








European Works Council  
Report following the plenary session of 21 June 2018



# 2018 highlights



# Highlights of the year

-  VINCI Airports: continued strong growth of passenger numbers
-  VINCI Autoroutes: traffic down slightly due to exceptional events at the end of the year
-  Strong increase in business volumes and order intake at VINCI Energies and Eurovia; stabilisation at VINCI Construction
-  Sound growth in earnings and strong improvement in free cash flow  
Dividend proposed: €2.67 per share (+9%)
-  Acceleration of international expansion



# VINCI Airports in 2018



December 2018: agreement on the purchase of 50.01% of the shares of London Gatwick airport (LGW) by VINCI Airports



Revenue

€1.6 bn  
+14.0%

Ebitda\*

€0.9 bn  
+16.5%

VINCI Airports passenger numbers in 2018  
(in millions)

Total

195 million  
+6.8%

of which:



55 million  
+6.8%



20 million  
+9.4%



48 million  
+3.7%

\* Ebitda = cash flow from operations before tax and financing costs

## Installation of the first IONITY very high speed charging station



### Revenue

€5.4 bn  
+1.5%

### Ebitda\*

€3.9 bn  
+1.2%

## Change in VINCI Autoroutes traffic in 2018

Total

-0.5%



-0.9%



+2.1%

\* Ebitda = cash flow from operations before tax and financing costs



June 2018: opening to traffic of section 2 of the Lima expressway in Peru



New dynamic toll pricing system in Texas, United States



Design, deployment and operation of an innovative digital platform for the Port of Rotterdam, Netherlands



Revenue

€12.6 bn  
+17.1%

Ebit\*

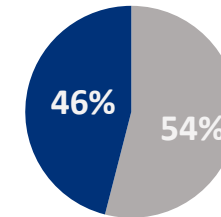
€0.7 bn  
+18.2%

Ebit/  
Revenue

5.8%  
+10 bp

Change and breakdown of revenue by geographical area

France  
+4.5%

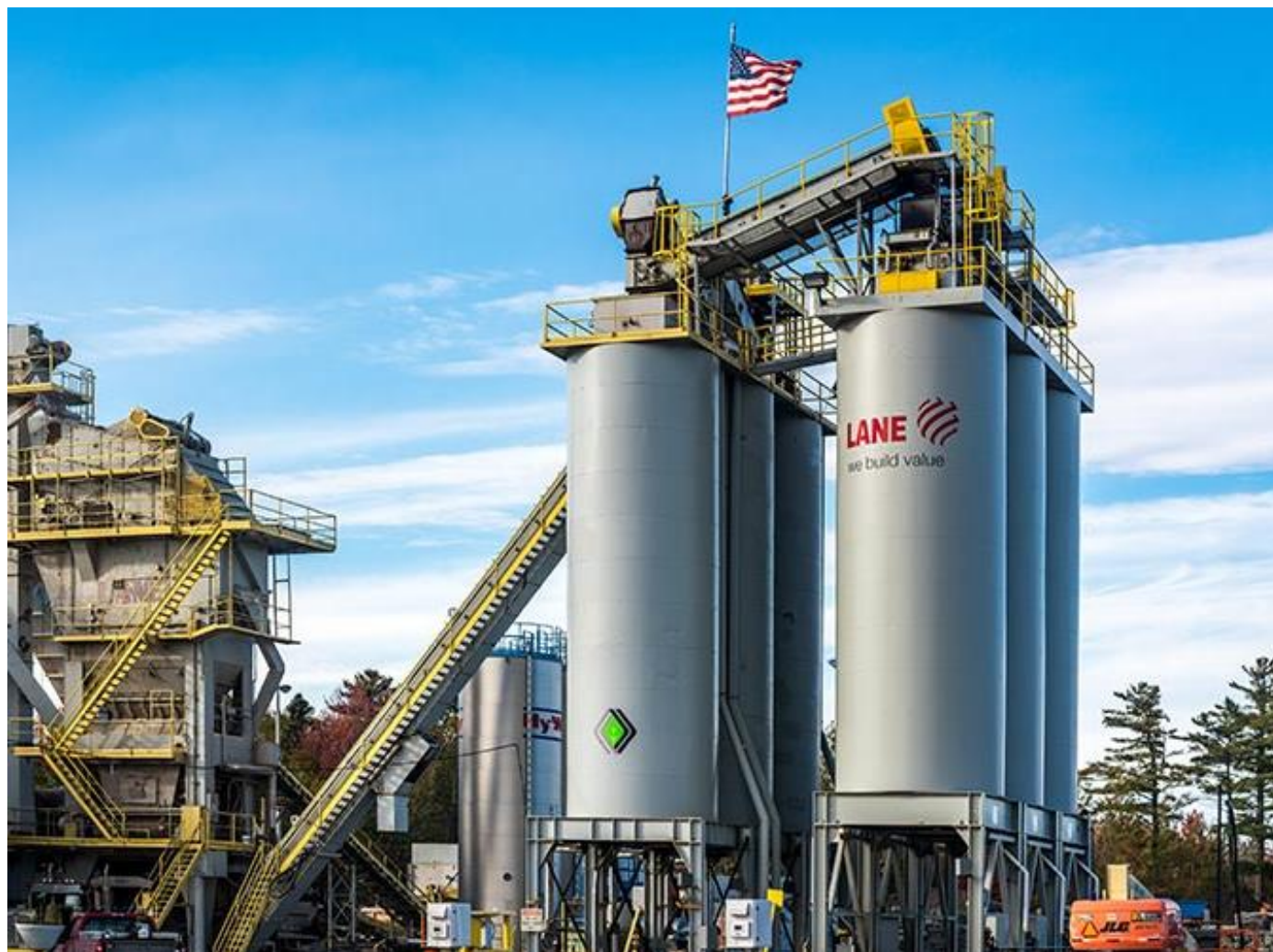


International  
+30.4%

\* Ebit = operating income from ordinary activities



## Acquisition of Lane Construction's Plants & Paving division, United States



Revenue

€8.9 bn  
+10.1%

Ebit\*

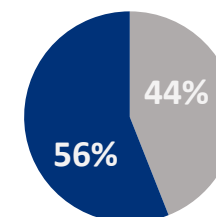
€0.3 bn  
+14.8%

Ebit/  
Revenue

3.9%  
+20 bp

Change and breakdown in revenue by geographical area

France  
+9.5%

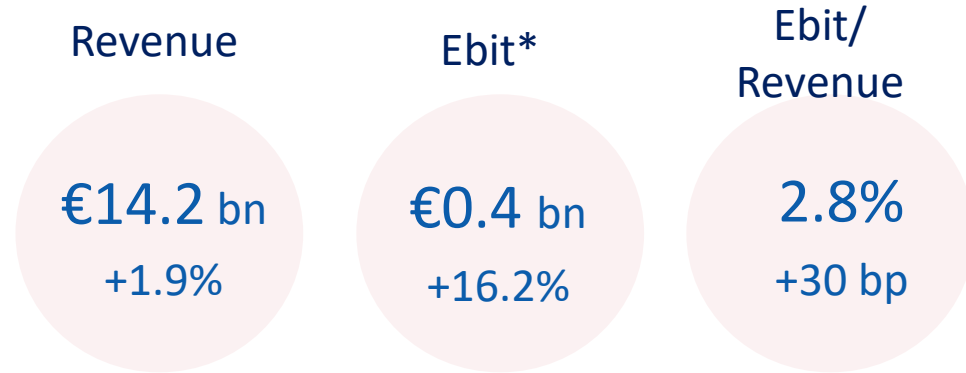


International  
+11.0%

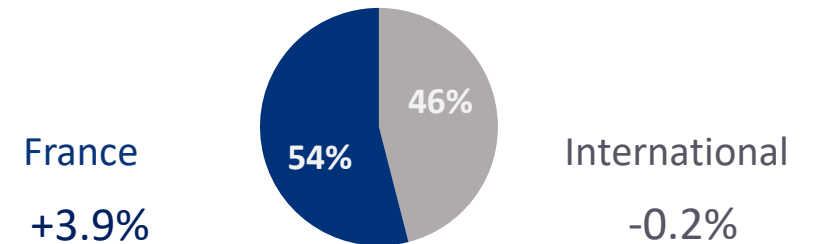
\* Ebit = operating income from ordinary activities



