discount rate (CVE)

Gross amount (In € thousands)	January 1, 2018	Additions	Disposals	Changes in consolidation scope and other	December 31, 2018
Purchased software	84,102	3,916		1,701	89,719
Other intangible assets	3,843				3,843
Concession intangible assets	9,018,562	176,095	(43,251)	4,525	9,155,932
TOTAL	9,106,508	180,011	(43,251)	6,226	9,249,494

Depreciation (In € thousands)	January 1, 2019	Additions	Disposals	Changes in consolidation scope and other	December 31, 2019
(in € thousands)	(74,938)	(3,853)	352	(5)	(78,444)
Purchased software	(3,844)			(1)	(3,844)
Other intangible assets	(5,591,275)	(251,418)			(5,842,693)
Concession intangible assets	(5,670,056)	(255,271)	352	(5)	(5,924,981)

Depreciation (In € thousands)	January 1, 2018	Additions	Disposals	Changes in consolidation scope and other	December 31, 2018
(in € thousands)	(70,449)	(4,489)			(74,938)
Purchased software	(3,841)	(3)			(3,844)
Other intangible assets	(5,391,187)	(239,490)	39,402		(5,591,275)
Concession intangible assets	(5,465,477)	(243,981)	39,402		(5,670,056)

Consolidated financial statements Sanef Group- December 31, 2019

Net amount (In € thousands)	January 1, 2019	December 31, 2019
Purchased software	14,782	16,701
Other intangible assets	(1)	0
Concession intangible assets	3,564,657	3,538,932
TOTAL	3,579,438	3,555,633

Net amount (In € thousands)	January 1, 2018	December 31, 2018
Purchased software	13,653	14,781
Other intangible assets	2	(1)
Concession intangible assets	3,627,376	3,564,657
TOTAL	3,641,031	3,579,438

Works signed for but not yet executed amounted to €137,639 thousand as of December 31, 2019 and €196,228 thousand as of December 31, 2018. These works concern primarily intangible assets.

3.12. Property, plant and equipment

Gross amount (In € thousands)	January 1, 2019	Additions	Disposals	Changes in consolidation scope and other (*)	December 31, 2019
Highway concession operating assets	794,502	39,413	(29,955)	7,730	811,690
Other companies' assets	4,225	170	(193)	1	4,204
TOTAL	798,728	39,583	(30,148)	7,731	815,895

* IFRS 16 : Cumulated impact of transition 11,840 K€

Gross amount (In € thousands)	January 1, 2018	Additions	Disposals	Changes in consolidation scope and other	December 31, 2018
Highway concession operating assets	754,585	49,747	(5,305)	(4,525)	794,502
Other companies' assets	3,351	1,542	739	(1,406)	4,225
TOTAL	757,936	51,289	(4,566)	(5,931)	798,728

Consolidated financial statements Sanef Group- December 31, 2019

Depreciation (In € thousands)	January 1, 2019	Additions	Disposals	Changes in consolidation scope and other	December 31, 2019
Highway concession operating assets	(608,176)	(39,197)	21,303	(4,108)	(630,178)
Other companies' assets	(2,961)	(310)	188	4,108	1,026
TOTAL	(611,137)	(39,507)	21,490		(629,152)

Depreciation (In € thousands)	January 1, 2018	Additions	Disposals	Changes in consolidation scope and other	December 31, 2018
Highway concession operating assets	(574,188)	(38,244)	4,256	(1)	(608,176)
Other companies' assets	(2,351)	(334)	15	(291)	(2,961)
TOTAL	(576,539)	(38,578)	4,271	(292)	(611,137)

Net amount (In € thousands)	January 1, 2019	December 31, 2019
Highway concession operating assets	186,326	181,513
Other companies' assets	1,264	5,230
TOTAL	187,591	186,743

Net amount (In € thousands)	January 1, 2018	December 31, 2018
Highway concession operating assets	180,396	186,326
Other companies' assets	1,000	1,264
TOTAL	181,397	187,591

3.13. Current and non-current financial assets

3.13.1 Carrying amount of financial assets by accounting category

The financial assets reported in the tables below exclude "Trade and other accounts receivable" (note 3.14) and "Cash and cash equivalents" (note 3.15).

