



WE OPEN THE WAY

# 2020 HALF-YEAR FINANCIAL REPORT

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*The half-year business report and the condensed half-year consolidated financial statements included in this document were approved by the Board of Directors on August 25, 2020.*

## **1. Composition of the Board of Directors as of June 30, 2020**

### **Chairman of the Board of Directors**

Olivier Roussat

### **Directors**

Olivier Bouygues

Société Bouygues, permanent representative Pascal Grangé

Martine Gavelle (Independent director)

Colette Lewiner (Independent director)

Catherine Ronge (Independent director)

Arnauld Van Eeckhout

### **Board of Directors' Committees**

#### **Audit Committee**

Société Bouygues (Committee Chair), represented by Pascal Grangé

Colette Lewiner

Catherine Ronge

#### **Selection and Compensation Committee**

Colette Lewiner (Chairperson)

Arnauld Van Eeckhout

#### **Ethics and Corporate Patronage Committee**

Arnaud Van Eeckhout (Chairperson)

Martine Gavelle

Colette Lewiner

## 2. Financial information – 1<sup>st</sup> half year 2020

With operations in more than fifty countries on five continents, Colas is a world leader in the construction and maintenance of transport infrastructure, whose mission is to promote to promote infrastructure solutions for sustainable mobility. Its three main activities are Roads, Construction Materials and Railways.

### Key Figures

#### Consolidated key figures

| <i>in millions of euros</i>                                  | <b>H1<br/>2019</b> | <b>H1<br/>2020</b>          | <b>Change</b>   | <b>At constant<br/>scope and<br/>exchange<br/>rates</b> |
|--|--------------------|-----------------------------|-----------------|---|
| <b>Consolidated revenue</b>                                  | <b>5,834</b>       | <b>4,870</b>                | <b>-17%</b>     | <b>-15%</b>   |
| <i>of which France</i>                                       | <i>3,071</i>       | <i>2,236</i>                | <i>-27%</i>     | <i>-24%</i>   |
| <i>of which International</i>                                | <i>2,763</i>       | <i>2,634</i>                | <i>-5%</i>      | <i>-5%</i>  |
| <b>Current operating profit</b>                              | <b>(136)</b>       | <b>(304)</b>                | <b>-168</b>     |   |
| <i>Current operating margin</i>                              | <i>-2.3%</i>       | <i>-6.3%</i>                | <i>-4.0 pts</i> |   |
| <b>Operating profit</b>                                      | <b>(136)</b>       | <b>(349) <sup>(a)</sup></b> | <b>-213</b>     |   |
| <b>Consolidated net profit attributable<br/>to the Group</b> | <b>(102)</b>       | <b>(295)</b>                | <b>-193</b>     |   |
| <b>Net debt <sup>(b)</sup></b>                               | <b>1,544</b>       | <b>1,065</b>                | <b>-479</b>     |   |

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

*(a) Including €45 million in non-current expenses related to the reorganization of the Group's road business in France and the continued dismantling of the Dunkirk site.*

*(b) See definition in glossary on page 31*

### Highlights of the half year

- New organization as of January 1, 2020
- Impact of the Covid-19 pandemic as of March 2020
- Acquisition of the assets of Granite Contracting LLC (asphalt mix production and road works) operating in North Carolina and South Carolina, USA (Annual revenue: \$50 million)
- Main order intakes:



- Refurbishment of two sections of Interstate 80 in Pennsylvania, USA, for an amount of €58 million
- Replacement of the power lines for the Bukit-Panjang light rail line (LRT) in Singapore (1<sup>st</sup> contract in this country for Colas Rail), for an amount of €41 million
- Development of the Samuel de Champlain Promenade (phase 3) in Quebec City, Canada, for an amount of €39 million
- Refurbishment of a section of Dalton Highway in Alaska, USA, for an amount of €35 million
- Southern extension of line 14 of the Grand Paris metro, in France, for an amount of €35 million
- Road and civil engineering works on Highway 404 in Ontario, Canada, for an amount of €32 million

### **Impact of the Covid-19 pandemic**

As expected, the impact of the Covid-19 pandemic on Colas' business and results amplified during the 2nd quarter of 2020.

At constant scope and exchange rates, consolidated revenue was down 18% in the 2nd quarter (-29% in France) compared to -10% in the 1<sup>st</sup> quarter (-17% in France).

After a sharp decline in April, business resumed gradually, returning to normal levels in June. As the Covid-19 situation improved or stabilized, recovery was favored, exception made for the United States, the French Overseas Departments and Regions and the Indian Ocean.

For the 2nd quarter of 2020, the current operating profit was positive at €66 million, down €96 million from Q2 2019, compared to -€72 million in Q1 2020.

Finally, the health crisis slowed the filling of orders from the Group's backlog.

### **Seasonal nature of business activity**

Due to the highly seasonal nature of the majority of the Group's businesses, operating losses are recorded each year during the 1st half year.

### **Activity by business segment**

Consolidated revenue for the 1st half of 2020 amounted to €4.9 billion, down 17% compared to the 1st half of 2019 (-15% at constant scope and exchange rates). In France, revenue amounted to €2.3 billion (-27% and -24% at constant scope) and €2.6 billion in the international units (-5% at constant scope and exchange rates).

The drop in revenue during the 1st half of 2020 due to the impact of the Covid-19 pandemic is estimated at around €810 million.

| <i>REVENUE BY BUSINESS SEGMENT</i><br><i>(in millions of euros)</i> | 1 <sup>ST</sup> HALF 2019 | 1 <sup>ST</sup> HALF 2020 | Change      | Change at<br>constant scope<br>and exchange<br>rates |
|---|---------------------------|---------------------------|-------------|--|
| Roads Mainland France / French Overseas-IO                          | 2,766                     | 2,101                     | -24%        | -24%   |
| Roads EMEA  | 921                       | 916                       | -1%         | +1%  |
| Roads North America   | 1,169                     | 1,130                     | -3%         | -8%  |
| Roads Asia Pacific  | 202                       | 184                       | -9%         | -11%   |
| <b>Total Roads</b>  | <b>5,058</b>              | <b>4,331</b>              | <b>-14%</b> | <b>-15%</b>  |
| <b>Railways and other Activities</b>                                | <b>762</b>                | <b>534</b>                | <b>-30%</b> | <b>-14%</b>  |
| <b>Holding</b>  | <b>14</b>                 | <b>5</b>                  | <b>ns</b>   | <b>ns</b>  |
| <b>TOTAL</b>  | <b>5,834</b>              | <b>4,870</b>              | <b>-17%</b> | <b>-15%</b>  |

### Roads:

Revenue from the road segment amounted to €4.3 billion in the 1st half of 2020, down 14% (-15% at constant scope and exchange rates).

In the Mainland and French Overseas/Indian Ocean zone, which was the most heavily impacted by the consequences of the Covid-19 pandemic, business is down 24% compared to the 1st half of 2019.

At constant scope and exchange rates, business is practically stable in the EMEA zone (+ 1%), while it is down 7% in the United States, 8% in Canada and 11% in the Asia-Pacific zone.

### Railways and other Activities:

Compared to the 1st half of 2019, revenue from Railways and other Activities is down 14% at constant scope and exchange rates. The contribution of Smac, which was deconsolidated in the 2nd quarter of 2019, amounted to €141 million in the 1st quarter of 2019.

### **Production of materials**

Around the world, Colas is involved in large-scale production and recycling of construction materials, in particular aggregates, from an international network of 449 operating quarries and gravel pits, 151 emulsion plants, 526 mixing plants and 192 concrete plants. In the first half of 2020, the Group-share of sales amounted to 43 million tonnes of aggregates (-17% compared to the first half of 2019), 606,000 tonnes of binders and emulsions (-40%), 14 million tonnes of asphalt mix (-11%) and 1.2 million m<sup>3</sup> of ready-mixed concrete (-15%). Colas has a major bitumen distribution business that is backed by 69 bitumen terminals.

### **Financial performance**

**Current operating profit** for the 1st half of 2020 was -€304 million, down €168 million compared to the 1st half of 2019. In the 1st half of 2020, the impact of the health crisis on current operating profit was estimated at around -€190 million (loss of current operating margin and unavoidable costs).

1st half-year **operating profit** for 2020 amounted to -€349 million, including non-current expenses of €45 million pertaining to the reorganization of the road business in France and the continued dismantling of the Dunkirk site.

The **share of income from joint ventures and associates amounted** to €4 million at the end of June 2020 compared to €25 million at the end of June 2019, partly due to a decrease in results for Tipco Asphalt.

**Net profit attributable to the Group** came to -€295 million in the 1st half of 2020, down by €193 million compared to the 1st half of 2019.

Furthermore, the health crisis had no impact on the valuation of the Group's non-current assets as of June 30, 2020.

### **Net debt**

Net debt at June 30, 2020 stood at €1,065 million, an improvement of €479 million compared to June 30, 2019, due to both the good performance of working capital requirements and a delay in the payment of dividends.

