EIFFAGE

Vélizy-Villacoublay, 30 August 2023

17:40

Press release

2023 half-year results

- **Significant increase in the Group's revenue (up 10.4%), mainly driven by organic growth (up 9.0%)**
  - **Contracting (up 10.4%): growth in all the divisions, varying from one business line to another; strong momentum in Europe excluding France (up 22.4%)**
  - **Concessions (up 10.2%): increase of motorway and airport traffic; contribution from new assets**
- **Significant increase in earnings:**
  - **Operating profit on ordinary activities of €1,009 million (up 9.1%) / improvement in Contracting's profitability**
  - **Net profit attributable to the equity holders of the parent of €392 million (up 10.7%)**
- **Positive free cash flow of €0.3 billion, despite the seasonality of the Contracting**
- **New increase of the Contracting order book to €19.8 billion (up 10% year-on-year)**
- **Group commitment to be carbon-neutral by 2050 and to keep to a 1.5°C trajectory. Publication of Eiffage's fourth climate report**
- **Confirmation of the 2023 outlook for further revenue and earnings growth**

Key figures

	First-half		Change
in millions of euros	**2022**	**2023**	**2023/2022**
Revenue*	9,452	10,431	+10.4%
Operating profit on ordinary activities	925	1,009	+9.1%
as a % of revenue	*9.8%*	*9.7%*	
Net profit attributable to the equity holders of the parent	354	392	+10.7%
Free cash flow	-1	276	277
Net financial debt* (in billions of euros)	10.0	10.6	+0.6
Order book* (in billions of euros)	18.0	19.8	+10%
APRR traffic (in thousands of kilometres)	11,828	12,188	+3.0%

* see glossary

Eiffage's Board of Directors met on 30 August 2023 to approve the first-half 2023 financial statements(1).

(1): the audit procedures have been completed and the limited review report has been issued.

Activity

Consolidated revenue amounted to €10.43 billion in the first half of 2023, an increase of 10.4% on an actual basis (up 9.0% lfl) compared with the first half of 2022.

In Contracting, revenue increased by 10.4% to €8.68 billion (up 8.8% lfl). Revenue in France rose 7.2% to €5.61 billion and international revenue was up 16.6% (up 22.4% in Europe excluding France) to €3.07 billion.

In the Construction division, revenue grew by 6.3% (up 6.1% lfl) to €2.20 billion, with a 5.6% increase in France and an 8.4% increase in international revenue. In property development, revenue fell 16.0%. The trends observed in France during 2022 carried through into this year, with a fall in new residential property partially offset by the residential renovation and new construction of public and industrial infrastructure. New residential unit reservations slowed sharply, falling to 710 units from 1,519 units in the first half of 2022.

In the Infrastructure division, revenue increased by 9.2% (up 9.2% lfl) to €3.64 billion. In France, business edged up 0.7%, with substantial differences from one business unit to another. The decline in Civil Engineering (down 14.8%) reflected a smaller contribution from Grand Paris Express projects and the completion of work on the A79 in 2022, while Metallic Construction (up 45.8%) was boosted by the booming offshore wind energy segment both in and outside France. Roads posted growth of 7.2% in France. International revenue posted another strong rise (up 22.7%, with a 16.8% increase in Civil Engineering and a 44.0% rise in Metallic Construction) as a result of strong performance in Europe excluding France (up 32.4%).

In the Energy Systems division, revenue was boosted by the environmental and digital transition, advancing 15.4% (up 10.7% lfl) to €2.83 billion. The division posted a 17.2% revenue increase in France (up 10.9% lfl) and a 12.2% rise in international revenue, thanks to a 17.4% rise in Europe excluding France (up 15.0% lfl) powered by the significant revenue growth in the main countries in which it is present.

In Concessions, revenue moved up 10.2% (up 9.7% lfl) to €1.76 billion. Overall, motorway traffic was higher than in the first half of 2022, with increases of 3.0% at APRR, 0.6% on the A65 motorway, 2.0% on the Millau viaduct and 2.0% on the Autoroute de l'Avenir motorway in Senegal. Trafic at the Lille and Toulouse airports rose by 15.0% compared with the first half of 2022 (down 19.5% compared with the first half of 2019), with revenue growing by 23.8%. First-half revenue was boosted by two new businesses: the start-up of the Nové housing concession with the French Armed Forces Ministry and the first-time consolidation of Sun'R in renewable energies (€31 million in total revenue).