Non-current financial assets

Non current financial assets (In € thousands)	December 31, 2019 – Carrying amount			
	Amortized cost	Fair value through Equity	Fair value through Profit and loss	Carrying amount
Non-consolidated affiliates			805	805
Loans to equity investments	906			906
Loans	1,532			1,532
Deposits and collateral	426			426
Derivatives				
Others financial assets	(9)			(9)
Total non-current financial assets	2,855		805	3,660

Non current financial assets (In € thousands)	December 31, 2018 – Carrying amount			
	Amortized cost	Fair value through Equity	Fair value through Profit and loss	Carrying amount
Non-consolidated affiliates			905	905
Loans to equity investments	7,482			7,482
Loans	1,746			1,746
Deposits and collateral	564			564
Derivatives				
Others financial assets	(9)			(9)
Total non-current financial assets	9,783		905	10,688

Loans to equity investments stood at €906 thousand at December 31, 2019 compared to €7,482 thousand at December 31, 2018 as the company Alis fully reimbursed its loan

Current financial assets

Current financial assets (In € thousands)	December 31, 2019 – Carrying amount			
	Amortized cost	Fair value through Equity	Fair value through Profit and loss	Carrying amount
Interest on loans to equity investments				
Derivative instruments				
Other financial receivables			67	67
Total current financial assets			67	67

Current financial assets (In € thousands)	December 31, 2018 – Carrying amount			
	Amortized cost	Fair value through Equity	Fair value through Profit and loss	Carrying amount
Interest on loans to equity investments				
Derivative instruments				
Other financial receivables			139	139
Total current financial assets			139	139

3.13.2 *Non-consolidated affiliates*

List of non-consolidated affiliates:

(In € thousands)	% interest held as of December 31, 2019	Net carrying amount	
		December 31, 2019	December 31, 2018
- 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		0	100
Total non-consolidated affiliates		805	906

Non-consolidated affiliates at fair value through profit or loss include subsidiaries that are controlled but not consolidated, and for which consolidation would have no material impact.

In 2019 the group has sold its stakes in Sogarel.

3.13.3 *Information on loans and receivables in non-current financial assets*

Building-related loans for a discounted amount of €1,702 thousand are included in the “Loans” category as of December 31, 2019 (€1,636 thousand as of December 31, 2018). These interest-free loans, which were granted to

employees as part of the employer's legal obligation to contribute to the construction effort, are to be repaid over a period of 20 years. The interest rate used to discount these loans (4%) is also used to calculate the corresponding financial income recognized in the statement of comprehensive income.

3.14 Trade and other accounts receivables

<i>(in € thousands)</i>	December 31, 2019	December 31, 2018
Receivables and various debtors	205,407	172,655
Provisions for impairment of trade receivables	(8,045)	(8,957)
Trade and other financial receivables	197,362	163,698
Miscellaneous non-financial receivables	44,191	44,445
Total trade and other accounts receivable	241,553	208,143

Trade and other accounts receivable are stated on the statement of financial position at face value, less any impairment.

The table below shows the trade receivables invoiced and their potential impairment.

<i>(in € thousands)</i>	December 31, 2019	December 31, 2018
Trade receivables invoiced	168,042	134,166
Provisions for impairment of trade receivables	(8,045)	(8,957)
Net trade receivables	159,998	125,209

As of December 31, 2019, the breakdown of receivables and impairment is as follows:

<i>(in € thousands)</i>	December 31, 2019	1-3 months	3-6 months	6-12 months	More than one year
Trade receivables invoiced	168,042	158,552	210	182	9,098
Provisions for impairment of trade receivables	(8,045)				(8,045)

Non-financial receivables include payroll and tax receivables, excluding any current income tax receivables.

