FINANCIAL REPORT

AS OF DECEMBER 31, 2017

transdev
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BOARD OF DIRECTORS' MANAGEMENT REPORT ON THE 2017 CONSOLIDATED AND STATUTORY FINANCIAL STATEMENTS

TO THE ORDINARY GENERAL MEETING

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CONTENTS

KEY FIGURES – CONSOLIDATED FINANCIAL STATEMENTS

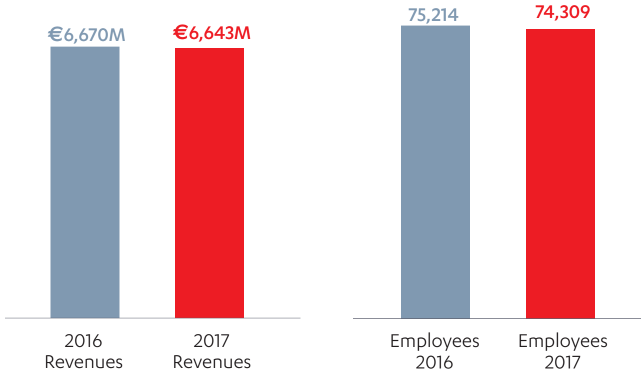
(€ millions)	FISCAL YEAR 2016 (12 MONTHS)	FISCAL YEAR 2017 (12 MONTHS)
Revenue from ordinary activities	6,669.6	**6,643.2**
EBITDA (*Earnings before interest, taxes, depreciation and amortization*) [1]	392.1	**417.8**
Current operating result [1]	123.7	**138.3**
Net income	67.9	**76.6**
Net income – Group share	65.8	**75.9**
Net financial debt (NFD)	**592.3**	**527.5**

[1] Note VII.4.1.2. of the notes to the consolidated financial statements describes the reconciliation of EBITDA to current operating result and operating result.

GROUP KEY FIGURES

- The Group operates in **19 countries**
- Annual revenue : **€ 6,643 million**
- **74,309 employees** [1]

2017 REVENUE - 12 MONTHS & NUMBER OF EMPLOYEES IN 2017 [1]



[1] Figures do not include the contribution of part state-owned corporations (*Sociétés d'Economie Mixte*). Data on the number of employees are stated as a weighted average number of employees and do not include discontinued operations or employees of joint ventures and associates.

GROUP PERFORMANCE IN 2017

The financial results for 2017 reflect the continued improvement of Transdev Group's operational performance; the main profitability indicators (EBITDA, Current Operating Result and Net income – Group share) are progressing; in contrast, the Revenue from ordinary activities decreased slightly, primarily penalized by an unfavorable exchange rate impact on foreign currencies.

The Group posted a Current Operating Result (COR) of €138.3 million, bolstered by the operational performance of the public transportation business in numerous locations; this strong financial result has made it possible to offset an increase in provisions for claims and litigation in the USA (provisions are presented in note VII.7.2 to the Group consolidated financial statements).

In 2017, the Group continued its efforts to adapt to changes in its purely commercial activities (B2C) by improving its products, by pursuing a phase-out strategy from a number of projects and by rationalizing its operating costs. The implementation of these action plans, in a competitive environment that remains fierce, significantly improved the results of these activities and contributed to increase the Group's profitability.

This performance, combined with a close monitoring of investments and working capital requirement, enabled the Group to reduce its Net Financial Debt (NFD) by €65 million during the year.

BUSINESS DEVELOPMENT AND ACTIVITIES

The Group continued its development during the year in numerous geographical areas.

France

- In Île-de-France, the type 3 contracts (CT3) were approved by Île-de-France Mobilités; they entered into effect on January 1, 2017.
- Transdev renewed the Le Havre contract for six years.
- The Group, via Urbis Park, submitted several successful tender bids for on-street parking management (in particular in Paris and Bordeaux) and now manages 155,000 parking spaces in 10 cities in France.

Netherlands

- In the Amsterdam region, the new Amstelland-Meerlanden contract started in December 2017.
- The Noord-Holland-Noord contract was renewed for a term of 10 years.

In **New Zealand**, the contract to operate Auckland rail network was extended for a period of 30 months.

In the **USA**, the Group was awarded a bus rapid transit (BRT) contract for the new Tappan Zee bridge in New York, as well as the IndyGo paratransit contract in Indiana.

Innovation remains at the heart of the Group's commercial policy:

- With the growth of electric mobility, in particular in the Netherlands with the implementation of the Amstelland-Meerlanden contract;
- In the autonomous vehicles business, the Group signed partnerships with Renault, Delphi and Lohr in 2017; moreover, two projects were launched with the ultimate aim of having completely electric autonomous vehicles operate on public roads (Rouen and Saclay).

Transdev Group was thus awarded two "French Mobility" innovation prizes by the French Transport Ministry for the car@scol project initiated by Transdev in association with the Groupeer start-up, and the SISMO (Integrated System for Mobility Services in the Oise *Département*) project with the *Syndicat Mixte des Transports Collectifs de l'Oise* (Public Transport Authority for the Oise *Département* – "SMTCO").

GROUP ACTIVITIES AND RESULTS IN 2017

The Group's consolidated revenue reached €6,643 million in 2017, it has been adversely affected by a foreign exchange impact of €30 million due to the depreciation of the US, British and Swedish currencies.
Excluding this foreign exchange impact, revenue increased thanks to the commencement of the Artois Gohelle contract and the acquisition of Urbis Park in France, the full-year effect of the Wellington contract in New Zealand and the strong momentum of Swedish activities.
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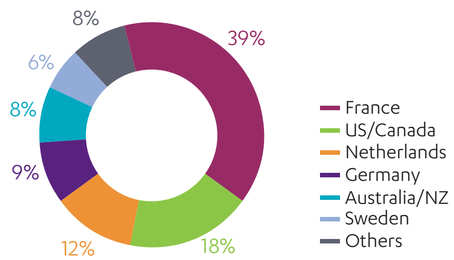
BREAKDOWN OF THE 2017 REVENUE BY LOCATION



At year-end 2017, EBITDA totaled €418 million, i.e. a margin of 6.3% of revenue, which is an improvement compared to 2016.

Current Operating Result (COR) reaches €138.3 million at year-end versus €123.7 million in 2016.

Despite these good results, revised long-term forecasts for certain geographical areas led the Group to recognize fair value revaluations or impairment of goodwill and intangible assets for a total of €27.1 million. The main impacts are related to B2C activities in the USA.

The cost of the Net Financial Debt totaled €20.3 million for the fiscal year.

The level of Net Financial Debt has been lowered to €527.5 million at year-end 2017, which provides the Group with renewed leeway to pursue organic and external growth operations.

FORESEEABLE TRENDS AND OUTLOOK

The 2017-2023 strategic plan submitted to Transdev Group's Board of Directors substantiates a positioning on the mobility chain, which increasingly combines both collective and individual means of transportation.

The plan focuses on the following key operational commitments:

- strengthening our relationship with clients, whether passengers, transport authorities or corporate clients;
- continually improve operational performance;
- pushing innovation in our core business and integrate it into new mobility solutions;
- be uncompromising of safety.

The plan is focused on a balanced allocation of resources between transit growth and new business lines, as well as on the necessary actions to convert the digital transformation into an opportunity.

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RECENT DEVELOPMENTS AND SUBSEQUENT EVENTS

This information is provided in the consolidated and statutory financial statements.

RESEARCH AND DEVELOPMENT

We believe that the mobility sector will continue to evolve through the development of increasingly personalized solutions, in particular thanks to the contribution of digital tools.

The Group is involved in various programs in the areas of:

- Electric mobility, as confirmed by the execution of contracts that make the Group the leading private operator of electric buses in Europe;
- New on-demand mobility solutions, not only in the B2C sector, but also in the B2B market (transportation services using digital technologies for private companies) and the B2G sector with public transport contracts (ChronoPro and FleetMe in France, Link in the USA, etc.);
- "Mobility as a Service", which covers all means of information and mobile phone ticketing, and that provides a facilitated access to a range of transportation offers proposed by various operators;
- Autonomous vehicles management.

In 2017, the Group's innovation activities continued to expand:

- within Digital Factory;
- in the management of autonomous vehicles;
- by investing in start-ups.

KEY FACTORS

The Group's business is influenced by key factors of a technical, contractual and economic nature. The principal factors are:

- The adaptability to contractual changes;
- The ability to meet the increasing demands of customer passengers and public transport authorities in terms of new services, as well as sustainable development and innovation;
- The ability to conduct its business in densely populated, extended and increasingly complex territories: increased operating complexity and widespread use of intermodal transportation.

To mitigate and manage its exposure to the risks of fluctuation in interest rates, foreign exchange rates and commodity prices, Transdev uses derivative instruments, not all of which qualify as hedge accounting. Additional information on these instruments is presented in note VII.10.4 to the consolidated financial statements.

KEY FIGURES - STATUTORY FINANCIAL STATEMENTS

(€ thousands)	FISCAL YEAR 2016	FISCAL YEAR 2017
Revenue	83,500	90,550
Operating result	(23,534)	(7,014)
Financial result	44,356	139,839
Extraordinary result	(1,087)	(2,449)
NET RESULT	**47,850**	**155,040**

BUSINESS ACTIVITIES OF THE COMPANY

The Company's shares are owned by the Caisse des Dépôts (70% of Transdev's capital) and by Veolia, which, on a transitional basis, has retained 30% of the Company's capital.

The company's operating result was -€7.0 million, compared to -€23.5 million in 2016. Financial result totaled €139.8 million and consisted primarily of dividends paid by the subsidiaries, the net finance costs on the debt of Transdev Group and changes in impairment of investments.

After taking into account the tax consolidation bonus, net result is a profit of €155.0 million for the fiscal year.

FORESEEABLE TRENDS AND OUTLOOK

The 2017-2023 strategic plan, which was drawn up during fiscal year 2017, was submitted to the Company's Board of Directors on January 25, 2018. It summarizes the strategic lines of action in the primary key areas. It emphasizes the Group's ambition to secure strong positions in its main locations, the pursuit of selective growth in the segments with the most potential and the need to refocus its activities, taking into account the financial constraints and an economic climate that is still fragile.

NEW INVESTMENTS AND DISPOSALS DURING THE FISCAL YEAR

During fiscal year 2017, the Company carried out acquisitions and capital increases for a total of €121.7 million, of which €119.6 million (USD 130 million) relate to the capital increase of Transdev North America.

The Company did not dispose of any shareholdings in 2017.

EXISTING BRANCHES

The Company owns a secondary establishment within the territorial jurisdiction of the Nanterre Commercial Court Registry.

POST-CLOSING EVENTS

None.

RESEARCH AND DEVELOPMENT ACTIVITIES

Transdev Group engages in research and development activities within its new business lines.

MISCELLANEOUS INFORMATION

In fiscal year 2017, the total amount of lavish expenses within the meaning of Article 39-4 of the French General Tax Code (*Code général des impôts*) totaled €142,169.

REPORT ON CORPORATE GOVERNANCE

INFORMATION CONCERNING CORPORATE OFFICERS AND EXECUTIVE MANAGEMENT

As of the date of this report, the Board of Directors is comprised of the 11 directors listed below, who include one independent director and one director who represents employees.

DIRECTORS	DATE APPOINTED/REAPPOINTED	DATE TERM OF OFFICE EXPIRES
Ms. Anne-Marie Couderc *(Independent director)*	March 26, 2015	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2018
Mr. Thierry Mallet *(Chairman and Chief Executive Officer since September 9, 2016)*	July 11, 2016	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2018
Caisse des dépôts et consignations, represented by Ms. Françoise Tauzinat	March 26, 2015	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2018
Mr. Antoine Frérot	March 26, 2015	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2018
Mr. Philippe Capron	March 26, 2015	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2018
Ms. Delphine Pons	January 9, 2017 (co-opted and ratified by the general shareholders' meeting that was held on the same date)	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2018
Ms. Catherine Mayenobe	March 2, 2018 (co-opted)	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2018
Mr. Jean-Michel Fenaut *(Director representing employees)*	July 1, 2016	July 1, 2020
Mr. Waël Rizk	January 9, 2017	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2020
Mr. Pierre Aubouin	January 9, 2017	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2020
Ms. Virginie Fernandes	February 14, 2017	General shareholders' meeting that will vote on the financial statements for the fiscal year ending December 31, 2020

The executive management is the responsibility of the Chairman of the Board of Directors.

A new director (Ms Delphine Pons) was co-opted on January 9, 2017; her co-opting was ratified by the general shareholders' meeting that was held on the same date.

Three new directors were also appointed in 2017: Mr Waël Rizk and Mr Pierre Aubouin during the general shareholders' meeting of January 9, 2017, and Ms. Virginie Fernandes during the general shareholders' meeting of February 14, 2017.

One director (Mr. Franck Silvent) resigned on July 26, 2017 and has been replaced by Ms. Catherine Mayenobe who has been co-opted director on the 2 March 2018.

As the Company is not listed and is exclusively controlled by the Caisse des dépôts et consignations, no directors are concerned by the obligations to disclose remuneration that are set out in Article L. 225-102-1 of the French Commercial Code (*Code de commerce*), as amended by Order no. 2014-863 of July 31, 2014.

In addition, the table below lists the offices and positions held by the various corporate officers in all companies.