Vertical tunnelling on section T3C of Line 15 South of the Grand Paris Express

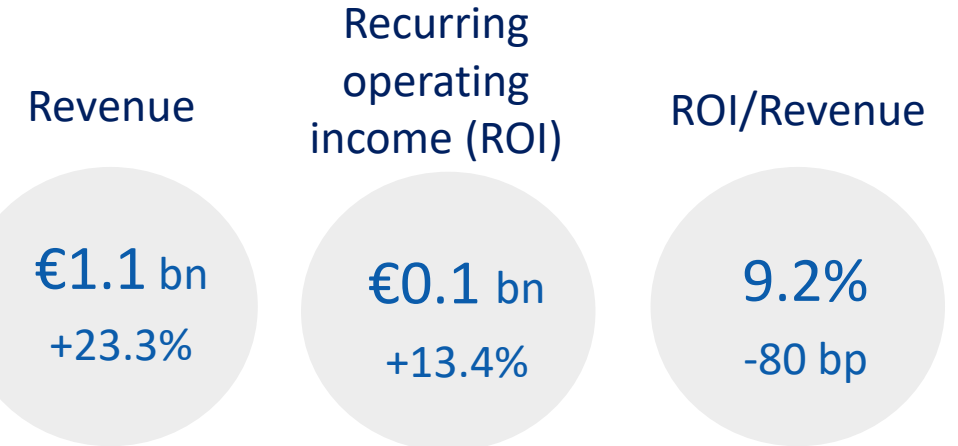


Change and breakdown of revenue by geographical area



\* Ebit = operating income from ordinary activities

## Student Factory, Bordeaux



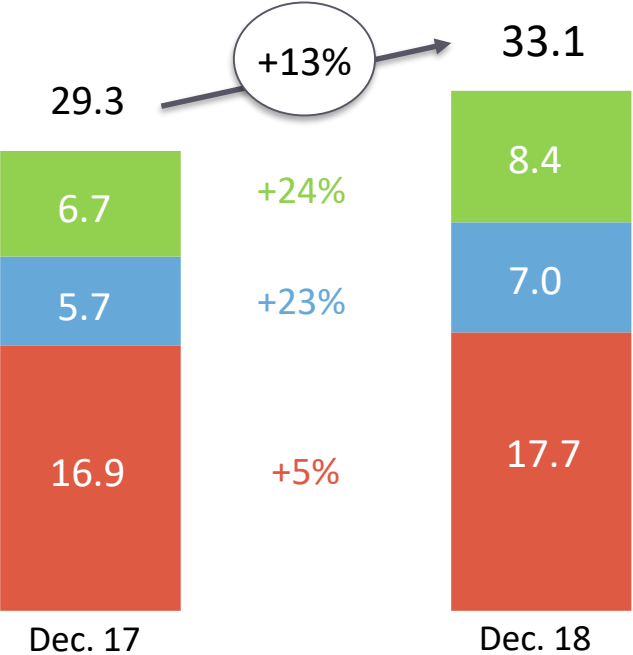
- Housing reservations: 6,333 apartments representing €1,275 m (+12%)
- Acquisition in January 2019 of 49.9% of URBAT Promotion (construction of housing in the south of France)
- Retirement homes (Ovelia): 9 homes in operation, 11 under construction and 14 in development phase
- Student Factory: creation in 2017 and opening of first three student residences in 2018. Eight others under construction or in development phase



13% increase in order book in 2018

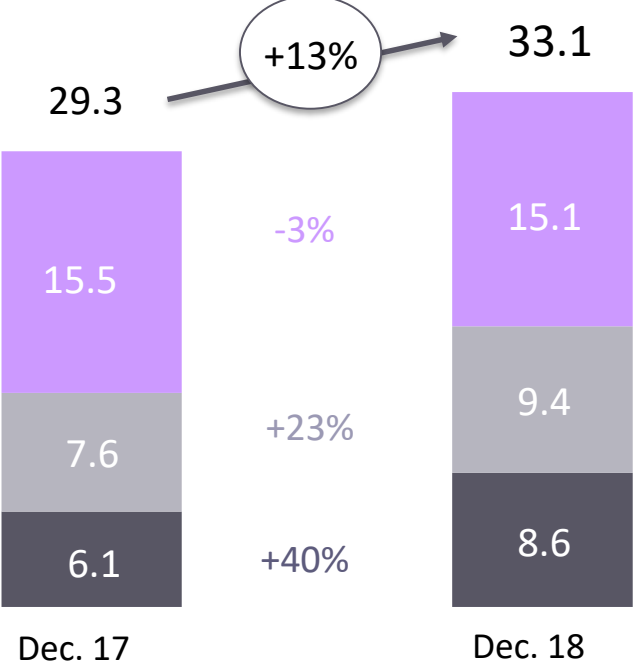
54% of the order book generated outside France

Breakdown by business line  
(in € bn)



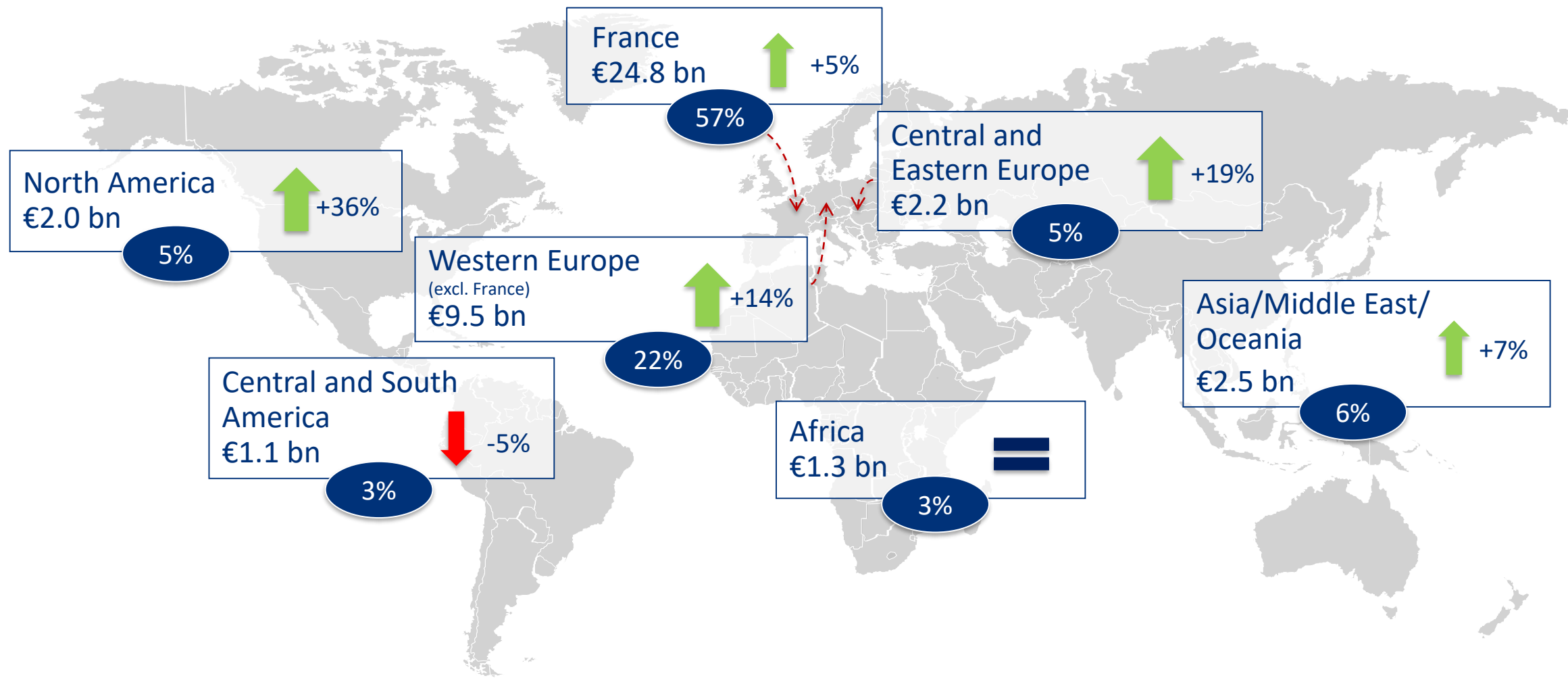
- VINCI Energies
- Eurovia
- VINCI Construction

Breakdown by geographical area  
(in € bn)