3.15 Cash and cash equivalents

Cash and cash equivalents are carried at fair value through profit or loss.

Analysis of cash and cash equivalents:

<i>(in € thousands)</i>	December 31, 2019	December 31, 2018
Cash equivalents: money-market mutual funds	6,000	6,008
Cash in bank	2,857	224,369
Total cash and cash equivalents	8,857	230,376

3.16 Capital stock and additional paid-in capital

As of December 31, 2019 and December 31, 2018, Sanef had Share Capital of €53,090,456, divided into 76,615,132 shares with a par value of €0.69295 per share. All shares are entitled to receive dividend payments. Sanef had additional paid-in capital (the amount paid by shareholders in excess of the par value of their shares) of €654,413,000 at December 31, 2019 (unchanged from December 31, 2018).

3.17 Provisions

As of December 31, 2019:

Non-current	January 1, 2019	Additions	Recoveries		Discounting effects	Change in scope and other	December 31, 2019
			Uses	Surplus provisions			
Provisions on toll roads under concession	384,476	39,173	(59,341)		13,862	11,604	389,774
TOTAL	384,476	39,173	(59,341)		13,862	11,604	389,774

Current	January 1, 2019	Additions	Recoveries		Discounting effects	Change in scope and other	December 31, 2019
			Uses	Surplus provisions			
Claims and litigation	6,253	4,988	(1,321)			(401)	9,519
Other	25,755	5,595	(6,102)			396	25,644
TOTAL	32,008	10,583	(7,423)			(5)	35,163

TOTAL	January 1, 2019	Additions	Recoveries		Discounting effects	Change in scope and other	December 31, 2019
			Uses	Surplus provisions			
Provisions on toll roads under concession	384,476	39,173	(59,341)		13,862	11,604	389,774
Claims and litigation	6,253	4,988	(1,321)			(401)	9,519
Other	25,755	5,595	(6,102)			396	25,644
TOTAL	416,484	49,756	(66,764)		13,862	11,599	424,937

As of December 31, 2018:

Non-current	January 1, 2018	Additions	Recoveries		Discounting effects	Change in scope and other	December 31, 2018
			Uses	Surplus provisions			
Provisions on toll roads under concession	403,223	38,505	(77,418)		20,166	(1)	384,476
TOTAL	403,223	38,505	(77,418)		20,166	(1)	384,476

Current	January 1, 2018	Additions	Recoveries		Discounting effects	Change in scope and other	December 31, 2018
			Uses	Surplus provisions			
Claims and litigation	5,985	837	(569)				6,253
Other	26,166	6,136	(6,285)	(263)		1	25,755
TOTAL	32,151	6,973	(6,854)	(263)		1	32,008

TOTAL	January 1, 2018	Additions	Recoveries		Discounting effects	Change in scope and other	December 31, 2018
			Uses	Surplus provisions			
Provisions on toll roads under concession	403,223	38,505	(77,418)		20,166	(1)	384,476
Claims and litigation	5,985	837	(569)				6,253
Other	26,166	6,136	(6,285)	(263)		1	25,755
TOTAL	435,374	45,478	(84,272)	(263)	20,166	1	416,484

All provisions pertaining to the toll road concessions (provisions for future renewal of toll road surfaces, maintenance of engineering structures and CVE) are classified as non-current provisions.

3.18 Long-term employee benefits

Long-term employee benefits include post-employment defined benefit plans (termination benefits, retirees' supplemental health insurance) and other types of benefits (long service awards, GEPP measures and other benefits).