In the second quarter, Eiffage's revenue grew by 8.0% compared with the second quarter of 2022, with a 7.3% increase in Contracting and an 11.6% increase in Concessions.

Results

The Group's operating profit on ordinary activities amounted to €1,009 million, representing an operating margin of 9.7% of revenue versus 9.8% in the first half of 2022.

In Construction, the operating margin was stable at 3.4% despite the downturn in the new residential market in France, again demonstrating the resilience of the integrated constructor-developer model.

In the Infrastructure division, the operating margin, which is usually negative in Civil Engineering and Roads during the first half, went from -1.0% in June 2022 to -0.5% in June 2023, with a strong contribution from Metallic Construction.

In the Energy Systems division, the operating margin improved significantly to reach 4.3% (4.0% in the first half of 2022), supported by the solid operating performance of the business in France and in the other European locations.

In Contracting, the operating margin moved significantly higher to reach 2.1% (1.7% in the first half of 2022), lifting Contracting's contribution to first-half operating profit from ordinary activities to €178 million from €135 million in the first half of 2022.

In Concessions, the operating margin was 48.2% (49.6% in the first half of 2022), with APRR achieving an Ebitda margin of 76.8%, from 76.5% in the first half of 2022. The start-up of new concessions (Aliaé -A79 operator-, Nové) and the first-time consolidation of Sun'R pushed down the operating margin slightly. In addition, the commissioning of certain major investments by APRR sparked an increase in depreciation expense. Concessions contributed €847 million to operating profit from ordinary activities on 30th June 2023, from €791 million on 30th June 2022.

Other income and expenses from operations represented a net expense of €28 million versus a net expense of €20 million in the first half of 2022.

The cost of net financial debt rose €33 million to €158 million.

The equity method consolidation of Getlink led to the recognition of a share (€7 million) of Getlink's earnings for the period from 27 April 2023 to 30 June 2023 and of a non-recurring gain of €29 million reflecting a valuation difference on the Getlink shares at 27 April 2023. This gain was recognised in other financial income.

Net profit attributable to the equity holders of the parent was €392 million versus €354 million in the first half of 2022.

Financial position

Free cash flow, which was close to zero in the first half of 2021 and 2022, was an impressive €276 million this year given the seasonal trends in Contracting. It reflected the increase in Ebitda (up €173 million), a tight grip on the working capital requirement and a reduction in capital expenditure. Seasonal variation in the Group's working capital requirement was stable in the first half at €484 million. It declined in Contracting (€466 million versus €540 million in the first half of 2022) despite expansion in the business. The drop in capital expenditure to €448 million (€601 million in the first half of 2022) chiefly reflected the completion of work and commissioning of the A79 in late 2022.

In the first half, Eiffage cancelled shares in conjunction with a capital increase reserved for employees. Treasury shares accounted for 1.6% of the share capital at 30 June 2023, from 3.4% at 31 December 2022 and 2.6% at 30 June 2022.

Net financial debt came to €10.6 billion, up €0.6 billion over the past 12 months given the major investments in external growth since June 2022 (€1.7 billion of which 0.2 billion to acquire 49% of the Millau Viaduct on 12 June 2023).

Financing

The Group has a strong financial position, both at the level of Eiffage SA (and its Contracting subsidiaries), which has been assigned a short-term credit rating of F2, and at its Concessions companies. APRR, the largest of them, is rated A with stable outlook by Fitch and A- with stable outlook by S&P.

At 30 June 2023, Eiffage SA and its Contracting subsidiaries have liquidity of €3.6 billion composed of €1.6 billion in cash and cash equivalents and an undrawn, covenant-free bank credit facility of €2 billion. Almost the entire amount of this facility is due to mature in 2026. Eiffage SA's liquidity decreased €1.2 billion year-on-year as a result of close to €1.7 billion in external growth investments over the past 12 months and the end to the Group's trade receivables securitisation programme in December 2022 (outstandings under that programme totalled €0.46 billion at 30 June 2022). As a reminder, Eiffage SA sold the new A79 motorway concession holder (Aliaé) to APRR SA for close to €0.7 billion on 30 June 2022.

