HOLDING D’INFRASTRUCTURE DE TRANSPORT (HIT)

Société par Actions Simplifiée

30, boulevard Gallieni
92130 Issy-les-Moulineaux

Statutory auditors' report on the consolidated financial statements

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

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

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

PHM-AEC
21, rue du Cirque
75008 Paris

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

HOLDING D'INFRASTRUCTURE DE TRANSPORT (HIT)

Société par Actions Simplifiée

30, boulevard Gallieni
92130 Issy-les-Moulineaux

Statutory auditors' report on the consolidated financial statements

For the year ended December 31, 2018

To the Sole Shareholder of HOLDING D'INFRASTRUCTURE DE TRANSPORT (HIT),

Opinion

In compliance with the engagement entrusted to us by your annual general meeting, we have audited the accompanying consolidated financial statements of HOLDING D'INFRASTRUCTURE DE TRANSPORT (HIT) for the year ended December 31, 2018.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2018 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

Audit Framework

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

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

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (code de déontologie) for statutory auditors.

Justification of Assessments - Key Audit Matters

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

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

Revenue recognition related to revenues from "tolls" (“Péages”)
(Note 3.2 of the notes to the consolidated annual accounts)

Risk identified

The revenue generated using the French motorway network infrastructure, pursuant to the two concession contracts expiring respectively on December 31, 2031 and August 31, 2033, is made up of € 1,642 million by the activity " Tolls ", or 86% of the total revenues.

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

• Toll transactions are characterized by a large volume, with individually small amounts;

• This process relies on an automated and complex information system, which requires careful attention to the provision and transmission of information in systems and interfaces between successive applications, and the use of specific skills.

Our response

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

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

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

Specific Verifications

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

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

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of HOLDING D'INFRASTRUCTURE DE TRANSPORT (HIT) by the Annual General Meeting held on April 16, 2012 for Deloitte & Associés and on December 16, 2014 for PHM-AEC.

As at December 31, 2018, Deloitte & Associés and PHM-AEC were respectively in the 7th year and 5th year of total uninterrupted engagement, which is the 5th year since securities of the Company were admitted to trading on a regulated market.

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

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

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

The consolidated financial statements were approved by the President.

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

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.

- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Paris and Paris-La Défense, the 10th of April 2019

The Statutory Auditors'

PHM-AEC	Deloitte & Associés
Philippe MOURARET	Laurent ODOBEZ

HIT Group

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018

SUMMARY FINANCIAL STATEMENTS

1. *CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*

(in € thousands)	Notes	2018	2017
Operating income		1,928,549	1,832,476
Revenue	3.2	1,902,769	1,806,311
of which revenue excluding construction		1,726,674	1,664,894
of which revenue from construction		176,095	141,417
Other income	3.5	25,779	26,164
Operating expenses		**(1,092,189)**	**(1,040,542)**
Purchases and external expenses	3.3	(282,086)	(239,014)
of which construction costs		(176,095)	(141,417)
Payroll costs	3.4	(177,876)	(168,296)
Other expense	3.5	(159)	(1,521)
Taxes other than on income	3.6	(230,197)	(223,245)
Depreciation, amortization and provision	3.7	(401,872)	(408,466)
Operating income, net		**836,360**	**791,933**
Interest expense	3.8	(221,741)	(244,182)
Other financial expenses	3.8	(22,394)	(50,086)
Financial income	3.8	1,307	16,614
Income before tax		**593,533**	**514,280**
Income tax	3.9	(196,374)	(125,544)
Share in net income of associates	3.1	3,804	2,979
Net income before non-controlling interests		**400,962**	**391,715**
Non-controlling interests		38	36
Net income attributable to owners of HIT		**400,924**	**391,680**

Basic earnings per share (in euros)	3.10	0.27	0.26
Weighted average number of shares		1,512,267,743	1,512,267,743
Diluted earnings per share (in euros)		0.27	0.26
Weighted average number of shares		1,512,267,743	1,512,267,743

(*) The 2017 data contains 4 months of the Eurotoll Subgroup.

Other components of comprehensive income:

(in € thousands)	2018	2017
Net income	**400,962**	**391,715**
Actuarial gains and losses on post-employment program	2,351	6,741
Tax effect	(809)	(2,321)
Effect of regularization tax rate	(279)	(663)
Items not potentially reclassifiable to profit and loss	***1,262***	***3,757***
Fair value adjustment on cash flow hedges	(6,206)	5,674
Recycling to "Other financial expenses" of the losses resulting from the unwinding of swaps used as cash flow hedges (see note 3.8)	573	1,316
Amortization of the revaluation of the fair value of the interest rate swaps, which occurred on the acquisition date of the Sanef group by HIT, following the sale of these swaps		(102)
Hedge swaps set up at the time of the refinancing operation (Liability Management) in 2014, amortized from 2018	964	
Tax effect	1,607	(2,371)
Effect of regularization tax rate	(472)	(1,651)
Fair value adjustment on cash flow hedges of associates (net of tax)	(558)	1,213
Items potentially reclassifiable to profit and loss	***(4,091)***	***4,078***
Total income and expenses recognized directly in equity	**(2,829)**	**7,835**
Total income and expenses recognized during the period	**398,133**	**399,551**
Attributable to owners of HIT	398,096	399,515
Non-controlling interests	38	36

2. *CONSOLIDATED STATEMENT OF FINANCIAL POSITION*

ASSETS	Notes	December 31, 2018	December 31, 2017
Goodwill	3.11	2,820,166	2,820,166
Intangible assets	3.12	4,649,211	4,791,610
Property, plant and equipment	3.13	187,591	181,397
Investments in associates	3.1	60,743	57,596
Non-current financial assets	3.14	10,688	14,311
Total non-current assets		**7,728,400**	**7,865,080**
Inventories		5,638	5,168
Trade and other accounts receivable	3.15	208,142	232,770
Current financial assets	3.14	35	535
Tax receivable			12,179
Cash and cash equivalents	3.16	441,320	1,357,517
Total current assets		**655,135**	**1,608,170**
TOTAL ASSETS		**8,383,535**	**9,473,250**

EQUITY AND LIABILITIES	Notes	December 31, 2018	December 31, 2017
Capital stock	3.17	1,512,268	1,512,268
Additional paid-in capital	3.17		
Reserves and net income		137,236	525,089
Equity attributable to the owners of HIT		**1,649,504**	**2,037,357**
Equity attributable to the non-controlling in		**276**	**276**
Total equity		**1,649,780**	**2,037,633**
Non-current provisions	3.18	384,476	403,223
Provisions for long-term employment benefits	3.19	59,687	56,895
Non-current financial liabilities	3.20	5,412,041	5,737,104
Deferred tax liabilities		198,464	221,833
Total non-current liabilities		**6,054,669**	**6,419,055**
Current provisions	3.18	32,008	39,867
Current financial liabilities	3.20	405,649	726,981
Trade and other accounts payable	3.21	218,472	249,714
Current tax liabilities		22,957	
Total current liabilities		**679,086**	**1,016,562**
TOTAL EQUITY AND LIABILITIES		**8,383,535**	**8,847,332**

3. *CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*

(In € thousands)	Capital stock	Additional paid-in capital	Consolidated reserves and net income	Shareholders' equity	Non-controlling interests	Total Equity
As of January 1, 2018	**1,512,268**	**()**	**525,089**	**2,037,357**	**276**	**2,037,633**
Change in capital						
Dividends			(800,000)	(800,000)	(36)	(800,036)
Recognized income and expenses			398,096	398,096	38	398,133
Change in scope (*)			202	202		202
Others (**)			13,849	13,849	(1)	13,848
As of December 31, 2018	**1,512,268**	**()**	**137,236**	**1,649,504**	**276**	**1,649,780**

(*) : Sanef 107.7 Integration
(**) : Application of IFRS 9 see note 2.1.1 and prior year adjustments

(In € thousands)	Capital stock	Additional paid-in capital	Consolidated reserves and net income	Shareholders' equity	Non-controlling interests	Total Equity
As of January 1, 2017	**1,512,268**	**73,434**	**313,498**	**1,899,200**	**273**	**1,899,473**
Change in capital						
Dividends		(73,434)	(187,880)	(261,314)	(29)	(261,343)
Recognized income and expenses			399,515	399,515	36	399,551
Change in scope						
Others			(44)	(44)	(3)	(47)
As of December 31, 2017	**1,512,268**	**()**	**525,089**	**2,037,357**	**276**	**2,037,633**