- France
- Europe excluding France
- International excluding Europe

# 43% of 2018 revenue generated outside France



+X% 2018/2017 change

X% Contribution to 2018 revenue



## Revenue

Δ 2018/2017

€43,519 m

+8.1%

## Net income

Δ 2018/2017

€2,983 m

+8.6%

## Earnings per share

Δ 2018/2017

€5.32

+8.4%

## Free cash flow

Δ 2018/2017

€3,179 m

+ €654 m



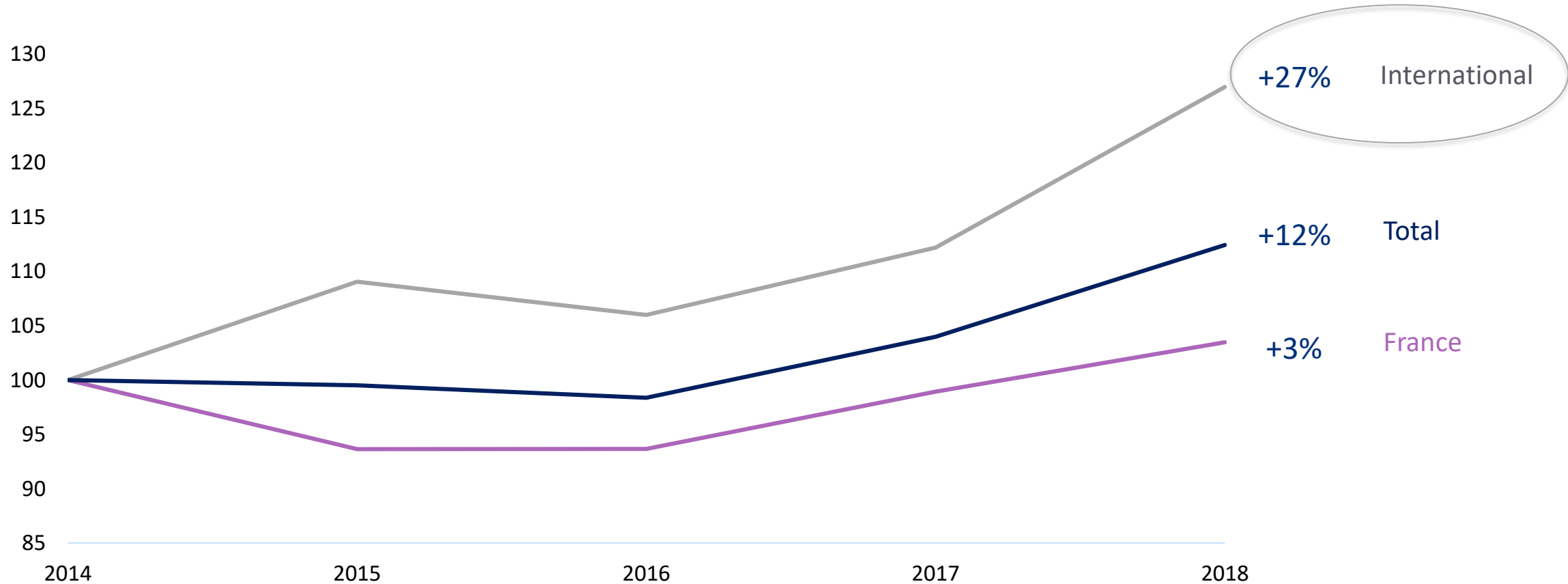
# 2018 financial performance



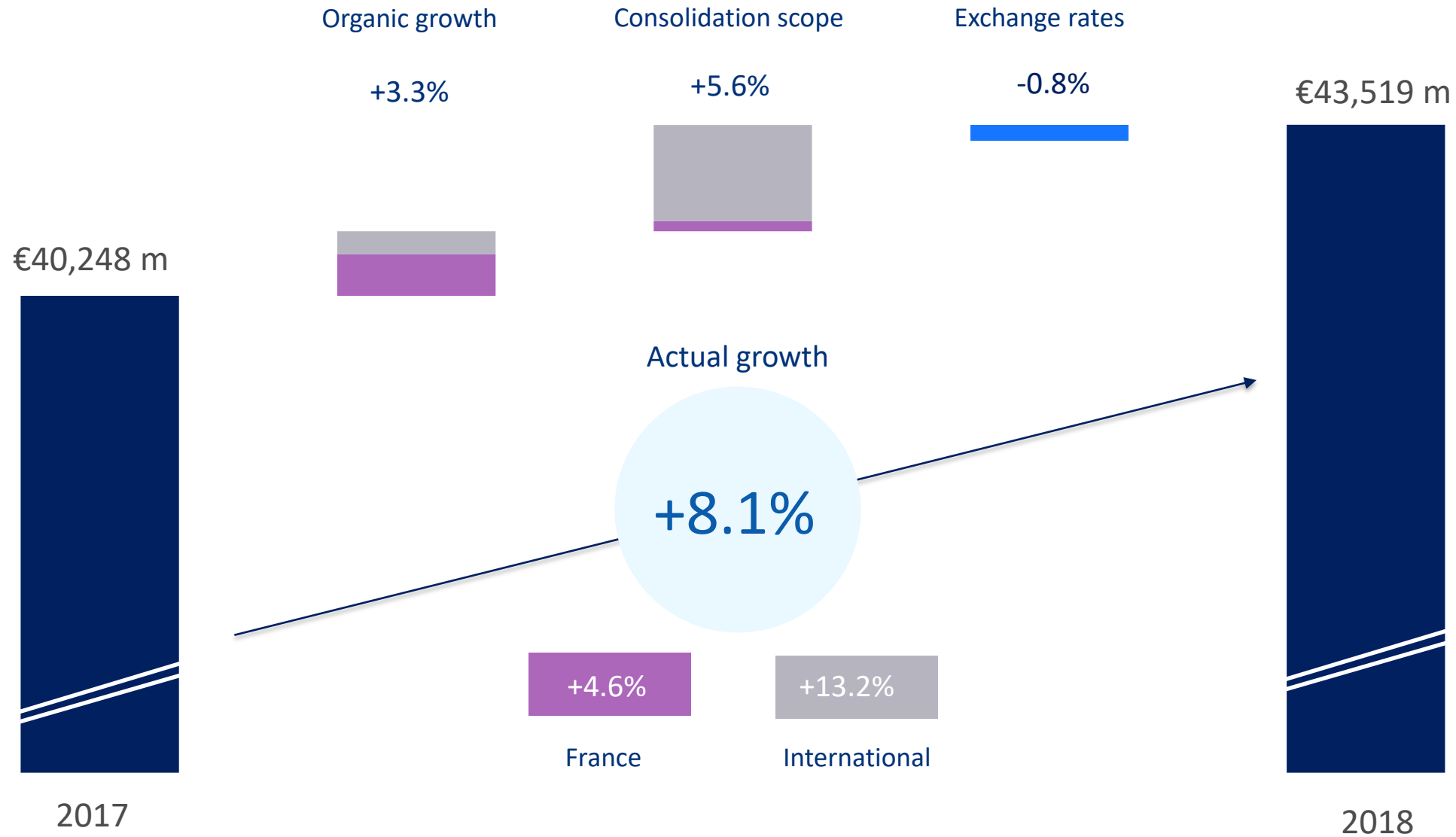


# Revenue growth driven by international expansion

Change in revenue since 2014 (base 100)



# Change in VINCI revenue by geographical area



# Operating income from ordinary activities (Ebit)

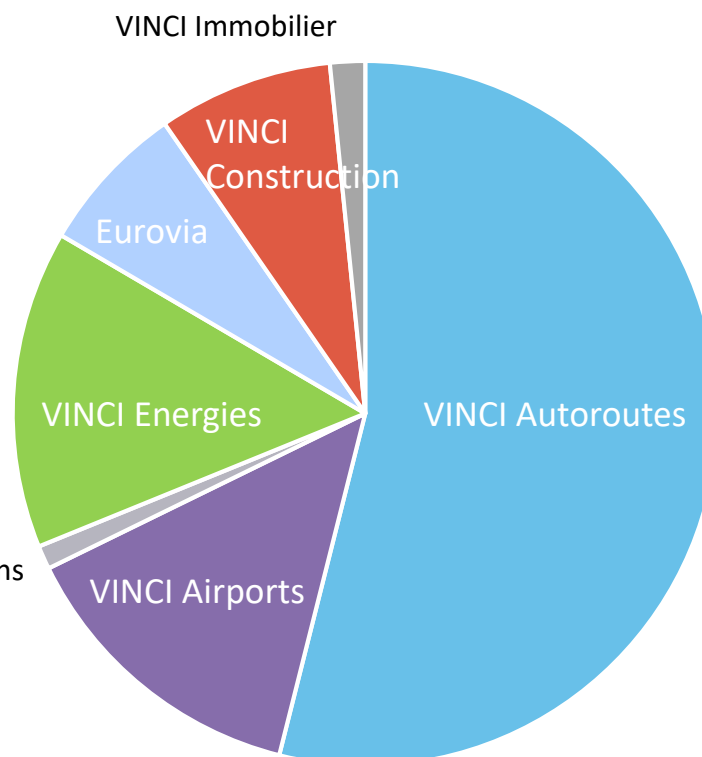
Group Ebit: €4,997 m (+8.5%)