APRR has liquidity of €3.1 billion at 30 June 2023, consisting of €1.1 billion in cash and cash equivalents and a €2 billion undrawn bank credit facility. Almost all of that facility is due to expire in 2027. APRR's liquidity was €0.2 billion higher over one year. On 11 May 2023, APRR issued €0.7 billion of bonds with a maturity of January 2030 and a coupon of 3.125%.

Environmental transition and innovation

Eiffage published its fourth climate report in 2023 in accordance with the TCFD (Task Force on Climate-related Financial Disclosures) guidelines. Through this exercise in transparency, the Group provided all of its stakeholders with information on:

- Its overall environmental strategy, based on the pillars of sustainability - climate, biodiversity, resources - and control of direct impacts,
- Analysis of the risks associated with the consequences of climate change, in terms of mitigation and adaptation.
- Opportunities for low-carbon projects that will gradually decarbonize sales.

A number of action plans are being implemented in this context:

- Carbon climate

Against the backdrop of the climate emergency, the Group has set targets for reducing its emissions in line with the 1.5°C trajectory, covering scope 1 and 2 by -46% and scope 3 by -30% over the period 2019-2030. This Group's trajectory is currently being validated by the SBTi (Science Based Targets initiative).

In addition, Eiffage is mobilising the value chain to better measure the carbon emissions of its purchases through the exchange and verification of product life cycle analysis data.

- Biodiversity

Eiffage has renewed its commitment to biodiversity for the period 2023-2025 with the OFB as part of the "Companies committed to nature" scheme, with a detailed action plan covering the operational perimeters of the Group's business lines.

- Circular economy

At the end of 2022, Eiffage formalised its circular economy strategy. It aims to reduce the extraction of virgin materials, characterise and reuse materials, extend the lifespan and ensure the reversibility of structures.

- Cross-functional innovation

In July 2023, Eiffage and the Sekoya industrial club presented awards for five innovations aimed at preserving water resources and responsible deconstruction and reconstruction during the 5th call for solutions.

In 2023, Eiffage published for the first time the proportion of its 2022 sales (17%), capital expenditure (15%) and operating expenditure (17%) aligned with the climate objectives of the European reference framework for sustainable activities (European Taxonomy).

Outlook for 2023

The Contracting order book amounted to €19.8 billion, an increase of €1.8 billion over one year (up 10%), representing 13.4 months of business activity. The increase was driven in particular by renewable energy and transport infrastructure projects.

The Group is reiterating its outlook for 2023:

- In Contracting, business levels will continue to increase, with the strength of growth varying from business unit to another, again as part of a selective approach.
- In Concessions, revenue is also expected to increase with the gradual return to normal of the airport traffic, the first-time consolidation of Sun'R, the start-up of Nové, the full-year contribution from the A79 motorway and increase in motorway traffic.

As a result, the Group expects a further increase in operating profit on ordinary activities in both Contracting and Concessions and in its net profit attributable to the equity holders of the parent.

Results presentation

A more detailed presentation of the first-half 2023 financial statements, in French and English, along with detailed financial statements for the Group and APRR, is available on the Company's website at www.eiffage.com. The presentation of the financial statements and the analyst conference will take place at 5:40pm on 30 August. A livestream and playback will be available on the company's website and via the following links:

in French: https://edge.media-server.com/mmc/p/3fy27skn

in English: https://edge.media-server.com/mmc/p/3fy27skn/lan/en

Investor relations
Xavier Ombrédanne
Tel: +33 (0)1 71 59 10 56
xavier.ombredanne@eiffage.com