The payment in September of a dividend of €6.40 per share for the 2019 financial year will be proposed to the Ordinary General Shareholders' Meeting on September 3, 2020.

### **Order backlog**

The order backlog at the end of June 2020 remains high at €10.1 billion, up 1% restated for the main acquisitions and disposals and at constant exchange rates.



In mainland France, the order backlog (€3.6 billion) is down 1%, in line with the decrease in order intake for Mainland France Roads (impact of Covid-19 and municipal elections).

The order backlog for the international and French overseas units (€6.5 billion) is up 2%, restated for the main acquisitions and disposals and at constant exchange rates.

### **Outlook**

Despite the widespread announcement of recovery plans and infrastructure plans, vigilance is needed as to the evolution of the Covid-19 pandemic and its impacts on markets and zones where Colas operates.

On the basis of data known to date and excluding additional unfavorable changes in the health crisis, the decline in revenue and current operating profit in the 2nd half of 2020 compared to 2019 should be significantly lower than in the 1st half.

Colas confirms that in 2020 it is setting targets for reducing its greenhouse gas emissions compatible with the Paris Agreement, and will communicate about the action plan to achieve these goals as well.

## **3. Risks, Disputes and Litigations**

### **Risks**

In early January 2020, the discovery of a new coronavirus (SARS-CoV-2) was announced by the Chinese health authorities and the World Health Organization. The virus is actively circulating worldwide, which has led governments to take restrictive measures, notably lockdown orders in several countries.

While ensuring business continuity whenever possible, the Colas Group prioritizes the health of its employees, and it ensures that the measures are enforced.

Given how the virus is spreading around the world, there are still uncertainties about the duration and course of the pandemic, and possible health measures imposed by the public authorities concerned.

Nevertheless, the main risks and uncertainties that the Group could be confronted with during the second half of 2020 are of the same type and impact as those already presented in the 2019 annual report (pages 76 to 79).



## **Litigations**

### **HUNGARY: CASE BEFORE THE HUNGARIAN COMPETITION AUTHORITY AND ASSOCIATED CLAIMS FOR DAMAGES**

Between 2004 and 2012, the Hungarian Competition Authority found that some ten Hungarian companies, including Colas subsidiaries, had infringed competition rules by engaging in price-fixing practices in relation to public works contracts. The penalties have been paid and all appeals have been rejected.

In the aftermath of these various decisions, claims for damages have been brought against certain Hungarian companies controlled by Colas subsidiaries in Hungarian courts by several companies alleging they were harmed by these price-fixing practices. The only case that is still ongoing concerns Colas' subsidiaries and the Hungarian government (M3 motorway).

### **FRANCE: URSSAF AUDITS**

In late 2009, URSSAF (the French social security inspectorate) notified Colas of an adjustment related to the social security charge exemptions claimed under the TEPA and Fillon laws for the 2006-2008 fiscal years. URSSAF requested the payment of all social security contributions covered by these exemptions, from the very first euro, in the form of a lump-sum tax, on the grounds that the Group companies concerned had failed to supply the necessary information in support of these exemptions in electronic form. The submission of this information in electronic form was deemed mandatory by URSSAF, in its interpretation of the French Social Security Code. Colas and its subsidiaries consider that the conditions for lump-sum taxation as provided for under Article R.242-5 of the French Social Security Code are not met, as the supporting documents necessary for verification were submitted in paper form, and since the format in which these were supplied enabled them to be used. The amount attributable to this adjustment, including late payment penalties, is estimated at €63.8 million at June 30, 2020. This dispute has been referred to the Social Security courts.

### **CANADA: TAX-RELATED DISPUTE PERTAINING TO TECHNICAL ASSISTANCE CHARGED BY COLAS TO ITS SUBSIDIARY COLAS CANADA INC.**

The Canada Revenue Agency is challenging the deductibility of technical assistance expenses invoiced by the Colas parent company to its subsidiary Colas Canada Inc. on the grounds that the amounts of these expenses are excessive and insufficiently documented. Notices of assessment for 2004 to 2007 challenging the full deductibility of expenses incurred were addressed through the out-of-court settlement procedure under the tax treaty between France and Canada. The French and Canadian authorities had agreed on a technical assistance rate very similar to the rate charged. For fiscal years 2008 to 2012, Colas Canada Inc. challenged the rate accepted by the Canada Revenue Agency via the out-

of-court settlement procedure. Notices of assessment were received for 2013 and 2014. Colas Canada Inc. will be challenging the rate accepted by the Canada Revenue Agency via the out-of-court settlement procedure. The tax audit at Colas Canada Inc. covering 2015 and 2016 is still ongoing. The total amount in question at June 30, 2020 is €14 million.

**INTERNATIONAL: COMPLAINT FILED BY COLAS RAIL CONCERNING AN INTERNATIONAL PROJECT**

In 2017, an internal audit and subsequent external investigation mandated by Colas subsidiary Colas Rail revealed that suspicious euro and local currency payments had been made to local consultants by a foreign subsidiary of Colas Rail. In response to this unacceptable state of affairs, Colas Rail filed a complaint in France. The consultants in question had their contracts terminated and all payments blocked. By agreement with the customer, Colas Rail transferred the construction contract, without any significant financial impact on Colas Group. The investigation following the complaint filed by Colas Rail is ongoing. Colas Rail and Colas will be cooperating fully with the judicial authorities. The Group immediately took disciplinary action and tightened its internal control framework and compliance approach.

#### **4. Condensed consolidated financial statements for the 1<sup>st</sup> half year 2020**





*Société anonyme* with capital of €48,981,748.50  
Registered office: 1 rue du Colonel Pierre Avia – 75015 Paris - France  
Registered number: R.C.S. Paris 552 025 314 A.P.E. Code: 4211Z  
Financial year from January 1 through December 31, 2020

## **Condensed consolidated financial statements**

### **as of June 30, 2020**

Consolidated balance sheet

Consolidated income statement

Consolidated statement of recognized income and expense

Consolidated statement of changes in shareholders' equity

Consolidated cash flow statement

Notes to the consolidated financial statements

## Consolidated balance sheet

| (€ million)   | Note  | 06/30/2020    | 12/31/2019   | 06/30/2019    |
|---|-------|---------------|--------------|---------------|
| Property, plant and equipment                         | 3.1   | 2,460         | 2,578        | 2,554         |
| Right of use of leased assets                         |       | 394           | 408          | 386           |
| Intangible assets                                     | 3.2   | 202           | 211          | 211           |
| Goodwill  | 3.3   | 709           | 694          | 682           |
| Investments in joint ventures and associates          | 3.4   | 396           | 422          | 407           |
| Other non-current financial assets                    | 3.2.5 | 168           | 169          | 193           |
| Deferred tax assets                                   |       | 186           | 145          | 145           |
| <b>Non-current assets</b>                             |       | <b>4,515</b>  | <b>4,627</b> | <b>4,578</b>  |
| Inventories   |       | 762           | 675          | 819           |
| Advances and down-payments made on orders             |       | 68            | 71           | 92            |
| Trade receivables                                     |       | 2,592         | 2,596        | 2,970         |
| Customer contract assets                              |       | 925           | 688          | 989           |
| Current tax assets                                    |       | 66            | 49           | 104           |
| Other current receivables and prepaid expenses        |       | 846           | 743          | 892           |
| Cash and cash equivalents                             |       | 341           | 488          | 350           |
| Financial instruments – Hedging of debt               |       | 11            | 11           | 11            |
| Other current financial assets                        |       | 1             | 1            | 2             |
| <b>Current assets</b>                                 |       | <b>5,612</b>  | <b>5,322</b> | <b>6,229</b>  |
| Held-for-sale assets and operations                   |       |               |              |               |
| <b>Total assets</b>                                   |       | <b>10,127</b> | <b>9,949</b> | <b>10,807</b> |
| Share capital   |       | 49            | 49           | 49            |
| Share premium and reserves                            |       | 2,740         | 2,502        | 2,526         |
| Translation reserve                                   |       | 20            | 73           | 46            |
| Treasury shares                                       |       | (3)           | (3)          | (3)           |
| Net profit/(loss) attributable to the Group           |       | (295)         | 261          | (102)         |
| <b>Shareholders' equity attributable to the Group</b> |       | <b>2,511</b>  | <b>2,882</b> | <b>2,516</b>  |
| Non-controlling interests                             |       | 24            | 27           | 26            |
| <b>Shareholders' equity</b>                           | 4     | <b>2,535</b>  | <b>2,909</b> | <b>2,542</b>  |
| Non-current debt                                      | 6     | 582           | 431          | 1,065         |
| Non-current lease obligations                         |       | 323           | 335          | 327           |
| Non-current provisions                                | 5.1   | 893           | 857          | 779           |
| Deferred tax liabilities                              |       | 116           | 117          | 124           |
| <b>Non-current liabilities</b>                        |       | <b>1,914</b>  | <b>1,740</b> | <b>2,295</b>  |
| Current debt  | 6     | 31            | 36           | 49            |
| Current lease obligations                             |       | 91            | 93           | 80            |
| Current tax liabilities                               |       | 42            | 95           | 41            |
| Trade payables  |       | 2,034         | 2,114        | 2,385         |
| Customer contract liabilities                         |       | 834           | 863          | 915           |
| Current provisions                                    | 5.2   | 339           | 323          | 263           |
| Other current liabilities                             |       | 1,501         | 1,375        | 1,445         |
| Overdrafts and short-term bank borrowings             | 6     | 792           | 387          | 779           |
| Financial instruments – Hedging of debt               |       | 12            | 12           | 12            |
| Other current financial liabilities                   |       | 2             | 2            | 1             |
| <b>Current liabilities</b>                            |       | <b>5,678</b>  | <b>5,300</b> | <b>5,970</b>  |
| Liabilities related to held-for-sale operations       |       |               |              |               |
| <b>Total liabilities and shareholders' equity</b>     |       | <b>10,127</b> | <b>9,949</b> | <b>10,807</b> |
| Net surplus cash/(net debt)                           | 7     | (1,065)       | (367)        | (1,544)       |