Ebit/Revenue: 11.5% (+10 bp)

## CONTRACTING

Ebit: €1,472 m (+16.8%)

Ebit/Revenue: 4.1% (+30 bp)



## CONCESSIONS

Ebit: €3,429 m (+5.5%)

Ebit/Revenue: 47.2% (+40 bp)

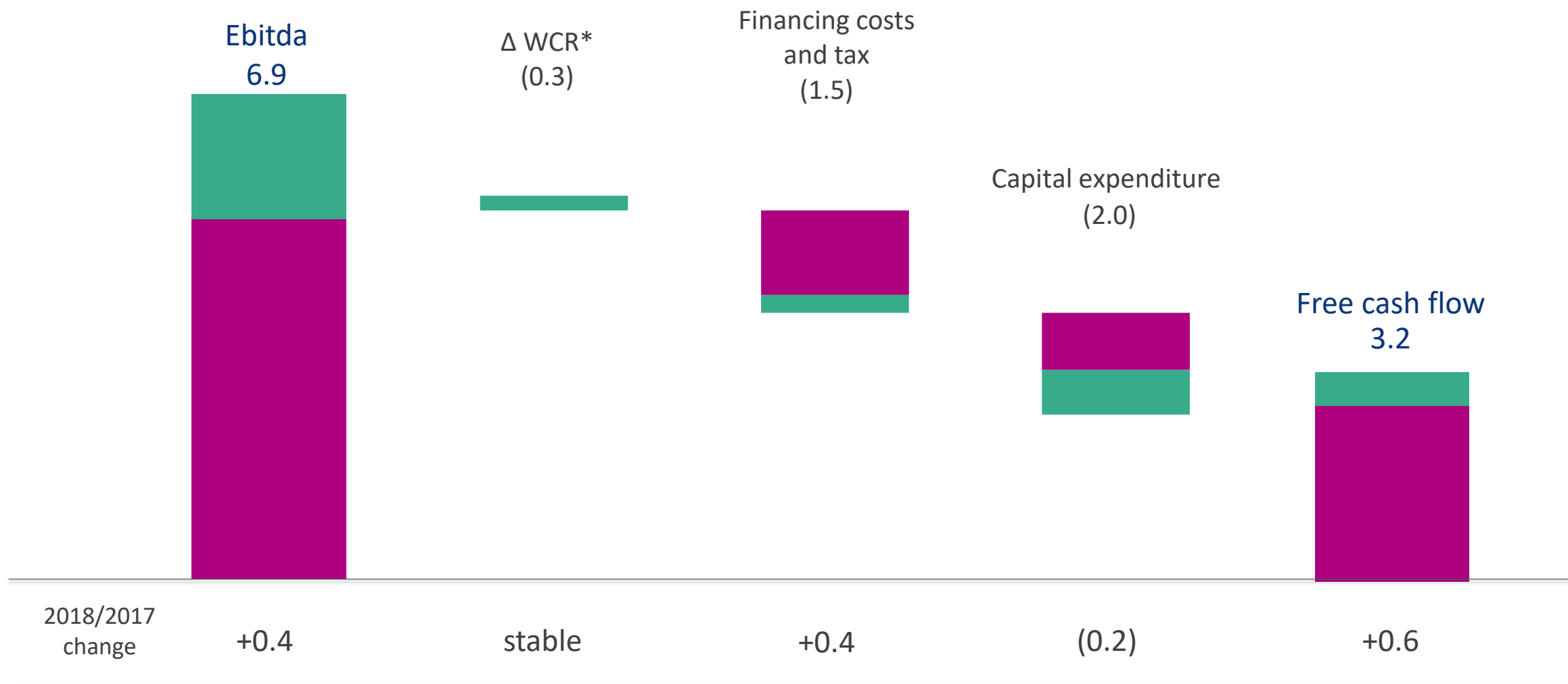


# Net income growth

<i>(in € millions)</i>	2018	2017	Δ 2018/2017
Operating income	4,920	4,550	+8.1%
Financial income/(expense)	(445)	(442)	
<i>of which cost of debt</i>	(462)	(481)	
Income tax	(1,418)	(1,271)	
<i>Effective tax rate</i>	32.3%	33.2%	
Non-controlling interests	(74)	(90)	
Net income attributable to owners of the parent	2,983	2,747	+8.6%
Diluted earnings per share (in €)	5.32	4.91	+8.4%

# Strong cash flow generation in 2018

(in € billions)