MR. THIERRY MALLET

Transdev Group	Chairman and Chief Executive Officer Director Member of the Strategy Committee
Transdev SA	Chairman and Chief Executive Officer Director
Transdev Ile de France	Chairman and Chief Executive Officer Director
RATP Dev Transdev Asia	Director
Transdev Sverige AB	Chairman Board Member
Transdev Northern Europe	Chairman Board Member
TBC Holding	Director Class A Chairman
Transdev North America	Director
Transdev Australasia Pty	Director

MR. ANTOINE FREROT

Veolia Environnement	Chairman and Chief Executive Officer, Director
Veolia Eau – Compagnie Générale des Eaux [VE]	Manager
Transdev Group	Director and member of the Remuneration Committee
Société des Eaux de Marseille [VE]	Director
Fondation d'Entreprise Veolia Environnement [VE]	Chairman
Institut Veolia [VE]	Standing representative of Veolia Environnement on the Board of Directors
Paris Ile-de-France Capitale Économique	Director
Société des Amis du musée du quai Branly	Director
Association Envie	Chairman
Association Centre d'Arts Plastiques de Royan	Chairman
CNER - Fédération des agences de développement et des comités d'expansion économique	Director
Association des Amis de la Bibliothèque Nationale de France	Director
Institut de l'entreprise	Chairman
Association des anciens élèves de l'Ecole Polytechnique (AX)	Director

MR. PHILIPPE CAPRON

Fondation d'Entreprise Veolia Environnement VE	Director and Representative of the Founding Members
Institut Veolia VE	De jure Director, Member of the Bureau, Treasurer
Veolia Environnement Services-Ré VE	Chairman of the Board of Directors and Director
Veolia Eau-Compagnie Générale des Eaux VE	Member of the Supervisory Board
Veolia Energie International VE	Director
Virbac France	Class A Member of the Supervisory Board
Transdev Group	Director, member of the Audit Committee and of the Strategy Committee
Econocom (United Kingdom)	Director
Veolia UK Limited (United Kingdom) VE	Director
Veolia North America Inc. VE	Chairman of the Board of Directors

MR. WAËL RIZK

STOA	Director
Transdev Group	Director

MR. PIERRE AUBOUIN

ADL Participations	Member of the Supervisory Committee
Aéroports de Lyon	Member of the Supervisory Committee
Alicorne SAS	Member of the Supervisory Committee
Compagnie Eiffage du Viaduc de Millau SA	Director
Lisea SAS	Chairman of the Oversight Committee
Mobilité Agglomération Rémoise SAS	Chairman of the Board of Directors
Transdev Group	Director, member of the Audit Committee
Verdun Participation 1 SAS	Director
Verdun Participation 2 SAS	Director

MS. FRANÇOISE TAUZINAT

CTE	Director
Arkhineo	Director
Egis	Director
Transdev Group	Standing Representative of the Caisse des dépôts et consignations in its capacity as director Member of the Remuneration Committee Member of the Audit Committee Member of the Strategy Committee
STOA	Director
CDC Développement Solidaire	Director
Albali SEÑALIZACIÓN	Member of the Board of Directors

MS. VIRGINIE FERNANDES

BPIFRANCE SA	Director Member of the Audit and Risks Committee Member of the Appointments and Remuneration Committee
BPIFRANCE Investissement	Director Member of the Audit and Risks Committee
BPIFRANCE Participations	Director Member of the Strategy Committee Member of the Audit and Risks Committee Member of the Investment Committee
Compagnie des Alpes	Standing Representative of the Caisse des dépôts et consignations in its capacity as director Member of the Strategy Committee Member of the Appointments and Remuneration Committee
Icade	Standing Representative of the Caisse des dépôts et consignations in its capacity as director Member of the Strategy and Investment Committee
Société Nationale Immobilière	Member of the Supervisory Board Member of the Strategy Committee Member of the Audit and Risks Committee
Transdev Group	Director Member of the Audit and Risks Committee
SCET	Director Member of the Appointments and Remuneration Committee Member of the Audit and Risks Committee

MS. DELPHINE PONS

CDA Management	Chair
Compagnie des Alpes Business consulting co .Ltd	Executive Director
Skigloo	Deputy CEO Director
Compagnie des Alpes (Beijing) Business Consulting Co.ltd	Executive Director
SA Société du Parc du Futuroscope	Member of the Supervisory Board
Transdev Group	Director

MS. ANNE-MARIE COUDERC

Transdev Group	Independent Director Member and Chair of the Audit Committee Member of the Strategy Committee
Plastic Omnium	Independent Director Chair and Member of the Remuneration and Appointments Committee
Ramsay Générale de Santé	Independent Director Chair and Member of the Remuneration and Appointments Committee
Air France/KLM	Independent Director Chair and Member of the Appointments Committee
Ayming (formerly Alma Consulting Group)	Member of the Supervisory Board

MR. JEAN-MICHEL FENAUT

Transdev Group	Director representing employees

STATUTORY AUDITORS

The terms of office of ERNST & YOUNG ET AUTRES, principal statutory auditor, and AUDITEX, alternate statutory auditor, were renewed by the general shareholders' meeting of March 24, 2016.

The term of office of MAZARS, principal statutory auditor, was renewed for six years during the general shareholders' meeting of March 24, 2017.

No renewal therefore needs to be proposed.

TABLE OF POWERS AND/OR AUTHORITY DELEGATED TO THE BOARD OF DIRECTORS

IN THE FIELD OF CAPITAL INCREASES

In accordance with the provisions of Articles L 225-129.1 and L 225.129.2 of the French Commercial Code (*Code de Commerce*):

DATE OF THE DELEGATION OF POWERS TO THE BOARD OF DIRECTORS	MAXIMUM CAPITAL AUTHORIZED	DURATION	USE MADE BY THE BOARD OF DIRECTORS
None	None	None	None

There are no other delegations of powers or authority to the Board of Directors.

AGREEMENTS THAT FALL WITHIN THE SCOPE OF ARTICLE L. 225-38

We inform you that during the past fiscal year, no agreements were entered into, either directly or via an intermediary, between, on the one hand, one of the corporate officers or one of the shareholders who holds more than 10% of the voting rights in a Company, and, on the other hand, another company in which the Company directly or indirectly holds more than one-half of the capital, other than agreements relating to day-to-day transactions that are entered into under normal conditions:

The following agreements were continued:

- A trademark license agreement between Veolia Transdev, acting on its own behalf and on behalf of the Active Licensees (as defined in said agreement) and Veolia Environnement on March 3, 2011.

- A corporate officer's agreement that defines the conditions under which Mr. Thierry Mallet performs his duties in his capacity of Chairman and CEO, which was entered into in 2016 and that continued during fiscal year 2017.

EMPLOYEE SHAREHOLDING

As of December 31, 2017, the Company's employees did not hold any of its shares. In accordance with Article L225-129-6 of the French Commercial Code (*Code de commerce*), a resolution is therefore being submitted to you proposing that the shareholders approve a capital increase meeting the requirements of Part III, Title III, Chapter II, section 4, of the French Labor Code (*Code du travail*) (Article L3332-18 et seq.), with the cancellation of preferential subscription rights in favor of employees who are members of a corporate savings plan.

In this regard, a cash share capital increase is proposed to you, which will be reserved for the Company's employees, under the conditions defined in Article L. 3332-18 of the French Labor Code (*Code du travail*), the maximum amount of which could be set at €100,048.

Accordingly, 10,400 new shares with a par value of €9.62 could be created, which could be subscribed for by the Company's employees pursuant to the aforementioned law.

These new shares would be issued at the price set in accordance with the following valuation method:

The average of the share value obtained:

- on the one hand, on the basis of the consolidated net equity for the last completed fiscal year, plus 25% of the revenue, in order to take into account the value of the goodwill,
- and, on the other hand, using 12 times the EBIT less the net financial debt, on average, over the last three fiscal years.

If the second figure is negative, the consolidated net equity for the last completed fiscal year will be used.
If the first figure and the second figure are negative, the par value of the share will be used.

In accordance with the provisions of Article L.225-138 §II of the French Commercial Code (*Code de commerce*), a proposal will therefore be made to you to cancel the preferential subscription right in favor of company employees who are members of a current or future Corporate Savings Plan or Voluntary Employee Savings Partnership Plan, and to delegate to the Board of Directors responsibility for drawing up the precise list of the beneficiaries within the selected categories of employees, and the number of securities to be allocated. This delegation to the Board of Directors to carry out this capital increase that is reserved for Company employees in one or more times would be valid for a maximum duration of 26 months.
Moreover, your Board of Directors could determine the terms and conditions of the issue, restrict the capital increase under the conditions provided for by law, record the completion of the capital increase and make the correlative amendment to the by-laws.

This project is presented to you in order to fulfil a statutory obligation; however, as your Board of Directors does not deem it to be appropriate given the balance of the capital ownership between the shareholders, it proposes that you vote against the draft resolutions concerning it that are put to the vote of the General Meeting.

DIRECTORS' FEES

We propose that you grant a gross annual amount of €60,000 in directors' fees for fiscal year 2018.

PROPOSED APPROPRIATION OF INCOME FOR 2017

We propose that you appropriate the income for fiscal year 2017, i.e., €155,040,124.10, as follows: €7,752,006.21 to the legal reserve fund and €147,288,117.89 to the retained earnings account.

Table of the dividends distributed by the Company in the last three fiscal years:

2014	None
2015	None
2016	€20,000,066.04

AGREEMENTS ENTERED INTO BETWEEN SENIOR MANAGERS OR SIGNIFICANT SHAREHOLDERS OF THE COMPANY AND A SUBSIDIARY

None.

AMOUNT OF LOANS GRANTED BY THE COMPANY THAT ARE ANCILLARY TO ITS MAIN BUSINESS (Article L511-6 3 bis, par. 2, of the French Monetary and Financial Code (*Code monétaire et financier*))

None.

INFORMATION ON TRANSDEV GROUP PAYMENT PERIODS

	Invoices received not paid at closing date and overdue					Invoices issued not paid at closing date and overdue				
	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total for 1 day or more	1 to 30 days	31 to 60 days	61 to 90 days	91 day or more	Total for 1 day or more
A°) Overdue										
Number of invoices					317					120
Total including VAT for related invoices (in thousand of euros)	191	214	11	489	905	619	2,075	8	1,363	4,066
As a percentage of purchases/net sales (including VAT)	0%	0%	0%	1%		n/a	n/a	n/a	n/a	n/a
B°) Invoices excluded from (A) relating to disputed or unrecorded debts										
Number of invoices excluded										
Total including VAT for related invoices (in thousand of euros)										
C°) Payment term used:	Contractual payment term					Contractual payment term				

The number of invoices is calculated based on the number of occurences; an occurence corresponds to the number of overdue invoices in the accounts "accounts payables-goods and services" and "payables relating to acquisition of assets" for invoices received and "accounts receivables" and "receivables on disposal of tangible and intangible assets" for invoices issued.

The total including VAT for related invoices corresponds to the year-end balance of the above mentionned invoices.

Invoices exclued from (A) correspond to doubtful customers accounts.

n/a : not applicable as long as revenue from the company is made of other revenue only (no net sales).

RATIFICATION OF THE TRANSFER OF THE REGISTERED OFFICE

By a decision dated July 25, 2017, and pursuant to Article L225-36 of the French Commercial Code (*Code de commerce*) and Article 4 of the Company by-laws, the Board decided to transfer the registered office of Transdev Group, as from August 14, 2017, from Immeuble Sereinis, 32 boulevard Galliéni, 92130 Issy-Les-Moulineaux, to 3 allée de Grenelle, 92130 Issy-Les-Moulineaux, and to amend the by-laws accordingly as follows:

"ARTICLE 4 – REGISTERED OFFICE

The registered office is established at: 3 allée de Grenelle, 92130 Issy-Les-Moulineaux.

A decision to move the registered office within the French territory may be made by the Board of Directors, subject to the ratification of this decision by the next ordinary general meeting, without prejudice to the statutory provisions in force. All powers are granted to the bearer of an original or a copy of, or an excerpt from, the minutes of this meeting, in order to carry out all the necessary formalities."

By a decision made on the same day, the Board decided that the Transdev Group establishment at Immeuble Sereinis, 32 boulevard Galliéni, 92130 Issy-Les-Moulineaux would also be transferred to 3 allée de Grenelle, 92130 Issy-Les-Moulineaux as from August 14, 2017.

You are consequently requested to ratify these decisions.

After the statutory auditors have read their reports to you, we will request that you approve the Company's consolidated and statutory financial statements and the appropriation of income.

We will also submit for your approval the transactions covered by Article L. 225-38 of the French Commercial Code (*Code de commerce*).

If you agree with these proposals, we request that you approve the resolutions submitted to you for a vote.