4. *CONSOLIDATED STATEMENT OF CASH FLOWS*

(in € thousands)	2018	2017
OPERATING ACTIVITIES		
Operating income, net	**836,360**	**791,933**
Depreciation, amortization and provisions	409,545	401,440
Recoveries of depreciation, amortization and provisions	(23,528)	(36,813)
Disposal gains and losses	(607)	
Change in inventories	(470)	(595)
Change in trade and other accounts receivable	24,642	28,542
Change in trade and other accounts payable	(7,734)	(61,832)
Taxes paid	(202,198)	(263,978)
	1,036,010	**858,698**
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(51,288)	(41,810)
Additions to intangible assets	(262,081)	(210,986)
Proceeds from disposals of property, plant and equipment and intangibl	2,710	1,382
Additions to non-current financial assets	(230)	(30)
Net cash held by subsidiaries on acquisition/disposal	3,742	23,000
Interest income	5	2,922
Dividends received	328	
	(306,813)	**(225,522)**
FINANCING ACTIVITIES		
Dividends paid to owners of HIT	(800,000)	(261,300)
Dividends paid to non-controlling shareholders	(36)	(29)
Deposits and guarantees	823	
New borrowings		985,770
Reimbursement of borrowings	(620,000)	(385,450)
Investment grants (gross)		8,522
Interest expense	(226,181)	(266,868)
Premium paid on Liability Management operation in 2017		(28,382)
	(1,645,394)	**52,263**
NET CHANGE IN CASH AND CASH EQUIVALENTS	**(916,197)**	**685,439**
CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD	**1,357,517**	**229,202**
CASH AND CASH EQUIVALENTS – END OF PERIOD	**441,320**	**1,357,517**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INFORMATION CONCERNING THE GROUP

1.1. Information concerning HIT, the parent company

HIT was founded on November 2, 2005 with a view to acquiring Sanef's shares within the framework of the call for tenders launched by the French government for the disposal of its holdings in three toll road concession operators.

HIT won the tender and acquired the French government's stake in the Sanef group on February 3, 2006. HIT then launched a standing market order and a mandatory minority buyout, ultimately enabling it to become Sanef's sole shareholder.

The majority shareholder of HIT is the Abertis Group, which is headquartered in Madrid, Spain. HIT's consolidated financial statements are included in the consolidated financial statements of Abertis.

HIT has no assets other than the shares of Sanef.

HIT's headquarters are located at 30, boulevard Gallieni – 92130 Issy-Les-Moulineaux – France.

1.2. Information concerning the Sanef subgroup

The Sanef group holds two concessions granted by the French government, through which it manages the construction and operation of 1,785 kilometers of toll roads, engineering structures and facilities. Of this total, Sanef manages 1,406 kilometers and Sapn manages 379 km. As of December 31, 2017 and December 31, 2016, the group's network in service consisted of 1,773 kilometers.

Since signing an agreement in 2010 with the French Government to make investments for sustainable development, the Sanef and Sapn concessions were set to run until December 31, 2029.
The French Government entered into a highway stimulus plan with the major highway concession-holders totaling €3.2 billion for the whole sector in 2015. This stimulus plan comes as part of the negotiations completed in April 2015 with the signing of a framework agreement between the French Government and the Vinci, APRR-AREA and Sanef (plus Sapn) groups.
The agreement establishes the shared aim of the French Government and the highway concession-holders to continue their contractual arrangement far into the future and to develop it based on the following principles:

1. Expanded investment in infrastructure:
   - i) Direct investments through the Stimulus Plan:
     - a) For Sanef, the Stimulus Plan represents an investment program of about €330 million and a two-year extension of the concession.
     - b) For Sapn, the Stimulus Plan represents an investment program of €260 million and a three year eight month extension of the concession.
   - ii) Indirect investments through:
     - a) the concessionaires' paying the AFITF an Extraordinary Voluntary Contribution (French acronym CVE). The CVE, in the amount of €60 million per year, will be paid by all the highway concessionaires party to the agreement until the end of each company's concession. The Sanef (Sanef and Sapn) Group's share represents 17% of the total CVE.
     - b) The creation by Vinci, APRR and the Sanef shareholders of a €200 million fund for the ecological modernization of transportation (French acronym FMET). The contribution to this made by Sanef Group shareholders was €50 million.

2. Stabilizing the contractual relationship with Sanef and Sapn and the economic balance of the concessions:
   i) Inserting a so-called fiscal stability provision by amending Article 32
   ii) Implementation of a measure to cap the profitability of concessions, made by amending Article 36 of the Sanef and Sapn concession agreements.
3. Compensation for the 2013 increase in the State fee for use of public land (*redevance domaniale*) by an additional increase in tolls from 2016 through 2018 and compensation for the toll freeze in 2015 by an additional increase in tolls from 2019 through 2023.
4. Adding to the company sustainability policies of the concessionaires, fostering carpooling, environmentally friendly vehicles and helping young people and/or students.
5. Creating an independent regulatory authority for the highway sector. On October 15, 2015, ARAF became ARAFER (French acronym for rail and road operators regulatory authority) and took over the regulation of the highway sector (i.e. consultation on plans to amend a concession or any other contract if it has an impact on toll rates or the time period of the concession.)

Decree no. 2015-1046 of August 21, 2015, approving the riders to the agreements made between the French Government and Sanef was published on August 23, 2015 in the *Journal Officiel.*
As a result of these riders, the Sanef concession contracts now expire on December 31, 2031 and the Sapn contracts on August 31, 2033.

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

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

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

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

Lastly, long-term program agreements (*contrats de plan*) were signed by Sanef Group companies and the French government, defining capital expenditure programs and price policies. The long-term program agreement between Sanef and the French government for the period - 2010-2014 – ended in 2015, while Sapn’s agreement is still being negotiated.

In January 2017, the French State and Sanef Group signed a protocol concerning the *Plan d'Investissement Autoroutier*, (*PIA*) which represents circa € 122 million. This plan includes the development of interchanges to improve the access to specific areas and environmental improvements (carpools and measures to protect the natural environment).This plan will be financed by additionnal toll rates increases between 2019 and 2021 and by local authorities for specific operations.

The entry into force of the PIA has been validated by the *Conseil d'Etat*.

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

2 ACCOUNTING POLICIES

2.1. Applicable accounting principles

HIT's 2018 consolidated financial statements have been prepared in accordance with the international accounting standards published by the International Accounting Standards Board (IASB), as approved by the European Union on December 31, 2018. The texts published by the IASB and not adopted by the EU are not applicable to the Group.

The following standards and interpretations are applicable with effect from 2018:

- The application of the IFRS 15 starting from January 1, 2018, related to the recognition of Revenues did not impact susbantially the HIT consolidated financial statements (see note 2.1.1).

- The standard IFRS 9 (superseding IAS 39), related to the financial instruments is applicable from the annual reporting period beginning on 1 January 2018. IFRS 9 affects both financial assets and financial liabilities, in three main blocks: (i) Classification and measurement; (ii) impairment methodology; and (iii) hedge accounting (see note 2.1.1).

The other standards and interpretations whose application is mandatory as from January 1, 2018 have no material impact on the Sanef group's consolidated financial statements for the year ended December 31, 2018. They mainly concern:
- IFRS 2 amendments "Classification and Measurement of Share-based Payment Transactions",
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration",
- IFRS improvements, 2014-2016 cycle.

The group has not elected for early adoption in its financial statements of any standards or interpretations whose application is not mandatory in 2018.

In addition, the main regulatory developments from 2018 are detailed below:

- The validation of the "Duty of Vigilance" law by the Constitutional Council in March 2017. This law forces companies to prevent social, environmental and governance risks by means of a "vigilance plan" from of fiscal year 2017 and then a "debrief" as of 2018.
- The entry into force on 1 June 2017 of the Sapin 2 law, which mainly consists of the implementation of 8 key measures to prevent and combat the risks of corruption. As early as 2018, the Anti-Corruption Agency, created by this law, will initiate controls on the companies concerned.

In accordance with the regulatory environment, HIT Group has implemented the required arrangements to comply with these changes.

2.1.1. Application of IFRS9 and IFRS15

The principal implications arising from the application of IFRS 9 and IFRS 15 for HIT Group are detailed below :

2.1.1.1. Application of the standard IFRS 15

This standard provides a new framework for accounting for revenue and the corresponding margin, replacing IAS 11 "Construction Contracts" and IAS 18 "Revenue".

According to the provisions of IFRIC 12 "Service Concession Arrangements", as a concession operator, the Sanef group has two activities:

- as a builder under the obligations to build and finance infrastructures that it gives to the grantor at the end of the concession;
- operation and maintenance of the facilities under concession.

The Group's revenue recognition model is not called into question by the new provisions of IFRS 15. No impact has been identified on the recognition method for income resulting from concession agreements operated by the Group, based on the IFRIC 12 model.

Analysis of the contractual provisions of the concessions has not led to the identification of a separate performance obligation relating to the maintenance and renewal of the infrastructures. This work therefore continues to be the subject of a specific provision, measured and recognized in accordance with the provisions of IAS 37, a builder's activity in respect of the obligations to build and finance infrastructures that it gives to the grantor at the end of the concession.