## Consolidated income statement

| (€ million)  | Note | H1 2020      | H1 2019      | FY 2019       |
|--|------|--------------|--------------|---------------|
| <b>Sales (1)</b>   | 8    | <b>4,870</b> | <b>5,834</b> | <b>13,688</b> |
| Purchases used in production   |      | (2,178)      | (2,706)      | (6,376)       |
| Personnel costs  |      | (1,659)      | (1,774)      | (3,580)       |
| External charges   |      | (1,159)      | (1,373)      | (2,930)       |
| Taxes other than income tax  |      | (89)         | (88)         | (161)         |
| Net depreciation and amortization expense on property, plant and equipment and intangible assets |      | (186)        | (195)        | (462)         |
| Net amortization expense on right of use of leased assets  |      | (47)         | (42)         | (90)          |
| Charges to provisions and impairment losses, net of reversals due to utilization                 |      | (17)         | (19)         | (151)         |
| Change in production inventories   |      | (5)          | 3            | 1             |
| Other income from operations (2)   |      | 228          | 282          | 647           |
| Other expenses on operations   |      | (62)         | (58)         | (153)         |
| <b>Current operating profit/(loss)</b>   | 9    | <b>(304)</b> | <b>(136)</b> | <b>433</b>    |
| Other operating income   | 9    |              |              |               |
| Other operating expenses   | 9    | (45)         |              | (28)          |
| <b>Operating profit/(loss)</b>   | 9    | <b>(349)</b> | <b>(136)</b> | <b>405</b>    |
| Financial income   |      | 6            | 6            | 18            |
| Financial expenses   |      | (21)         | (21)         | (51)          |
| <b>Cost of net debt</b>  |      | <b>(15)</b>  | <b>(15)</b>  | <b>(33)</b>   |
| Interest expense on lease obligations  |      | (7)          | (8)          | (15)          |
| Other financial income   |      | 2            | 5            | 22            |
| Other financial expenses   |      | (1)          | (1)          | (20)          |
| Income tax   | 10   | 71           | 26           | (141)         |
| Share of net profits/(losses) of joint ventures and associates                                   |      | 4            | 25           | 43            |
| <b>Net profit/(loss) from continuing operations</b>  |      | <b>(295)</b> | <b>(104)</b> | <b>261</b>    |
| Net profit/(loss) from discontinued and held-for-sale operations                                 |      |              |              |               |
| <b>Net profit/(loss) attributable to the Group</b>   |      | <b>(295)</b> | <b>(102)</b> | <b>261</b>    |
| Net profit/(loss) attributable to non-controlling interests                                      |      |              | (2)          |               |
| Basic earnings per share from continuing operations (€)  |      | (9.03)       | (3.14)       | 7.99          |
| Diluted earnings per share from continuing operations (€)  |      | (9.03)       | (3.14)       | 7.99          |
| (1) of which sales generated outside France  |      | 2,634        | 2,763        | 7,092         |
| (2) of which reversals of unused provisions and impairment                                       |      | 25           | 41           | 99            |

## Consolidated statement of recognized income and expense

|   |    |              |              |            |
|---|----|--------------|--------------|------------|
| <b>Net profit/(loss)</b>  |    | <b>(295)</b> | <b>(104)</b> | <b>261</b> |
| <b>Items not reclassifiable to profit or loss</b>                             |    |              |              |            |
| Actuarial gains/(losses) on post-employment benefits                          | 13 | (29)         | (6)          | (36)       |
| Net tax effect of items not reclassifiable to profit or loss                  |    | 6            | 2            | 8          |
| <b>Items reclassifiable to profit or loss</b>                                 |    |              |              |            |
| Translation adjustments   |    | (43)         | 32           | 54         |
| Remeasurement of hedging assets   |    |              |              |            |
| Net tax effect of items reclassifiable to profit or loss                      |    |              |              |            |
| Share of reclassifiable income and expense of joint ventures and associates   |    | (10)         | 3            | 8          |
| <b>Income and expense recognized directly in equity</b>                       |    | <b>(76)</b>  | <b>31</b>    | <b>34</b>  |
| <b>Total recognized income and expense</b>                                    |    | <b>(371)</b> | <b>(73)</b>  | <b>295</b> |
| Total recognized income and expense attributable to the Group                 |    | (371)        | (71)         | 295        |
| Total recognized income and expense attributable to non-controlling interests |    |              | (2)          |            |



## Consolidated statement of changes in shareholders' equity

| (€ million)  | Share capital<br>Share premium | Reserves related to capital/<br>retained earnings | Consolidated reserves and profit/(loss) for period | Treasury shares | Items recognized directly in equity | Total attributable to the Group | Non-controlling interests | Total        |
|--|--------------------------------|---|--|-----------------|-------------------------------------|---------------------------------|---------------------------|--------------|
| <b>Position at 12/31/2018 - restated (1)</b>                           | <b>455</b>                     | <b>633</b>  | <b>1,724</b>                                       | <b>(3)</b>      | <b>(41)</b>                         | <b>2,768</b>                    | <b>29</b>                 | <b>2,797</b> |
| <b>Movements in the first half of 2019</b>                             |                                |   |  |                 |                                     |                                 |                           |              |
| Net profit/(loss)  |                                |   | (102)  |                 |                                     | (102)                           | (2)                       | (104)        |
| Translation adjustments  |                                |   |  |                 | 35                                  | 35                              |                           | 35           |
| Other recognized income and expense                                    |                                |   |  |                 | (4)                                 | (4)                             |                           | (4)          |
| <b>Total recognized income and expense (2)</b>                         |                                |   | <b>(102)</b>                                       |                 | <b>31</b>                           | <b>(71)</b>                     | <b>(2)</b>                | <b>(73)</b>  |
| Capital and reserves transactions, net                                 |                                | 205   | (205)  |                 |                                     |                                 |                           |              |
| Acquisitions/disposals of treasury shares                              |                                |   |  |                 |                                     |                                 |                           |              |
| Acquisitions/disposals without change of control                       |                                |   |  |                 |                                     |                                 |                           |              |
| Dividend paid  |                                |   | (181)  |                 |                                     | (181)                           | (2)                       | (183)        |
| Share-based payment  |                                |   |  |                 |                                     |                                 |                           |              |
| Other transactions (changes in scope of consolidation and other items) |                                |   |  |                 |                                     |                                 | 1                         | 1            |
| <b>Position at 06/30/2019</b>  | <b>455</b>                     | <b>838</b>  | <b>1,236</b>                                       | <b>(3)</b>      | <b>(10)</b>                         | <b>2,516</b>                    | <b>26</b>                 | <b>2,542</b> |
| <b>Movements in the second half of 2019</b>                            |                                |   |  |                 |                                     |                                 |                           |              |
| Net profit/(loss)  |                                |   | 363  |                 |                                     | 363                             | 2                         | 365          |
| Translation adjustments  |                                |   |  |                 | 27                                  | 27                              |                           | 27           |
| Other recognized income and expense                                    |                                |   |  |                 | (24)                                | (24)                            |                           | (24)         |
| <b>Total recognized income and expense (2)</b>                         |                                |   | <b>363</b>   |                 | <b>3</b>                            | <b>366</b>                      | <b>2</b>                  | <b>368</b>   |
| Capital and reserves transactions, net                                 |                                |   |  |                 |                                     |                                 |                           |              |
| Acquisitions/disposals of treasury shares                              |                                |   |  |                 |                                     |                                 |                           |              |
| Acquisitions/disposals without change of control                       |                                |   |  |                 |                                     |                                 |                           |              |
| Dividend paid  |                                |   |  |                 |                                     |                                 |                           |              |
| Share-based payment  |                                |   |  |                 |                                     |                                 |                           |              |
| Other transactions (changes in scope of consolidation and other items) |                                |   |  |                 |                                     |                                 | (1)                       | (1)          |
| <b>Position at 12/31/2019</b>  | <b>455</b>                     | <b>838</b>  | <b>1,599</b>                                       | <b>(3)</b>      | <b>(7)</b>                          | <b>2,882</b>                    | <b>27</b>                 | <b>2,909</b> |
| <b>Movements in the first half of 2020</b>                             |                                |   |  |                 |                                     |                                 |                           |              |
| Net profit/(loss)  |                                |   | (295)  |                 |                                     | (295)                           |                           | (295)        |
| Translation adjustments (3)  |                                |   |  |                 | (53)                                | (53)                            |                           | (53)         |
| Other recognized income and expense                                    |                                |   |  |                 | (23)                                | (23)                            |                           | (23)         |
| <b>Total recognized income and expense (2)</b>                         |                                |   | <b>(295)</b>                                       |                 | <b>(76)</b>                         | <b>(371)</b>                    |                           | <b>(371)</b> |
| Capital and reserves transactions, net                                 |                                | 210   | (210)  |                 |                                     |                                 |                           |              |
| Acquisitions/disposals of treasury shares                              |                                |   |  |                 |                                     |                                 |                           |              |
| Acquisitions/disposals without change of control                       |                                |   |  |                 |                                     |                                 |                           |              |
| Dividend paid  |                                |   |  |                 |                                     |                                 | (3)                       | (3)          |
| Share-based payment  |                                |   |  |                 |                                     |                                 |                           |              |
| Other transactions (changes in scope of consolidation and other items) |                                |   |  |                 |                                     |                                 |                           |              |
| <b>Position at 06/30/2020</b>  | <b>455</b>                     | <b>1,048</b>                                      | <b>1,094</b>                                       | <b>(3)</b>      | <b>(83)</b>                         | <b>2,511</b>                    | <b>24</b>                 | <b>2,535</b> |