APPENDIX

RESULTS (AND OTHER KEY FIGURES) OF THE COMPANY DURING THE LAST FIVE FISCAL YEARS

(€ thousands)	FISCAL YEAR 2013	FISCAL YEAR 2014	FISCAL YEAR 2015	FISCAL YEAR 2016	FISCAL YEAR 2017
I - Capital at the end of the period					
Capital	1,137,120	1,137,120	1,137,120	1,137,120	1,137,120
Number of ordinary shares issued	118,203,700	118,203,700	118,203,700	118,203,700	118,203,700
II - Transactions and results for the period					
Revenue, excluding taxes	-	-	-	-	-
Income before taxes, employee profit sharing and allowances / reversals of depreciation, amortization and provisions	(9,031)	1,780	29,602	319,974	167, 195
Corporate income tax	35,291	31,289	30,715	27,768	24,381
Employee profit sharing owed for the period	-	-	-	-	-
Income after taxes, employee profit sharing and depreciation, amortization and provisions	(12,300)	789	107,893	47,850	155,040
Income distributed	-	-	-	20,000	-
III - Income per share (in euros)					
Income after taxes, employee profit sharing but before depreciation, amortization and provisions	0.22	0.29	0.51	2.94	1.62
Income after taxes, employee profit sharing and depreciation, amortization and provisions	(0.10)	0.01	0.91	0.40	1.31
Dividend paid per share	-	-	-	0.17	-
IV - Workforce					
Average number of employees during the period	310	319	326	335	347
Payroll during the period	20,696	25,766	25,365	27,072	29,513
Amounts paid as employee benefits during the period (Social security, benefit programs)	9,997	14,259	12,915	13,226	13,933

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2017

MOBILITY INSPIRED BY YOU

CONTENTS

I. THE TRANSDEV GROUP

I.1. GENERAL INFORMATION

The Transdev group was created on March 3, 2011 by consolidating the transportation businesses of the Caisse des Dépôts (Transdev) and Veolia (Veolia Transport) groups.

Transdev Group, the parent company of the Transdev group (hereinafter "Transdev" or the "Group") is a société anonyme (corporation) incorporated under French law, which has stated capital of €1,137,119,594, and which was registered with the Nanterre Trade and Companies Registry under number 521 477 851 on December 12, 2011. Its registered office is located at 3 allée de Grenelle, 92130 Issy-les-Moulineaux, France.

Transdev Group and its subsidiaries design, set up and operate passenger transportation systems that incorporate all modes of land and sea travel, combine public transportation and on-demand solutions, and offer additional services that facilitate passengers' daily lives. Its actions promote quality of life and regional development through mobility.

In 2017, the Group generated consolidated revenue of €6.6 billion and did business in 19 countries. The Group comprises 633 consolidated subsidiaries and has 74,309 employees (average number of full-time equivalent staff). In addition, the Group participates in *sociétés d'économie mixte* (part state-owned corporations) in France, in which the Group holds non-controlling interests.

I.2. SHAREHOLDER STRUCTURE

Following the agreement that Caisse des Dépôts and Veolia Environnement (hereinafter "Veolia") reached on December 21, 2016 regarding the reorganization of the shareholder structure of Transdev Group, Caisse des Dépôts became the majority shareholder of Transdev Group and now holds 70% of its capital. The remaining 30% is held by Veolia. As a result, as of December 31, 2017, the Group is fully consolidated in the accounts of Caisse des Dépôts, and Veolia accounts for the Group using the equity method.

This shareholder structure reorganization agreement also provides for a second stage concerning the sale of the 30% of Transdev Group's capital still held by Veolia. Veolia and Caisse des Dépôts have initiated the process to find a new shareholder able to provide support for Transdev's future development. If no new shareholder is found by December 21, 2018, Veolia will have an option to sell its remaining interest to Caisse des Dépôts. Similarly, Caisse des Dépôts will have an option to buy that interest for the same price.

II. CONSOLIDATED INCOME STATEMENT

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017	NOTES
REVENUE FROM ORDINARY ACTIVITIES	**6,669.6**	**6,643.2**	**VII.4.1**
Cost of sales	(5,902.8)	(5,879.6)	
Selling costs	(49.3)	(48.3)	
General and administrative expenses	(593.8)	(577.0)	
Other items of current operating result	0.0	0.0	
CURRENT OPERATING RESULT	**123.7**	**138.3**	**VII.4.1**
Other operating income and expenses	(45.0)	(41.1)	
OPERATING RESULT	**78.7**	**97.2**	**VII.4.1**
Share of net income (loss) of equity-accounted entities	(1.0)	4.6	
o/w share of net income (loss) of joint ventures	3.9	(0.2)	VII.9.1
o/w share of net income (loss) of associates	(4.9)	4.8	VII.9.1
OPERATING RESULT after share of net income (loss) of equity-accounted entities	**77.7**	**101.8**	
Finance costs	(24.8)	(20.5)	VII.10.3
Revenue from cash and cash equivalents	0.2	0.2	VII.10.3
Other financial income and expenses	(8.7)	(4.4)	VII.10.3
Income tax expense	23.7	(1.0)	VII.12.1
NET INCOME FROM CONTINUING OPERATIONS	**68.1**	**76.1**	
Net income (loss) from discontinued operations	(0.2)	0.5	
NET INCOME (LOSS)	**67.9**	**76.6**	
Share of non-controlling interests	(2.1)	(0.7)	
SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**65.8**	**75.9**	

The accompanying notes are an integral part of the consolidated financial statements.

III. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017
NET INCOME (LOSS) FOR THE YEAR	**67.9**	**76.6**
Actuarial gains or losses	(2.2)	4.3
Related income tax expense	2.0	(1.6)
Amount net of tax	(0.2)	2.7
OTHER ITEMS OF COMPREHENSIVE INCOME NOT SUBSEQUENTLY RELEASED TO NET INCOME	**(0.2)**	**2.7**
o/w attributable to joint ventures	-	-
o/w attributable to associates	*(0.2)*	*0.3*
Fair value adjustments on available-for-sale assets	-	(0.3)
Related income tax expense	-	0.3
Amount net of tax	-	0.0
Fair value adjustments on derivatives used as cash flow hedge	16.2	0.4
Related income tax expense	(3.0)	(0.3)
Amount net of tax	13.1	0.1
Foreign currency translation		
Translation differences on the accounts of subsidiaries kept in foreign currencies	7.8	(14.8)
Translation differences on net foreign investment financing	-	-
Tax	-	-
Amount net of tax	-	-
Net foreign exchange gains and losses	7.8	(14.8)
OTHER ITEMS OF COMPREHENSIVE INCOME SUBSEQUENTLY RELEASED TO NET INCOME	**20.9**	**(14.7)**
o/w attributable to joint ventures	*0.3*	*(1.2)*
o/w attributable to associates	*0.6*	*(2.6)*
TOTAL OTHER COMPREHENSIVE INCOME	**20.7**	**(12.0)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**88.6**	**64.6**
Attributable to owners of the parent company	85.6	63.3
Attributable to non-controlling interests	3.0	1.3

The accompanying notes are an integral part of the consolidated financial statements.

IV. CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS *(€ millions)*	DECEMBER 31, 2016	DECEMBER 31, 2017	NOTES
Goodwill	719.7	701.5	VII.8
Concession intangible assets	6.8	5.6	VII.6.1
Other intangible assets	192.2	159.9	VII.6.1
Property, plant and equipment	1,084.4	1,067.9	VII.6.2
Investments in joint ventures	29.7	29.6	VII.9.1
Investments in associates	27.9	26.7	VII.9.1
Non-current operating financial assets	308,1	255.8	VII.6.4
Other non-current financial assets	106.0	100.5	VII.10.2
Non-current derivative instruments - assets	0.2	0.0	VII.10.4
Deferred tax assets	221.9	44.4	VII.12.2
Other non-current assets	-	-	
TOTAL NON-CURRENT ASSETS (I)	**2,696.9**	**2,391.9**	
Inventories and work in progress	102.7	102.6	VII.4.2
Operating receivables	1,246.9	1,280.6	VII.4.2
Current operating financial assets	44.0	40.4	VII.6.4
Other current financial assets	41.4	38.9	VII.10.2
Current derivative instruments - assets	2.3	2.2	VII.10.4
Cash and cash equivalents	448.4	344.4	VII.10.1
Assets held for sale	0.4	0.2	
TOTAL CURRENT ASSETS (II)	**1,886.1**	**1,809.3**	
TOTAL ASSETS (I+II)	**4,583.0**	**4,201.2**	

EQUITY AND LIABILITIES *(€ millions)*	DECEMBER 31, 2016	DECEMBER 31, 2017	NOTES
Capital	1,137.1	1,137.1	
Additional paid-in capital	-	-	
Reserves and retained earnings attributable to owners of the parent company	(205.0)	(142.3)	
Equity and net income attributable to owners of the parent company	**932.1**	**994.8**	VII.11
Equity and net income attributable to non-controlling interests	60.9	51.9	VII.11
EQUITY (I)	**993.0**	**1,046.7**	
Non-current provisions	284.2	273.5	VII.7
Non-current financial liabilities	966.8	813.0	VII.10.1
Provision of rolling stock under concession arrangements - Non-current part (1)	87.6	39.1	
Non-current derivative instruments - liabilities	6.3	4.7	VII.10.4
Other non-current liabilities	37.0	36.6	
Deferred tax liabilities	234.0	32.3	VII.12.2
TOTAL NON-CURRENT LIABILITIES (II)	**1,615.9**	**1,199.2**	
Operating payables	1,789.3	1,756.7	VII.4.2
Current provisions	101.2	133.8	VII.7
Current financial liabilities	54.8	46.4	VII.10.1
Provision of rolling stock under concession arrangements - Current part (1)	10.3	5.5	
Current derivative instruments - liabilities	6.8	2.5	VII.10.4
Overdrafts	11.4	10.1	VII.10.1
Liabilities held for sale	0.3	0.3	
TOTAL CURRENT LIABILITIES (III)	**1,974.1**	**1,955.3**	
TOTAL EQUITY AND LIABILITIE (I+II+III)	**4,583.0**	**4,201.2**	

(1) These liabilities are described in note VII.1.6.4 "Assets made available to the Group by the concession grantors".

The accompanying notes are an integral part of the consolidated financial statements.

V. CONSOLIDATED STATEMENT OF CASH FLOWS

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017
NET INCOME (LOSS) FOR THE YEAR	**67.9**	**76.6**
Operating depreciation, amortization, provisions and impairment losses	326.7	319.8
Financial amortization and impairment losses	2.5	1.4
Gain (losses) on disposal	(18.0)	(13.7)
Unwinding of discounted provisions, receivables and payables	6.0	5.2
Share of net income (loss) of joint ventures	(3.9)	0.2
Share of net income (loss) of associates	4.9	(4.8)
Dividends received	(2.7)	(2.7)
Net finance costs	24.6	20.2
Income tax expense	(23,7)	1.0
Other items	(0.6)	0.2
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL REQUIREMENTS	**383.7**	**403.4**
Income taxes paid	(26.9)	(21.4)
Changes in working capital requirements	102.1	(127.7)
I. NET CASH FROM OPERATING ACTIVITIES	**458.9**	**254.3**
Capital investments	(248.9)	(212.9)
Proceeds on disposal of intangible assets and property, plant and equipment	40.5	45.1
Net investments in operating financial assets		
New operating financial assets	(38.3)	(39.2)
Principal payments on operating financial assets	38.6	39.5
Purchase of financial investments	(6.0)	(14.2)
Sale of financial assets	1.1	16.3
Dividends received (including dividends received from joint ventures and associates)	9.6	6.4
Non-current financial receivables, cash out	(5.2)	(1.7)
Non-current financial receivables, cash in	2.5	1.4
Net increase / decrease in current financial receivables	4.0	6.6
II. NET CASH USED IN INVESTING ACTIVITIES	**(202.1)**	**(152.7)**
Capital increase	-	-
Dividends paid	(23.8)	(8.5)
New non-current borrowings [1]	804.1	30.2
Principal payments on non-current borrowings [1]	(699.6)	(156.9)
Net increase (decrease) in current borrowings [1]	(56.4)	(33.6)
Interest paid	(23.7)	(20.8)
Transactions between shareholders - acquisitions and divestitures, without change in control	-	(1.3)
III. NET CASH FROM (USED IN) FINANCING ACTIVITIES	**0.6**	**(190.9)**
IV. EFFECT OF FOREIGN EXCHANGE RATE CHANGES AND OTHER	**6.0**	**(13.4)**
NET CASH AT THE BEGINNING OF THE YEAR	**173.6**	**437.0**
Changes in cash, cash equivalents and overdrafts (I+II+III+IV)	263.4	(102.7)
NET CASH AT THE END OF THE YEAR	**437.0**	**334.3**
Cash and cash equivalents	448.4	344.4
Overdrafts	(11.4)	(10.1)
NET CASH AT THE END OF THE YEAR	**437.0**	**334.3**

[1] The reconciliation between the change in net financial debt in the consolidated statement of financial position and the cash flows is presented in note VII.10.1.

The accompanying notes are an integral part of the consolidated financial statements.