\* Working capital requirement

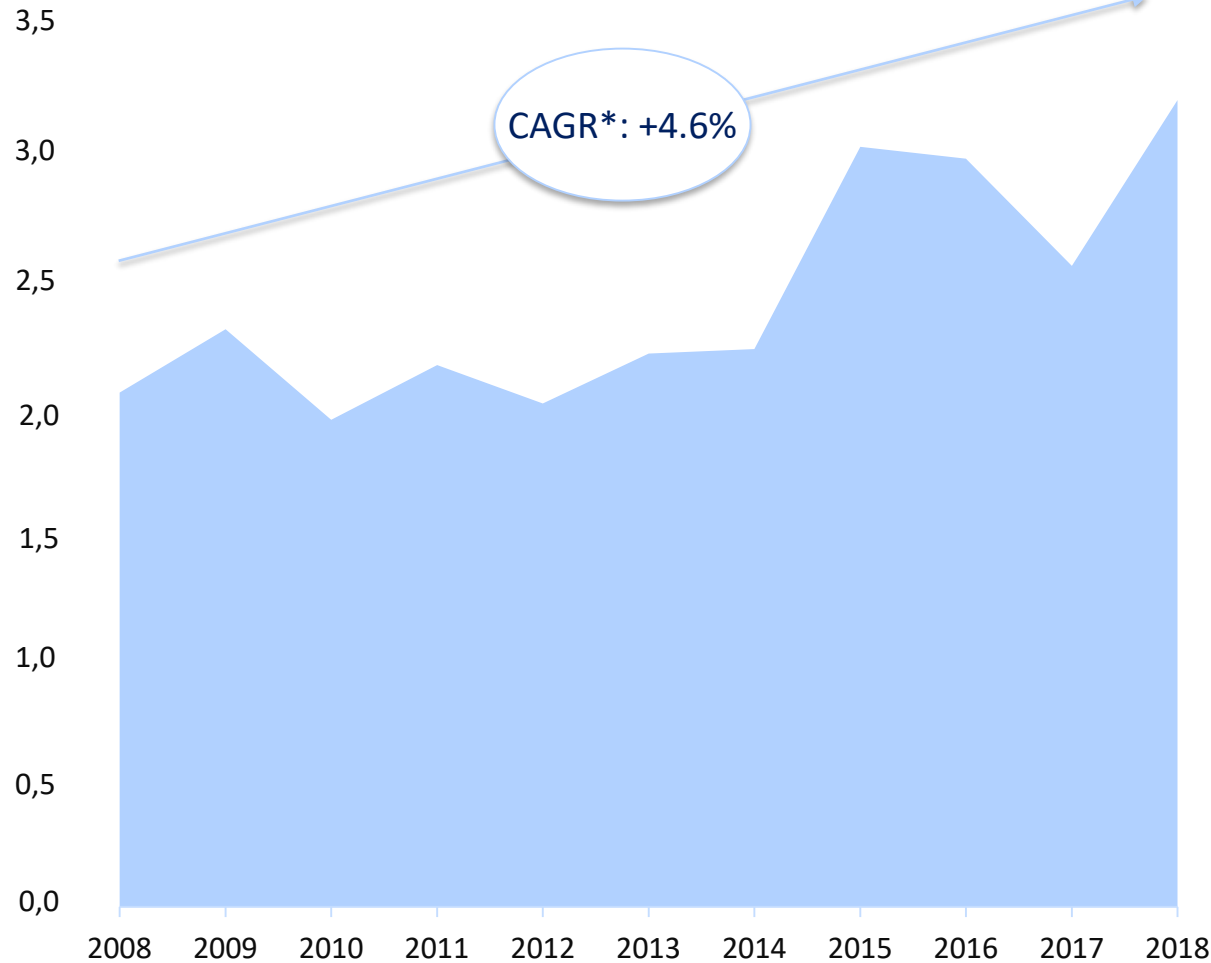
■ Concessions

■ Contracting

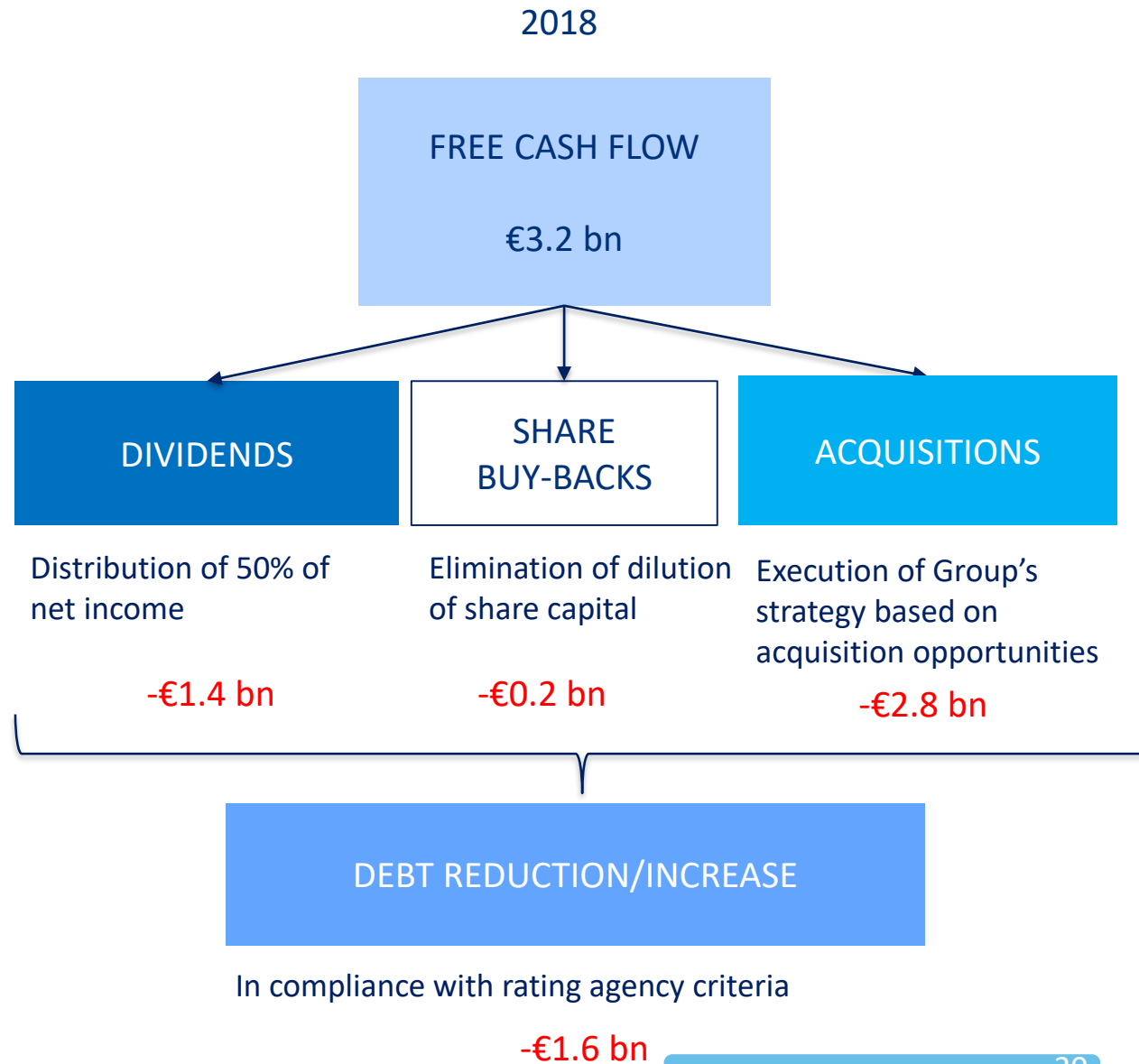
# Allocation of capital

Free cash flow generation from 2008 to 2018: €26.4 bn

(in € billions)



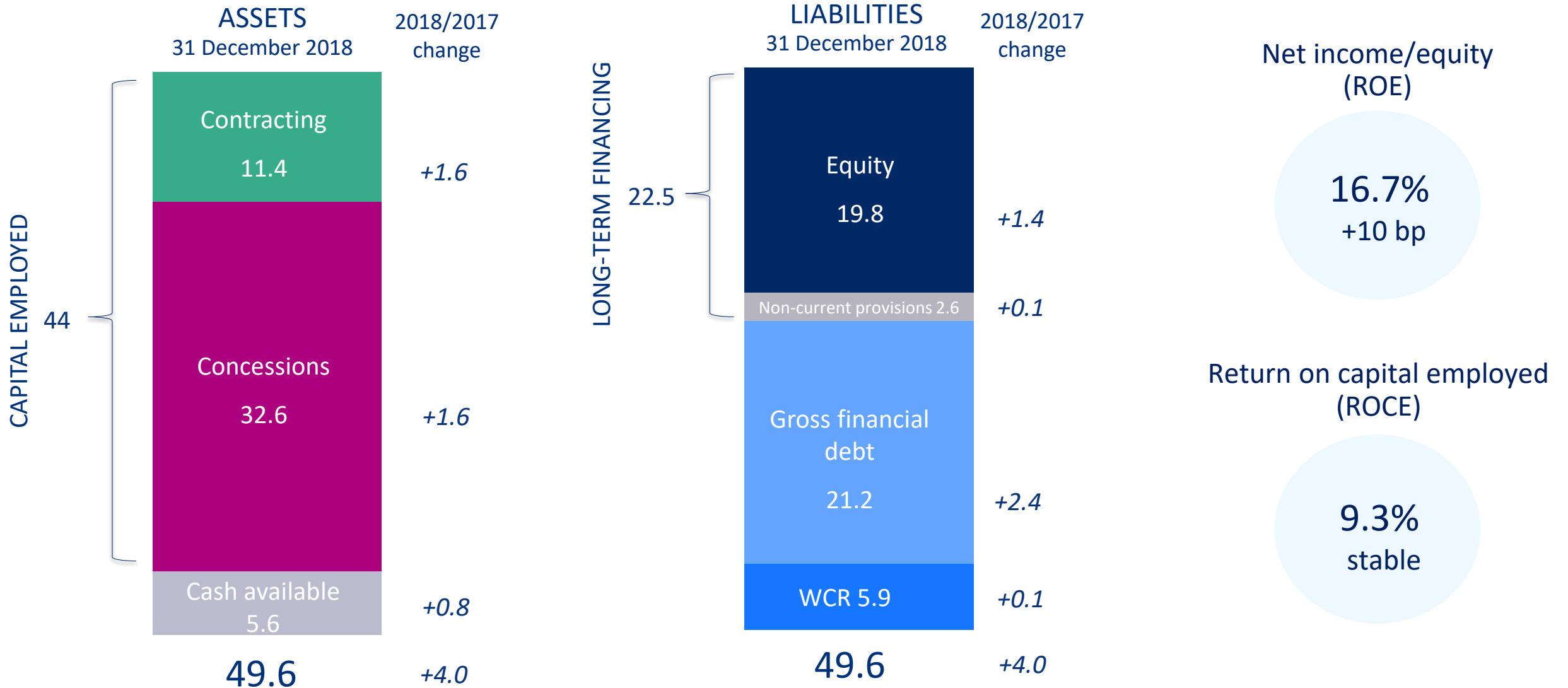
\* CAGR: compound annual growth rate





# A healthy balance sheet

(in € billions)



## Sound credit ratings

S&P	A-/A2	Outlook positive
Moody's	A3/P1	Outlook stable

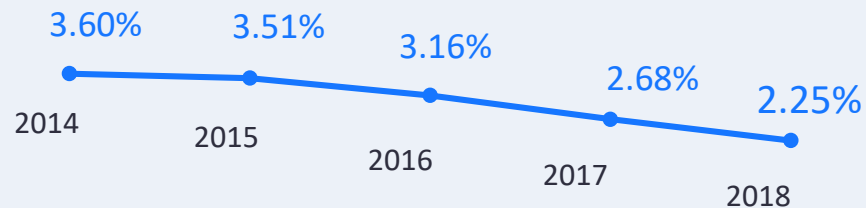
## High level of liquidity

Net cash at 31 December 2018	€5.6 bn
Confirmed bank credit facilities	€8.0 bn

## Dynamic interest rate management

62.5% of gross debt at floating rate

Change in cost of gross financial debt (average rate)




## Debt refinanced in excellent market conditions

2018: €4.3 bn new debt issued, average maturity 10 years and average cost 0.70% after hedging

2019: €3.8 bn new debt issued, average maturity 11 years and average cost 1.81% after hedging

*including:* 1 inaugural issue in GBP of £800 m  
1 inaugural issue in USD of \$1 bn



# 2019 outlook The Group's strategy

Xavier Huillard, Chairman and Chief Executive Officer





## CONCESSIONS

- ✓ VINCI Airports: like-for-like growth in passenger numbers, but less dynamic than in 2018 due to high comparison base
- ✓ Integration of London Gatwick Airport in second quarter of 2019
- ✓ VINCI Autoroutes: traffic growth in line with that of France's economic activity (excluding exceptional events)