(1) Shareholders' equity as of December 31, 2018 has been restated for the effects of applying IFRS 16.

(2) Refer to the consolidated statement of recognized income and expense.

(3) Change in translation reserve:

|  | Group       | Non-controlling interests | Total       |
|--|-------------|---------------------------|-------------|
| Companies controlled by the Group            | (43)        |                           | (43)        |
| Investments in joint ventures and associates | (10)        |                           | (10)        |
| <b>Total</b>                                 | <b>(53)</b> |                           | <b>(53)</b> |

## Consolidated cash flow statement

| I – Cash flow from continuing operations<br>(€ million)   | H1 2020      | H1 2019      | FY 2019      |
|---|--------------|--------------|--------------|
| Net profit/(loss) from continuing operations  | (295)        | (104)        | 261          |
| Adjustments:  |              |              |              |
| Share of profits/losses reverting to joint ventures and associates, net of dividends received   | 24           | (7)          | (13)         |
| Dividends from non-consolidated companies   | (1)          | (2)          | (3)          |
| Net charges to/(reversals of) depreciation, amortization and impairment of property, plant and equipment and intangible assets and non-current provisions | 194          | 169          | 474          |
| Net charges to amortization and impairment expense and other adjustments to right of use of leased assets   | 47           | 42           | 89           |
| Gains and losses on asset disposals   | (14)         | (30)         | (53)         |
| Income taxes, including uncertain tax positions   | (71)         | (26)         | 141          |
| Income taxes paid   | (34)         | (60)         | (110)        |
| Other non-cash income and expenses  |              | (2)          | (6)          |
| <b>Cash flow after cost of net debt, interest expense on lease obligations and income taxes paid</b>  | <b>(150)</b> | <b>(20)</b>  | <b>780</b>   |
| Reclassification of cost of net debt and interest expense on lease obligations  | 22           | 23           | 48           |
| Changes in working capital related to operating activities (including current impairment and provisions)  | (334)        | (595)        | (30)         |
| <b>Net cash generated by/(used in) operating activities (a)</b>   | <b>(462)</b> | <b>(592)</b> | <b>798</b>   |
| Purchase price of property, plant and equipment and intangible assets   | (102)        | (123)        | (408)        |
| Proceeds from disposals of property, plant and equipment and intangible assets  | 30           | 26           | 87           |
| Net liabilities related to property, plant and equipment and intangible assets  | (71)         | (100)        | (16)         |
| <b>Sub-total</b>  | <b>(143)</b> | <b>(197)</b> | <b>(337)</b> |
| Acquisitions and disposals of non-consolidated companies and other investments:   |              |              |              |
| Purchase price of non-consolidated companies and other investments  | (1)          | (2)          | (1)          |
| Proceeds from disposals of non-consolidated companies and other investments   |              |              | 2            |
| Net amount receivable/(payable) on acquisitions and disposals of non-consolidated companies and other investments   |              |              |              |
| <b>Sub-total</b>  | <b>(1)</b>   | <b>(2)</b>   | <b>1</b>     |
| Acquisitions and disposals of consolidated activities:  |              |              |              |
| Purchase price of consolidated activities   | (38)         | (38)         | (57)         |
| Proceeds from disposals of consolidated activities  |              | 22           | 24           |
| Net amount receivable/(payable) on acquisitions and disposals of consolidated activities  |              | (1)          | (2)          |
| Cash of acquired or divested companies  | 3            | (4)          | (7)          |
| <b>Sub-total</b>  | <b>(35)</b>  | <b>(21)</b>  | <b>(42)</b>  |
| Other cash flows related to investing activities: changes in loans, dividends received from non-consolidated companies                                    | (3)          | 4            | 33           |
| <b>Net cash generated by/(used in) investing activities (b)</b>   | <b>(182)</b> | <b>(216)</b> | <b>(345)</b> |
| Capital increases/(reductions) paid by shareholders and non-controlling interests and other transactions between shareholders                             | 1            |              |              |
| Dividends paid to shareholders of the parent company  |              | (181)        | (181)        |
| Dividends paid by consolidated companies to non-controlling interests   | (3)          | (2)          | (2)          |
| Change in current and non-current debt  | 168          | 548          | (117)        |
| Repayment of lease obligations  | (47)         | (41)         | (88)         |
| Cost of net debt and interest expense on lease obligations  | (22)         | (23)         | (48)         |
| Other cash flows related to financing activities  |              |              |              |
| <b>Net cash generated by/(used in) financing activities (c)</b>   | <b>97</b>    | <b>301</b>   | <b>(436)</b> |
| Effect of foreign exchange fluctuations (d)   | (5)          | 3            | 9            |
| <b>Change in net cash position (a+b+c+d)</b>  | <b>(552)</b> | <b>(504)</b> | <b>26</b>    |
| <b>Net cash position at start of period</b>   | <b>101</b>   | <b>75</b>    | <b>75</b>    |
| Net cash flows  | (552)        | (504)        | 26           |
| Non-monetary flows  |              |              |              |
| Cash flows related to held-for-sale assets  |              |              |              |
| <b>Net cash position at end of period</b>   | <b>(451)</b> | <b>(429)</b> | <b>101</b>   |
| II – Cash flows related to discontinued and held-for-sale operations  |              |              |              |
| <b>Net cash position at start of period</b>   |              | <b>(1)</b>   |              |
| Net cash flows  |              | 1            |              |
| <b>Net cash position at end of period</b>   |              |              |              |

# Notes to the consolidated financial statements

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## NOTE 1. SIGNIFICANT EVENTS

### 1.1 – Significant events of the first half of 2020

#### Consequences of the Covid-19 pandemic

From March 2020 onwards, the Colas group has been significantly impacted by the Covid-19 pandemic, as well as the government measures announced in response (in particular, the lockdown imposed on the French population from March 16) and the resulting economic crisis. The impacts on the Group were described in press releases issued on March 25, April 1 and May 14, 2020.

#### *Impact of the pandemic on Colas group operations*

At Group level, despite the flexibility measures deployed, the sudden drop in activity levels led to costs being incurred that were non-productive because they could not be adjusted in the same time-frame. This had an impact on first-half results, as did the extra costs incurred to ensure that on-site employees were safe from any health risks.

Reduced activity levels affected the Colas group's operating segments to varying degrees. The shutdown of all worksites and production facilities in France from March 17 primarily affected the Roads France-OD/IO segment, followed (to a lesser extent) by Rail and other operations (see Note 11.2).

In France, after picking up gradually from mid-April, June 2020 activity levels were back in line with those of June 2019, as they also were across the rest of the Group.

#### *Other financial impacts*

The Colas Board of Directors announced in a press release on April 1, 2020 that it had decided to withdraw the proposal to ask the Annual General Meeting of April 22, 2020 to distribute a dividend, and that it would meet during the summer to review the situation and to assess the feasibility of proposing a dividend payout in respect of the 2019 financial year. On July 27, in light of an improvement in the situation and of the Group's cash resources, the Board decided to call a General Meeting of the shareholders for September 3, with a view to proposing a dividend of €6.40 per share in respect of the 2019 financial year.

In a press release issued on March 25, the Colas group informed the market of the suspension of all the objectives announced when its 2019 full-year results were published.