Analysis of total long-term employee benefits on the statement of financial position:

(In € thousands)	<u>2019</u>	<u>2018</u>
Post-employment defined benefit plans	46,353	45,244
Other benefits	13,549	14,443
Total	59,902	59,687

3.18.1 Post-employment defined benefit plans

Analysis of defined benefit plans:

(In € thousands)	<u>2019</u>	<u>2018</u>
Obligations and rights at the end of the period	46,353	45,244
Fair value of plan assets		
Total	46,353	45,244

Analysis of main assumptions used to calculate the above amounts:

	December 31, 2019	December 31, 2018
Discount rate	0.50%	1.50%
Salary increase rate	2.00%	2.75%

The sensitivity of the obligations to changes in these two main assumptions at December 31, 2019 is as follows:

<i>(in € thousands)</i>	December 31, 2019			
	Discount rate		Salary increase rate	
	50 bp increase: 1,0%	50 bp decrease : 0%	50 bp increase : 2,5%	50 bp decrease : 1,5%
Total obligations and rights	43,731	49,215	42,742	48,022

At December 31, 2018, the sensitivity of these two assumptions was as follows:

<i>(in € thousands)</i>	December 31, 2018			
	Discount rate		Salary increase rate	
	50 bp increase: 2,0%	50 bp decrease : 1 %	50 bp increase : 3,25%	50 bp decrease : 2,25%
Total obligations and rights	42,742	48,022	47,753	42,969

The following tables summarize the Group's obligations as of December 31, 2019 and December 31, 2018, and the fair value of the funded plan assets, for each type of obligation (pensions, termination benefits) and supplemental health benefits for the retirees of Sapn.

Employee benefits (in € thousands)	Termination benefits		Supplemental health benefits		TOTAL	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Obligations and rights at beginning of year	40,000	41,180	5,244	5,331	45,244	46,511
Current service costs	2,177	2,158	295	291	2,472	2,449
Interest expense	584	585	79	79	663	664
Actuarial (gains) losses	(437)	(2,058)	123	(293)	(314)	(2,351)
Benefits paid	(1,521)	(1,865)	(189)	(164)	(1,710)	(2,029)
Change in scope						
Obligations and rights at end of year	40,802	40,000	5,551	5,244	46,353	45,244

The total actuarial gains attributable to defined benefit post-employment obligations amounted to €314 thousand in 2019 (€2,351 thousand in actuarial gains in 2018). These actuarial gains included €1,432 thousand due to financial assumptions losses and €1,747 thousand due to experience gains (vs. in 2018 a gain of €2,351 thousand linked to experience gains),

The actuarial gains of €314 thousand (actuarial gains of €2,351 thousand in 2018) break down as follows based on their origin:

(in € thousands)	2019	2018
Actuarial (gains) losses generated during the period	(314)	(2,351)
from changes in financial actuarial assumptions	1,432	
from changes in demographic actuarial assumptions		
from experience-related actuarial changes on plan liabilities	(1,747)	(2,351)
from experience-related actuarial changes on plan assets		

3.9.1. Other long-term benefits

Other long-term benefits include the long service awards and other benefits.

(in € thousands)	December 31, 2019			December 31, 2018		
	Long service awards	Other	TOTAL	Long service awards	Other	TOTAL
As of January 1	1,173	13,270	14,443	1,203	9,181	10,384
Change of scope						
Addition		8,101	8,101		9,159	9,159
Reversal (uses)	(157)	(8,916)	(9,074)	(49)	(5,069)	(5,118)
Discounting	17		17			
Actuarial (gains) losses	61		61	19		19
At the end of the period	1,094	12,455	13,549	1,173	13,270	14,443

3.19 Financial liabilities by accounting category

Current and non-current financial liabilities:

<i>(In € thousands)</i>	December 31, 2019				Fair value
	Liabilities at amortized cost	Liabilities held for hedging	Derivatives qualified as hedging	Carrying amount	
Borrowings: current and non-current portions	2,447,066			2,447,066	2,776,939
Lease - financial liabilities (*)	12,140			12,140	12,140
Central government advances	17,318			17,318	17,318
Deposits and guarantees received	20,903			20,903	20,903
Accrued interest not due	17,929			17,929	17,929
Total financial liabilities excluding trade accounts payable	2,515,356	0	0	2,515,356	2,845,228
Total trade and other financial payables (see note 3.22)	146,301			146,301	146,301
Total financial liabilities as per IFRS 9	2,661,657	0	0	2,661,657	2,991,529