## CONTRACTING

- ✓ Like-for-like growth in Contracting revenue across all business lines and positive impact of full-year integration of recent acquisitions, mainly outside France
- ✓ Focus to remain on margin improvement

VINCI expects further growth in its revenue and net income in 2019

## CAPITALISE ON THE STRENGTHS OF THE INTEGRATED CONCESSION/CONTRACTING BUSINESS MODEL

### CONCESSIONS

- ✓ Focus on airports and road infrastructure for growth
- ✓ Renew concession portfolio and extend its maturity

### CONTRACTING

- ✓ Prioritise margin improvement and continue selective order-taking policy
- ✓ Develop high value-added business activities



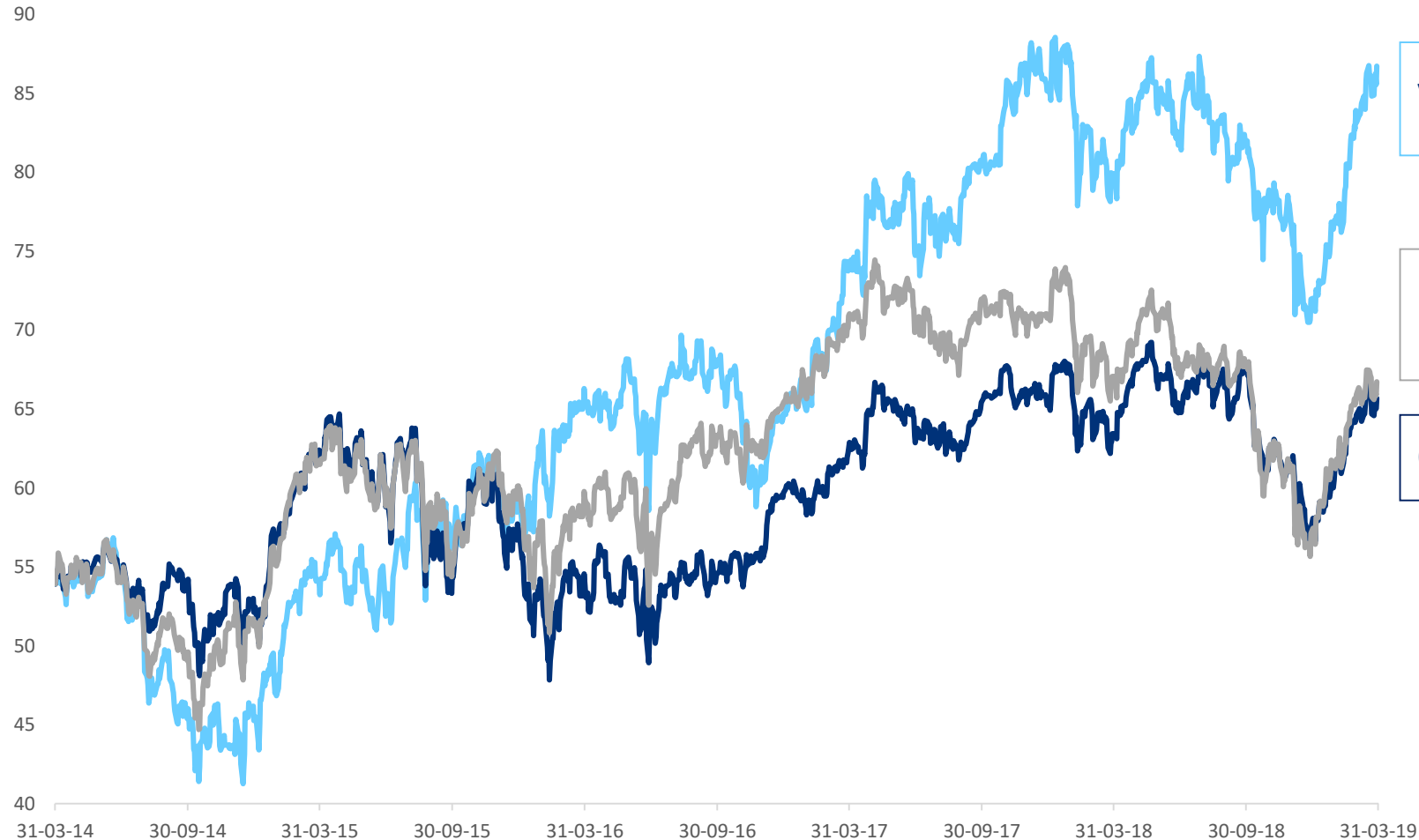
**ACCELERATE INTERNATIONAL EXPANSION**

# Outperformance of VINCI share over past five years



Change in share price from 31/03/2014 to 31/03/2019

(in €)



TSR  
(total shareholder  
return)

VINCI: +61%

+89%

European sector  
index\*: +24%

+40%

CAC 40: +22%

+43%

\* Stoxx Europe 600 Construction & Materials

# VINCI's objective: all-round performance



“A sustainable economic performance is only possible in the presence of ambitious social and environmental goals.”







- ✓ Workplace accident frequency rate reduced to 6.10 in 2018 (-21% in five years)
- ✓ In 2018, 72% of VINCI entities recorded zero lost-time accidents (66% in 2013)



- ✓ 9% of VINCI's share capital held by around 130,000 current and former employees in 30 countries
- ✓ Five additional countries in 2019



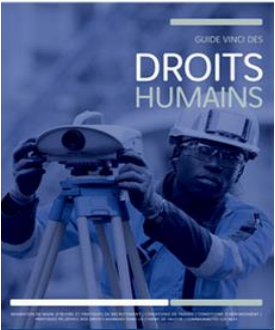
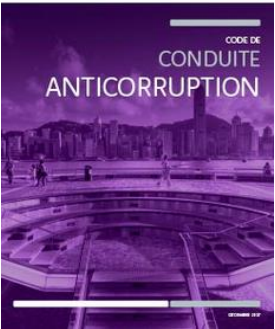
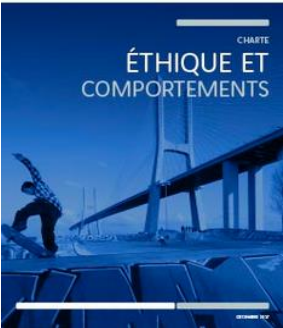
## Targets:

- ✓ 25% female managers by 2020
- ✓ Double the number of women serving on management committees of VINCI business lines and divisions



- ✓ Around 4,000 people in integration programmes supported by VINCI in France in 2018
- ✓ Over 400 non-profit projects supported by the Group's 12 foundations (€5 m)
- ✓ 5,000 students aged 14-15 from priority education zones in France hosted in 2019
- ✓ Special purchasing power bonus paid to more than 50,000 employees in January 2019

## ETHICS AND HUMAN RIGHTS



Documents available to 99% of employees in 26 languages

## ENVIRONMENTAL PERFORMANCE



In 2018, VINCI was awarded A- for its carbon strategy (Carbon Disclosure Project)