2.1.1.2. Application of the standard IFRS 9

This standard includes new provisions for the classification and measurement of financial assets, based on the entity's business model and contractual characteristics of its financial assets. IFRS 9 also changes the rules for the impairment of financial assets, requiring a model that takes into account expected credit losses.
The Group carried out an analysis of its portfolio of financial assets constituting equity instruments, consisting mainly of non-consolidated affiliates, in order to determine their measurement method (fair value through profit or loss or fair value through equity). Non-consolidated affiliates at January 1, 2018 were measured at fair value through profit and loss.

Concerning trade receivables, the Group opted for the simplification measure provided by IFRS 9 for receivables not constituting financing transactions, consisting in considering only one credit loss risk on maturity, estimated over a 12-month horizon. The impact on the interim consolidated financial statements is not material, resulting in an additional impairment of €62 thousand.

Regarding financial debts, the group conducted an analysis in light of the new provisions of IFRS 9. A refinancing operation prior to January 1, 2018 required a change in the carrying amount of the amortized cost of these financial liabilities at the date of the change, the impact at the date of the first application (1 January 2018) being € -28,000 thousands (decrease in "Bond issues and bank loans" in the consolidated balance sheet, with a net increase of 20 million in the "Consolidated reserves and profit").

As regards borrowings, the first-time application of IFRS 9 has no impact on the Group. The analysis carried out with regard to the new provisions of IFRS 9 confirmed the treatment of all refinancing operations prior to January 1, 2018.

The provisions of IFRS 9 relating to hedge accounting do not call into question existing and effective hedging relationships.

2.1.1.3. Financial proforma statements including IFRS9

2.1.1.3.1. Balance sheet

ASSETS (in € Thousands)	**Decembre 31, 2017 Opening January 1st, 2018 without IFRS 9**	**Application of IFRS 9**	**January 1st, 2018, including IFRS 9**
Goodwill	2,820,166		2,820,166
Intangible assets	4,791,610		4,791,610
Property, plant and equipment	181,397		181,397
Investments in associates	57,596		57,596
Non-current financial assets	14,311	-6	14,305
Deferred tax assets			
Total non-current assets	**7,865,081**	**-6**	**7,865,075**
Inventories	5,168		5,168
Trade and other accounts receivable	232,770		232,770
Current financial assets	535	-56	479
Tax receivable	12,179		12,179
Cash and cash equivalents	1,357,517		1,357,517
Group of assets held for sale			
Total current assets	**1,608,169**	**-56**	**1,608,113**
TOTAL ASSETS	**9,473,250**	**-62**	**9,473,188**

EQUITY AND LIABILITIES (in € Thousands)	**Decembre 31, 2017 Opening January 1st, 2018 without IFRS 9**	**Application of IFRS 9**	**January 1st, 2018, including IFRS 9**
Capital stock	1,512,268		1,512,268
Additional paid-in capital			
Reserves and net income	525,089	20,215	545,304
Equity attributable to the owners of HIT	**2,037,357**	**20,215**	**2,057,572**
Equity attributable to the non-controlling interests	**276**		**276**
Total equity	**2,037,633**	**20,215**	**2,057,848**
Non-current provisions	403,223		403,223
Provisions for long-term employment benefits	56,895		56,895
Non-current financial liabilities	5,737,104	-28,129	5,708,975
Deferred tax liabilities	221,833	7,852	229,685
Total non-current liabilities	**6,419,055**	**-20,277**	**6,398,778**
Current provisions	39,867		39,867
Current financial liabilities	726,981		726,981
Trade and other accounts payable	249,714		249,714
Current tax liabilities	0		0
Group of liabilities held for sale			
Total current liabilities	**1,016,562**		**1,016,562**
TOTAL EQUITY AND LIABILITIES	**9,473,250**	**-62**	**9,473,188**

2.1.1.3.2. Consolidated statement of changes in equity

(In € thousands)	Capital stock	Additional paid-in capital	Consolidated reserves and net income	Shareholders' equity	Non-controlling interests	Total Equity
As of January 1, 2017	**1,512,268**	**73,434**	**313,498**	**1,899,200**	**273**	**1,899,473**
Change in capital						
Dividends		(73,434)	(187,880)	(261,314)	(29)	(261,343)
Recognized income and expenses			399,515	399,515	36	399,551
Share-based compensation						
Change in scope						
Others			(44)	(44)	(3)	(47)
As of December 31, 2017	**1,512,268**	**()**	**525,089**	**2,037,357**	**276**	**2,037,633**

(In € thousands)	Capital stock	Additional paid-in capital	Consolidated reserves and net income	Shareholders' equity	Non-controlling interests	Total Equity
As of January 1, 2018 without the IFRS9 application	**1,512,268**	**()**	**525,089**	**2,037,357**	**276**	**2,037,633**
Financial assets impairment			(62)	(62)		(62)
Financial debt			28,129	28,129		28,129
Deferred taxes			(7,852)	(7,852)		(7,852)
Total impact IFRS9			**20,215**	**20,215**		**20,215**
As of December 31, 2018 with IFRS9	**1,512,268**	**()**	**545,304**	**2,057,572**	**276**	**2,057,848**

2.1.1.4. Estimates and judgments

The preparation of the consolidated financial statements required Management to make certain judgments and to include certain estimates and assumptions. Those estimates and their underlying assumptions were based on past experience and other factors deemed reasonable under the circumstances.

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

The main estimates made by the Group relate to the measurement of concession intangible assets with a view to a potential impairment, depreciation periods for renewable assets, provisions (particularly provisions for infrastructure rehabilitation), and impairment of receivables and the fair value of derivatives.

2.2. Approval of the consolidated financial statements

The HIT Group's consolidated financial statements were approved by its Chairman on April 10, 2019.

2.3. Consolidation method

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

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

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

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

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

2.4. Translation of foreign currencies

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

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

2.5. Segment data

The Group is not obliged to provide segment data, as defined in IFRS 8. However, some indicators presenting separately the concessions, the other activities (basically telematics) and the holding activity are presented in note 3.25.

2.6. Goodwill

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

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

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

2.7. Intangible assets

2.7.1. Intangible assets held under concession arrangements

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

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

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

As the arrangement between the French Government and Sanef and Sapn had been made final (see Note 1.2), it was decided to recognize the CVE (extraordinary voluntary contribution) as an intangible asset of the concessions by applying IFRIC 12 (in that the CVE was judged to be a supplemental right to operate the public service infrastructure opened up for concession by the State) with an offsetting provision in liabilities.

2.7.2. Other intangible assets

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

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

2.8. Property, plant and equipment

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

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

2.9. Financial instruments

The measurement and recognition of financial assets and liabilities are defined by IFRS 9 relating to financial instruments.

2.9.1. Non-derivative financial assets

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

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

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

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

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

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

2.9.2. Non-derivative financial liabilities

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

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

2.9.3. Derivatives financial instruments

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

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

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

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

2.10. Inventories

Inventories consist in fuel, and salt. They are stated at weighted average cost and written down to their net realizable value if it is lower.

2.11. Trade and other accounts receivable

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

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

2.12. Recognition of income taxes

Taxes include both current income tax expense and deferred taxes.

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

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

2.13. Equity

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

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

2.14. Share-based payment

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

2.15. Interest expenses

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

2.16. Current and non-current provisions

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

Non-current provisions mainly correspond to the contractual obligation to maintain or restore the infrastructure (excluding any improvements) as well as the CVE. These provisions are measured based on the Group's best estimate of the future expenditure required to renew toll road surfaces and maintain engineering structures and are set aside as the infrastructure is used. The provision for the CVE consists of projected future payments. They are discounted using a discount rate representing the time value of money. The impact of discounting non-current provisions is recognized in "Other financial expenses".

2.17. Employee defined benefit obligations

Salaried employees of the HIT Group receive lump-sum termination benefits which are paid to those employees who are actively employed by HIT when they retire. Furthermore, employees who retire before 2017 from the subsidiary Sapn are entitled to partial coverage of their healthcare insurance premium contribution. A supplemental defined benefit retirement plan for the HIT Group's managers was introduced in 2005, and this plan was terminated at end-2016.

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

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

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

2.18. Revenue recognition

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

In accordance with IFRIC 12, the HIT Group recognizes in "Revenue" an amount corresponding to the fair value of the construction and improvement work performed for the grantor of the concession, with a contra-entry in intangible assets (see note 2.8). Fair value is equal to the cost of construction work subcontracted to third parties and recognized in "Purchases and external expenses". In accordance with IFRS15, revenue and construction costs are recognized by reference to the stage of completion of the contract.

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

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

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

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

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

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

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

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

2.19. Financial income and expenses

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

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

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

2.20. Measuring the fair value of financial instruments

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

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

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

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

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

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

The valuations generated by these models are adjusted in order to take into account changes in HIT’s credit risk.

2.21. Reporting standards and interpretations not yet in effect

The standards and interpretations adopted by the European Union in force for financial years beginning on or after January 1, 2019 are not applied early in these financial statements:

- IFRS 16 "Leases";
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- Amendments to IFRS 9 "Prepayment Features with Negative Compensation";
- Annual improvements, 2015-2017 cycle.

