

CONSOLIDATED INCOME STATEMENT

<i>(in millions of euros)</i>	2017	2016
NET SALES	6,370	5,814
<i>Metal price effect¹</i>	<i>(1,799)</i>	<i>(1,383)</i>
SALES AT CONSTANT METAL PRICES¹	4,571	4,431
Cost of sales	(5,510)	(5,002)
<i>Cost of sales at constant metal prices¹</i>	<i>(3,711)</i>	<i>(3,619)</i>
GROSS PROFIT	860	812
Administrative and selling expenses	(489)	(489)
R&D costs	(99)	(81)
OPERATING MARGIN¹	272	242
Core exposure effect ²	64	(6)
Other operating income and expenses ³	(19)	(22)
Restructuring costs	(37)	(33)
Share in net income of associates	2	4
OPERATING INCOME	281	185
Cost of debt (net) ⁴	(56)	(64)
Other financial income and expenses	(6)	(24)
INCOME BEFORE TAXES	219	97
Income taxes	(91)	(37)
NET INCOME FROM CONTINUING OPERATIONS	127	60
Net income from discontinued operations	-	-
NET INCOME	127	60
- attributable to owners of the parent	125	61
- attributable to non-controlling interests	2	(1)
ATTRIBUTABLE NET INCOME PER SHARE (in euros)		
- basic earnings per share	3.04	1.43
- diluted earnings per share	2.71	1.40

¹ Performance indicators used to measure the Group's operating performance.

² Effect relating to the revaluation of Core exposure at its weighted average cost.

³ "Other operating income and expenses" included 8 million euros in net asset impairment in 2017 versus 8 million euros in 2016.

⁴ Financial income amounted to 3 million euros in 2017 versus 4 million euros in 2016.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2017	2016
<i>(in millions of euros)</i>		
NET INCOME	127	60
Recyclable components of comprehensive income	(105)	169
Available-for-sale financial assets	0	0
Currency translation differences	(133)	56
Cash flow hedges	28	113
Tax impacts on recyclable components of comprehensive income	(8)	(26)
Non-recyclable components of comprehensive income	23	9
Actuarial gains and losses on pensions and other long-term employee benefit obligations	23	9
Share of other non-recyclable comprehensive income of associates	-	-
Tax impacts on non-recyclable components of comprehensive income	(9)	(2)
Total other comprehensive income (loss)	(99)	150
Total comprehensive income	28	210
- attributable to owners of the parent	29	211
- attributable to non-controlling interests	(1)	(1)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(At December 31, in millions of euros)</i>	2017	2016
ASSETS		
Goodwill	236	254
Intangible assets	127	146
Property, plant and equipment	1,129	1,170
Investments in associates	40	30
Deferred tax assets	135	180
Other non-current assets	100	60
NON-CURRENT ASSETS	1,767	1,840
Inventories and work in progress	1,107	926
Amounts due from customers on construction contracts	199	238
Trade receivables	1,033	996
Derivative instruments	59	70
Other current assets	177	201
Cash and cash equivalents	805	1,025
Assets and groups of assets held for sale	0	0
CURRENT ASSETS	3,380	3,456
TOTAL ASSETS	5,147	5,296
EQUITY AND LIABILITIES		
Capital stock, additional paid-in capital, retained earnings and other reserves	1,372	1,253
Other components of equity	52	159
Equity attributable to owners of the parent	1,424	1,412
Non-controlling interests	48	57
TOTAL EQUITY	1,472	1,469
Pensions and other long-term employee benefit obligations	387	430
Long-term provisions	94	100
Convertible bonds	267	263
Other long-term debt	451	504
Non-current derivative liabilities	3	10
Deferred tax liabilities	103	90
NON-CURRENT LIABILITIES	1,305	1,397
Short-term provisions	79	110
Short-term debt	419	469
Liabilities related to construction contracts	163	209
Current derivative liabilities	36	47
Trade payables	1,342	1,244
Other current liabilities	331	351
Liabilities related to groups of assets held for sale	0	0
CURRENT LIABILITIES	2,370	2,430
TOTAL EQUITY AND LIABILITIES	5,147	5,296

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in millions of euros)</i>	2017	2016
Net income (loss)	127	60
Depreciation, amortization and impairment of assets <i>(including goodwill)</i> ¹	147	141
Cost of debt (gross)	60	68
Core exposure effect ²	(64)	6
Current and deferred income tax charge (benefit)	91	37
Net gains (losses) on asset disposals	(1)	6
Other restatements ³	(28)	(63)
CASH FLOWS FROM OPERATIONS BEFORE GROSS COST OF DEBT AND TAX⁴	332	255
Decrease (increase) in working capital	(109)	(105)
Income taxes paid	(56)	(37)
Impairment of current assets and accrued contract costs	(2)	17
NET CHANGE IN CURRENT ASSETS AND LIABILITIES	(167)	(125)
NET CASH GENERATED FROM OPERATING ACTIVITIES	165	130
Proceeds from disposals of property, plant and equipment and intangible assets	8	11
Capital expenditure	(169)	(146)
Decrease (increase) in loans granted and short-term financial assets	(5)	1
Purchase of shares in consolidated companies, net of cash acquired	(25)	0
Proceeds from sale of shares in consolidated companies, net of cash transferred	1	23
NET CASH USED IN INVESTING ACTIVITIES	(191)	(111)
NET CHANGE IN CASH AND CASH EQUIVALENTS AFTER INVESTING ACTIVITIES	(26)	19
Proceeds from (repayments of) long-term and short-term borrowings	(90)	17
<i>- of which proceeds from 2016-2021 ordinary bond issue</i>	-	248
<i>- of which proceeds from 2017-2024 ordinary bond issue</i>	199	-
<i>- of which repayment of the OCEANE 2016 convertible/exchangeable bonds</i>	-	(213)
<i>- of which repayment of the 2007-2017 ordinary bonds</i>	(350)	-
Cash capital increases (reductions)	(7)	24
Interest paid	(61)	(62)
Transactions with owners not resulting in a change of control	3	2
Dividends paid	(23)	(1)
NET CASH USED IN FINANCING ACTIVITIES	(178)	(20)
Net effect of currency translation differences	(19)	19
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(223)	18
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,016	998
CASH AND CASH EQUIVALENTS AT YEAR-END	794	1,016
<i>of which cash and cash equivalents recorded under assets</i>	<i>805</i>	<i>1,025</i>
<i>of which short-term bank loans and overdrafts recorded under liabilities</i>	<i>(11)</i>	<i>(9)</i>