VI. STATEMENT OF CHANGES IN EQUITY

(€ millions)	Share capital	Consolidated reserves and retained earnings	Items that may be reclassified to profit or loss: Foreign exchange translation reserves	Items that may be reclassified to profit or loss: Fair value reserves	Other unrealized gains/(losses), not re-classifiable to profit or loss	Equity attributable to equity owners of the parent	Non-controlling interests	Total equity
AS OF JANUARY 1, 2016	**1,137.1**	**(228.8)**	**1.2**	**(12.9)**	**(47.1)**	**849.5**	**75.0**	**924.5**
Issues of the share capital of the parent company	-	-	-	-	-	-	-	-
Parent company dividend distribution	-	(20.0)	-	-	-	(20.0)	-	(20.0)
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	(0,7)	(0,7)
Transactions between shareholders	-	17.0	-	-	-	17.0	(16.4)	0.6
TOTAL TRANSACTIONS BETWEEN SHAREHOLDERS	**-**	**(3.0)**	**-**	**-**	**-**	**(3.0)**	**(17.1)**	**(20.1)**
Foreign exchange translations	-	-	7.6	-	-	7.6	0.2	7.8
Actuarial gains or losses on pension obligations	-		-	-	(0,3)	(0,3)	0,1	(0,2)
Fair value adjustment on hedge derivatives and available for sale assets	-	-	-	12.5	-	12.5	0.6	13.1
Other changes in comprehensive income	-	-	-	-	-	-	-	-
OTHER COMPREHENSIVE INCOME	**-**	**-**	**7.6**	**12.5**	**(0.3)**	**19.8**	**0.9**	**20.7**
NET INCOME (LOSS) FOR THE YEAR 2016	**-**	**65.8**	**-**	**-**		**65.8**	**2.1**	**67.9**
AS OF DECEMBER 31, 2016	**1,137.1**	**(166.0)**	**8.8**	**(0.4)**	**(47.4)**	**932.1**	**60.9**	**993.0**
Issues of the share capital of the parent company	-	-	-	-	-	-	-	-
Third party share in share capital increases of subsidiaries and in changes in consolidation scope	-	-	-	-	-	-	(2.8)	(2.8)
Third party share in dividend distributions of subsidiaries	-	-	-	-	-	-	(6.2)	(6.2)
Transactions between shareholders	-	(0.6)	-	-	-	(0.6)	(1.3)	(1.9)
TOTAL TRANSACTIONS BETWEEN SHAREHOLDERS	**-**	**(0.6)**	**-**	**-**	**-**	**(0.6)**	**(10.3)**	**(10.9)**
Foreign exchange translations	-	-	(14.1)	-	-	(14.1)	(0.7)	(14.8)
Actuarial gains or losses on pension obligations	-		-	-	2.7	2.7	0.0	2.7
Fair value adjustment on hedge derivatives and available for sale assets	-	-	-	(1.2)	-	(1.2)	1.3	0.1
Other changes in comprehensive income	-	-	-	-	-	-	-	-
OTHER COMPREHENSIVE INCOME	**-**	**-**	**(14.1)**	**(1.2)**	**2.7**	**(12.6)**	**0.6**	**(12.0)**
NET INCOME (LOSS) FOR THE YEAR 2017	**-**	**75.9**	**-**	**-**	**-**	**75.9**	**0.7**	**76.6**
AS OF DECEMBER 31, 2017	**1,137.1**	**(90.7)**	**(5.3)**	**(1.6)**	**(44.7)**	**994.8**	**51.9**	**1,046.7**

The accompanying notes are an integral part of the consolidated financial statements.

VII.1. ACCOUNTING PRINCIPLES AND POLICIES

VII.1.1. ACCOUNTING STANDARDS FRAMEWORK

VII.1.1.1 BASIS UNDERLYING THE PREPARATION OF THE FINANCIAL STATEMENTS

Pursuant to Regulation no. 1606/2002 of July 19, 2002, as amended by European Regulation no. 297/2008 of March 11, 2008, the consolidated financial statements for fiscal year 2017 are prepared in accordance with IFRS (*International Financial Reporting Standards*), as adopted by the European Union and published by the International Accounting Standards Board (IASB). These standards are available on the following European Union website:
https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en

The company's financial statements are presented, for comparison purposes, with the financial statements for fiscal year 2016, which were prepared using the same accounting standards framework.

In the absence of IFRS standards or interpretations, and in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors,* the Transdev group refers to other IFRS standards that address similar or related issues, as well as to the conceptual framework. If necessary, the Group may use other standards, in particular US standards.

VII.1.1.2. GENERAL PRINCIPLES APPLIED IN PREPARING THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are presented in millions of euros, unless stated otherwise.

The consolidated financial statements include the financial statements of Transdev Group and its subsidiaries included in the consolidation scope. The financial statements of the subsidiaries are drawn up for the same reference period as those of the parent company, from January 1 to December 31, 2017, in accordance with uniform accounting policies and methods.

The financial statements are presented on a historical cost basis, with the exception of assets and liabilities held for sale measured in accordance with IFRS 5 (at the lower of the net carrying amount and the fair value less costs to sell) and assets and liabilities recognized at fair value: derivatives, financial instruments held for trading, financial instruments designated at fair value and available-for-sale financial instruments (in accordance with IAS 32 and IAS 39).

The Transdev group consolidated financial statements as of December 31, 2017 were approved by the Board of Directors at its meeting on March 2, 2018.

VII.1.1.3. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS APPLICABLE AS OF FISCAL YEAR 2017

The accounting policies and valuation rules applied by the Group in preparing the consolidated financial statements as of December 31, 2017 are identical to those that the Group used as of December 31, 2016, with the exception of the amendments to standards that became mandatory as of January 1, 2017 and amendments to standards adopted early, which are described below:

- Amendment to IAS 12, *Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses;*
- Amendment to IAS 7, *Statement of Cash Flows: Disclosure Initiative*.

The first-time application of these texts does not have a material impact for the Group.

VII.1.1.4. MAIN TEXTS APPLICABLE AFTER DECEMBER 31, 2017 AND NOT ADOPTED EARLY BY THE GROUP

The main texts which became mandatory after December 31, 2017 are listed below:

- IFRS 15, *Revenue from Contracts with Customers,* and its amendments;
- IFRS 9, *Financial Instruments,* and its amendment;
- IFRS 16, *Leases;*
- IFRIC 22, *Foreign Currency Transactions and Advance Consideration;*
- IFRIC 23, *Uncertainty over Income Tax Treatments;*
- Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;*
- Amendments to IAS 28, *Long-term interests in Associates and Joint Ventures;*
- Amendments resulting from the IFRS annual improvement processes (2014-2016 cycle).

Subject to their definitive adoption by the European Union, these standards, amendments and interpretations are of mandatory application for the Group for fiscal years beginning on or after January 1, 2018.

The Group has assessed or is currently assessing the potential impact of the first-time application of these texts.

Three major standards were endorsed by the European Union as of December 31, 2017:

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 is the new standard that establishes the principles for recognizing revenue, effective January 1, 2018. This standard supersedes IAS 11, IAS 18 and the related IFRIC and SIC interpretations on recognition of revenue.

In connection with the application of this new standard:

- the Group participated, in France, in the working group of the *Union des Transports Publics et Ferroviaires* (UTP), which was tasked with defining a common position on the main methods for recognizing revenue from multi-year contracts with public transportation authorities, with the aim of applying the standard uniformly to the various operators in the sector;
- the Group thoroughly analyzed the qualitative and quantitative implications of the standard, based on a portfolio of representative contracts in terms of materiality and activity.

With respect to public transportation activities, the review of the multi-year service agreements highlighted the fact that:

- most contracts comprise a single performance obligation;
- the customer, namely the public transportation authority, simultaneously receives and consumes the benefits of the service as it is provided by the operator, and it controls the public service provided as it is performed.

Therefore, the Group believes that the current revenue recognition method will not be impacted by IFRS 15, with the main exception of the reinstatement of payments from the public transportation authorities in Germany for access rights to the rail network, which will result in an increase in revenue from ordinary activities of around €249 million, with no impact on operating result or net income.

In addition, certain direct costs incurred for the execution of contracts that do not fall within the scope of another standard, which the Group incurs after it has been chosen as the preferred bidder in competitive bidding processes but before it receives any payment from customers, will be considered as assets and amortized on a straight-line basis over the term of the contracts, if the following criteria are met:

- the costs are directly related to the contracts;
- the costs generate or enhance the entity's resources, which will be used to satisfy performance obligations in the future;
- the costs are expected to be recovered.

IFRS 9 *Financial Instruments*

IFRS 9, the new standard on financial instruments that is applicable as of January 1, 2018:

- contains new requirements for the classification and measurement of financial assets (in particular, non-consolidated investments);
- changes the methods for amortizing financial assets by imposing a model that is now based on expected losses;
- revises hedge accounting.

No material impact is expected for the Group.

IFRS 16 *Leases*

IFRS 16, which applies to fiscal years beginning on or after January 1, 2019, and which supersedes IAS 17 and the related IFRIC and SIC interpretations, changes the method by which lessees account for leases.

IFRS 16 eliminates the distinction that was formerly made between operating leases, which are currently included in off-balance sheet commitments, and finance leases. All leases, except short-term leases and leases for low-value underlying assets, must now be presented in the consolidated statement of financial position by recognizing an asset representing the right to use the underlying asset and a liability representing the lease payments payable over the expected lease term.

Application of this standard will also result in a change in the presentation of the lease payments expense in the income statement (i.e. amortization of the right of use in current operating result and interest expense in financial income).

The impacts on the Group's 2019 consolidated financial statements are expected to be material due to the value of its operating lease commitments (see note VII.6.3). As regards the consolidated income statement, the application of this new standard will increase EBITDA (*Earnings Before Interest, Taxes, Depreciation, and Amortization*), the current operating result and the interest expense.

VII.1.2. CONSOLIDATION SCOPE AND METHODS

VII.1.2.1. PRINCIPLES OF CONSOLIDATION

Controlled entities

The Transdev group fully consolidates all entities over which it exercises control.

Definition of control

Control exists when the Group:

- holds power over an entity, and
- is exposed or has rights to variable returns from its involvement with the entity, and
- has the ability to use its power over the entity to affect the amount of its returns.

Full consolidation method

The Group consolidates a subsidiary in its consolidated financial statements from the date it obtains control of the entity to the date it ceases to control the entity.

Non-controlling interests represent the equity in a subsidiary that is not directly or indirectly attributable to the Group.

Net income and each component of other comprehensive income are attributed to owners of the Company and to non-controlling interests. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests, even if this results in non-controlling interests having a deficit balance.

Change in ownership interests in consolidated subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in a change of control over the subsidiaries are accounted for as equity transactions, as they are transactions performed by shareholders acting in this capacity.

The effects of these transactions are recognized in equity at their net-of-tax amount and do not therefore impact the Consolidated Income Statement of the Group.

These transactions are presented in the net cash from financing activities in the Statement of Cash Flows.

Investments in joint ventures and associates

Definitions

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties ("joint venturers") that have joint control of the entity have rights to its net assets.

Joint control is the contractually agreed sharing of control of an entity, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Equity method

The results and assets and liabilities of associates or joint ventures are incorporated in the Group's consolidated financial statements using the equity method, except when the investment is classified as held for sale, in which case it is accounted for in accordance with the provisions of IFRS 5, *Non-Current Assets Held for Sale and Discontinued Operations*.

Under the equity method, the investment in the associate or joint venture is initially recognized at acquisition cost and is adjusted thereafter to reflect the Group's share of the net income and other comprehensive income of the associate or joint venture.

An investment is accounted for using the equity method from the date on which the entity becomes an associate or joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the entity's identifiable assets and liabilities is recognized as goodwill; this goodwill is integrated in the line "Investments in joint ventures" or "Investments in associates". Any excess of the net fair value of the entity's identifiable assets and liabilities over the cost of the investment is recognized in profit or loss.

Presentation of the share of net income of the Group's equity-accounted entities in the consolidated income statement

Following the coming into force of Recommendation No. 2013-01 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables*, ANC) on April 4, 2013, and if the activities of the equity-accounted entities are in line with the Group's activities, the share of net income of the Group's equity-accounted entities is included in the line "Operating result after share of net income (loss) of equity-accounted entities".

When a Group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transaction with the associate or joint venture are recognized in the Group's consolidated financial statements solely to the extent of interests held by third parties in the associate or joint venture.

Impairment tests

The requirements of IAS 39, *Financial Instruments: Recognition and Measurement* are applied to determine whether it is necessary to test for impairment with respect to the investment in an associate or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36, *Impairment of Assets*.

Loss of significant influence or joint control

The equity method is no longer applied from the date the investment ceases to be an associate or a joint venture. If the Group retains a residual interest in the entity and that interest is a financial asset, the financial asset is measured at fair value at the date the investment ceases to be an associate or a joint venture.

If an investment in an associate becomes an investment in a joint venture, or vice versa, the equity method continues to be applied and the change in ownership interest does not trigger remeasurement to fair value.

Investments in joint operations

Definition

A joint operation is a joint arrangement whereby the parties ("joint operators") that have joint control of the arrangement have direct rights to the assets and obligations in respect of the liabilities relating to the arrangement.

Accounting for joint operations

As a joint operator in a joint operation, the Group recognizes in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output generated by the joint operation;
- its expenses, including its share of any expenses incurred jointly.

As a joint operator, the Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

VII.1.2.2. TRANSACTIONS IMPACTING THE CONSOLIDATION SCOPE

Business combinations and goodwill

Business combinations are accounted for using the acquisition method, as defined in IFRS 3. Under this method, identifiable assets acquired and liabilities assumed of the entity acquired are recognized at their fair value on the acquisition date.

Goodwill generated by a business combination is measured as the excess of the total consideration transferred, the amount of any non-controlling interest and, if applicable, the fair value of any previously held interest, over the net of the amounts, on the acquisition date, of identifiable assets acquired and liabilities assumed. This goodwill is measured in the functional currency of the entity acquired and is recognized as an asset in the statement of financial position.

On the acquisition date, the Group may elect, for each transaction, to measure non-controlling interests at either fair value ("full goodwill method") or the proportionate share in the fair value of the acquired entity's identifiable net assets ("partial goodwill method").

Pursuant to IFRS, goodwill is not amortized but is subject to impairment tests performed annually, and more frequently if there are indications that call into question the carrying amounts recognized as assets in the consolidated statement of financial position (see note VII.1.8).

If a business combination is made on particularly advantageous terms, negative goodwill is recognized. The corresponding gain is recognized as income on the acquisition date.