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

An inventory of all the movable and immovable property leases was carried out at the level of the Group's subsidiaries in 2018. This information made it possible to extrapolate the initial impacts on the basis of assumptions.

IFRS 16 will be applied by the Group as from January 1, 2019 using the simplified retrospective method; under this approach, the comparative information presented will not be restated and the cumulative impact of the first-time application will be presented as an adjustment to opening equity, the impact of which will be around €2,000 thousand in consolidated reserves.

3 DETAILS OF THE SUMMARY FINANCIAL STATEMENTS

3.1. Scope of consolidation

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

Company	**Activity**	**Consolidation Method**
Sanef	Toll road concession operator	Full consolidation
Sapn	Toll road concession operator	Full consolidation
Bip&Go	Distribution (Telematics)	Full consolidation
SE BPNL	Toll road operator	Full consolidation
Léonord Exploitation	Toll road operator	Full consolidation
Léonord	Toll road concession operator	Equity method
Alis	Toll road concession operator	Equity method
Routalis	Toll road operator	Equity method
A'Lienor	Toll road concession operator	Equity method
Sanef Aquitaine	Toll road operator	Full consolidation
Sanef 107.7	Toll radio	Full consolidation

The entity Sanef 107.7 already held by the Group is now fully consolidated.

There were no other change in the scope of consolidation between December 31, 2017 and December 31, 2018.

3.1.1. *Investments in associates*

Summary financial highlights of associates :

2018 (in € thousands)	A'LIENOR	ALIS	ROUTALIS	LEONORD
% Interest	35.00%	19.67%	30.00%	35.00%
In local currency	Euro	Euro	Euro	Euro
Assets	1,093,336	1,121,119	3,741	105,506
Liabilities	828,306	911,022	2,292	104,655
Equity	265,030	210,097	1,449	851
Revenue	63,516	90,607	11,403	17,630
Operating profit (loss)	28,725	53,936	1,868	1,297
Profit (loss) before tax	11,942	24,795	1,670	314
Net Income (loss)	10,089	16,166	1,234	154

2017 (in € thousands)	A'LIENOR	ALIS	ROUTALIS	LEONORD
% Interest	35.00%	19.67%	30.00%	35.00%
In local currency	Euro	Euro	Euro	Euro
Assets	1,106,863	1,138,818	3,581	73,374
Liabilities	851,454	938,455	2,444	73,334
Equity	255,409	200,363	1,137	40
Revenue	58,675	81,204	10,928	13,947
Operating profit (loss)	26,851	46,728	1,874	0
Profit (loss) before tax	9,957	14,799	1,635	0
Net Income (loss)	8,475	8,827	1,093	0

The HIT Group applies section 29 of IAS 28, which states that: "If an investor's share of losses of an associate equals or exceeds its interest in the associate, the investor discontinues recognizing its share of further losses. The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long-term interests that, in substance, form part of the investor's net investment in the associate. For example, an item for which settlement is neither planned nor likely to occur in the foreseeable future is, in substance, an extension of the entity's investment in that associate."

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

The HIT Group therefore discontinued recognizing its share of Alis' losses, which exceed the amount of its €4.2 million investment. Since Alis posted a profit of €16 millions in 2018, the cumulative unrecognized share was €22.3 million at December 31, 2018.

The companies of the HIT Group also hold claims against Alis in the amount of €6.5 million (see note 3.24).

3.2. Revenue

(in € thousands)	2018	2017
Toll receipts	1,642,175	1,580,764
Subscription sales and telematics services	*24,714*	*20,341*
Fees from service area operators	*33,557*	*32,278*
Telecommunications fees	*7,188*	*7,084*
Engineering services and other	*19,040*	*24,428*
Revenue from activities other than toll collection	84,499	84,130
Revenue from construction work performed by third parties	176,095	141,417
Revenue	**1,902,769**	**1,806,311**

(*) The 2017 data contains 4 months of the Eurotoll Subgroup.

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

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

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

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

3.3. Purchases and external expenses

(in € thousands)	2018	2017
Maintenance of infrastructure	(12,383)	(11,360)
Maintenance and repair	(18,657)	(20,540)
Consumption and expenses related to operations	(22,426)	(21,785)
Other external expenses	(52,524)	(43,912)
Expenses for construction work carried out by third parties	(176,095)	(141,417)
Purchases and external expenses	**(282,086)**	**(239,014)**

(*) The 2017 data contains 4 months of the Eurotoll Subgroup.

3.4. Payroll costs

(in € thousands)	2018	2017
Salaries and wages	(100,015)	(93,036)
Payroll taxes	(50,957)	(48,791)
Incentive plan	(7,564)	(7,942)
Employee profit-sharing	(14,228)	(13,303)
Other payroll costs	(2,730)	(2,786)
Post-employment and other long-term employee benefits	(2,382)	(2,438)
Payroll costs	**(177,876)**	**(168,296)**

(*) The 2017 data contains 4 months of the Eurotoll Subgroup.

Effective as of January 1, 2013, the tax credit for competitiveness and employment (CICE), which takes the form of a reduction in the amount of tax payable, amounts to a decrease in payroll taxes. The amount of this credit is therefore classified as such in payroll costs.

3.5. Other income and expenses

(in € thousands)	2018	2017
Gains on disposal of PP&E and intangible assets	523	1,382
Capitalized production costs	7,822	4,929
Operating grants	176	127
Miscellaneous income	17,257	19,726
Other income	**25,779**	**26,164**
Miscellaneous expenses	(19)	(1,127)
Other net additions to provisions	(140)	(394)
Other expenses	**(159)**	**(1,521)**

(*) The 2017 data contains 4 months of the Eurotoll Subgroup.

Miscellaneous expenses in 2017 included losses on sales of property, plant and equipment or intangible assets and net charge to claims and litigations.

Other miscellaneous income in 2017 and 2018 included the income from Leonord Exploitation from the operating contract on the north ring road around Lyon (see Note 3.1).

3.6. Taxes other than on income

(in € thousands)	2018	2017
Regional development tax	(110,602)	(108,926)
Local business tax	(48,839)	(46,986)
Local government royalties	(61,804)	(59,145)
Other taxes	(8,951)	(8,189)
Total other financial expenses	**(230,197)**	**(223,245)**

(*) The 2017 data contains 4 months of the Eurotoll Subgroup.

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

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

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

3.7. Depreciation, amortization and provisions

(In € thousands)	2018	2017
Amortization of intangible assets	(324,788)	(326,296)
Depreciation of PP&E: concessions (including Bip&Go)	(38,244)	(42,129)
Depreciation of PP&E: other companies	(334)	(439)
Total depreciation and amortization	**(363,366)**	**(368,865)**
Additional provisions on infrastructures under concession	(38,505)	(39,601)
Net provisions for impairment of other companies' assets		
Depreciation, amortization and provisions	**(401,872)**	**(408,466)**

(*) The 2017 data contains 4 months of the Eurotoll Subgroup.

3.8. Financial income and expenses

Analysis of financial income and expenses :

(in € thousands)	2018	2017
Interest expenses on debt stated at amortized cost	(221,741)	(244,182)
Total interest expenses	**(221,741)**	**(244,182)**

(in € thousands)	2018	2017
Other financial expenses		
Amortization of the cash equalization payments on the partial unwinding	(1,537)	(1,316)
Discounting expense	(20,847)	(21,460)
Cash equalization payments in 2015		(27,066)
Miscellaneous financial expenses	(10)	(244)
Total financial expenses	**(22,394)**	**(50,086)**

In 2017 “Other financial expenses” consist mainly of an amount of €27,066 thousand in respect of the cash equalization payments paid as part of the refinancing in November 2017 (see note 3.20) as well as the effects of the unwinding of the discount on provisions (toll roads, engineering structures and CVE.

In 2018 as in 2017, there is also the financial unwinding of provisions (CVE, repairs and maintenance, and resurfacing)

(in € thousands)	2018	2017
Financial income		
Income from equity investments	190	119
Income from other receivables and marketable securities	1,117	16,039
Miscellaneous financial income		455
Total financial income	**1,307**	**16,614**

Financial income at December 31,2017 mainly included the consolidation added value from the removal of the Eurotoll subgroup for an amount of €11,513 thousand.