In a further press release issued on April 1, the Colas group announced that the ongoing crisis would have a substantial impact on its 2020 full-year results, and that consequently its objectives for 2020 could not be met.

The Group also decided not to defer payments on account of corporate income taxes or social security contributions.

#### *Impact of the Covid-19 pandemic on current operating profit*

The impact of the Covid-19 crisis, and its repercussions for the Colas group's 2020 first-half performance, are estimated at a reduction of approximately €810 million in sales between the end of March and the end of May.

That loss of sales generated a shortfall of approximately €190 million at current operating profit level, due to loss of operating margin and unavoidable costs.

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

#### Sale of Smac

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

Effective completion of the transaction occurred on May 20, 2019 after all the conditions precedent had been fulfilled, in particular approval from the competition authorities. This divestment reduced sales by approximately €600 million on an annual basis, and did not have a material impact on the operating profit of Colas in 2019.

## Acquisition of Skanska's operations in Poland

On April 1, 2019 Colas Polska, the Polish subsidiary of Colas, completed the acquisition of part of Skanska's asphalt operations in Poland.

### **1.3 – Significant events and changes in scope of consolidation subsequent to June 30, 2020**

The Group is not aware of any significant events subsequent to the end of the reporting period.

## **NOTE 2. GROUP ACCOUNTING POLICIES**

### **2.1 – Declaration of compliance**

The interim condensed consolidated financial statements of Colas and its subsidiaries ("the Group") for the six months ended June 30, 2020 were prepared in accordance with IAS 34, "Interim Financial Reporting", a standard issued by the International Accounting Standards Board (IASB) and endorsed by the European Union. Because they are condensed, these financial statements do not include all the information required under the standards issued by the IASB, and should be read in conjunction with the full-year financial statements of the Colas group for the year ended December 31, 2019.

They were prepared in accordance with the standards issued by the IASB as endorsed by the European Union and applicable as of June 30, 2020. Those standards (collectively referred to as "IFRS") comprise International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs), and interpretations issued by the IFRS Interpretations Committee – previously the International Financial Reporting Interpretations Committee (IFRIC), itself the successor body to the Standing Interpretations Committee (SIC). The Group has not early adopted as of June 30, 2020 any standard or interpretation not endorsed by the European Union.

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

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

The consolidated financial statements of the Colas group include the financial statements of Colas SA and its subsidiaries, and its investments in joint ventures, associates and joint operations.

They were closed off by the Board of Directors on August 25, 2020.

The interim condensed consolidated financial statements for the six months ended June 30, 2020 were prepared in accordance with IFRS using the historical cost convention, except for certain financial assets and liabilities measured at fair value where this is required under IFRS. They include comparatives with the financial statements for the year ended December 31, 2019 and the six months ended June 30, 2019.

Accounting policies specific to the interim condensed consolidated financial statements are as follows:

- Income taxes of consolidated entities for interim periods are assessed in accordance with IAS 34: the income taxes of each entity for the period are recognized on the basis of the best estimate of the average annual effective income tax rate for the financial year (except in the case of holding companies, which recognize income taxes on the basis of the actual tax position at the end of the period).
- Employee benefit expenses for interim periods are recognized pro rata based on the estimated expense for the full year, calculated using the actuarial assumptions and projections applied as of December 31, 2019 with the exception of (i) discount rates and (ii) the value of plan assets, both of which have been revised as of June 30, 2020 (see Note 13).

### **2.3 New accounting standards and interpretations**

The Colas group applied the same standards, interpretations and accounting policies as of June 30, 2020 as were applied in its consolidated financial statements for the year ended December 31, 2019, except for changes required to meet new IFRS requirements applicable from January 1, 2020 (see below).



Principal amendments effective within the European Union and mandatorily applicable from January 1, 2020:

- Amendments to IFRS 9, IAS 39 and IFRS 7

On September 26, 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7 (phase 1) in connection with the reform of interest rate benchmarks. Those amendments were endorsed by the European Union on January 16, 2020, and are applicable retrospectively from January 1, 2020.

The impact of the amendments on the Group is immaterial.

- Amendments to IFRS 3

On October 22, 2018, the IASB issued amendments to IFRS 3 to clarify the definition of a "business" in a business combination. Those amendments were endorsed by the European Union on April 21, 2020, and apply to accounting periods beginning on or after January 1, 2020.

The impact of the amendments on the Group is immaterial.

## **2.4 – Financial indicators**

### **2.4.1 EBITDA after Leases**

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

"Other income from operations" and "Other expenses from operations", which are a component of current operating profit/loss, mainly comprise (i) net foreign exchange differences on commercial transactions; (ii) gains and losses on disposals of non-current assets; (iii) profits and losses from joint operations; (iv) royalties from the licensing of patents; and (v) revenue from sales of raw materials (bitumen) to asphalt and emulsion entities in the form of *sociétés en participation* (SEPs) or economic interest groupings that subsequently sell the asphalt and emulsion back to Colas.

Profits and losses from joint operations represent the Group's share of profits or losses from non-consolidated companies (SEPs, etc.), for example those that operate asphalt and binder production facilities.

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

Net debt (or net surplus cash) is obtained by aggregating the following items:

- cash and cash equivalents;
- overdrafts and short-term bank borrowings.
- non-current and current debt;
- financial instruments (used to hedge financial liabilities measured at fair value).

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

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

### **2.4.3 Free cash flow**

Free cash flow is defined as net cash flow (determined after (i) cost of net debt, (ii) interest expense on lease obligations and (iii) income taxes paid), minus net capital expenditure and repayments of lease obligations. It is calculated before changes in working capital requirements related to operating activities.

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

"Changes in working capital requirements related to operating activities" represents the net change in current assets and current liabilities excluding (i) income taxes; (ii) receivables and liabilities related to property, plant and equipment and intangible assets; (iii) net cash and cash equivalents and current debt; (iv) current lease obligations; and (v) financial instruments used to hedge financial liabilities.

## **2.5 – Seasonal fluctuations**

Sales and operating profit are subject to strong seasonal fluctuations due to low activity levels during the first half as a result of weather conditions. The extent of those fluctuations varies from year to year; in 2020, the effect has been amplified by the impact of the Covid-19 pandemic (see Note 1.1). In accordance with IFRS, sales for interim accounting periods are recognized on the same basis as full-year sales.



## NOTE 3. NON-CURRENT ASSETS

### 3.1 Property, plant and equipment

|                        | Land and buildings | Plant, equipment and tooling | PP&E under construction and advance payments | TOTAL        |
|------------------------|--------------------|------------------------------|--|--------------|
| <b>Carrying amount</b> |                    |                              |  |              |
| June 30, 2019          | 1,082              | 1,385                        | 87   | <b>2,554</b> |
| December 31, 2019      | 1,080              | 1,377                        | 121  | <b>2,578</b> |
| <b>June 30, 2020</b>   | <b>1,052</b>       | <b>1,308</b>                 | <b>100</b>                                   | <b>2,460</b> |

### 3.2 Intangible assets

|                      | Concessions, patents and other rights | Other items | Total      |
|----------------------|---------------------------------------|-------------|------------|
| June 30, 2019        | 94                                    | 117         | <b>211</b> |
| December 31, 2019    | 92                                    | 119         | <b>211</b> |
| <b>June 30, 2020</b> | <b>88</b>                             | <b>114</b>  | <b>202</b> |

### 3.3 – Goodwill

#### 3.3.1 – Movement in the carrying amount of goodwill in the period

|   | Carrying amount |
|---|-----------------|
| <b>December 31, 2019</b>                            | <b>694</b>      |
| Changes in scope of consolidation                   | 23              |
| Impairment losses charged during the period         |                 |
| Other movements (including translation adjustments) | (8)             |
| <b>June 30, 2020</b>                                | <b>709</b>      |

Changes in scope of consolidation during the period relate to goodwill of €10 million arising on the activities of Granite Contracting LLC, acquired by Reeves Construction Company (a US subsidiary of Colas), and to goodwill arising on acquisitions of activities in the Czech Republic (€8 million), Africa (€3 million) and Latin America (€2 million).

Other movements mainly comprise negative translation adjustments in Canada (€6 million) and the United Kingdom (€2 million).

The Colas group has not made any major acquisitions since January 1, 2019.

#### 3.3.2 – Impairment of indefinite-lived intangible assets and goodwill

As of December 31, 2019, goodwill was tested for impairment using recoverable amounts determined on the basis of three-year cash flow projections corresponding to the business plans of each cash generating unit.