Acquisition-related costs are recognized in profit or loss in the periods in which the costs are incurred and the services received.

Pursuant to IFRS 3, the Group has a measurement period in which to finalize recognition of business combinations. This period ends when all necessary information has been obtained and no later than one year from the acquisition date.

When accounting for acquisitions of joint ventures, the Group applies the acquisition method, as defined by IFRS 3, *Business Combinations*.

Assets/liabilities classified as held for sale, discontinued operations

IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* specifies the accounting treatment applicable to assets held for sale and the presentation and information to be disclosed about discontinued operations.

In particular, it requires that assets held for sale be presented separately in the consolidated statement of financial position at the lower of their carrying amount or their fair value, less sale costs, when the criteria under the standard are satisfied.

When the Group is committed to a sale process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary that are material for the Group are reclassified as held for sale where the classification criteria set by the standard are met, irrespective of whether the Group retains a residual interest in the entity after sale.

In addition, the standard requires that the results of discontinued operations be presented separately in the consolidated income statement, retrospectively, for all periods presented.

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale.

VII.1.3. TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS AND FOREIGN CURRENCY TRANSACTIONS

VII.1.3.1. TRANSLATION OF FOREIGN SUBSIDIARIES' FINANCIAL STATEMENTS

Statements of financial position, income statements and statements of cash flows of subsidiaries whose functional currency is different from the parent company's presentation currency are translated into the currency used to present the consolidated financial statements at the applicable exchange rate, i.e., the year-end rate for statement of financial position items and the average annual rate for income statement and cash flow statement items. Foreign exchange translation gains and losses are recognized in equity as other comprehensive income.

The exchange rates of the major currencies of non-euro countries used in preparing the consolidated financial statements were as follows:

€1 = X foreign currency

AVERAGE RATE	2016	2017
U.S. Dollar	1.1066	1.1293
Australian Dollar	1.4886	1.4729
Swedish Krona	9.4667	9.6369
CLOSING RATE	**2016**	**2017**
U.S. Dollar	1.0541	1.1993
Australian Dollar	1.4596	1.5346
Swedish Krona	9.5525	9.8438

VII.1.3.2. FOREIGN CURRENCY TRANSACTIONS

In general, the functional currency of the Group's subsidiaries is their local currency. Transactions denominated in foreign currency are translated by the subsidiaries into their functional currencies at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currency are translated by the subsidiaries into their functional currencies at the year-end exchange rate. The resulting foreign exchange gains and losses are recorded in income for the period.

Loans to a foreign subsidiary for which payment is neither planned nor probable in the foreseeable future are essentially a portion of the Group's net investment in that foreign operation. Foreign exchange gains and losses on monetary items that are part of a net investment are recognized directly in other comprehensive income as foreign exchange translation adjustments, and are released to income on the disposal of the net investment.

Foreign exchange gains and losses on borrowings denominated in foreign currencies or foreign currency derivatives used to hedge net investments in foreign subsidiaries are recognized in other comprehensive income as foreign exchange translation adjustments. Amounts recognized in other comprehensive income are released to income on the sale date of the relevant investment.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate on the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated using the exchange rate on the date that fair value is measured.

VII.1.4. OPERATIONAL ACTIVITIES

VII.1.4.1. REVENUE FROM ORDINARY ACTIVITIES

Revenue from ordinary activities represents sales of goods and services, measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods or services is recognized when the following conditions are met:

- the amount of revenue can be measured reliably;
- the significant risks and rewards of ownership of the goods have been transferred to the buyer, in the case of sales of goods;
- the stage of completion of the transaction at year-end may be reasonably determined, in the case of sales of services;
- recovery of the consideration is considered probable;
- the costs incurred or to be incurred in connection with the transaction can be measured reliably.

Sales of services
The majority of the Group's activities involve sales of services.

Revenue from these activities is recognized when the service is rendered and it is probable that the economic benefits thereof will accrue to Group entities.

These activities involve the performance of a service agreed contractually (nature, price) with a public sector or industrial customer, within a set period.

It should be noted that fees and taxes collected on behalf of local authorities, as well as rail network access rights, are excluded from revenue from ordinary activities if the Group does not bear the risk of payment default by third parties.

Concession arrangements (IFRIC 12)
See note VII.1.6.4 on concession arrangements.

VII.1.4.2. INVENTORIES

In accordance with IAS 2, *Inventories,* inventories are measured at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion or the estimated costs necessary to make the sale.

VII.1.5. PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

Transdev Group and its subsidiaries have set up several pension plans.

VII.1.5.1. DEFINED-CONTRIBUTION PLANS

Defined-contribution plans are plans under which the Group (or a Group entity) pays an agreed contribution to a separate entity, relieving it of any liability for additional payments.

These obligations are recognized as an expense when due.

VII.1.5.2. DEFINED-BENEFIT PLANS

Defined-benefit plans are plans that do not meet the definition of a defined-contribution plan. The net obligations of each Group entity are calculated for each plan based on an estimate of the amount employees will receive in exchange for services rendered during the current and past periods. This amount is then discounted to present value and the fair value of plan assets is deducted.

If the calculation shows a plan surplus, the asset is recognized for the maximum of the total present value of profits, in the form of future repayments or reductions in plan contributions. In such a case, the plan surplus is recognized in non-current financial assets.

Certain obligations of the Group or Group entities may carry repayment rights, corresponding to a commitment by a third party to repay, in full or in part, the expenses related to these obligations. Repayment rights are recognized in financial assets.

For the purpose of financing defined-benefit plans, the Group may make voluntary payments to pension funds. If applicable, such voluntary payments are presented on the consolidated statement of cash flows in net cash generated by the activity, in the same manner as other employer contributions paid.

Employee benefit obligations of the Group are calculated using the projected credit unit actuarial method. This method is based on the probability of personnel remaining with companies in the Group until retirement, foreseeable changes in remuneration, the appropriate discount rate and, in some jurisdictions, on the length of the operated public service contracts. Specific discount rates are adopted for each currency zone. They are determined based on the yield offered by bonds issued by top-quality companies (rated AA) or treasury bonds or equivalent where the market is not liquid, with maturities equivalent to the average term of the plans valued in the relevant regions. This results in the recognition of pension-related assets or provisions in the consolidated statement of financial position, and the recognition of the related net expenses.

Pursuant to IAS 19 *Employee Benefits,* actuarial gains and losses related to post-employment benefits are recognized in other comprehensive income.

VII.1.6. CONTRACTUAL ASSETS

VII.1.6.1. INTANGIBLE ASSETS EXCLUDING GOODWILL

Nature

Intangible assets are identifiable non-monetary assets without physical substance. They mainly include access fees paid to local authorities under public service contracts, the value of contracts and portfolios acquired in connection with business combinations, assets constituted under IFRIC 12 agreements, trademarks, patents, licenses, software and operating rights.

Recognition in the consolidated statement of financial position

Intangible assets (excluding goodwill) are recognized at historical acquisition cost, less accumulated depreciation and any accumulated impairment losses.

Useful life and impairment

If intangible assets have a definite useful life, they are amortized on a straight-line basis over their useful life, unless another systematic amortization basis better reflects the rate of consumption of the asset. Useful lives are as follows:

	RANGE OF USEFUL LIVES IN NUMBER OF YEARS (1)
Contractual rights	contract-based
Portfolios	based on a period covering 80% of discounted flows
Purchased software	3 to 10 years

(1) The range of useful lives is due to the diversity of relevant assets.

All intangible assets excluding goodwill are subject to impairment testing annually, as soon as there are indicators that may call into question the value recognized in assets in the consolidated statement of financial position (note VII.1.8).

VII.1.6.2. PROPERTY, PLANT AND EQUIPMENT

Recognition in the statement of financial position

Property, plant and equipment are accounted for at historical acquisition cost to the Group, less accumulated depreciation and any accumulated impairment losses.

Borrowing costs incurred to finance the acquisition and construction of installations

Borrowing costs for the purpose of financing the acquisition and construction of specific installations that are incurred during the construction period are included in the cost of these assets, in accordance with IAS 23, *Borrowing Costs*.

Investment grants for property, plant and equipment

In accordance with the option offered by IAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, investment grants are deducted from the gross carrying amount of the assets for which they were received. They are recognized as a reduction in the depreciation charge over the useful life of the depreciable asset.

If construction of an asset takes place over more than one period, the portion of the grant not yet used is recorded as a liability in "other liabilities".

Depreciation

Property, plant and equipment are recorded by component and each component is depreciated over its useful life. Tangible assets are mainly depreciated on a straight-line basis, unless another systematic depreciation basis better reflects the rate of consumption of the asset.

In the case of buses and coaches, an analysis of maintenance costs led the Group to deem that each vehicle is a homogenous and coherent whole and therefore, under IFRS, constitutes a single component. However, the Group's rail equipment is broken down into several components.

The range of useful lives used for the Group is as follows, by type of fixed assets:

PROPERTY, PLANT AND EQUIPMENT	RANGE OF USEFUL LIVES IN NUMBER OF YEARS (1)
Buildings	20 to 25 years
Installations, fixtures and improvements	8 to 15 years
General plant assets	10 years
Machinery and equipment	5 to 10 years
Computer equipment	3 v 5 years
Office equipment and furniture	3 to 10 years
Coaches and buses	6,5 v 16 years
Taxis, shuttles and minibuses	3 v 8 years
Locomotive frames / bogies / cabs	24 years
Locomotive engines	18 to 24 years
Heavy lifting equipment for overhaul of rolling stock	8 years

(1) The range of useful lives is due to the diversity of relevant assets and to the ways assets are used.

Finance leases

A finance lease is a contract that transfers to the Group substantially all the risks and rewards incidental to ownership of an asset.
In accordance with IAS 17, *Leases*, assets financed by finance leases are initially recognized at the lower of fair value or the present value of minimum lease payments.

Thereafter, the Group applies the cost model rather than the revaluation model, as permitted by IAS 16 and IAS 38. These assets are depreciated over the shorter of the asset's useful life and the lease term, unless it is reasonably certain that the assets will become the property of the lessee at the end of the lease.

VII.1.6.3. OPERATING LEASES

The operating leases meet the analysis criteria set out in IAS 17. Payments made for the purpose of operating leases are recognized as expenses in the consolidated income statement on a straight-line basis over the lease contract term.

VII.1.6.4. CONCESSION ASSETS

Group's assets

A share of the Group's assets is used in connection with concession or public service management (*affermage*) contracts granted by public sector customers ("concession grantors") or sometimes signed by concession holders purchased by the Group pursuant to total or partial privatizations. The characteristics of these contracts vary significantly by country.

Nevertheless, they generally provide, directly or indirectly, for the concession grantor's involvement in determining the service and compensation therefor, as well as the return, at the end of the contract, of the assets necessary to perform the service.

IFRIC Interpretation 12, *Service Concession Arrangements,* is applicable to concession arrangements comprising a public service obligation and meeting the following criteria:

- the concession grantor controls or regulates the services to be provided by the operator using the asset, the infrastructure, the beneficiaries of the services and prices applied; and
- the concession grantor controls the residual economic value of the infrastructure at the end of the arrangement.

Pursuant to IFRIC Interpretation 12, such infrastructures are not recognized as fixed assets of the operator, but as financial assets ("financial asset model") and/or intangible assets ("intangible asset model"), depending on the compensation paid by the concession grantor.

Financial asset model

The financial asset model applies if the operator has an unconditional right to receive cash or another financial asset from the concession grantor, in remuneration for concession services.

In the case of concession services, the operator has such an unconditional right if the concession grantor contractually guarantees payment of:

- amounts specified or determined in the contract, or
- any shortfall, i.e. the difference between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of IFRIC Interpretation 12 are recorded in the consolidated statement of financial position under a separate heading entitled "Operating financial assets", and recognized at amortized cost.

Unless otherwise indicated in the contract, the effective interest rate retained is equal to the weighted average cost of capital of the entities carrying the relevant assets.

Cash flows associated with these operating financial assets are included in the consolidated statement of cash flows in net cash used in investing activities.

Pursuant to IAS 39 *Financial Instruments: Recognition and Measurement*, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate.

The portion that matures in less than one year is presented in "Current operating financial assets", and the portion that matures in more than one year is presented in "Non-current operating financial assets".

Revenue from ordinary activities associated with this financial model includes remuneration of the operating financial asset accounted for in Revenue from operating financial assets (excluding principal payments) and also the compensation for the service.

Intangible asset model

The intangible asset model applies if the operator is paid by the users or if the concession grantor makes no contractual guarantee concerning the recoverable amount. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service as compensation for the concession services.

Intangible assets resulting from the application of IFRIC Interpretation 12 are recognized in the consolidated statement of financial position under a separate heading entitled "Concession intangible assets" and are amortized, generally on a straight-line basis, over the contract term.

Outgoing cash flows, i.e. disbursements, associated with infrastructure construction pursuant to "intangible asset model" concession arrangements are presented in the consolidated statement of cash flows in net cash from investing activities, and incoming cash flows are presented in net cash generated by the activity.

Under the intangible asset model, revenue from ordinary activities corresponds to compensation for the service.

Mixed or bifurcation model

The choice of the financial asset or intangible asset model depends on the existence of payment guarantees made by the concession grantor.

However, certain contracts may include a payment commitment on the part of the concession grantor covering only part of the investment, with the balance covered by fees charged to users.

In such a case, the investment amount guaranteed by the concession grantor is recognized using the financial asset model and the balance is recognized using the intangible asset model.