3.9. Income taxes

(in € thousands)	2018	2017
Corporation tax expense	(234,683)	(179,471)
Deferred tax expense	38,309	53,927
Corporation tax	**(196,374)**	**(125,544)**

Tax proof for fiscal years 2018 and 2017 :

(in € thousands)	2018	2017
Net income (net of non-controlling interests)	**400,924**	**391,680**
Income tax	196,374	125,544
To be excluded: Share in net income of associates	(3,804)	8,534
Non-controlling interests	38	36
Profit before tax	**593,533**	**525,793**
Theoretical tax expense (34.43%)	(204,353)	(207,320)
Non deductible expenses - permanent differences	3,895	11,366
Difference observed in rates on deferred taxes recognized at 34.43%	(3,228)	20,831
Differences in tax rates of foreign companies		
Additional contribution of 3% on dividends		
Tax credits, limitation of deductibility of net financial expenses , temporary differences and other	7,312	49,579
Effective tax expense	**(196,374)**	**(125,544)**

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

	December 31, 2018		December 31, 2017	
(in € thousands)	Basis	Taxes	Basis	Taxes
Property, plant and equipment and intangible assets	(1,107,002)	294,909	(1,238,468)	336,682
Provisions for risks and charges	381,032	(105,255)	378,879	(120,718)
Debt, derivatives and other	(34,851)	8,809	(27,082)	5,869
TOTAL	**(760,821)**	**198,464**	**(886,671)**	**221,833**

As was the case at December 31, 2017, no tax assets were recorded at December 31, 2018.

3.10. Earnings per share and dividends

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

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

3.11. Goodwill

Goodwill amounted to € 2,820,166 thousand at December 31, 2018 and at December 31, 2017.

Allocation of consolidation differences on the acquisition of Sanef shares

The €3,964 million consolidation difference between the purchase price of Sanef's shares (€5,324 million) and Sanef's consolidated net assets at the time of acquisition (€1,360 million) was allocated to goodwill in the following manner:

(in € thousands)	Fair value	Carrying amount	Valuation difference
Non-current assets	7,478,313	5,219,893	2,258,420
Net debt	(4,216,571)	(3,701,023)	(515,548)
Valuation difference	**3,261,742**	**1,518,870**	**1,742,872**
Deferred tax			(600,071)
Initial goodwill			2,820,749
Total initial consolidation difference			**3,963,550**
Goodwill after various adjustments recognized in 2009			**2,820,166**

The impairment test performed in 2018 (as each year) did not provide any indication of impairment.

The Group business plan used for this test included the projected cash flows of the Sanef and Sapn concessionaires through the end of their concession, and the flows of dividends from other concessions, Alis and A'Liénor, through 2067 and 2065 respectively. Cash flows were discounted at the average weighted cost of capital and reflects the forecast breakdown between equity and debt for the period in question.

The Group carried out sensitivity tests in respect of goodwill, based on discount rate and cash flow assumptions. The tests showed that a 50-base point increase in the discount rate or a 3% decrease in annual cash flows would not result in any impairment of goodwill.

3.12. Intangible assets

Gross amount (In € thousands)	**January 1, 2018**	**Additions**	**Disposals**	**Changes in consolidation scope and other**	**December 31, 2018**
Purchased software	84,102	3,916		1,701	89,719
Other intangible assets	3,843				3,843
Concession intangible assets	11,276,982	176,095	(43,251)	4,525	11,414,352
TOTAL	**11,364,928**	**180,011**	**(43,251)**	**6,226**	**11,507,914**

Gross amount (In € thousands)	**January 1, 2017**	**Additions**	**Disposals**	**Changes in consolidation scope and other**	**December 31, 2017**
Purchased software	83,426	6,469		(5,793)	84,102
Other intangible assets	3,843				3,843
Concession intangible assets	11,142,787	141,417	(6,969)	(253)	11,276,982
TOTAL	**11,230,057**	**147,886**	**(6,969)**	**(6,046)**	**11,364,928**

(*) The "Changes in consolidation scope and other" column notably includes in 2017 the disposal in April of the subgroup Eurotoll.

Amortization (In € thousands)	**January 1, 2018**	**Additions**	**Disposals**	**Changes in consolidation scope and other**	**December 31, 2018**
Purchased software	(70,449)	(4,489)			(74,937)
Other intangible assets	(3,841)	(3)			(3,843)
Concession intangible assets	(6,499,029)	(320,297)	39,402		(6,779,923)
TOTAL	**(6,573,318)**	**(324,788)**	**39,402**		**(6,858,703)**

Amortization (In € thousands)	**January 1, 2017**	**Additions**	**Disposals**	**Changes in consolidation scope and other**	**December 31, 2017**
Purchased software	(65,856)	(5,200)		607	(70,449)
Other intangible assets	(3,838)	(3)			(3,841)
Concession intangible assets	(6,177,489)	(321,550)		10	(6,499,029)
TOTAL	**(6,247,183)**	**(326,752)**		**617**	**(6,573,318)**

(*) The "Changes in consolidation scope and other" column notably includes in 2017 the disposal in April of the subgroup Eurotoll.

Works signed for but not yet executed amounted to €196,228 thousand as of December 31, 2018 and €151,921 thousand as of December 31, 2017. These works concern primarily intangible assets.

Net amount (In € thousands)	**January 1, 2018**	**December 31, 2018**
Purchased software	13,654	14,782
Other intangible assets	2	()
Concession intangible assets	4,777,954	4,634,429
TOTAL	**4,791,610**	**4,649,211**

Net amount (In € thousands)	**January 1, 2017**	**December 31, 2017**
Purchased software	17,570	13,654
Other intangible assets	5	2
Concession intangible assets	4,965,298	4,777,954
TOTAL	**4,982,874**	**4,791,610**

3.13. Property, plant and equipment

Gross amount (In € thousands)	**January 1, 2018**	**Additions**	**Disposals**	**Changes in consolidation scope and other**	**December 31, 2018**
Concession operating assets	754,585	49,747	(5,305)	(7,855)	791,172
Other companies' assets	3,351	1,541	739	1,925	7,556
TOTAL	**757,936**	**51,288**	**(4,566)**	**(5,930)**	**798,728**

Gross amount (In € thousands)	**January 1, 2017**	**Additions**	**Disposals**	**Changes in consolidation scope and other**	**December 31, 2017**
Concession operating assets	723,896	41,288	(12,416)	1,817	754,585
Other companies' assets	3,198	522	(49)	(320)	3,351
TOTAL	**727,094**	**41,810**	**(12,465)**	**1,497**	**757,936**

Amortization (In € thousands)	**January 1, 2018**	**Additions**	**Disposals**	**Changes in consolidation scope and other**	**December 31, 2018**
Concession operating assets	(574,187)	(38,244)	4,256	(291)	(608,467)
Other companies' assets	(2,351)	(334)	15		(2,671)
TOTAL	**(576,538)**	**(38,578)**	**4,271**	**(291)**	**(611,138)**

Amortization (In € thousands)	**January 1, 2017**	**Additions**	**Disposals**	**Changes in consolidation scope and other**	**December 31, 2017**
Concession operating assets	(543,740)	(42,129)	11,681		(574,187)
Other companies' assets	(2,030)	(1,039)	48	670	(2,351)
TOTAL	**(545,770)**	**(43,168)**	**11,729**	**670**	**(576,537)**

Net amount (In € thousands)	January 1, 2018	December 31, 2018
Concession operating assets	180,398	182,706
Other companies' assets	1,000	4,884
TOTAL	**181,398**	**187,591**

Net amount *(in € thousands)*	January 1, 2017	December 31, 2017
Concession operating assets	180,156	180,398
Other companies' assets	1,168	1,000
TOTAL	**181,325**	**181,398**

3.14. Current and non-current financial assets

3.14.1. Carrying amount of financial assets by accounting category

The financial assets reported in the tables below exclude "Trade and other accounts receivable" (note 3.15) and "Cash and cash equivalents" (note 3.16).

Non-current financial assets

Non current financial assets (In € thousands)	**December 31, 2018 – Carrying amount**		
	Amortized cost	Fair value through Equity	Fair value through Profit and loss
Non-consolidated affiliates			905
Loans to equity investments	7,482		
Loans	1,746		
Deposits and collateral	564		
Others financial assets	(9)		
Total non-current financial assets	**9,782**		**905**

Non current financial assets (In € thousands)	**December 31, 2017 – Carrying amount**		
	Amortized cost	Fair value through Equity	Fair value through Profit and loss
Non-consolidated affiliates			921
Loans to equity investments	10,878		
Loans	1,940		
Deposits and collateral	572		
Total non-current financial assets	**13,390**		**921**

Loans to equity investments of €7,482 thousand at December 31, 2018 (€10,878 thousand at December 31, 2017) pertained mainly to concession companies Alis.

Current financial assets

Current financial assets (In € thousands)	December 31, 2018 – Carrying amount		
	Amortized cost	Fair value through Equity	Fair value through Profit and loss
Interest on loans to equity investments			
Derivative instruments			
Other financial receivables			34
Total current financial assets			**34**

Current financial assets (In € thousands)	December 31, 2017 – Carrying amount		
	Amortized cost	Fair value through Equity	Fair value through Profit and loss
Interest on loans to equity investments			
Derivative instruments			
Other financial receivables			535
Total current financial assets			**535**

As of December 31, 2018 and December 31, 2017 the HIT Group had no outstanding loans to its parent company Abertis.