Press contact
Sophie Mairé
Tel: +33 (0)1 71 59 10 62
sophie.maire@eiffage.com

APPENDICES

Appendix 1: Revenue by division in the first half

in millions of euros	First-half 2022	First-half 2023	Changes 2023/2022 Actual	Changes 2023/2022 Like-for-like*
Construction	2,071	2,201	+6.3%	+6.1%
of which Property development	*501*	*421*		
Infrastructure	3,334	3,641	+9.2%	+9.2%
Energy Systems	2,454	2,833	+15.4%	+10.7%
Sub-total Contracting	7,859	8,675	+10.4%	+8.8%
Concessions (excluding Ifric 12)	1,593	1,756	+10.2%	+9.7%
Total Group (excluding Ifric 12)	**9,452**	**10,431**	**+10.4%**	**+9.0%**
Of which:				
France	6,791	7,333	+8.0%	+6.3%
International	2,661	3,098	+16.4%	+15.9%
Europe excl. France	*2,295*	*2,808*	*+22.4%*	*+21.7%*
Outside Europe	*366*	*290*	*-20.8%*	*-20.2%*
Construction revenue (Ifric 12)	147	85	n.s.	

Revenue by division in the second quarter

in millions of euros	Second quarter 2022	Second quarter 2023	Actual changes 2023/2022
Construction	1,094	1,110	+1.5%
of which Property development	*266*	*230*	
Infrastructure	1,897	2,020	+6.5%
Energy Systems	1,263	1,434	+13.5%
Sub-total Contracting	4,254	4,564	+7.3%
Concessions (excluding Ifric 12)	825	921	+11.6%
Total Group (excluding Ifric 12)	**5,079**	**5,485**	**+8.0%**
Construction revenue (Ifric 12)	93	60	n.s.

Appendix 2: Operating profit on ordinary activities and margins

	H1 2022		H1 2023		∆ *23/22*
	in millions of euros	**% of revenue**	**in millions of euros**	**% of revenue**	***Change***
Construction	71	3.4%	75	3.4%	4
Infrastructure	(33)	(1.0%)	(20)	(0.5%)	13
Energy Systems	97	4.0%	123	4.3%	26
Contracting	**135**	**1.7%**	**178**	**2.1%**	**43**
Concessions	791	49.6%	847	48.2%	56
Holding company	(1)		(16)*		(15)
Group total	**925**	**9.8%**	**1,009**	**9.7%**	**84**

*Including the charge – non cash - accounted for the annual Group saving scheme following a new computation methodology

Appendix 3: Consolidated financial statements

Income statement

In millions of euros	First-half 2022	First-half 2023
Revenue[1]	**9,787**	**10,656**
Other operating income	7	7
Raw materials and consumables used	(1,705)	(1,943)
Employee benefits expense	(2,171)	(2,348)
External expenses	(4,213)	(4,490)
Taxes (other than income tax)	(215)	(223)
Depreciation and amortisation	(624)	(664)
Net increase (decrease) in provisions	12	(27)
Change in inventories of finished goods and work in progress	13	4
Other operating income on ordinary activities	34	37
Operating profit on ordinary activities	**925**	**1,009**
Other income and expenses from operations	(20)	(28)
Operating profit	**905**	**981**
Income from cash and cash equivalents	11	45
Finance costs	(136)	(203)
Net finance costs	**(125)**	**(158)**
Other financial income (expense)	(5)	16
Share of profits (losses) of equity-method investments	14	13
Income tax	(204)	(220)
Net profit	**585**	**632**
- Attributable to equity holders of the parent	354	392
- Attributable to non-controlling interests	231	240
Earnings in euro per share attributable to the holders of the parent company:		
Basic earnings per share (attributable to the equity holders of the parent)	3.75	4.11
Diluted earnings per share (attributable to the equity holders of the parent)	3.71	4.07
(1) of which Construction revenue from Concessions (Ifric 12):	147	85

Balance sheet

In millions of euros	31 December 2022	30 June 2023
Non-current assets		
Property, plant and equipment	1,928	2,047
Right-of-use assets	1,049	1,108
Investment property	81	78
Concession intangible assets	11,481	11,204
Goodwill	3,702	3,719
Other intangible assets	233	237
Equity-method investments	296	2,011
Non-current financial assets in respect of concession service arrangements	1,314	1,279
Other financial assets	1,872	305
Deferred tax assets	180	214
Other non-current assets	-	1
Total non-current assets	**22,136**	**22,203**
Current assets		
Inventories	1,010	978
Trade and other receivables	6,114	6,642
Current tax assets	28	34
Current financial assets in respect of concession service arrangements	67	68
Other current assets	2,085	2,188
Cash and cash equivalents	4,756	3,392
Assets classified as held for sale	-	-
Total current assets	**14,060**	**13,302**
Total assets	**36,196**	**35,505**