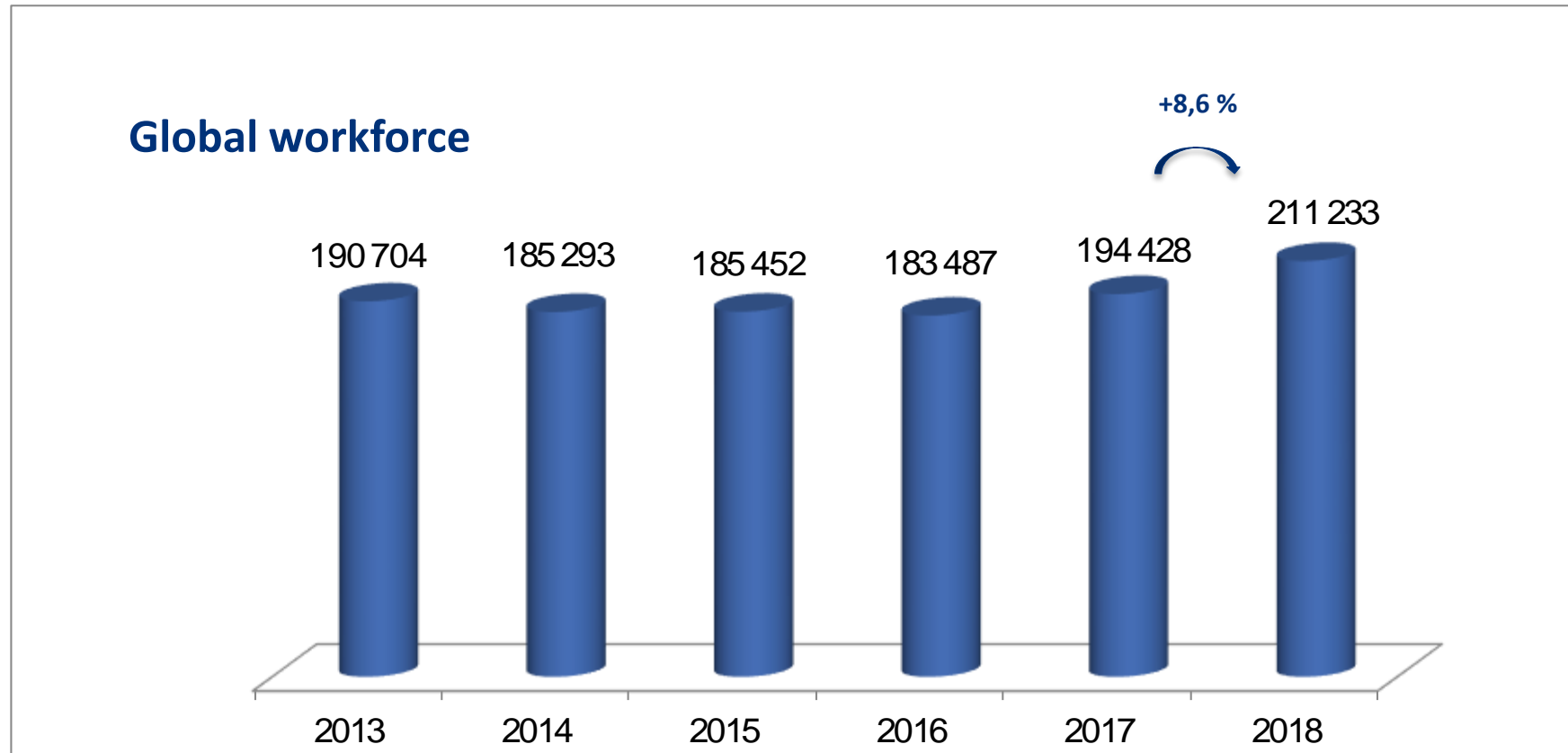
Target: 50 tonnes CO<sub>2</sub> equivalent in 2020



# Workforce and jobs

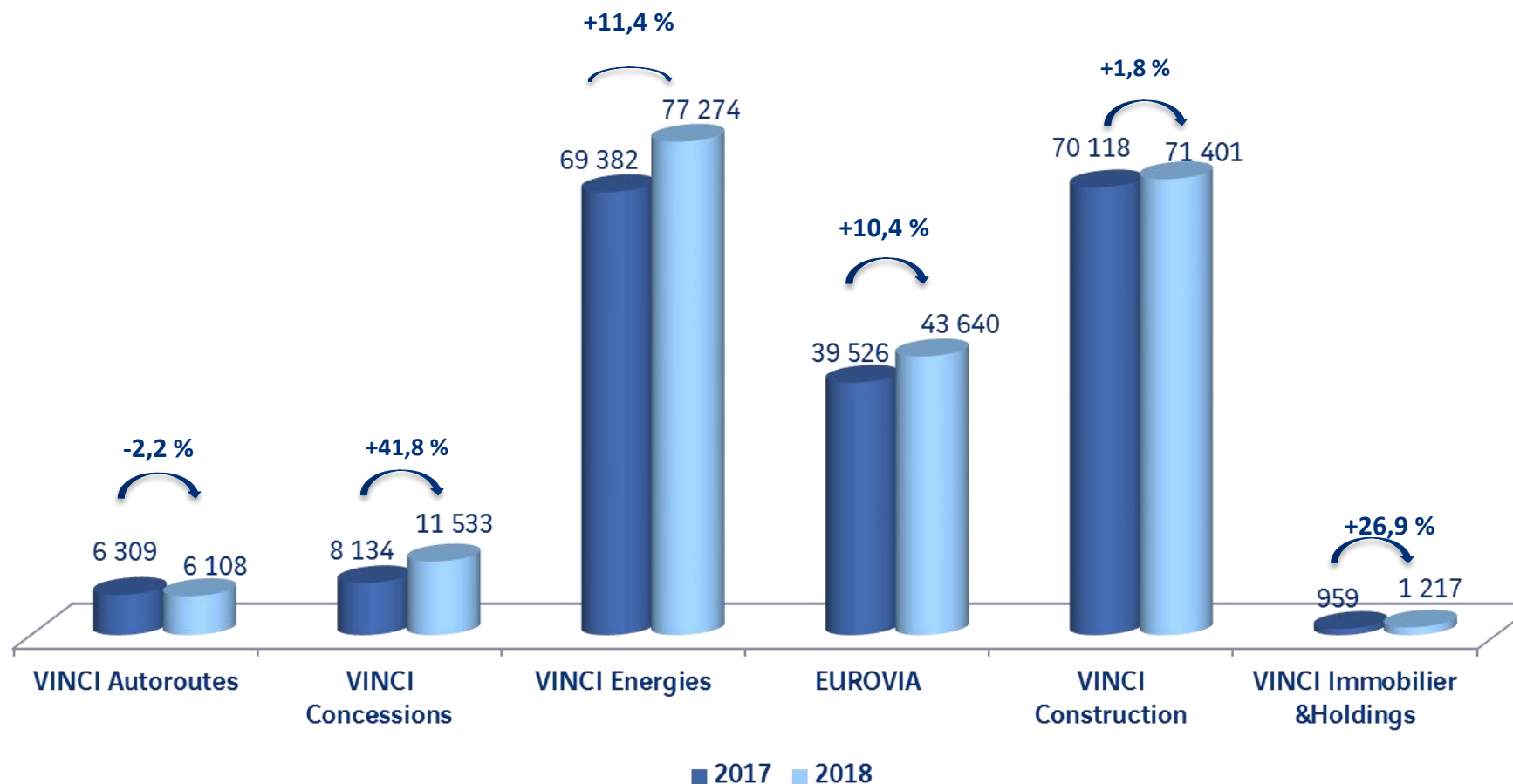


- A Group operating in **around one hundred countries** worldwide
- An increase in the number of employees (**+6,0 %** par rapport à 12/2017)