3.14.2. Non-consolidated affiliates

List of non-consolidated affiliates:

(In € thousands)	% interest held as of December 31, 2018	Carrying amount	
		December 31, 2018	December 31, 2017
- Sanef 107,7 (ex- Soderane) *	-	0	15
- Centaure Pas de Calais	34.00	259	259
- Centaure Paris Normandie	49.00	343	343
- Centaure Grand-est	14.44	131	131
- Autoroutes Trafic SNC	20.63	72	72
- Sogarel	5.00	100	100
Total non-consolidated affiliates		**905**	**921**

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

3.14.3. Derivatives

Derivatives include €54,478 thousand in interest rate swaps that qualify as cash flow hedges recognized in liabilities (€48,272 thousand recognized in liabilities as of December 31, 2017),

Swaps that qualify as cash flow hedges are used to hedge the risk of variability of interest charges related to future loans to be issued in order to satisfy highly probable refinancing needs. In 2011 and 2012, HIT refinanced a portion of its debt by issuing two fixed-rate bonds with a total nominal value of €1,150 million on the regulated Luxembourg market through its wholly-owned HIT Finance BV subsidiary, merged in 2014 with HIT SAS. As HIT also repaid the balance of the variable-rate syndicated bank loan, the partial unwindings of the swap resulted in €50.1 million in 2011 and €26.4 million in 2012 cash equalization payments made to the swap counterparties.

The corresponding losses were initially recognized as a reduction in equity (in other comprehensive income) and were recycled to profit or loss at the same rate at which the cash flows of the hedged item affect profit or loss, i.e. over the useful life of the new fixed-rate bonds. The amount recorded in this respect as other financial expenses in 2018 was €0.6 million (€1.3 million for 2017).

The balance of the loss, i.e. €0.6 million, recorded as a reduction in equity (in other comprehensive income), will be recycled to profit or loss in future years, until 2018.

In September 2014, the HIT group also carried out a refinancing of its bond debt ("Liability Management" operation), a hedging of the interest rate setting rates applicable to the transaction over the 2018 - 2025 period (hedging swaps qualified as cash flow hedges) had been put in place between the start of the transaction and its completion. This transaction, when it was unwound in September 2014, resulted in a cash payment of € 7.6 million, less any shareholders' equity. Its recycling by income has been operated since March 2018. The amount recorded in this way in other financial expenses in 2018 is 0.9 million euros

The interest rate swaps considered fair value hedging transactions were sold during H1 2013 for a net amount of €33,495,000. This cash equalization payment received is spread over the residual life of the hedged borrowings, i.e. until no later than January 2017. During 2017, the amount of financial income recorded was €455,000. The unamortized amount as of December 31, 2017 was null value.

3.14.4. Information on loans and receivables in non-current financial assets

Building-related loans for a discounted amount of €1,636 thousand are included in the “Loans” category as of December 31, 2018 (€1,572 thousand as of December 31, 2017). These interest-free loans, which were granted to employees as part of the employer’s legal obligation to contribute to the construction effort, are to be repaid over a period of 20 years. The interest rate used to discount these loans (4%) is also used to calculate the corresponding financial income recognized in the statement of comprehensive income.

3.15. Trade and other accounts receivable

(in € thousands)	December 31, 2018	December 31, 2017
Receivables and various debtors	172 655	179 089
Provisions for impairment of trade receivables	(8 957)	(8 673)
Trade and other financial receivables	**163 698**	**170 417**
Miscellaneous non-financial receivables	44 445	62 354
Total trade and other accounts receivable	**208 143**	**232 770**

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

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

(in € thousands)	December 31, 2018	December 31, 2017
Accounts receivable invoiced	134 166	141 869
Provisions for impairment of trade receivables	(8 957)	(8 673)
Net receivables	**125 209**	**133 196**

As of December 31, 2018, the breakdown of receivables and impairments is as follows:

(in € thousands)	December 31, 2018	1-3 months	3-6 months	6-12 months	More than one year
Accounts receivable invoiced	134 166	124 642	720	713	8 091
Provisions for impairment of trade receivables	-8 957	-1 317			-7 640

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

3.16. Cash and cash equivalents

The accounting treatment applied by the group for cash equivalents is the same as that applied to financial assets at fair value through profit or loss.

Analysis of cash and cash equivalents:

(in € thousands)	December 31, 2018	December 31, 2017
Cash equivalents: money-market mutual funds	6,008	672,311
Cash in bank	435,312	685,206
Total cash and cash equivalents	**441,320**	**1,357,517**

3.17. Capital stock and additional paid-in capital

As of December 31, 2018 and December 31, 2017, HIT's capital stock was comprised of 1,512,267,743 shares with a par value of €1 per share. All shares are entitled to receive dividend payments.

3.18. Provisions

As of December 31, 2018:

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

Current	January 1, 2018	Additions	Recoveries		Discoun-ting effects	Change in scope and other	December 31, 2018
			Uses	Surplus provisions			
Claims and litigation	5,985	837	(569)				6,253
Other	33,882	6,136	(6,285)	(7,979)		1	25,755
TOTAL	**39,867**	**6,973**	**(6,854)**	**(7,979)**		**1**	**32,008**

TOTAL	January 1, 2018	Additions	Recoveries		Discoun-ting effects	Change in scope and other	December 31, 2018
			Uses	Surplus provisions			
Provisions on toll roads under concession	403,223	38,505	(77,418)		20,166	()	384,476
Claims and litigation	5,985	837	(569)				6,253
Other	33,882	6,136	(6,285)	(7,979)		1	25,755
TOTAL	**443,090**	**45,478**	**(84,272)**	**(7,979)**	**20,166**	**1**	**416,485**

As of December 31, 2017:

Non-current	January 1, 2017	Additions	Recoveries		Discoun-ting effects	Change in scope and other	December 31, 2017
			Uses	Surplus provisions			
Provisions on toll roads under concession	416,900	39,601	(74,120)		20,842		403,223
TOTAL	**416,900**	**39,601**	**(74,120)**		**20,842**		**403,223**

Current	January 1, 2017	Additions	Recoveries		Discoun-ting effects	Change in scope and other	December 31, 2017
			Uses	Surplus provisions			
Claims and litigation	7,243	732	(313)	(1,677)			5,985
Other	74,475	9,399	(1,982)	(48,010)			33,882
TOTAL	**81,719**	**10,131**	**(2,295)**	**(49,687)**			**39,867**

TOTAL	January 1, 2017	Additions	Recoveries		Discoun-ting effects	Change in scope and other	December 31, 2017
			Uses	Surplus provisions			
Provisions on toll roads under concession	416,900	39,601	(74,120)		20,842		403,223
Claims and litigation	7,243	732	(313)	(1,677)			5,985
Other	74,475	9,399	(1,982)	(48,010)			33,882
TOTAL	**498,619**	**49,732**	**(76,415)**	**(49,687)**	**20,842**		**443,090**

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

3.19. Long-term employee benefits

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

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

(In € thousands)	2018	2017
Post-employment defined benefit plans	45,244	46,511
Other benefits	14,443	10,384
Total	**59,687**	**56,895**

3.19.1. Post-employment defined benefit plans

Analysis of defined benefit plans:

(In € thousands)	2018	2017
Obligations and rights at the end of the period	45,244	46,511
Fair value of plan assets		
Total	**45,244**	**46,511**

Analysis of main assumptions used to calculate the above amounts:

	December 31, 2018	**December 31, 2017**
Discount rate	1.50%	1.50%
Salary increase rate	2.75%	2.75%

The sensitivity of the obligations to changes in these two main assumptions at December 31, 2018 is as follows:

(in € thousands)	**December 31, 2018**			
	Discount rate		**Salary increase rate**	
	Hausse de 50 bp : 2,0%	Baisse de 50 bp :1 %	Hausse de 50 bp : 3,25%	Baisse de 50 bp : 2,25%
Total obligations and rights	**42,742**	**48,022**	**47,753**	**42,969**

At December 31, 2017, the sensitivity of these two assumptions was as follows:

(in € thousands)	**December 31, 2017**			
	Discount rate		**Salary increase rate**	
	Hausse de 50 bp : 1.75%	Baisse de 50 bp : 0.75%	Hausse de 50 bp : 3.25%	Baisse de 50 bp : 2.25%
Total obligations and rights	**43,936**	**49,335**	**49,042**	**44,174**

The following tables summarize the Group's obligations as of December 31, 2018 and December 31, 2017, and the fair value of the funded plan assets, for each type of obligation (pensions) and supplemental health benefits for the retirees of Sapn.