Investment grants related to concession arrangements

Investment grants received in connection with concession arrangements are generally vested and are therefore not repayable.

In accordance with the option offered by IAS 20, these grants are presented as a deduction from intangible assets or financial assets, depending on the model chosen when the concession arrangement is interpreted (IFRIC 12):

- under the intangible asset model, investment grants reduce the amortization expense for intangible assets within the scope of the concession over the residual term of the concession arrangement,
- under the financial asset model, investment grants are treated as a method of repaying the operating financial asset.

Assets made available to the Group by concession grantors

Under certain concession arrangements, the rolling stock is provided to the Group in consideration for lease payments, in which case the arrangement takes the legal form of a lease contract. At the same time, the concession grantor grants the Group unconditional repayment rights for an equivalent amount.

Due to the fact that the concession grantors control the use of the rolling stock, the Group cannot apply IAS 17 to these contracts. Therefore, these future lease payments are treated as the acquisition cost of the concession contract, and their present value is reported in the "Provision of rolling stock under concession arrangements - non-current part" and "Provision of rolling stock under concession arrangements - current part" items of the consolidated statement of financial position. These liabilities are not included in the definition of the Group's "Net Financial Debt" indicator because they are future lease payments for rolling stock that are fully secured by revenues, of the same amount and with the same maturities, to be paid by the concession grantors.

The repayment rights, of an equivalent amount, are classified as "Non-current operating financial assets" and "Current operating financial assets" in the consolidated statement of financial position.

These transactions have no impact on the consolidated statement of cash flows throughout the term of the contract.

In the consolidated income statement, amounts paid by concession grantors are set off against the lease payments made by the Group for the rolling stock provided to it.

VII.1.7. PROVISIONS

In accordance with IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, provisions are recognized if, at year-end, the Group has a present legal or constructive obligation to a third party as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

In the event of restructuring, an obligation exists if, prior to year-end, the restructuring has been announced and a detailed plan produced or implementation has commenced. No provision is recognized for future operating costs.

Provisions covering outflows after more than one year are discounted if the impact is material. The discount rates used reflect current assessments of the time value of money and specific risks associated with the obligation. The effects of the unwinding of discounted provisions are recorded in the income statement, under the heading “Other financial income and expenses”.

VII.1.8. IMPAIRMENT OF FIXED ASSETS AND NON-FINANCIAL ASSETS

The carrying amounts of non-financial assets, other than inventory and deferred tax assets, are reviewed at year-end to determine if there is any indication that the value of an asset has become impaired. If such indication exists, the recoverable amount (equal to the higher of fair value less costs to sell and value in use) of the asset or group of assets is estimated.

Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at year-end following the updating of the long-term plan and at any other time if there is any indication of impairment.

If the recoverable amount calculated is less than the net carrying amount of an asset or group of assets, an impairment loss is recognized.

Impairment losses for fixed assets may be reversed, except for those relating to goodwill.

VII.1.8.1. GOODWILL AND IMPAIRMENT TESTING

A cash generating unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows generated by other assets or groups of assets. In light of the Group’s business, CGUs generally coincide with a country.

For the purposes of impairment testing, as of the acquisition date, goodwill is allocated to each CGU or group of CGUs that should benefit from the business combination.

A CGU to which goodwill is allocated is subject to impairment testing every year, as well as any time there is an indication that the CGU has suffered an impairment loss, by comparing the carrying amount of the CGU, including goodwill, with its recoverable amount.

Therefore, changes in the overall economic and financial context, deterioration in local economic environments and changes in performances are among the external indicators of impairment that the Group analyzes to determine if impairment tests should be conducted more frequently.

If applicable, impairment of goodwill is recognized in the operating result, in “Other operating income and expenses”; it is definitive.

VII.1.8.2. MEASURING RECOVERABLE AMOUNTS

The need to recognize an impairment loss is determined by comparing the carrying amounts of a CGU or group of CGUs and their recoverable amounts.

Recoverable amount is defined as the higher of fair value less costs to sell and value in use.

Fair value less costs to sell is measured on the basis of available information enabling the best estimate of sale value less the costs necessary to make a sale, under normal competitive conditions between well-informed and consenting parties.

The value in use measured by the Group is equal to the present value of future cash flows from CGUs or groups of CGUs, taking into account their residual value, on the basis of the following factors:

- projected cash flows are based on the long-term plan prepared during the first semester and subsequently revised. This plan covers the year in progress and the next six years. This period corresponds to the average duration of the Group's portfolio of long-term contracts and its short-term business activities;
- final values are measured on the basis of the present value of projected cash flows for the last year of the long-term plan (2023). These cash flows are estimated for each CGU on the basis of a continuous growth rate that takes factors such as inflation into account;
- a discount rate (weighted average cost of capital) is determined for each asset and CGU. This rate corresponds to a risk-free rate, increased by a risk premium weighted on the basis of specific country risks (see note VII.2). Therefore, the discount rates estimated by management for each CGU reflect current assessments of the market, the time value of money and country risks specific to the CGU only; other risks are included in future cash flows;
- investments included in cash flow projections are investments that make it possible to maintain the level of economic benefits that the assets should generate in their current condition and to satisfy contractual obligations;
- restructuring plans not yet implemented are not included in the cash flow projections used to measure value in use.

VII.1.9. FINANCIAL INSTRUMENTS

VII.1.9.1. FINANCIAL ASSETS AND LIABILITIES

Financial assets include available-for-sale assets, assets measured at fair value in income, asset derivative instruments, loans and receivables, and cash and cash equivalents.

Financial liabilities include borrowings, other financing and bank overdrafts, liability derivative instruments and operating debts.

The measurement and recognition of financial assets and liabilities are governed by IAS 39, *Financial Instruments: Recognition and Measurement*.

Measurement, recognition and derecognition of financial assets

Financial assets are initially recognized at fair value, less transaction costs, if the relevant assets are not subsequently measured at fair value in income. In the case of assets measured at fair value in income, transaction costs are recognized directly in income.

On the acquisition date, the Group classifies financial assets into one of the four accounting categories specified in IAS 39.

Available-for-sale assets

Available-for-sale assets mainly consist of non-consolidated investments which are measured at fair value. Non-consolidated investments principally concern unlisted securities. If their fair value cannot be determined reliably, the securities continue to be measured at their cost of acquisition.

Variations in value are recognized directly in other comprehensive income and are released to income on the sale of the available-for-sale assets.

Whenever there is an objective indication that these assets are impaired, the corresponding loss is recognized in profit or loss and may not be reversed. The main factors considered are the decrease in value of the share of equity held and the absence of prospects for generating profits.

Loans and receivables

This category includes loans to investments, operating financial assets, other loans and receivables and trade receivables. After initial recognition at fair value, these instruments are recognized and measured at amortized cost using the effective interest rate method (EIR).

An impairment loss is recognized when an indication of impairment exists, if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial effective interest rate. The impairment loss is recognized in the consolidated income statement.

The impairment of trade receivables is calculated using an individual method: the probability and amount of loss is assessed on a case-by-case basis, in particular for non-State public debtors (prior past due payments, other receivables or payables with the counterparty, geographical location).

Net gains and losses on loans and receivables consist of interest income and impairment losses.

Assets and liabilities measured at fair value in income

This category includes:

- trading assets and liabilities that the Group acquires with the intention of selling them in the near term in order to realize a gain, that are part of a portfolio of financial instruments managed together and for which there is a practice of short-term profit-taking. Derivative instruments not classified as hedging instruments are also considered trading assets and liabilities;
- assets optionally measured at fair value. This category consists primarily of the portfolio of cash UCITS whose management and performance are based on fair value.

Changes in the value of these assets are recognized in the consolidated income statement.

Net gains and losses on assets measured at fair value in the income statement consist of interest income, dividends and fair value adjustments.

Net gains and losses on derivatives acquired for trading purposes consist of flows exchanged and variations in the value of the instrument.

Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights to the cash flows from the financial asset pursuant to a transaction under which nearly all the rights and obligations inherent to ownership of the financial asset are transferred. Any interest created or retained by the Group in financial assets transferred is recognized separately as an asset or liability.

Cash and cash equivalents

Cash equivalents are held to meet short-term cash commitments. For an investment to be considered a cash equivalent, it must be easily convertible into a known amount of cash and have negligible risk of a change in value, thereby meeting the criteria of IAS 7 *Statement of Cash Flows*.

Cash and cash equivalents include all cash balances, certain term deposits, negotiable debt instruments and cash UCITS.

Cash and cash equivalents are measured at fair value in income. Note VII.1.9.3 sets out the method of determining fair value. Cash and cash equivalents belong to fair value levels 1 and 2:
- instruments with a quoted price in an active market in level 1;
- other instruments that are not quoted but the fair value of which is determined using valuation techniques involving standard mathematical calculation methods integrating observable market data, in level 2.

Bank overdrafts repayable on demand that form an integral part of the Group's cash management policy represent a component of cash and cash equivalents for the purposes of the statement of cash flows.

Recognition and measurement of financial liabilities

With the exception of trading liabilities and liability derivative instruments that are measured at fair value, borrowings and other financial liabilities are initially recognized at fair value, less transaction costs, and are subsequently measured at amortized cost using the effective interest rate method (EIR).

The effective interest rate is the rate that exactly discounts future cash payments or receipts over the estimated term of the financial instrument or, if applicable, over a shorter period, enabling calculation of the net carrying amount of the financial asset or liability.

If a financial liability issued includes an embedded derivative that must be recognized separately, the amortized cost is calculated on the debt component only. The amortized cost at the acquisition date is equal to the proceeds from the issue, less the fair value of the embedded derivative.

Recognition and measurement of derivative instruments

The Group uses derivative financial instruments primarily to hedge its exposure to foreign exchange, interest rate and commodities risks resulting from its operating, financial and investment activities. Certain transactions carried out in accordance with the Group's risk management policy that do not meet hedge accounting criteria are recorded as trading instruments.

Derivative instruments are recognized at fair value in the consolidated statement of financial position. Other than the exceptions detailed below, changes in the fair value of derivative instruments are recognized in the consolidated income statement. The fair value of derivatives is estimated using standard valuation models that take into account active market data.

Net gains or losses on instruments at fair value in the consolidated income statement (trading) correspond to flows exchanged and the change in the value of the instrument.

Derivative instruments may be classified as hedges under one of three types of hedging relationship: fair value hedge, cash flow hedge or hedge of a net investment in a foreign operation:
- a fair value hedge is a hedge of exposure to changes in the fair value of a recognized asset or liability, or an identified portion of such an asset or liability, that is attributable to a specific risk (in particular, interest rate or foreign exchange risk) and could affect net income for the period;
- a cash flow hedge is a hedge of exposure to variations in cash flows that are attributable to a specific risk associated with a recognized asset or liability or a highly probable forecast transaction (such as a fuel purchase) and could affect net income for the period.

An asset, liability, firm commitment or highly probable forecast cash-flow qualifies for hedge accounting if:
- the hedging relationship is precisely defined and documented at the inception date;
- the effectiveness of the hedge is demonstrated at the outset and by regular subsequent verification of the correlation between movements in the market value of the hedging instrument and the hedged item. The actual results of the hedge have to be within a range of 80–125 per cent over the hedging period. The ineffective portion is systematically recorded in income.

The use of hedge accounting has the following consequences:
- in the case of fair value hedges of existing assets and liabilities, the hedged portion of these items is measured at fair value in the consolidated statement of financial position. Changes in fair value are recognized in the consolidated income statement, where they are set off against matching changes in the fair value of the hedging financial instruments, to the extent they are effective;
- in the case of cash flow hedges, the effective portion of changes in fair value of the hedging instrument is recognized directly in other comprehensive income, and changes in the fair value of the underlying item are not recognized in the consolidated statement of financial position. The ineffective portion of fair value variations is recognized in income. Amounts recognized in other comprehensive income are released to income in the same period or periods in which the asset acquired or liability issued impacts income.

VII.1.9.2. FINANCIAL ITEMS IN THE CONSOLIDATED INCOME STATEMENT

Finance costs consist of interest payable on borrowings, calculated using the amortized cost method, and losses on interest rate derivatives, whether or not classified as hedges.

Interest expenses included in payments under finance leases are recognized using the effective interest rate method.

Income from financial indebtedness includes gains on interest rate derivatives, whether or not classified as hedges, and income from investments of cash and cash equivalents.

Interest income is recognized in the consolidated income statement when earned, using the effective interest rate method.

Other financial income and expenses primarily include income from financial receivables calculated using the effective interest rate method, dividends, foreign exchange gains and losses, impairment losses on financial assets and the unwinding of discounted provisions.

VII.1.9.3. PRINCIPLES FOR MEASURING FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of all financial assets and liabilities is measured at year-end, either for recognition in the accounts or disclosure in the notes to the financial statements (see note VII.10.5).

Fair value is determined:

- based on quoted prices in an active market (level 1); or
- using internal valuation techniques involving standard mathematical calculation methods integrating observable market data (forward rates, interest rate curves, etc.). Valuations produced by these models are adjusted to take into account a reasonable change in the credit risk of the Group or the counterparty (level 2); or
- using internal valuation techniques integrating parameters estimated by the Group in the absence of observable data (level 3).

VII.1.10. INCOME TAX

Income tax (expense or credit) includes current tax expense (or credit) and deferred tax expense (or credit).

Temporary differences and tax losses generally result in the recognition of deferred tax assets or liabilities.