Indefinite-lived intangible assets and goodwill by CGU, and the main assumptions used in impairment testing, were as follows:

| Cash Generating Units as of December 31, 2019 | Goodwill   | Indefinite-lived intangible assets | Growth rate | Discount rate |                |
|---|------------|------------------------------------|-------------|---------------|----------------|
|   |            |                                    |             | Scenario 1(1) | Scenario 2 (1) |
| Roads France                                  | 159        | 20                                 | 2%          | 5.70%         | 5.38%          |
| Roads Europe (excluding France)               | 24         |                                    | 2%          | 5.70%         | 5.38%          |
| Roads North America                           | 225        | 21                                 | 2%          | 5.70%         | 5.38%          |
| Roads Rest of the World                       | 36         |                                    | 2%          | 5.70%         | 5.38%          |
| Other activities                              | 1          |                                    | 2%          | 5.70%         | 5.38%          |
| Rail  | 249        |                                    | 2%          | 5.70%         | 5.38%          |
| <b>Total</b>                                  | <b>694</b> | <b>41</b>                          |             |               |                |

(1) Depending on the capital structure: ½ debt - ½ equity (scenario 1); ¾ debt - ¼ equity (scenario 2).

In the first half of 2020, the Covid-19 health crisis caused a decline in the Group's output (shutdown of worksites) which adversely affected its operating performance (see Note 1.1). Combined with a fall in share prices, this constitutes an indication of potential impairment as of June 30, 2020.

Consequently, the business plan prepared at the end of 2019 was reviewed at the end of June 2020 to simulate the consequences of the ongoing crisis (such as can be estimated at this stage) for cash flow projections for the 2020-2022 period.

The value of goodwill as of June 30, 2020 was assessed on the basis of this simulation of future cash flows using the same method as was applied by the Group at the end of 2019, as described in Note 2.7 to the 2019 full-year consolidated financial statements.

Indefinite-lived intangible assets and goodwill by CGU (based on the new operational structure of the Colas group, see Note 11), and the main assumptions used in impairment testing, were as follows as of June 30, 2020:

| Cash Generating Units as of<br>June 30, 2020 | Goodwill   | Indefinite-lived<br>intangible<br>assets | Growth rate | Discount<br>rate |                |
|--|------------|--|-------------|------------------|----------------|
|  |            |  |             | Scenario 1 (1)   | Scenario 2 (1) |
| Roads France-OD/IO                           | 167        | 21                                       | 2%          | 7.98%            | 7.46%          |
| Roads Europe-Middle East-Africa              | 35         |  | 2%          | 7.98%            | 7.46%          |
| Roads United States                          | 77         |  | 2%          | 7.98%            | 7.46%          |
| Roads Canada                                 | 152        | 20                                       | 2%          | 7.98%            | 7.46%          |
| Roads Asia-Pacific                           | 29         |  | 2%          | 7.98%            | 7.46%          |
| Rail   | 248        |  | 2%          | 7.98%            | 7.46%          |
| Water & Energy Networks                      | 1          |  | 2%          | 7.98%            | 7.46%          |
| <b>Total</b>                                 | <b>709</b> | <b>41</b>                                |             |                  |                |

(1) Depending on the capital structure: ⅓ debt - ⅔ equity (scenario 1); ⅔ debt - ⅓ equity (scenario 2).

Sensitivity analyses for the key assumptions (discount rate, growth rate and normative cash flows) were updated to June 30, 2020. As was the case at end December 2019, there is no reasonably possible scenario that would cause the recoverable amount of any of the CGUs to fall below its carrying amount. For each CGU, the recoverable amount would equal the carrying amount of the assets tested if the assumptions shown below were to be applied:

| Cash Generating Units<br>as of June 30, 2020 | "Breakeven"<br>discount rate |
|--|------------------------------|
| Roads France-OD/IO                           | 13.3%                        |
| Roads Europe-Middle East-Africa              | 14.8%                        |
| Roads United States                          | 11.8%                        |
| Roads Canada                                 | 10.4%                        |
| Roads Asia-Pacific                           | 9.9%                         |
| Rail   | 9.5%                         |
| Water & Energy Networks                      | 35.7%                        |

### 3.4 – Investments in joint ventures and associates

An analysis by business segment of the share of net profits/losses of joint ventures and associates is provided in Note 11.

|  | Carrying amount |
|--|-----------------|
| <b>December 31, 2019</b>   | <b>422</b>      |
| Share of net profits/(losses) for the period                     | 4               |
| Translation adjustments  | (10)            |
| Other income and expense recognized directly in equity           |                 |
| <b>Net profit/(loss) and other recognized income and expense</b> | <b>(6)</b>      |
| Changes in scope of consolidation                                | 1               |
| Other movements (dividends, etc.)                                | (21)            |
| <b>June 30, 2020</b>   | <b>396</b>      |

The share of net profits for the first half of 2020 mainly comprises a profit of €8 million from Tipco Asphalt and a loss of €4 million from TGBV.

Translation adjustments relate primarily to subsidiaries of Colas Canada (-€2 million) and to Tipco Asphalt (-€3 million).

### 3.5 – Non-current financial assets

|                      | Non-consolidated companies | Other financial assets | Total gross value | Impairment  | Carrying amount |
|----------------------|----------------------------|------------------------|-------------------|-------------|-----------------|
| June 30, 2019        | 35                         | 165                    | 200               | (7)         | 193             |
| December 31, 2019    | 30                         | 142                    | 172               | (3)         | 169             |
| <b>June 30, 2020</b> | <b>76</b>                  | <b>141</b>             | <b>217</b>        | <b>(49)</b> | <b>168</b>      |

## NOTE 4. CONSOLIDATED SHAREHOLDERS' EQUITY

### 4.1 – Share capital of Colas SA (€)

The share capital of Colas as of June 30, 2020 was €48,981,748.50.

It consists of 32,654,499 shares with a par value of €1.50, all ranking equally (although registered shares held by the same shareholder for more than two years carry double voting rights).

### 4.2 – Movements during the period

No change since January 1, 2020.

## NOTE 5. NON-CURRENT AND CURRENT PROVISIONS

### 5.1 – Non-current provisions

|  | Long-term<br>employee<br>benefits | Litigation<br>and claims | Warranties<br>(long term) | Site<br>rehabilitation<br>(long term) | Other non-<br>current<br>provisions | Total      |
|--|-----------------------------------|--------------------------|---------------------------|---------------------------------------|-------------------------------------|------------|
| June 30, 2019                                | 363                               | 172                      | 54                        | 159                                   | 31                                  | 779        |
| <b>December 31, 2019</b>                     | <b>396</b>                        | <b>182</b>               | <b>58</b>                 | <b>173</b>                            | <b>48</b>                           | <b>857</b> |
| Translation adjustments                      | (4)                               |                          | (2)                       | (2)                                   |                                     | (8)        |
| Changes in scope of consolidation            |                                   |                          |                           |                                       |                                     |            |
| Charges to provisions                        | 19                                | 6                        | 5                         | 14                                    | 3                                   | 47         |
| Reversals of provisions (used or unused) (1) | (12)                              | (11)                     | (3)                       | (7)                                   | (5)                                 | (38)       |
| Actuarial gains and losses (2)               | 33                                |                          |                           |                                       |                                     | 33         |
| Transfers and other movements                |                                   |                          |                           |                                       | 2                                   | 2          |
| <b>June 30, 2020</b>                         | <b>432</b>                        | <b>177</b>               | <b>58</b>                 | <b>178</b>                            | <b>48</b>                           | <b>893</b> |

(1) Includes reversals of unused provisions in the first half of 2020: €7m.

(2) Includes actuarial gains of €42m on provisions for pensions, and actuarial losses of €9m on provisions for lump-sum retirement benefits; see Note 13.

#### Analysis of principal provisions:

|                                      | 06/30/2020 | 12/31/2019 | 06/30/2019 |
|--------------------------------------|------------|------------|------------|
| Long service awards                  | 86         | 85         | 84         |
| Lump-sum retirement benefits         | 217        | 220        | 209        |
| Pensions                             | 129        | 91         | 70         |
| <b>Long-term employee benefits</b>   | <b>432</b> | <b>396</b> | <b>363</b> |
| Disputes with customers              | 39         | 41         | 40         |
| Disputes with employees              | 21         | 21         | 19         |
| Disputes with social security bodies | 87         | 86         | 83         |
| Disputes with tax authorities        | 2          | 5          | 5          |
| Disputes with other official bodies  | 2          | 2          |            |
| Other disputes                       | 26         | 27         | 25         |
| <b>Litigation and claims</b>         | <b>177</b> | <b>182</b> | <b>172</b> |

### 5.2 – Current provisions

|  | Expected<br>losses to<br>completion | Project risks<br>and project<br>completion | Warranties<br>(short term) | Site<br>rehabilitation<br>(short term) | Other current<br>provisions | Total      |
|--|-------------------------------------|--|----------------------------|--|-----------------------------|------------|
| June 30, 2019                                | 87                                  | 70   | 37                         | 10                                     | 59                          | 263        |
| <b>December 31, 2019</b>                     | <b>111</b>                          | <b>80</b>                                  | <b>35</b>                  | <b>11</b>                              | <b>86</b>                   | <b>323</b> |
| Translation adjustments                      |                                     | (1)  | (1)                        |  | (1)                         | (3)        |
| Changes in scope of consolidation            |                                     |  |                            |  |                             |            |
| Charges to provisions                        | 28                                  | 8  | 2                          | 1                                      | 48                          | 87         |
| Reversals of provisions (used or unused) (1) | (29)                                | (14)                                       | (3)                        |  | (20)                        | (66)       |
| Transfers and other movements                |                                     | (1)  | (1)                        |  |                             | (2)        |
| <b>June 30, 2020</b>                         | <b>110</b>                          | <b>72</b>                                  | <b>32</b>                  | <b>12</b>                              | <b>113</b>                  | <b>339</b> |

(1) Includes reversals of unused provisions in the first half of 2020: €16m.