Employee benefits	Termination benefits		Supplemental health benefits		TOTAL	
(in € thousands)	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017
Obligations and rights at beginning of year	41,180	42,550	5,331	9,729	**46,511**	**52,279**
New commitments and modifications						
Current service costs	2,158	2,239	291	382	**2,449**	**2,621**
Interest expense	585	496	79	122	**664**	**618**
Actuarial (gains) losses	(2,058)	(1,956)	(293)	(4,785)	**(2,351)**	**(6,742)**
Benefits paid	(1,865)	(2,149)	(164)	(117)	**(2,029)**	**(2,266)**
Change in scope						
Obligations and rights at end of year	**40,000**	**41,180**	**5,244**	**5,331**	**45,244**	**46,511**

The total actuarial gains attributable to defined benefit post-employment obligations amounted to €2,351 thousand in 2018 (€6,742 thousand in actuarial losses in 2017). These actuarial gains included €2,351 thousand due to an experience gain (vs. in 2017 a gain of €2,373 thousand linked to financial assumptions, and €235 thousand in experience gains).

The actuarial gains of €2,351 thousand (actuarial losses of €6,742 thousand in 2017) break down as follows based on their origin:

(in € thousands)	**2018**	**2017**
Actuarial (gains) losses generated during the period	**(2,351)**	**(6,742)**
from changes in financial actuarial assumptions		(2,373)
from changes in demographic actuarial assumptions		(4,133)
from experience-related actuarial changes on plan liabilities	(2,351)	(235)
from experience-related actuarial changes on plan assets		

3.19.2. Other benefits

Other benefits include the long service awards and other benefits.

(in € thousands)	December 31, 2018			December 31, 2017		
	Long service awards	Others	**TOTAL**	Long service awards	Others	**TOTAL**
As of January 1	1,203	9,181	**10,384**	1,371	14,088	**15,459**
Change of scope						
Addition		9,159	**9,159**			
Recoveries (uses)	(49)	(5,069)	**(5,118)**	(187)	(4,907)	**(5,094)**
Discounting						
Actuarial (gains) losses	19		**19**	19		**19**
At the end of the period	**1,173**	**13,270**	**14,443**	**1,203**	**9,181**	**10,384**

3.20. Financial liabilities by accounting category

<u>Current and non-current financial liabilities:</u>

(in € thousands)	December 31, 2018				
	Liabilities at amortized cost	Liabilities held for trading	Derivatives qualified as hedging	**Carrying amount**	**Fair value**
Borrowings: current and non-current portions	5,676,880	0	0	5,676,880	6,263,709
Hedging derivatives	0	0	54,478	54,478	54,478
Central government advances	17,318	0	0	17,318	17,318
Deposits and guarantees received	21,830	0	0	21,830	21,830
Accrued interest not due	47,185	0	0	47,185	47,185
Total financial liabilities excluding trade accounts payable	**5,763,213**	**0**	**54,478**	**5,817,690**	**6,404,519**
Total trade and other financial payables (see note 3.21)	90,395	0	0	90,395	90,395
Total financial liabilities as per IFRS9	**5,853,606**	**0**	**54,478**	**5,908,085**	**6,494,914**

(in € thousands)	December 31, 2017				
	Liabilities at amortized cost	Liabilities held for trading	Derivatives qualified as hedging	**Carrying amount**	**Fair value**
Borrowings: current and non-current portions	6,309,035	0	0	6,309,035	7,168,476
Hedging derivatives	0	0	48,272	48,272	48,272
Central government advances	17,318	0	0	17,318	17,318
Deposits and guarantees received	21,132	0	0	21,132	21,132
Bank overdrafts					
Accrued interest not due	68,328	0	0	68,328	68,328
Total financial liabilities excluding trade accounts payable	**6,415,813**	**0**	**48,272**	**6,464,085**	**7,323,526**
Total trade and other financial payables (see note 3.21)	112,738	0	0	112,738	112,738
Total financial liabilities as per IFRS9	**6,528,551**	**0**	**48,272**	**6,576,823**	**7,436,264**

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

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

HIT Group undertook in September 2015 a refinancing of its bond debt (a liability management transaction.)

The Group bought back a portion of its bond debt issued in 2011 and 2012 at 5.75% maturing in 2018 for a total of €1,150 million, the face value of which was reduced to €750 million in 2014 with a first bond repurchase financed by issuing €450 million maturing in 2025 and bearing interest of 2.25%. The repurchase in 2015 was of €250 million. To enable this repurchase, a €33.3 million premium (the "repurchase premium") was paid to bondholders who submitted their bonds for the refinancing. This premium was recognized completely in expenses for FY2015.

HIT SAS at the same time raised a €200 million bond to add to the March 2025 bonds offering a coupon of 2.25% and issued in September 2014 for €450 million.

This refinancing allowed HIT Group to undertake an additional financing of €200 million at a 2.25% coupon.

Furthermore, through its Sanef and Sapn subsidiaries, HIT Group also refinanced a portion of its debt carried by the CNA (Caisse Nationale des Autoroutes) during the last quarter of FY2015. This transaction reduced short-term financing needs (especially the CNA maturing in 2018) at a lower cost and diversified the Group's sources of financing.

On October 19, 2016 Sanef issued a new 12-year €300 million bond (maturing on October 19, 2028) with a coupon of 0.950%.

In November 2017, HIT raised € 1,000 million in the bond markets,. with the issuance of two bonds of €500 million each with a maturity date of 2023 and 2027 and coupons of 0.625% and 1.625% respectively. The main purpose of this issuance was the repayment of the €500 million bond maturing in 2018 and the repayment of €140 million of the bond maturing in 2021.

3.21. Trade and other accounts payable

(in € thousands)	**December 31, 2018**	**December 31, 2017**
Advances and down payments received on orders	-1,019	-1,205
Trade accounts payable	30,451	31,060
Due to suppliers of non-current assets	60,963	82,815
Other financial payables		68
Total trade and other financial payables (1)	***90,395***	***112,738***
Taxes and payroll costs	118,481	125,468
Prepaid income	9,597	11,508
Total non-financial payables	***128,078***	***136,976***
Total trade and other accounts payable	**218,473**	**249,714**

(1) Financial liabilities stated at amortized cost

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

3.22. *Contingent liabilities and off-balance shett commitments*

Claims and litigation

In the normal course of their business, Group companies are involved in a certain number of claims and legal proceedings. As of December 31, 2018, HIT considers that no claims or litigation relating to its business are in progress that would be likely to have a material adverse effect on its results of operations or financial position (other than those risks for which provisions have been recognized in the financial statements).

"1% countryside development" contribution (Engagement 1% paysage)

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

(in € thousands)	**Dec 31, 2018**	**Dec 31, 2017**
"1% countryside development" contribution	3	3

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

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

Guarantees given:

The guarantees given by the HIT Group are as follows:

Sanef issued two parent company guarantees for operation of the A65 highway for A'Lienor totaling €1,459 thousands.

Sanef issued two bank guarantees in connection with the North Lyon ring road operating agreement for a total amount of €300 thousand.

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

Guarantees totaled €2,667 thousand at December 31, 2018 (€15,541 thousand as of December 31, 2017).

Guarantees received :

HIT Group companies had received bonds and guarantees on contracts for a total of €40,462 thousand as of December 31, 2018 (€22,450 thousand as of December 31, 2017).

Other commitments :

As of December 31, 2018 the HIT Group has at its disposal €550 million undrawn credit lines.

3.23. Management of financial risks and derivative instruments

3.23.1. Market risks

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

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

As indicated in note 3.20, a significant portion of the HIT Group's financial debt was contracted at a fixed rate.

All things considered, HIT is exposed to only a limited risk of its financial expenses rising in the event that interest rates rise (see sensitivity analysis below).

The variable-rate syndicated loan issued in connection with the acquisition of Sanef, in the initial amount of €1.15 billion, is fully hedged by three variable-rate lender – fixed-rate borrower swaps (see below). Following the €750 million partial repayment of this loan in 2011 and of the €334 million balance in 2012, the hedges were revised by the same amounts. As in the previous year, at December 31, 2017 the outstanding debt amount and the nominal value of the swaps was zero. The profile of the swaps was modified during the year by the cancellation of the positions from 19/12/2018 to 19/06/2019 representing a nominal amount of 150 million euros. The swaps will become active on June 21, 2021 for 750 million euros. These swaps qualify as cash flow hedges. These swaps qualify as cash flow hedges.

The loan interest rate structure is as follows:

(in € thousands)	**December 31, 2018**	**December 31, 2017**
Fixed or adjustable rate	5,594,650	6,107,303
Floating rate	82,230	201,732
Total	**5,676,880**	**6,309,035**

As of December 31, 2018 the Group had a total of €82 million (€201 million as of December 31, 2017) in floating rate debt (not capped).

No ineffectiveness was recognized through profit or loss on the cash flow hedges.

Analysis of the hedging swaps as of December 31, 2018:

- swaps qualifying as cash flow hedges :

(in € thousands)	Market value as of December 31, 2018	HIT pays fixed rate	HIT receives floating rate	Nominal value
Expiration : End of 2024	(54,478)	4.11%	Euribor 3 mois	0

The nominal value of this swap, which was zero as of December 31, 2018 and December 31, 2017 and will remain so until 2018, will reach a maximum of €750 million in 2021 and fall to zero in 2024.