(*) IFRS 16 : impact of the transition 11,840 K€

<i>(In € thousands)</i>	December 31, 2018				Fair value
	Liabilities at amortized cost	Liabilities held for hedging	Derivatives qualified as hedging	Carrying amount	
Borrowings: current and non-current portions	2,762,584			2,762,584	3,121,448
Central government advances	17,318			17,318	17,318
Deposits and guarantees received	21,830			21,830	21,830
Accrued interest not due	20,935			20,935	20,935
Total financial liabilities excluding trade accounts payable	2,822,667	0	0	2,822,667	3,181,531
Total trade and other financial payables (see note 3.22)	102,059			102,059	102,059
Total financial liabilities as per IAS 39	2,924,726	0	0	2,924,726	3,283,590

Deposits and guarantees received correspond mainly to payments received from toll road subscribers. These payments are reimbursed in the event of the cancellation of the subscription, after the card or badge is returned. They are considered to be demand deposits and therefore are not discounted.

The fair value of all financial liabilities other than borrowings is equal to their carrying amount.

As in 2018, the Group did not carry out refinancing operations in 2019.

3.20 Trade and other accounts payable

<i>(in € thousands)</i>	December 31, 2019	December 31, 2018
Advances and down payments received on orders	(872)	(1,019)
Trade payables	78,915	42,115
Amounts due to suppliers of non-current assets	68,258	60,963
Other financial payables		
Total trade and other financial payables (1)	146,301	102,059
Taxes and payroll costs	126,593	116,665
Deffered income	8,316	9,597
Total non-financial payables	134,908	126,262
Total trade and other accounts payable	281,210	228,321

(1) Financial liabilities stated at amortized cost

As trade and other accounts payable are very short-term, their carrying amount approximates fair value.

3.21 Contingent liabilities

Claims and litigation

In the normal course of their business, Group companies are involved in a certain number of claims and legal proceedings. As of December 31, 2019, the Sanef Group considers that no claims or litigation relating to its business are in progress that would be likely to have a material adverse effect on its results of operations or financial position (other than those risks for which provisions have been recognized in the financial statements).

“1% countryside development” contribution (Engagement 1% paysage)

Under the French government’s countryside development policy, for toll road sections to be constructed or under construction, the Group contributes to the expenditure required to ensure that the toll road blends harmoniously into the local landscape, provided that the local authorities concerned contribute an equivalent amount.

<i>(in € thousands)</i>	Dec 31, 2019	Dec 31, 2018
“1% countryside development” contribution	-	3

“1% countryside development” expenditure is made under the government policy described in a note dated December 12, 1995 on the environment and the economic development of regions served by the toll roads and major trunk roads. This expenditure is defined as follows in the concession agreement specifications: “For toll roads that are due to be built or are already under construction, the concession operator shall contribute to the expenditure needed to ensure that the toll road blends harmoniously into the landscape, in the interests of both local inhabitants and toll road users. Such expenditure shall include maintenance costs and the cost of any necessary landscaping work, and may be incurred beyond the toll road’s boundaries. The concession operator’s contribution shall not exceed 0.5% of the cost of the engineering structures, provided that the local authorities concerned contribute an equivalent amount, on the basis prescribed by the French government” (*Article 12.10*).

However, the local authorities’ contribution may be claimed only if a government decree is issued listing the toll road work. When the concession operator applies for investment grants based on this list, the work concerned becomes eligible for the “1% countryside development” scheme and the company becomes committed to paying a contribution.

Since June 30, 2019, the Group no longer has an agreement for the “1% countryside development”.

Guarantees given:

Sanef issued two parent company guarantees for operation of the A65 highway for A’Lienor totaling €1,459 million. The amount was unchanged compared to 12/31/2018.