## NOTE 6. NON-CURRENT AND CURRENT DEBT (EXCLUDING LEASE OBLIGATIONS)

### 6.1 – Breakdown of debt

|   | 06/30/2020 | 12/31/2019 | 06/30/2019   |
|---|------------|------------|--------------|
| Medium/long-term borrowings               | 581        | 426        | 1,060        |
| Other long term debt                      | 1          | 5          | 5            |
| <b>Non-current debt</b>                   | <b>582</b> | <b>431</b> | <b>1,065</b> |
| Current portion of borrowings             | 31         | 36         | 49           |
| Overdrafts and short-term bank borrowings | 792        | 387        | 779          |
| <b>Current debt</b>                       | <b>823</b> | <b>423</b> | <b>828</b>   |

### 6.2 – Confirmed credit facilities and drawdowns

As of December 31, 2019, confirmed facilities amounted to €2,801 million, of which €467 million was drawn down. As of June 30, 2020, confirmed credit facilities and drawdowns were as follows:

|                   | Confirmed facilities – Maturity |              |                   |       | Drawdowns – Maturity |              |                   |       |
|-------------------|---------------------------------|--------------|-------------------|-------|----------------------|--------------|-------------------|-------|
|                   | Less than 1 year                | 1 to 5 years | More than 5 years | Total | Less than 1 year     | 1 to 5 years | More than 5 years | Total |
| Credit facilities | 81                              | 2,871        | 35                | 2,988 | 31                   | 547          | 35                | 613   |

Undrawn confirmed credit facilities amounted to €2,375 million as of June 30, 2020.

## NOTE 7. CHANGE IN NET DEBT

|  | 12/31/2019   | Cash flows   | Changes in scope of consolidation | Translation adjustments | Fair value adjustments | Other impacts | 06/30/2020     | 06/30/2019     |
|--|--------------|--------------|-----------------------------------|-------------------------|------------------------|---------------|----------------|----------------|
| Cash and cash equivalents                        | 488          | (163)        | 11                                | (10)                    |                        | 15            | 341            | 350            |
| Overdrafts and short-term bank borrowings        | (387)        | (387)        | (8)                               | 5                       |                        | (15)          | (792)          | (779)          |
| <b>Net cash position (A)</b>                     | <b>101</b>   | <b>(550)</b> | <b>3</b>                          | <b>(5)</b>              |                        |               | <b>(451)</b>   | <b>(429)</b>   |
| Non-current debt (1)                             | 431          | 175          |                                   | (18)                    |                        | (6)           | 582            | 1,065          |
| Current debt (1)                                 | 36           | (7)          |                                   |                         |                        | 2             | 31             | 49             |
| Financial instruments, net                       | 1            |              |                                   |                         |                        |               | 1              | 1              |
| <b>Total debt (B)</b>                            | <b>468</b>   | <b>168</b>   |                                   | <b>(18)</b>             |                        | <b>(4)</b>    | <b>614</b>     | <b>1,115</b>   |
| <b>Net surplus cash/(net debt) (A) – (B) (2)</b> | <b>(367)</b> | <b>(718)</b> | <b>3</b>                          | <b>13</b>               |                        | <b>4</b>      | <b>(1,065)</b> | <b>(1,544)</b> |

(1) Analysis of cash flows impacting debt:

|                  | Increases | Decreases | Cash flows |
|------------------|-----------|-----------|------------|
| Non-current debt | 469       | (294)     | 175        |
| Current debt     | 5         | (12)      | (7)        |

(2) See Note 2.4.2.

## NOTE 8. SALES

See Note 11 for an analysis by operating segment.  
An analysis of sales by type of revenue is provided below.

|                        | H1 2020      | H1 2019      |
|------------------------|--------------|--------------|
| Sales of goods         | 868          | 1,078        |
| Sales of services      | 164          | 195          |
| Construction contracts | 3,838        | 4,561        |
| <b>Sales</b>           | <b>4,870</b> | <b>5,834</b> |

## NOTE 9. OPERATING PROFIT/(LOSS)

|                                 | H1 2020      | H1 2019      |
|---------------------------------|--------------|--------------|
| Current operating profit/(loss) | (304)        | (136)        |
| Other operating income          | -            | -            |
| Other operating expenses        | (45)         | -            |
| <b>Operating profit/(loss)</b>  | <b>(349)</b> | <b>(136)</b> |

See Note 11 for an analysis of operating profit/loss by operating segment.

An estimate of the impacts of the Covid-19 crisis at current operating profit level is provided in Note 1.1.

Other operating income and expenses for the first half of 2020 mainly comprise provisions recognized to cover additional dismantling costs at the Dunkirk refinery and the consequences of the reorganization of the Roads business in France.

## NOTE 10. INCOME TAX EXPENSE

### Analysis of income tax expense/gain

|  | H1 2020   | H1 2019   |
|--|-----------|-----------|
| Tax payable to the tax authorities         | 38        | 26        |
| Deferred taxes                             | 37        | 2         |
| Back taxes, tax reliefs and dividend taxes | (4)       | (2)       |
| <b>Income tax gain/(expense), net</b>      | <b>71</b> | <b>26</b> |

## NOTE 11. SEGMENT INFORMATION & OTHER FINANCIAL INDICATORS

IFRS 8, "Operating segments", requires operating segments to be identified on the basis of internal reports that are reviewed by the entity's chief operating decision maker in order to allocate resources to the segment and assess its performance.

### 11.1 – Determination of operating segments

Effective January 1, 2020, the organizational structure was changed, in order to develop transverse working and unlock synergies within the Group. As a result, the Group's operating segments were redefined as follows:

- **Roads France-OD/IO**: consists of the Roads business and Road Safety & Signaling activities in France, the French overseas departments and the Indian Ocean;
- **Roads EMEA (Europe-Middle East-Africa)**: consists of the Roads business in Europe (excluding France), the Middle East and Africa;
- **Roads United States**: consists of the Roads business in the United States;
- **Roads Canada**: consists of the Roads business in Canada;
- **Roads Asia-Pacific**: consists of the Roads business in Asia, Oceania and Latin America;
- **Rail and Other Activities**: consists of the Group's Rail and Water & Energy Networks activities in France and internationally;
- **Holding company**: consists of activities carried out at Colas corporate headquarters.

Operating segment information is compiled using the same accounting policies as are used in the preparation of the consolidated financial statements, as described in the notes to the financial statements.

## 11.2 – Information by operating segment

|  | Roads<br>France-<br>OD/IO | Roads<br>EMEA | Roads<br>USA | Roads<br>Canada | Roads<br>Asia-<br>Pacific | Rail &<br>Other<br>Activities | Holding<br>company | Smac | Colas<br>group |
|--|---------------------------|---------------|--------------|-----------------|---------------------------|-------------------------------|--------------------|------|----------------|
| <b>H1 2020</b>   |                           |               |              |                 |                           |                               |                    |      |                |
| Sales  | 2,101                     | 916           | 674          | 456             | 184                       | 534                           | 5                  | -    | <b>4,870</b>   |
| Operating profit/(loss)  | (163)                     | (25)          | (44)         | (59)            | 1                         | (34)                          | (25)               | -    | <b>(349)</b>   |
| Interest expense on lease obligations                          | (2)                       | (1)           | (1)          | (1)             |                           | (1)                           | (1)                | -    | <b>(7)</b>     |
| Share of net profits/(losses) of joint ventures and associates | (5)                       | (2)           | (1)          | 1               | 11                        |                               |                    | -    | <b>4</b>       |
| Net profit/(loss) attributable to the Group                    | (131)                     | (32)          | (36)         | (43)            | 11                        | (39)                          | (25)               | -    | <b>(295)</b>   |
| <b>H1 2019 (1) (2)</b>   |                           |               |              |                 |                           |                               |                    |      |                |
| Sales  | 2,766                     | 921           | 675          | 494             | 202                       | 621                           | 14                 | 141  | <b>5,834</b>   |
| Operating profit/(loss)  |                           | (26)          | (35)         | (79)            | 5                         | (9)                           | 11                 | (2)  | <b>(136)</b>   |
| Interest expense on lease obligations                          | (2)                       | (1)           | (1)          | (1)             |                           | (2)                           | (1)                |      | <b>(8)</b>     |
| Share of net profits/(losses) of joint ventures and associates | 4                         |               | (1)          | 1               | 20                        |                               |                    |      | <b>25</b>      |
| Net profit attributable to the Group                           | (3)                       | (28)          | (30)         | (59)            | 22                        | (11)                          | 8                  | (3)  | <b>(104)</b>   |

(1) Segment information for the first half of 2019 is presented using the new operating segment structure as defined above.