1 In 2016, the Group changed the presentation of impairment losses related to restructuring operations and recorded them under "Other restatements".

2 Effect relating to the revaluation of Core exposure at its weighted average cost, which has no cash impact.

3 "Other restatements" in 2017 primarily included (i) a negative 52 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings) and (ii) a positive 23 million euros related to the cash impact of hedges. In 2016, this item primarily included a negative 70 million euros to cancel the net change in operating provisions (including provisions for pensions, restructuring costs and antitrust proceedings).

4 The Group also uses the "operating cash flow" concept, which is mainly calculated after adding back cash outflows relating to restructurings (63 million euros and 86 million euros in 2017 and 2016 respectively), and deducting gross cost of debt and current income tax paid during the year.

INFORMATION BY REPORTABLE SEGMENT

<i>2017 (in millions of euros)</i>	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	Group total
Net sales at current metal prices	2,387	1,332	1,823	828	6,370
Net sales at constant metal prices	2,029	1,126	1,125	290	4,571
Operating margin	155	56	53	7	272
Depreciation and amortization	(72)	(33)	(25)	(9)	(139)
Net impairment of non-current assets (including goodwill)	(7)	-	-	(1)	(8)

<i>2016 (in millions of euros)</i>	Transmission, Distribution & Operators	Industry	Distributors & Installers	Other Activities	Group total
Net sales at current metal prices	2,133	1,346	1,619	716	5,814
Net sales at constant metal prices	1,842	1,171	1,127	291	4,431
Net sales at constant metal prices and 2017 exchange rates	1,839	1,168	1,112	291	4,410
Operating margin	122	59	78	(17)	242
Depreciation and amortization	(69)	(32)	(26)	(6)	(133)
Net impairment of non-current assets (including goodwill)	(8)	-	-	-	(8)

INFORMATION BY MAJOR GEOGRAPHIC AREA

<i>2017 (in millions of euros)</i>	France	Germany	Norway	Other***	Group total
Net sales at current metal prices*	1,023	841	858	3,647	6,370
Net sales at constant metal prices*	663	753	800	2,355	4,571
Non-current assets (IFRS 8)* (at December 31)	175**	168	180	1,009	1,532

* Based on the location of the assets of the Group's subsidiaries.

** Including Corporate activities.

*** Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

<i>2016 (in millions of euros)</i>	France	Germany	Norway	Other***	Group total
Net sales at current metal prices*	864	807	634	3,509	5,814
Net sales at constant metal prices*	630	735	587	2,479	4,431
Net sales at constant metal prices and 2017 exchange rates*	630	735	583	2,463	4,410
Non-current assets (IFRS 8)* (at December 31)	161**	179	153	1,107	1,600

* Based on the location of the assets of the Group's subsidiaries.

** Including Corporate activities.

*** Countries that do not individually account for more than 10% of the Group's net sales at constant metal prices.

INFORMATION BY MAJOR CUSTOMER

The Group does not have any customers that individually accounted for over 10% of its sales in 2017 or 2016.

BREAKDOWN OF SALES BASED ON THE NEW SEGMENTATION

(in millions of euros)	Q1	Q2	H1	Q3	Q4	H2	2017
Building & Territories	427	456	883	436	438	874	1,757
High Voltage & Projects	207	239	446	214	224	438	885
Telecom & Data	131	139	270	119	124	243	512
Industry & Solutions	295	292	587	268	271	539	1,126
Other Activities	76	73	149	72	68	141	290
Group Total	1,137	1,199	2,336	1,109	1,126	2,235	4,571

ORGANIC GROWTH BASED ON THE NEW SEGMENTATION

(in millions of euros)	Q1	Q2	H1	Q3	Q4	H2	2017
Building & Territories	-6.0%	-4.6%	-5.3%	+4.8%	+7.6%	+6.2%	+0.1%
High Voltage & Projects	+23.8%	+37.9%	+31.0%	+38.2%	+25.4%	+31.4%	+31.2%
Telecom & Data	+4.4%	+1.1%	+2.7%	+2.5%	+21.6%	+11.5%	+6.7%
Industry & Solutions	-0.7%	-0.8%	-0.7%	-3.8%	-1.2%	-2.5%	-1.6%
Other Activities	-3.6%	-1.2%	-2.5%	-1.6%	5.3%	1.6%	-0.5%
Group Total	1.2%	3.6%	2.4%	6.7%	9.6%	8.2%	5.1%

PROFITABILITY BASED ON THE NEW SEGMENTATION

(in millions of euros)	EBITDA			Operating margin		
	H1	H2	2017	H1	H2	2017
Building & Territories	59	67	126	33	44	77
High Voltage & Projects	62	56	118	43	37	80
Telecom & Data	37	25	62	31	20	52
Industry & Solutions	50	40	89	33	23	56
Other Activities	3	13	16	(1)	9	7
Group total	211	200	411	140	132	272