Sanef issued a guarantee for a total amount of €900 thousand for Albea in connection with the A150 highway project.

Guarantees totaled €2,367 thousand at December 31, 20189 (€2,667 thousand as of December 31, 2018).

Guarantees received

Sanef Group companies received bonds and guarantees on contracts for a total of €45,350 thousand as of December 31, 2019 (€40,462 thousand as of December 31, 2018).

3.22 *Management of financial risks and derivative instruments*

3.22.1 *Market risks*

Of the various types of market risk (interest rate risk, currency risk, and market risk on listed equities), Sanef Group is primarily exposed to interest rate risk.

The Group would be exposed to fair value risk in the event that the portion of Sanef Group’s borrowings at fixed rates was bought on the market, while floating-rate borrowings could impact future financial results.

<i>(in € thousands)</i>	December 31, 2019	December 31, 2018
Fixed or adjustable rate	2,384,250	2,679,964
Floating rate	62,816	82,620
Total	2,447,066	2,762,584

All things considered, Sanef has only a limited risk of its financial expenses increasing should interest rates go up.

The fair value of Sanef's debt is sensitive to changes in interest rates insofar as a portion of this debt is at a fixed rate. A decrease in interest rates increases fair value, and an increase in interest rates decreases fair value. The variance between the fair value of the portion of the debt that is at a fixed rate and its carrying amount would only be taken to profit or loss if Sanef decided to make advance repayments of this debt, in order to respond to market opportunities.

Sensitivity of income and equity to changes in interest rates:

The sensitivity of interest flows for the floating rate instruments was calculated by taking into account all variable flows on non-derivative and derivative instruments. The analysis was prepared assuming that the amount of debt and financial instruments on the statement of financial position as of December 31, 2019 and 2018 remain constant over one year.

<i>(in € thousands)</i>	December 31, 2019				December 31, 2018			
	Earnings		Equity		Earnings		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Floating rate debt	(315)	315	-	-	(415)	(415)	-	-

A 50 basis point change in interest rates at the end of the reporting period would have resulted in an increase (decrease) in earnings in the amounts indicated above but would have had no impact on equity in 2019. For the purposes of this analysis, all other variables are presumed to remain constant.

In addition, the Sanef Group has rather little exposure to currency risk on transactions stemming from its normal course of business.

3.22.2 Credit risk

Credit risk represents the risk of financial loss to Sanef should a customer or counterparty to a financial instrument default on its contractual obligations.

The carrying amount of its financial assets, shown below, indicates maximum exposure to credit risk:

<i>(in € thousands)</i>	Note	Dec. 31, 2019	Dec. 31, 2018
Loans to associates	3.13	906	7,482
Loans	3.13	1,532	1,746
Deposits and guarantees	3.13	426	564
Trade and other financial receivables	3.14	197,362	163,698
Current financial assets	3.13	67	139
Cash and cash equivalents	3.15	8,857	230,376
	Total	209,149	404,005

As of December 31, 2019, the Sanef Group had trade and other accounts receivable totaling €197 million (€164 million as of December 31, 2018) and cash of around €9 million (€230 million as of December 31, 2018). These amounts indicate a very low exposure to credit risk, especially in view of the quality of the Group's customers and counterparties and the fact that all operating receivables are paid in cash or settled very quickly.

The Sanef Group invests its surplus cash and enters into interest rate swaps and other derivatives only with leading financial institutions.

3.22.3 Liquidity risk

Liquidity risk is defined as the risk of a company not being able to honor payments on its borrowings or other commitments.

With the exception of capital expenditures, financing needs are not sufficiently material to make any borrowing difficulties likely.

Sanef's primary financial debt (BNP/Dexia loan) is subject to covenants on the following two ratios:

- net debt/EBITDA
- EBITDA/net financial expenses.

As of December 31, 2019 and 2018 the Sanef Group was in compliance with both covenants.