(2) H1 2019 figures include the contribution from the Smac group (sold in May 2019, see Note 1.2) to Colas group profits for Q1 only.

## 11.3 – Other indicators

|   | H1 2020      | H1 2019      |
|---|--------------|--------------|
| <b>Current operating profit/(loss)</b>  | <b>(304)</b> | <b>(136)</b> |
| Interest expense on lease obligations   | (7)          | (8)          |
| <b>Elimination of net depreciation and amortization expense and net charges to provisions and impairment losses</b> |              |              |
| Net depreciation and amortization expense on property, plant and equipment and intangible assets                    | 186          | 195          |
| Charges to provisions and impairment losses, net of reversals due to utilization                                    | 17           | 19           |
| <b>Elimination of items included in other income from operations</b>  |              |              |
| Reversals of impairment losses and of unused provisions & other items   | (25)         | (41)         |
| <b>EBITDA after Leases: H1</b>  | <b>(133)</b> | <b>29</b>    |

|   | H1 2020      | H1 2019      | FY 2019    |
|---|--------------|--------------|------------|
| Cash flow after cost of net debt, interest expense on lease obligations and income taxes paid (I) | (150)        | (257)        | 780        |
| Acquisitions of property, plant & equipment and intangible assets, net of disposals (II)          | (72)         | (27)         | (321)      |
| Change in current and non-current lease obligations (III)   | (47)         | (20)         | (88)       |
| <b>Free cash flow (IV) = (I) + (II) + (III)</b>   | <b>(269)</b> | <b>(304)</b> | <b>371</b> |
| Changes in working capital related to operating activities (including current impairment) (V)     | (334)        | (183)        | (30)       |
| <b>Free cash flow after changes in working capital requirements (IV) + (V)</b>                    | <b>(603)</b> | <b>(487)</b> | <b>341</b> |

## NOTE 12. OFF BALANCE SHEET COMMITMENTS

There has been no material change in off balance sheet commitments since December 31, 2019.



## NOTE 13. POST-EMPLOYMENT BENEFITS

|   | Lump-sum retirement benefits |            | Pensions   |           |
|---|------------------------------|------------|------------|-----------|
|   | H1 2020                      | H1 2019    | H1 2020    | H1 2019   |
| Net liability recognized as of January 1            | 220                          | 198        | 76         | 53        |
| (Gain)/expense for the period (1)                   | 6                            | 5          |            | (1)       |
| Translation adjustments                             |                              |            | (3)        | 1         |
| Actuarial gains and losses recognized in equity (2) | (9)                          | 6          | 38         |           |
| <b>Net liability recognized as of June 30</b>       | <b>217</b>                   | <b>209</b> | <b>111</b> | <b>53</b> |
| of which non-current provisions                     | 217                          | 209        | 129        | 70        |
| of which plan assets                                |                              |            | (18)       | (17)      |

(1) (Gain)/expense for the period comprises current service cost, interest expense on the obligation, and the expected return on plan assets.

(2) Relates mainly to the impact of changes in discount rates on post-employment benefits, resulting in the recognition of net actuarial losses of €29m in the first half of 2020 (see the consolidated statement of recognized income and expense). The net actuarial losses break down as follows:

- actuarial losses on provisions for lump-sum retirement benefits: €9m.

- actuarial gains on pensions: €38m, comprising a €42m gain on provisions and a €4m loss on assets recognized for overfunded pension plans.

The discount rates used to calculate provisions for lump-sum retirement benefits and pensions, and sensitivity analyses, are presented below:

| Lump-sum retirement benefits | Discount rate<br><i>IBoxx € Corporate A10</i> | Impact of a 50 bp movement (1) |                    |
|------------------------------|---|--------------------------------|--------------------|
|                              |   | 50bp decrease (€m)             | 50bp increase (€m) |
| 12/31/2019                   | 0.9221%                                       | +15                            | (14)               |
| 06/30/2020                   | 1.2901%                                       | +15                            | (14)               |

| Pensions   | Discount rate<br><i>Depending on the country</i> | Impact of a 20 bp movement (1) |                    |
|------------|--|--------------------------------|--------------------|
|            |  | 20bp decrease (€m)             | 20bp increase (€m) |
| 12/31/2019 | 0.20% to 3.10%                                   | +20                            | (19)               |
| 06/30/2020 | 0.30% to 2.75%                                   | +19                            | (18)               |

(1) The impacts of any movement in discount rates would be recognized in the statement of recognized income and expense.

## NOTE 14. PRINCIPAL EXCHANGE RATES USED FOR TRANSLATION PURPOSES

Convention: 1 euro = x local currency units

| Europe               | Currency unit     | Exchange rate<br>at 06/30/2020 | Average<br>exchange rate<br>for H1 2020 | Exchange rate<br>at 06/30/2019 | Average<br>exchange rate<br>for H1 2019 |
|----------------------|-------------------|--------------------------------|---|--------------------------------|---|
| <b>Europe</b>        |                   |                                |   |                                |   |
| Croatia              | Croatian kuna     | 7.5463                         | 7.5307                                  | 7.4055                         | 7.4216                                  |
| Denmark              | Danish krone      | 7.4556                         | 7.4657                                  | 7.4672                         | 7.465                                   |
| United Kingdom       | Pound sterling    | 0.9003                         | 0.8724                                  | 0.8940                         | 0.8723                                  |
| Hungary              | Forint            | 345.9400                       | 344.6732                                | 322.3100                       | 320.1501                                |
| Poland               | Zloty             | 4.4647                         | 4.4065                                  | 4.2592                         | 4.2943                                  |
| Czech Republic       | Czech koruna      | 26.6890                        | 26.2965                                 | 25.609                         | 25.6933                                 |
| Switzerland          | Swiss franc       | 1.0667                         | 1.0641                                  | 1.1175                         | 1.1306                                  |
| <b>North America</b> |                   |                                |   |                                |   |
| United States        | US dollar         | 1.1222                         | 1.1008                                  | 1.1187                         | 1.1296                                  |
| Canada               | Canadian dollar   | 1.5218                         | 1.5013                                  | 1.5016                         | 1.5077                                  |
| <b>Other</b>         |                   |                                |   |                                |   |
| Australia            | Australian dollar | 1.6356                         | 1.6807                                  | 1.6349                         | 1.598                                   |
| Morocco              | Dirham            | 10.8582                        | 10.7614                                 | 10.7845                        | 10.8478                                 |
| Thailand             | Baht              | 34.9280                        | 34.8278                                 | 35.0430                        | 35.7683                                 |

## **5. Statutory Auditors' report on the half-year financial information**

**PricewaterhouseCoopers Audit**  
63, rue de Villiers  
92208 Neuilly-sur-Seine  
France

**MAZARS**  
Tour Exaltis - 61, rue Henri Regnault  
92075, Paris La Défense  
France

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

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

**Period from January 1 to June 30, 2020**

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

To the Shareholders,

In compliance with the assignment entrusted to us by your Annual General Meeting and in accordance with the requirements of article L.451-1-2 III of the French Monetary and Financial Code (Code monétaire et financier), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Colas SA, for the period from January 1 to June 30, 2020;
- the verification of the information contained in the interim management report.

These condensed interim consolidated financial statements were prepared under the responsibility of the Board of Directors on August 25, 2020, on the basis of the information available at that date and in the evolving context of the Covid-19 crisis and of difficulties in assessing its impacts and future prospects. Our role is to express a conclusion on these financial statements based on our review.

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

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



**COLAS SA**  
**Statutory auditors' review report on the interim financial information**  
**Période du 1er janvier au 30 septembre 201820**

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Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with standard IAS 34 of the IFRSs as adopted by the European Union applicable to interim financial information.

**II – Specific verification**

We have also verified the information given in the interim management report prepared on August 25, 2020 on the condensed interim consolidated financial statements that were subject to our review.

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

Neuilly-sur-Seine and Paris La Défense on August 25, 2020

The Statutory Auditors  
*French original signed by*

PricewaterhouseCoopers Audit

MAZARS

Edouard Sattler  
Partner

Amélie Jeudi de Grissac  
Partner

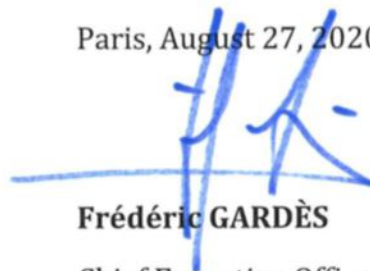
Daniel Escudeiro  
Partner

Gilles Rainaut  
Partner

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

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

Paris, August 27, 2020



**Frédéric GARDÈS**

Chief Executive Officer

## **Glossary**

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

### **Changes in revenue at constant scope and exchange rates:**

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

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