At December 31, 2017 :

(in € thousands)	Market value as of December 31, 2017	HIT pays fixed rate	HIT receives floating rate	Nominal value
Expiration : End of 2024	(48,272)	4.11%	Euribor 3 mois	0

The change in the value of swaps qualifying as cash flow hedges (before tax impact) breaks down as follows:

Assets (liabilities) in thousands of euros

Fair value at January 1, 2018	(48,272)
Changes in fair value	(6,206)
Fair value as of December 31, 2018	**(54,478)**

Moreover, to hedge the risk of an increase in interest rates at the time of the Liability Management operation (see note 3.20), two cash flow hedge swaps were put in place which, when unwound in September 2014, resulted in a net cash equalization payment made of €7,616 thousand which will remain in shareholders' equity until March 2018, at which time it will begin to be amortized. As of December 31, 2018, the amount of the loss on unwound swaps to be recycled to profit or loss is €6,652 thousand.

As of December 31, 2018, the balance in equity (under other comprehensive income) relating to derivatives qualifying as cash flow hedges breaks down as follows:

31-déc.-2018		
Accumulated losses on swaps in force	(54,478)	
Loss on unwound swaps to be recycled to profit or loss	(6,652)	cf. note 3.14.3
Total	**(61,130)**	

As of December 31, 2017:

31-déc.-2017		
Accumulated losses on swaps in force	(48,272)	
Loss on unwound swaps to be recycled to profit or loss	(573)	cf. note 3.14.3
Loss on swaps to be recycled starting in 2018	(7,616)	cf. note 3.14.3
Total	**(56,461)**	

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

Sensitivity of income and equity to changes in interest rates:

The sensitivity of interest flows for the floating rate instruments was calculated by taking into account all variable flows on non-derivative and derivative instruments. The analysis was prepared assuming that the amount of debt and financial instruments on the statement of financial position as of December 31 of both 2018 and 2017 remain constant over one year.

(in € thousands)	**December 31, 2018**				**December 31, 2017**			
	Earnings		**Equity**		**Earnings**		**Equity**	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Floating rate debt	(415)	415	-	-	(515)	515	-	-
Interest rate hedges (swaps and some collars)	-	-	162	(169)	-	-	8,132	(8,489)
Interest rate derivatives (caps and some collars) not eligible for hedge accounting	-	-	-	-	-	-	-	-

A 50 basis point change in interest rates at the end of the reporting period would have resulted in an increase (decrease) in equity and earnings in the amounts indicated above. For the purposes of this analysis, all other variables are presumed to remain constant.

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

3.23.2. Credit risk

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

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

(in € thousands)	**Note**	**Dec. 31, 2018**	**Dec. 31, 2017**
Loans to associates	3.14	7,482	10,878
Loans	3.14	1,746	1,940
Deposits and guarantees	3.14	564	572
Trade and other financial receivables	3.15	163,698	170,417
Current financial assets	3.14	34	535
Cash and cash equivalents	3.16	441,320	1,357,517
	Total	**614,844**	**1,541,859**

As of December 31, 2018, HIT had trade and other accounts receivable totaling €164 million (€170 million as of December 31, 2017) and cash of around €441 million (€1,358 million as of December 31, 2018). These amounts indicate a very low exposure to credit risk, especially in view of the quality of the Group's customers and counterparties and the fact that all operating receivables are paid in cash or settled very quickly.

HIT invests its surplus cash and enters into interest rate swaps and other derivatives only with leading financial *institutions.*

3.23.3. Liquidity risk

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

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

HIT's primary financial debt (loans from CNA and BNP/Dexia) is subject to covenants on the following two ratios:
- net debt/EBITDA
- EBITDA/net financial expenses.

As of December 31, 2018 and December 31, 2017 HIT was in compliance with both covenants.

Analysis of borrowings by maturity:

Year	< 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
2019	319 315						**638 629**
2020		256 616					**256 616**
2021			1 575 303				**1 575 303**
2022				262 632			**262 632**
2023					855 937		**855 937**
2024						453 282	**453 282**
2025						572 920	**572 920**
2026						593 701	**593 701**
2027						491 702	**491 702**
2028						295 472	**295 472**
December 31, 2018	319 315	256 616	1 575 303	262 632	855 937	2 407 077	**5 676 880**
December 31, 2017	620 203	318 529	255 895	1 573 649	262 878	3 277 881	**6 309 035**

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

in € thousands)	Note	Carrying amount	Contractual cash-flows	6 months or less	6 to 12 months	1 to 2 years	2 to 5 years	> 5 years
Non-derivative financial liabilities								
Financial debt	**3.20**	5,677	6,671	83	433	447	3,067	2,641
Advances from French central government and regional agencies	**3.20**	17	17	17	0	0	0	0
Deposits, guaranties and other financial debts	**3.20**	22	22	22	0	0	0	0
Trade accounts payable	**3.21**	90	90	90	0	0	0	0
Other current liabilities	**3.21**	0	0	0	0	0	0	0
Derivative financial liabilities								
Interest rate derivatives	**3.20**	0	0	0	0	0	0	0
		Total flows	**6,801**	**213**	**433**	**447**	**3,067**	**2,641**

3.24. Related parties

At December 31, 2018 (as at December 31, 2017), the HIT group did not provide loans to its Abertis parent company. No other information is given for the transactions between related parties insofar as these transactions were not considered significant under IAS 24.

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

The equity-accounted companies and those proportionately consolidated are presented in note 3.1.

At December 31, 2018, the group had a total receivable of €6.5 million from Alis (€10.8 million as of December 31, 2017): the group's loan to Alis, including capitalized interest, amounted to €4.3 million, of which €0.5 million in VAT (€4.6 million as of December 31, 2017), and bore interest at a rate of 6%.
The group also had €1.8 million in trade receivables, excluding VAT (i.e. €2.2 million including tax), at December 31, 2018 (€2.4 million including VAT as of December 31, 2017), repayable in a fixed amount of €179 thousand per year until 2028.

The table below shows the remuneration and similar benefits, on a full-year basis, granted by HIT and the companies that it controls to persons who, during the year 2018 or at the balance sheet date, are members of the Executive Committee or the Board of Directors of the Group:

(in € millions)	**December 31, 2018**
Remuneration	5.9
Payroll taxes	2.4
Post-employment benefits	-
Other long term benefits	-
Termination benefits	-
Share-based payments *(*)*	-

(*) amount determined in accordance with IFRS 2 Share-based payment- see note 2.14.

Total of these senior management staff costs amounted to €8.3 million in 2018.

The attendance fees paid in 2018 amounted to €528 thousand.

3.25. Segment data

The group's operations management monitors the following operating segments: the toll road concessions, the other operating activities and the Holding activity of HIT SAS.

Other operating activities include the group's non-toll road operator subsidiaries (SE BPNL, Sanef Aquitaine) and the equity-accounted companies (Alis, Routalis, Leonord and A'Lienor).
The main products and services of the other activities are operation of the North Lyon ring road and operation of the A65.

The holding companies carry the financing on HIT SAS's acquisition of the Sanef subgroup and the impact of the allocation of the goodwill generated on that acquisition.

Management monitors sectors based on their contribution to consolidated earnings.

Primary financial indicators by activity in 2018:

2018, in € millions	Toll road concessions	Holding	Others activities	**Total group HIT**
Revenue	**1,895.0**		**7.8**	**1,902.8**
Of which revenue from construction	*176.1*			*176.1*
EBITDA	**1,237.9**	**(1.1)**	**1.4**	**1,238.2**
Amortization of tangible assets	(38.2)		(0.3)	(38.6)
Amortization of intangible assets	(284.4)	(40.4)	(0.0)	(324.8)
Additional provisions on infrastructures under concession	(38.5)			(38.5)
EBIT	**876.8**	**(41.5)**	**1.1**	**836.4**
Interest income	(0.6)	1.9		1.3
Interest expenses	(129.6)	(114.5)	0.0	(244.1)
Profit before tax	**746.6**	**(154.2)**	**1.1**	**593.5**
Share in net income from associates			3.8	3.8
Income tax	(236.6)	40.4	(0.2)	(196.4)
Net income	**510.0**	**(113.8)**	**4.7**	**401.0**
Acquisitions of property, plant and equipment and intangible assets	225.8		5.5	231.3
Total Assets	**4,525.0**	**3,797.9**	**60.6**	**8,383.5**

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

3.26. Auditor's fees

The firms Deloitte & Associés and PHM-Audit Expertise et Conseil, act as auditors of the HIT group as of December 31, 2018.

Auditing fees incurred for statutory audit and for services other than the auditing of accounts ("SACC"), for HIT consolidation entities, amounted to €383 thousand in 2018, of which 103 thousand under the "SACC" which correspond essentially to the issuance of comfort letters, the establishment of the report of the OTI on the information RSE.

3.27. Events after the end of the reporting period

The Aliénor Extraordinary General Meeting of 18 January 2019 decided an amortization of prior losses by reducing the share capital by €108,222 thousand.