Analysis of borrowings by maturity:

Year	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	> 5 years	Total
2020	258 000							258 000
2021		219 697				219 697		219 697
2022			263 281			263 281		263 281
2023				361 550		361 550		361 550
2024					454 101	454 101		454 101
2025								
2026							594 517	594 517
2027								
2028							295 919	295 919

December 31, 2019	258 000	219 697	263 281	361 550	454 101	1 298 630	890 436	2 447 066
--------------------------	---------	---------	---------	---------	---------	-----------	---------	------------------

December 31, 2018	319 695	256 616	220 289	262 632	360 889	1 100 426	1 342 463	2 762 585
--------------------------	---------	---------	---------	---------	---------	-----------	-----------	------------------

As Sanef Group's financial debt all falls due prior to the expiration of its concession contract, and thanks to the predictability of its operating and investment cash flows, the Group will be able to obtain refinancing. At present, the Group cannot foresee any problems with its ability to obtain funding

<i>(in € thousands)</i>		Note	Carrying amount	Contractual cash-flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	> 5 years
Non-derivative financial liabilities									
Financial debt									
	3.19	2,447	2,847	65	289	305	1,253	934	
Advances from French central government and regional agencies									
	3.19	17	17	17	0	0	0	0	
Deposits, guaranties and other financial debts									
	3.19	21	21	21	0	0	0	0	
Trade accounts payable									
	3.20	146	146	146	0	0	0	0	
Other current liabilities									
	3.20	0	0	0	0	0	0	0	
Total flows			3,031	250	289	305	1,253	934	

3.23 Related parties

No commercial transactions held between Sanef Group and its parent company HIT, neither with shareholders of HIT.

Sanef, SA and Abertis Infraestructuras, SA concluded an industrial agreement on June 12, 2017. By contract, Abertis will transfer its know-how and expertise in the motorway sector and provide the technical assistance associated to this transfer. This contract grants the possibility for Sanef to extend this agreement within its subsidiaries. In return Sanef undertakes to pay an annual fee. This contract came into force on July 1, 2017.

As of December 31, 2019, the group no longer had any receivables from the company Alis (€6.5 million as of December 31, 2018).

Equity-accounted companies are presented in note 3.1

The table below shows the remuneration and similar benefits, on a full-year basis, granted by Sanef and the companies that it controls to persons who, during 2019 or at the balance sheet date, are members of the Executive Committee or the Board of Directors of the Group:

<i>(in € millions)</i>	December 31, 2019
Remuneration	4.0
Payroll taxes	2.0
Post-employment benefits	
Other long term benefits	
Termination benefits	
Share-based payments	

These senior management staff costs totaled €6 million in 2019.

The attendance fees paid in 2019 amounted to €328 thousand.

3.24 Segment data

Segment data by contribution of each segment to the Sanef Group consolidated financial statements:

Consolidated financial statements Sanef Group- December 31, 2019

<i>(in € thousands)</i>	Sanef	Sapn	Bip & Go	Other	Sanef Group
Revenue without construction	1,315,556	435,491	20,823	8,569	1,780,438
EBITDA	954,792	326,330	15,065	1,754	1,297,940
Marge d'EBITDA (%)	72.6%	74.9%	72.4%	20.5%	72.9%
Operational result	733,015	217,313	12,220	1,443	963,991

EBITDA is net operating income before depreciation, amortization and provisions.

3.25 Auditors' fees

The firms Deloitte & Associés and PHM-Audit Expertise et Conseil, and their respective network members, act as auditors of the Sanef group as of December 31, 2019.

Auditing fees incurred for statutory audit and for services other than the auditing of accounts ("SACC"), for Sanef consolidation entities, totaled €283 thousand in 2019, of which 49 thousand for "SACC" which correspond essentially to the issuance of comfort letters, preparation of the independent third-party body's report on CSR information.

3.26 Events after the end of the reporting period

No significant event occurred after the accounts were closed on December 31, 2019