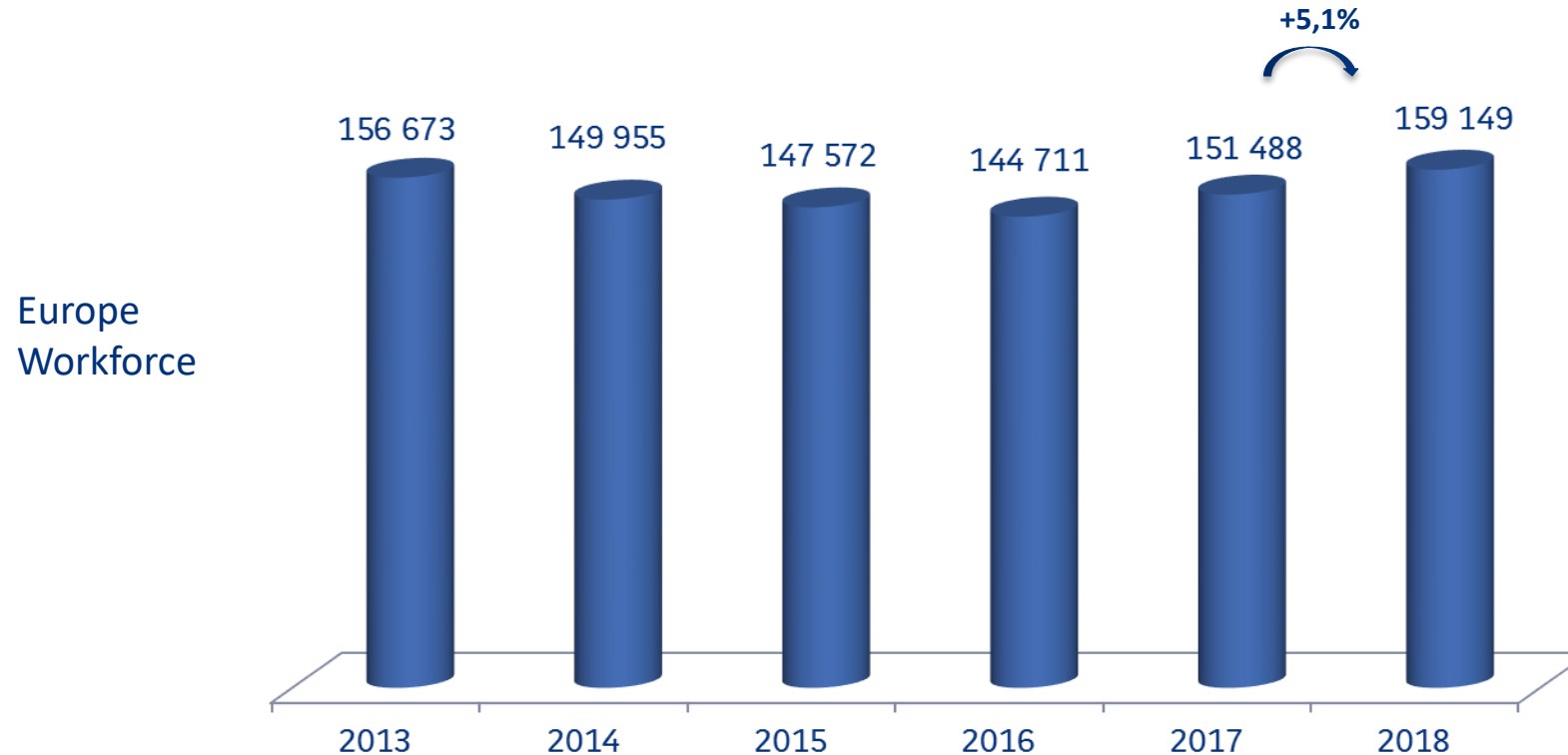




**211 233 employees : +8,6 %**



- A Group with operations in 32 European countries
- **75,3 %** of the global workforce is in Europe (including overseas departments and territories)
- Increase in European workforce (**+5,1 %** compared with 2017)
- **87 %** of the European workforce in **7 countries** : France (including overseas departments and territories), Germany, Great Britain, Czech Republic, Portugal, Poland and Switzerland



- **VINCI Autoroutes:** Targeted resumption of hiring in France is envisaged for 2019 so that VINCI Autoroutes (motorways) can continue to strengthen its mobility-services operator projects.
- To achieve this, the number of hires with permanent contracts has already picked up with 196 new hires in 2018 compared with 117 in 2017.

VINCI Autoroutes is also supporting employees through the changes in the motorway professions:

- VINCI Autoroutes' human resources policy aims to anticipate the development of skills and preserve employment in a context in which the evolution of technologies and the changing expectations of network users have transformed motorway professions.
- In order to support these changes, VINCI Autoroutes is implementing an ambitious and comprehensive forward-looking employment and career path management (FLECPM) policy, enabling voluntary employees to move within the structure. Thanks to this, 64 employees made a 'jump' by changing jobs and industry in 2018. At the same time, 355 employees were engaged in a diversification of their activities, which allowed them to broaden their skills without changing their profession by devoting part of their working time to projects in another sector. This system will make it possible to respond to seasonal variations in activity. These professional developments have been secured by more than 10,000 dedicated training hours to support these 419 employees.
- Within the sectors, the 'Toll Evolution' programme has been supporting toll plaza employees for several years to move towards jobs relating to operating toll plazas and remote customer assistance. The employees in this sector were also trained in customer relations, the maintenance of technical toll equipment and the recovery of fraud. Similarly, the 'Viability Evolution' programme offers supported pathways for employees who change their activity within this sector. VINCI Autoroutes has seen the emergence of new support qualifications relating to digital and strategic orientations.
- In order to ensure the evolution of employee skills, this FLECPM policy is accompanied by a very important training component to which VINCI Autoroutes has devoted more than 8 million euros in 2018 – which amounts to nearly 4% of total payroll expenditure. On average, each employee received 27 hours of training over the course of the year. As a guarantee of knowledge transmission, training is primarily carried out through the expertise of VINCI Autoroutes' own employees – 79% of training hours are provided by internal trainers.

- **VINCI Construction** : The situation in France is still mixed

By province, the regions of Normandy, the West, Côte-d'Azur, Lyon and the North are picking up again but there is no noticeable recovery in the other regions.

The 'Ile de France' (Greater Paris) region is an exception with strong recovery in both building and civil engineering.

In Europe, the figures are still expected to stabilise.

Due to infrastructure requirements, employment is expected continue to grow internationally. This development, however, remains mixed because of geopolitical risks.



- **VINCI Concessions** : The Concessions division will experience a sharp increase in 2019, mainly due to the integration of a new airport concession following the acquisition of 50.01% of London's Gatwick airport. This acquisition was signed on 13th May 2019

So after a 25% increase in its consolidated workforce in 2018, the Concessions division will again experience a sharp increase in the number of its employees in 2019. Growth will again be around 25%, which will carry the Concessions division's workforce past the threshold of 15,000 by the end of 2019.

In France, the number of employees is expected to remain stable.

- **EUROVIA: In France**

Roadwork activity is expected to increase in France in 2019 with a difference that remains marked between the urban environment, which is bolstered by public transport projects, and the rural environment where prudence remains key. Railwork activity remains bolstered by the launch of high output repair (suites rapides) and dense zone (zones denses) projects. External growth in 2018 was marked by the acquisition of SER (about 200 employees in the ARA (Auvergne-Rhône-Alpes) region) and the ROBERT Group (about 100 employees in the Southern region). Recruitment in 2018 was very strong with 2,283 new hires (permanent/construction contracts) compared to 1,756 in 2017. Given the uncertainties regarding activity after the 2020 municipal elections, the 2019 recruitment policy is expected to be consistent with that of 2018.

The average rate of recourse to temporary work increased from 17.1% in 2017 to 20.2% for manual workers in Eurovia's traditional areas of activity. This rate is expected to stabilise in 2019 but peaks could occur to meet one-off, large-scale projects.

It should be noted that 'partial activity' [system allowing companies in difficulty to temporarily reduce their staff's working hours] in 2018 concerned about 1% of the workforce in 2018 compared with 3% in 2017. Recourse to partial activity should therefore remain very specific in 2019 in areas where the recovery of activity is still delicate.

Eurovia's workforce in France increased from 23,037 employees as at 31/12/2017 to 23,649 as at 31/12/2018.

## International

In 2018, there was strong growth in Germany, the Czech Republic and Poland. Recovery is continuing slowly in Spain and we are encountering difficulties in Romania in light of the country's political situation. At constant scope, activity in the Americas-UK zone remains stable with some difficulties in Western Canada due to the oil crisis. The end of the Regina project is also being felt in Alberta.

2018 was marked by the integration of two companies in Quebec (Chenail and TNT) and the Plant & Paving branch of LANE Construction in the USA.

In 2018, we recruited 3,877 employees on long-term contracts, which is 6% more than in 2017. We are expected to stay in that order of magnitude with regard to recruitment in 2019.

Eurovia's workforce is expected to stabilise internationally after the significant acquisitions in 2018.

- **VINCI Energies:** After a 2018 in which VINCI Energies' consolidated turnover reached 12.6 billion euros (an increase of 17.1% on 2017), the 2019 budget forecast is 13.1 billion euros, representing new growth of 3.9% compared to 2018.

By reasoning proforma, that is to say, on a constant consolidation scope and exchange rate basis, organic growth amounted to 4.6% last year, making it one of the strongest years of organic growth for VINCI Energies in the past 20 years. This organic growth was also fairly consistent between our 3 Divisions: 4.0% at VINCI Energies France, 5.0% at VINCI Energies Europe and 5.1% at VINCI Energies International & Systems.

For VINCI Energies, the year 2018 will therefore have been strong, besides strong external growth (60 acquisitions in 2 years), it also had an acceleration of organic growth which had already reached 2.8% in 2017. This momentum has, moreover, generally favoured all our areas of activity and the countries in which our group operates, with a special mention for our developments in West Africa and Brazil. The figures above show that it was also felt in Europe and, more particularly, in France, with activity in the industry holding up well, as well as in telecommunication infrastructures, with the 'Plan Très Haut Débit' (High-Speed Internet Access Plan). Overall, our workforce, excluding external growth, experienced net growth in 2018.

Our order intake amounted to 13.7 billion euros last year, or 1.05 times the budgeted turnover for 2019, accompanied by general dynamism in our various areas of activity and geographical regions.

...



...

For 2019, we again expect a growth in activity, which could reach 3.9% on current scope and 3.1% proforma, with organic growth that would be lower than that which we saw in 2018, but which would remain, despite everything, fairly strong: 2.6% at VINCI Energies France, 1.9% at VINCI Energies Europe and 4.1% at VINCI Energies International and Systems.

Our workforce should therefore at least be stable globally, (proforma), and more likely rise slightly, both in France and externally. This does not exclude a few one-off situations depending on market, country or region. Certain areas still face more difficult environments, in particular the Oil & Gas and Power & Mobility centres at VINCI Energies International & Systems.

In summary, today we have more problems concerning recruitment shortages rather than managing a workload shortfall.



R E A L  
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