Deferred tax assets resulting from temporary differences are recognized only if it is probable that:

- sufficient taxable temporary differences will be available within the same tax entity or the same tax group, and it is likely that they will reverse during the period in which these deductible temporary differences will arise or during the periods in which the tax loss resulting from the deferred tax asset may be carried forward or back;
- the Group will have future taxable profits against which the asset can be set off.

At each year-end, the Group reviews the value of recoverable deferred tax assets associated with significant tax loss carryforwards. Deferred tax assets associated with such tax losses are not recognized or are reduced if facts and circumstances specific to each relevant company or tax group so require, in particular if:

- the time frame of projections and uncertainties about the economic environment no longer allow an assessment of the level of probability that they will be used;
- the companies have not begun to use these losses;
- the time frame of foreseeable use exceeds the deferral period authorized by the tax laws and/or a period of about five years from the end of the relevant fiscal year; or
- a set-off against future taxable profits appears uncertain due to the risk of diverging interpretations concerning the application of tax laws.

Deferred tax balances are calculated on the basis of the tax situation of each company or the overall results of all companies within the relevant tax consolidation scope, and the net amount is recognized as an asset or liability in the statement of financial position by tax entity.

Deferred tax assets and liabilities are adjusted to take into account the effect of amendments to the tax laws and changes in tax rates in force at year-end. Deferred taxes are not discounted.

VII.2. USE OF MANAGEMENT ESTIMATES IN APPLYING GROUP ACCOUNTING STANDARDS

Transdev may make estimates and use assumptions that affect the carrying amount of assets, liabilities, revenue and expenses, as well as the disclosures concerning contingent assets and liabilities. The actual future results may be materially different from these estimates.

Underlying estimates and assumptions are made based on past experience and other factors considered as reasonable given the circumstances. They act as a basis for making judgments necessary for measuring the carrying amounts of assets and liabilities, which cannot be obtained directly from other sources. Actual values may differ from these estimates.

All of these estimates are based on an organized process for collecting forecast information on future flows, after validation by operating management, and on anticipated market data based on external indicators, which are used in accordance with consistent and documented methodologies.

Underlying estimates and assumptions are reviewed on an ongoing basis. The impact of changes in accounting estimates is recognized in the period the change is made.

Accounting estimates are made in an environment where market developments can be rapid and significant, with consequences that may make such estimates difficult for the Group. In this context, the consolidated financial statements for the period were prepared based on the current environment, particularly with respect to the estimates presented below.

The Group's key estimates used in preparing its consolidated financial statements concern:

- the measurement of provisions (note VII.7) and employee benefits (note VII.5.2). In determining these provisions, Transdev has used the best estimates of these obligations. In particular, the estimate of provisions for self-insurance and claims in the United States is based on an estimate of litigation settlements and an actuarial valuation, which takes into account factors such as claim ratio (claim frequency and size), the progress of litigation and disputes not yet identified. These factors are based on judgments, which are a source of uncertainty;
- pending legal or arbitration proceedings (note VII.15). In accordance with the criteria of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets,* the Group has determined that, as of December 31, 2017, no provision or accrued income should be recognized in connection with pending legal or arbitration proceedings if their outcome is considered highly uncertain or the financial consequences thereof are not quantifiable to date;
- determining the recoverable amounts of goodwill, intangible assets and property, plant and equipment. Note VII.8 presents the future cash flow and discount rate assumptions used to measure the recoverable amounts of these assets. Sensitivity analyses were also performed and are presented in the aforementioned note;
- the amounts of deferred tax assets and liabilities, as well as the income tax expense recognized (note VII.12). These balances represent the Group's tax position and are based on the best estimates available to the Group of future taxable profits and the outcome of tax audits in progress.

For the purposes of these estimates, the Group used the following methodology to calculate discount rates:

- application of IAS 36 *Impairment of Assets:* the discount rates used correspond to the weighted average cost of capital, calculated at the end of the second half of 2017;
- application of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets:* the discount rates used consist of a risk-free interest rate and a risk premium specific to the underlying assets and liabilities;
- application of IAS 19 *Employee Benefits:* commitments are measured using a range of market indices, in particular the iboxx index, and data provided by the Group's actuaries.

VII.3. SIGNIFICANT EVENTS DURING THE FISCAL YEAR

VII.3.1. COMMERCIAL OPERATIONS

France

In Île-de-France, type 3 contracts (CT3) were approved by Île-de-France Mobilités, the Île-de-France public transportation authority. These contracts took effect on January 1, 2017 and will run until December 31, 2020. The recitals to these contracts state that by signing type 1 contracts, then type 2 contracts and finally these new type 3 contracts, the operators never intended to waive their operating rights before the expiration date provided in the ORTF Act of December 8, 2009, i.e., December 31, 2024.

Transdev renewed the Le Havre contract for a term of six years. This contract generates annual revenue of around €54 million.

In 2017, Transdev was awarded the on-street parking enforcement contracts for the city of Paris (one-third of the city), as well as for the cities of Bordeaux, Suresnes, Bagneux, Laval, Rambouillet and Draguignan.

Netherlands

In the Netherlands, the Amstelland-Meerlanden contract that was renewed for a term of ten years, with a possible five-year extension (average annual revenue of around €122 million), began in December 2017.

The Noord-Holland-Noord contract was renewed for a term of ten years (average annual revenue of around €36 million).

New Zealand

In New Zealand, the operation of the Auckland rail contract was extended in July 2017 for a term of 30 months (average annual revenue of around 71 million New Zealand dollars).

VII.3.2. TRANSFER OF THE GROUP'S REGISTERED OFFICE AND RELOCATION OF CENTRAL FUNCTIONS

In 2017, Transdev Group's registered office was transferred to 3 allée de Grenelle, 92130 Issy-les-Moulineaux, France.

VII.4. OPERATIONAL ACTIVITIES

VII.4.1. OPERATING RESULT

VII.4.1.1. ITEMS COMPRISING REVENUE FROM ORDINARY ACTIVITIES AND OPERATING RESULT

The items comprising revenue from ordinary activities and operating result are shown below:

(€ millions)	FISCAL YEAR 2016	FISCAL YEAR 2017
Revenue from services	6,639.5	6,609.4
Revenue from sales of goods	14.8	22.0
Revenue from operating financial assets	15.3	11.8
REVENUE FROM ORDINARY ACTIVITIES	**6,669.6**	**6,643.2**
Employee expenses	(3,756.8)	(3,768.5)
Impairment of operating receivables, net of reversals	12.8	30.6
Depreciation, amortization and operating provisions, net of reversals (excluding restructuring and impairment of operating receivables and goodwill)	(276.2)	(289.6)
Gains (losses) on disposals of capital assets	6.7	7.1
Others	(2,532.4)	(2,484.5)
CURRENT OPERATING RESULT	**123.7**	**138.3**
Restructuring costs *(net of provisions and reversals)*	(6.9)	(16.3)
Gains (losses) on disposals of financial assets	10.8	2.8
Impairment of goodwill and other non-current expenses related to impairment tests	(39.8)	(27.1)
Others	(9.1)	(0.5)
OPERATING RESULT	**78.7**	**97.2**
Share of net income (loss) of equity-accounted entities	(1.0)	4.6
OPERATING RESULT after share of net income (loss) of equity-accounted entities	**77.7**	**101.8**

At year-end 2017, the Group's consolidated revenue from ordinary activities totaled €6,643.2 million. The main geographical areas in which the Group does business are France (€2,648.5 million), the United States (€1,141.2 million), the Netherlands (€801.7 million) and Germany (€572.9 million).

Employee expenses are discussed in note VII.5.1.

VII.4.1.2. RECONCILIATION OF EBITDA TO OPERATING RESULT

(€ millions)	FISCAL YEAR 2016	FISCAL YEAR 2017
EBITDA *(Earnings Before Interest, Taxes, Depreciation, and Amortization)* (1)	392.1	417.8
Depreciation and amortization	(288.2)	(267.6)
Operating provisions, net of reversals	10.8	(6.1)
Gains (losses) on disposals of capital assets	6.7	7.1
Others	2.3	(12.9)
CURRENT OPERATING RESULT	**123.7**	**138.3**
Restructuring costs *(net of provisions and reversals)*	(6.9)	(16.3)
Gains (losses) on disposals of financial assets	10.8	2.8
Impairment of goodwill and other non-current expenses related to impairment tests	(39.8)	(27.1)
Others	(9.1)	(0.5)
OPERATING RESULT	**78.7**	**97.2**
Share of net income (loss) of equity-accounted entities	(1.0)	4.6
OPERATING RESULT after share of net income (loss) of equity-accounted entities	**77.7**	**101.8**

(1) Including impairment related to operating working capital requirements.

In fiscal year 2017, "Impairment of goodwill and other non-current expenses related to impairment tests" primarily includes impairment of goodwill and impairment of the brands and licenses of the on-demand transportation business (United States and United Kingdom).

VII.4.1.3. BREAKDOWN OF NET DEPRECIATION AND AMORTIZATION, PROVISIONS AND IMPAIRMENT

The breakdown of the net depreciation, amortization, provisions and impairment expense in fiscal year 2017 is shown below:

(€ millions)	OPERATING	FINANCIAL	TAX	DISCONTINUED OPERATIONS	TOTAL
Net provisions for impairment of assets [1]	17.1	(3.8)	33.3	-	46.6
Provisions for contingent liabilities	(30.0)	(0.2)	(0.2)	-	(30.4)
Current and non-current provisions	**(12.9)**	**(4.0)**	**33.1**	**-**	**16.2**
Depreciation, amortization and impairment of property, plant and equipment and intangible fixed assets	(262.7)	-	-	-	(262.7)
Impairment of reveivables on disposal of property, plant and equipment and intangible assets	-	-	-	-	-
Impairment of goodwill and other expenses related to impairment tests	(27.1)	-	-	-	(27.1)
DEPRECIATION, AMORTIZATION, PROVISIONS AND IMPAIRMENT	**(302.7)**	**(4.0)**	**33.1**	**-**	**(273.6)**

[1] Impairment losses on inventories and receivables are recorded in changes in working capital requirements in the Consolidated Statement of Cash Flows.

The net depreciation and amortization, provisions and impairment expense of €–273.6 million includes a depreciation and amortization expense of €–267.6 million.

The provisions for contingent liabilities are discussed in note VII.7.

VII.4.1.4. BREAKDOWN OF RESTRUCTURING COSTS

(€ millions)	FISCAL YEAR 2016	FISCAL YEAR 2017
Restructuring costs	(5.1)	(13.2)
Restructuring provisions, net of reversals	(1.8)	(3.1)
RESTRUCTURING COSTS	**(6.9)**	**(16.3)**

In fiscal year 2017, restructuring costs primarily concerned operations in France, the Netherlands and the United States.

VII.4.2. WORKING CAPITAL REQUIREMENTS

VII.4.2.1. CHANGES IN WORKING CAPITAL REQUIREMENTS BY TYPE

Net WCR includes “operating” WCR (inventories, trade receivables, trade payables, other operating receivables and payables and tax receivables and payables excluding current taxes), “tax” WCR (current tax receivables and payables) and “investment” WCR (current receivables and payables on fixed asset acquisitions).

Changes in each of these types of WCR in fiscal year 2017 are shown below:

(€ millions)	DECEMBER 31, 2016	CHANGE IN BUSINESS	NET IMPAIRMENT LOSSES	CHANGE IN CONSOLIDATION SCOPE	CURRENCY IMPACT	OTHER CHANGES	DECEMBER 31, 2017
Inventories and work in progress [1]	102.7	3.6	(0.9)	-	(2.2)	(0.6)	102.6
Operating receivables (o/w tax receivables, except current tax)	1,138.8	104.7	18.0	0.9	(28.0)	(6.6)	1,227.8
Operating payables (o/w tax payables, except current tax)	(1,677.8)	2.2	-	(1.5)	28.3	6.6	(1,642.2)
OPERATING WORKING CAPITAL REQUIREMENTS [2]	**(436.3)**	**110.5**	**17.1**	**(0.6)**	**(1.9)**	**(0.6)**	**(311.8)**
Tax receivables (current tax)	23.3	(1.2)	-	-	(0.5)	-	21.6
Tax payables (current tax)	(7.5)	(1.9)	-	-	0.3	0.9	(8.2)
TAX AMOUNTS IN WORKING CAPITAL REQUIREMENTS	**15.8**	**(3.1)**	**-**	**-**	**(0.2)**	**0.9**	**13.4**
Other receivables	84.8	(13.0)	-	0.5	-	(41.1)	31.2
Other payables	(104.0)	(43.8)	-	-	0.1	41.4	(106.3)
INVESTMENTS IN WORKING CAPITAL REQUIREMENTS	**(19.2)**	**(56.8)**	**-**	**0.5**	**0.1**	**0.3**	**(75.1)**
NET WORKING CAPITAL REQUIREMENTS	**(439.7)**	**50.6**	**17.1**	**(0.1)**	**(2.0)**	**0.6**	**(373.5)**

[1] Net inventories and work in progress correspond mainly to raw materials and spare parts.
[2] The change in working capital requirements in the Consolidated Statement of Cash Flows is equal to the sum of the “Changes in business” and the “Net impairment losses” of the operating working capital requirements presented above.