In millions of euros	31 December 2022	30 June 2023
Equity		
Share capital	392	392
Consolidated reserves	4,744	5,328
Accumulated other comprehensive income	144	63
Profit for the year	896	392
Equity attributable to equity holders of the parent	**6,176**	**6,175**
Non-controlling interests	1,248	1,374
Total equity	**7,424**	**7,549**
Non-current liabilities		
Borrowings	11,843	11,963
Lease liabilities	716	757
Deferred tax assets	845	824
Non-current provisions	720	705
Other non-current liabilities	177	180
Total non-current liabilities	**14,301**	**14,429**
Current liabilities		
Trade and other payables	4,817	4,877
Loans and other borrowings	2,353	1,294
Non-current borrowings due within one year	733	790
Lease liabilities due within one year	291	304
Current income tax liabilities	243	222
Current provisions	805	811
Other current liabilities	5,229	5,229
Liabilities directly associated with assets classified as held for sale	-	-
Total current liabilities	**14,471**	**13,527**
Total equity and liabilities	**36,196**	**35,505**

Statement of cash flows

In millions of euros	First-half 2022	First-half 2023
Cash and cash equivalents at 1 January	**4,724**	**4,621**
Currency effects	1	3
Adjusted cash and cash equivalents at 1 January	**4,725**	**4,624**
Net profit	585	632
Profits (losses) of equity-method investments	(14)	(13)
Dividends received from equity-method investments	5	42
Depreciation and amortisation	624	664
Net increase (decrease) in provisions	(20)	(10)
Other non-cash items	32	39
Net gain (loss) on disposals	(12)	(20)
Cash flows from operations before interest and taxes	**1,200**	**1,334**
Net interest expense	106	129
Interest paid	(164)	(185)
Income tax expense	204	220
Income tax paid	(260)	(290)
Change in working capital requirement	(486)	(484)
Net cash from operating activities (I)	**600**	**724**
Purchases of intangible assets and property, plant and equipment	(167)	(268)
Purchases of concession intangible assets	(332)	(111)
Purchases of non-current financial assets	(10)	(1)
Disposals and reductions of non-current assets	66	96
Net operating investments	**(443)**	**(284)**
Purchases of controlling interests	(49)	(44)
Disposals of controlling interests and assets held for sale	1	2
Cash and cash equivalents of entities bought or sold	9	(4)
Net financial investments	**(39)**	**(46)**
Net cash from (used in) investing activities (II)	**(482)**	**(330)**
Dividends paid to shareholders(1)	(529)	(579)
Capital increase	186	213
Purchases/disposals of non-controlling interests	(21)	(247)
Repurchase and resale of treasury shares	(280)	(112)
Repayment of lease liabilities	(158)	(164)
Repayment of borrowings	(522)	(1,818)
New borrowings	590	794
Net cash from (used in) financing activities (III)	**(734)**	**(1,913)**
Change in other financial assets (IV)	**-**	**-**
Net increase (decrease) in cash and cash equivalents (I + II + III + IV)	**(616)**	**(1,519)**
Cash and cash equivalents at 30 June	**4,109**	**3,105**

(1) Of which dividends paid by Eiffage SA during the first half of 2023: €350 million (compared with €296 million in 2022).

Appendix 4: Order book by division

in billions of euros	At 30 June 2022	At 30 June 2023	*2023/2022 change*	*Change over 3 months*
Construction	5.1	4.8	*-5%*	*-2%*
Infrastructure	7.8	9.1	*18%*	*-1%*
Energy Systems	5.2	5.9	*13%*	*2%*
Total Contracting	**18.0**	**19.8**	***10%***	*0%*

in billions of euros	At 30 June 2023
Property development	0.6
Concessions	0.9

Appendix 5: Liquidity and net financial debt

Holding company and Contracting liquidity	Concessions liquidity
	APRR
€1.6 billion of cash and cash equivalents	€1.1 billion of cash and cash equivalents
+ €2.0 billion undrawn credit facility	+ €2.0 billion undrawn credit facility
= €3.6 billion of liquidity	= €3.1 billion of liquidity

Net financial debt: holding company and Contracting	Net financial debt: Concessions
-€1.6 billion of financial debt (liquidity)	-€1.1 billion of financial debt (APRR liquidity)
+ €1.8 billion of financial debt	+ €9.0 billion of financial debt at APRR and Eiffarie
	+ €2.6 billion of net financial debt at other concessions and PPPs
= €0.2 billion of net financial debt	= €10.5 billion of net financial debt

Appendix 6: Tables reconciling two alternative performance measures to IFRS line items

Free cash flow

Statement of cash flow line items can be reconciled with free cash flow as follows:

in millions of euros	H1 2022	H1 2023
Net cash from operating activities	600	724
Net operating investments	-443	-284
Repayment of lease liabilities	-158	-164
Free cash flow	**-1**	**276**

Net financial debt

The statement of financial position line items can be reconciled with net financial debt as follows:

in millions of euros	H1 2022	H1 2023
Cash and cash equivalents	4,320	3,392
Non-current borrowings	-11,711	-11,963
Current loans and other borrowings	-1,922	-1,294
Non-current borrowings due within one year	-704	-790
Restatement of derivative financial instruments and remeasurement of CNA debt	29	6
Net financial debt	**-9,988**	**-10,649**

Appendix 7: Glossary

Item	Definition
“Construction” revenue of Concessions (Ifric 12)	The “Construction” revenue generated by Concessions corresponds to the consideration for the construction or improvement work completed by concession companies on infrastructure assets, in accordance with Ifric 12 “Service Concession Arrangements”, after eliminating intercompany transactions.
Contracting order book	Portion of signed contracts not yet executed.
Net financial debt	Net financial debt excluding the debt arising from the application of IFRS 16 on 1 January 2019 and the fair value of loans granted by the Caisse Nationale des Autoroutes and derivative instruments.
Free cash flow	Free cash flow is calculated as follows: Net cash from operating activities - net operating investments - repayment of lease liabilities - PPP contract debt repayments
Operating margin	Operating profit on ordinary activities/revenue.
Like-for-like (constant scope and exchange rates)	Constant scope is calculated by eliminating: the 2023 contribution made by companies consolidated for the first time in 2023; the 2023 contribution made by companies consolidated for the first time in 2022, for the period equivalent to that in 2022 before their first-time consolidation; the 2022 contribution made by companies deconsolidated in 2023, for the period equivalent to that in 2023 after they were deconsolidated; the 2022 contribution made by companies deconsolidated in 2022. Constant exchange rates: 2022 exchange rates applied to 2023 local currency revenue.
Group liquidity	Group liquidity is calculated as follows: cash and cash equivalents managed by Eiffage SA and its Contracting subsidiaries + Eiffage SA’s undrawn bank credit facilities.
APPR’s liquidity	APPR’s liquidity is calculated as follows: cash and cash equivalents managed by APRR SA + APRR SA’s undrawn bank line(s) of credit

Appendix 8: Calendar of publications

	Eiffage	APRR
Quarterly information and revenue for the third quarter of 2023	8 Nov. 2023	19 Oct. 2023
Quarterly information and revenue for the fourth quarter of 2023	28 Feb. 2024	29 Jan. 2024
2023 annual results and financial analysts' meeting	28 Feb. 2024	28 Feb. 2024
Quarterly information and revenue for the first quarter of 2024	14 May 2024	23 Apr. 2024
General Meeting of Shareholders	24 Apr. 2024	/
Quarterly information and revenue for the second quarter of 2024	28 Aug. 2024	22 July 2024
2024 half-year results and financial analysts' meeting	28 Aug. 2024	28 Aug. 2024

Closed periods start 15 days before publication of quarterly results and 30 days before publication of full-year and half-year results.