VII.4.2.2. CHANGES IN OPERATING RECEIVABLES

Changes in operating receivables in fiscal year 2017 are shown below:

OPERATING RECEIVABLES (€ millions)	DECEMBER 31, 2016	CHANGE IN BUSINESS	IMPAIRMENT LOSSES [1]	REVERSAL OF IMPAIRMENT LOSSES [1]	CHANGE IN CONSOLIDATION SCOPE	CURRENCY IMPACT	OTHER CHANGES	DECEMBER 31, 2017
Trade receivables	848.0	46.2	-	-	1.0	(23.8)	(1.4)	870.0
Impairment on trade receivables	(47.4)	-	(7.3)	24.2	-	1.0	(0.9)	(30.4)
Trade receivables, net [2]	**800.6**	**46.2**	**(7.3)**	**24.2**	**1.0**	**(22.8)**	**(2.3)**	**839.6**
Other operating receivables	342.4	58.5	-	-	(0.1)	(5.2)	(4.3)	391.3
Impairment on other operating receivables	(4.2)	-	(0.4)	1.5	-	-	-	(3.1)
Other operating receivables, net [2]	**338.2**	**58.5**	**(0.4)**	**1.5**	**(0.1)**	**(5.2)**	**(4.3)**	**388.2**
Other receivables	84.8	(13.0)	-	-	0.5	-	(41.1)	31.2
Tax receivables	23.3	(1.2)	-	-	-	(0.5)	-	21.6
OPERATING RECEIVABLES, NET	**1,246.9**	**90.5**	**(7.7)**	**25.7**	**1.4**	**(28.5)**	**(47.7)**	**1,280.6**

(1) Impairment losses are recorded in operating income and included in the line "Changes in working capital requirements" in the Consolidated Statement of Cash Flows.
(2) Financial assets as defined by IAS 39, valued in accordance with the rules applicable to loans and receivables.

Short-term trade receivables and payables with no stated interest rate are measured at their nominal amount, unless discounting using the market interest rate has a material impact.

VII.4.2.3. CHANGES IN OPERATING PAYABLES

Changes in operating payables in fiscal year 2017 are shown below:

OPERATING PAYABLES (€ millions)	DECEMBER 31, 2016	CHANGE IN BUSINESS	CHANGE IN CONSOLIDATION SCOPE	CURRENCY IMPACT	OTHER CHANGES	DECEMBER 31, 2017
Trade payables [1]	558.0	12.6	0.2	(8.5)	(0.3)	562.0
Other current operating payables [1]	1,119.8	(14.8)	1.3	(19.8)	(6.3)	1,080.2
Other payables	104.0	43.8	-	(0.1)	(41.4)	106.3
Tax payables	7.5	1.9	-	(0.3)	(0.9)	8.2
OPERATING PAYABLES	**1,789.3**	**43.5**	**1.5**	**(28.7)**	**(48.9)**	**1,756.7**

(1) Financial liabilities as defined by IAS 39, valued at amortized cost.

VII.5. EMPLOYEE EXPENSES AND BENEFITS

VII.5.1. EMPLOYEE EXPENSES AND WORKFORCE

VII.5.1.1. EMPLOYEE EXPENSES

(€ millions)	FISCAL YEAR 2016	FISCAL YEAR 2017
Employee expenses	(3,729.9)	(3,744.7)
Profit-sharing and incentive plans	(26.9)	(23.8)
TOTAL EMPLOYEE EXPENSES	**(3,756.8)**	**(3,768.5)**

Employee expenses include the impact of the Competitiveness and Employment Tax Credit (France). This credit is offset against income tax owed for the fiscal year in which it is earned and, thereafter, against any tax owed for the next three fiscal years. At the end of this credit period, any portion of the credit that has not been used must be refunded.

VII.5.1.2. WORKFORCE

The consolidated full-time equivalent workforce is equal to the number of employees of each subsidiary, calculated as a full-time equivalent for the fiscal year, on the basis of working hours and employment rates. That figure is then consolidated using the consolidation method applied to the company within the consolidation scope:

- employees of fully consolidated companies are included in full during the consolidation period;
- employees of joint operations are included only in proportion to their consolidation rate during the consolidation period;
- employees of companies consolidated using the equity method are not included.

The average consolidated full-time equivalent workforce totals 74,309 employees for continuing operations and breaks down geographically as follows:

AVERAGE NUMBER OF EMPLOYEES	DECEMBER 31, 2016	DECEMBER 31, 2017
France	31,416	31,707
United States	13,711	13,857
Netherlands	8,768	6,956
Pacific	4,926	5,438
Germany	4,129	4,059
Others	12,264	12,293
TOTAL	**75,214**	**74,309**

VII.5.2. POST-EMPLOYMENT BENEFITS AND OTHER LONG-TERM BENEFITS

Depending on local regulations and collective bargaining agreements, the Group has set up defined-contribution pension plans, defined-benefit pension plans (covering one company or several employers) and other post-employment benefits for its employees.

VII.5.2.1. BREAKDOWN OF PROVISIONS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ millions)	FRANCE [1]	AUSTRALIA / NEW ZEALANDE	SWEDEN	UNITED STATES	UNITED KINGDOM	OTHER	TOTAL
Pension plans and early-retirements (except retiree medical coverage)	-	-	17.2	16.3	13.3	12.1	58.9
End-of-career allowances	55.6	0.8	-	-	-	6.6	63.0
Other post-employment benefits	-	-	-	-	-	-	-
Total post-employment benefits	**55.6**	**0.8**	**17.2**	**16.3**	**13.3**	**18.7**	**121.9**
Long-service awards	5.3	-	-	-	-	3.1	8.4
Other long-term benefits	-	18.1	-	-	-	9.7	27.8
Total other long-term benefits	**5.3**	**18.1**	**-**	**-**	**-**	**12.8**	**36.2**
PROVISIONS FOR EMPLOYMENT BENEFIT OBLIGATIONS AS OF DECEMBER 31, 2017	**60.9**	**18.9**	**17.2**	**16.3**	**13.3**	**31.5**	**158.1**

[1] The reported "France" activity does not include the activities carried out by the holding company (included in the column "Other").

VII.5.2.2. DEFINED-CONTRIBUTION PLANS

As described in note VII.1.5, defined-contribution plans refer to plans under which the Group (or a Group entity) pays an agreed contribution to a separate entity, relieving it of any liability for additional payments. These obligations are recognized as an expense when they come due.

Mandatory basic pension plans in the various countries where the Group does business are generally defined-contribution plans. Additional defined-contribution plans have been set up within certain subsidiaries. The Group's expenses for these plans totaled about €57 million (€56 million in 2016).

VII.5.2.3. CORPORATE DEFINED-BENEFIT PLANS

Certain companies of the Group have set up defined-benefit pension plans (primarily supplemental pensions and end-of-career allowances) and/or plans that offer other post-employment benefits.

These obligations are measured using the defined benefit obligation (DBO) concept or the discounted value of the obligation. These future payment obligations may be financed in part or in full (through "plan assets").

Non-financed plans

Non-financed plans are essentially retirement benefit plans, for which rights vest only if the employee is still employed by the Group at the time he/she retires. A provision is recognized, without any obligation to pre-finance it because the payment of these benefits remains uncertain. In some cases, funds have been placed with external organizations (such as insurance companies) but without any future financing obligation.

In France, nearly all actuarial debt is for legally required retirement allowances paid in a single installment. These allowances are a multiple of the employee's last salary based on his/her length of service and are required to be paid at the time employees retire, pursuant to the collective bargaining agreements. The two main collective bargaining agreements applicable in France are the Urban Public Transportation Collective Bargaining Agreement (CCN-3099) and the Trucking Industry Collective Bargaining Agreement (CCN-3085).

Financed plans

Financed plans are essentially pension plans in the United States and the United Kingdom. These obligations are pre-financed by contributions paid by the Group's subsidiaries and the employees to external funds that are separate legal entities and whose investments are subject to the fluctuations of the financial markets.

United States

In the United States, defined-benefit plans essentially concern retirement obligations pursuant to a contract, which are managed through a pension fund. All rights acquired (based on salary and number of years of service with the Group) have been frozen; beneficiaries who are still employed cannot acquire additional rights.

United Kingdom

In the United Kingdom, the Group's obligations are managed essentially through pension funds. Each fund is managed by a council of trustees, who are representatives of the Group's subsidiaries, employees and retirees, and at times are advised by independent experts.

In 2010, all rights acquired (based on salary and number of years of service with the Group) were frozen; beneficiaries who are still employed cannot acquire additional rights.

Risk exposure

The main risks to which the Group is exposed through the pension plans in the United Kingdom and North America are plan asset volatility, changes in bond rates and longevity.

Obligations with respect to defined-benefit pension plans and other post-employment benefits

The tables below show the Group's obligations with respect to defined-benefit pension plans (see note VII.1.5) and other post-employment benefits. They exclude, by definition, defined-contribution plans and multi-employer retirement plans, in particular the SPOV plan in the Netherlands (see note VII.5.2.4).

Actuarial assumptions

Actuarial assumptions used for the calculations vary according to the country in which the plans are set up.

	AS OF DECEMBER 31, 2016	AS OF DECEMBER 31, 2017
Discount rate		
Euro zone	1.4%	1.1%
United States	4.0%	3.7%
United Kingdom	2.7%	2.5%
Sweden	2.6%	2.5%
Taux d'inflation		
Zone euro	1.8%	1.8%
United States	2.5%	2.5%
United Kingdom [1]	3.3%/2.3%	3.2%/2.1%
Sweden	1.9%	1.9%
Rate of salary increases (excluding SPOV plan)	2.4%	2.4%

[1] RPI/RCI

Changes in the defined benefit obligation (DBO) and plan assets

(€ millions)	AS OF DECEMBER 31, 2016 NON-FINANCED PLANS	AS OF DECEMBER 31, 2016 FINANCED PLANS	AS OF DECEMBER 31, 2016 TOTAL	AS OF DECEMBER 31, 2017 NON-FINANCED PLANS	AS OF DECEMBER 31, 2017 FINANCED PLANS	AS OF DECEMBER 31, 2017 TOTAL
Changes in the defined-benefit obligation						
Discounted value of the defined benefit obligation at beginning of year	**88.6**	**187.5**	**276.1**	**85.6**	**185.9**	**271.5**
Current service cost	3.7	1.0	4.7	3.8	0.9	4.7
Interest cost	1.7	6.6	8.3	1.2	5.6	6.8
Benefit obligation assumed on acquisitions	1.0	-	1.0	0.6	-	0.6
Benefit obligation transferred on divestures	-	-	-	-	-	-
Curtailments / settlements	-	-	-	(1.2)	(3.0)	(4.2)
Actuarial losses (gains)	3.0	8.2	11.2	2.1	3.5	5.6
o/w experience actuarial losses (gains)	*(0.2)*	*(5.2)*	*(5.4)*	*1.6*	*(0.6)*	*1.0*
o/w demographic assumptions actuarial losses (gains)	*(3.2)*	*(3.8)*	*(7.0)*	*0.1*	*(0.5)*	*(0.4)*
o/w financial assumptions actuarial losses (gains)	*6.4*	*17.2*	*23.6*	*0.4*	*4.6*	*5.0*
Benefits paid	(7.3)	(8.3)	(15.6)	(7.1)	(8.2)	(15.3)
Plan amendments	-	-	-	0.3	-	0.3
Other (including foreign exchange translation)	(5.1)	(9.1)	(14.2)	(0.4)	(13.4)	(13.8)
Discounted value of the defined benefit obligation at end of year (1)	**85.6**	**185.9**	**271.5**	**84.9**	**171.3**	**256.2**
Changes in plan assets						
Fair value of plan assets at beginning of year	**2.0**	**137.8**	**139.8**	**1.8**	**140.4**	**142.2**
Actual return on plan assets	-	16.0	16.0	-	11.2	11.2
o/w interest income on plan assets	-	*4.8*	*4.8*	-	*4.3*	*4.3*
o/w actuarial gains (losses)	-	*11.2*	*11.2*	-	*6.9*	*6.9*
Employer contributions	0.4	2.2	2.6	0.5	3.2	3.7
Curtailments / settlements	-	-	-	-	(2.7)	(2.7)
Benefits paid	(0.6)	(8.3)	(8.9)	(0.7)	(8.1)	(8.8)
Other (including foreign exchange translation)	-	(7.3)	(7.3)	-	(10.8)	(10.8)
Fair value of plan assets at end of year (2)	**1.8**	**140.4**	**142.2**	**1.6**	**133.2**	**134.8**
Funding status (a) = (2) - (1)	**(83.8)**	**(45.5)**	**(129.3)**	**(83.3)**	**(38.1)**	**(121.4)**
Asset limit (b)	0.5	-	**0.5**	0.5	-	**0.5**
NET OBLIGATION (- a + b)	**84.3**	**45.5**	**129.8**	**83.8**	**38.1**	**121.9**
Provisions	84.3	45.4	129.7	83.8	38.1	121.9
Others	-	0.1	0.1	-	-	-

Plan assets

The actual rate of return on assets in fiscal year 2017 was around 7.9%.

The average allocation of the Group's plan assets is shown below:

	AS OF DECEMBER 31, 2016	AS OF DECEMBER 31, 2017
Equities	34.2%	35.0%
Goverment bonds	1.4%	1.0%
Corporate bonds	30.3%	22.0%
Quoted assets	**66.0%**	**58.0%**
Real estate	0.9%	0.9%
Insurance contract	13.6%	14.0%
Others [(1)]	19.6%	27.1%
Non-quoted assets	**34.0%**	**42.0%**

[(1)] *Including Liability Driven Investment (LDI).*

In 2018, the contribution to the funding of defined-benefit plans should be about €2.9 million.

Change in reimbursement rights
Reimbursement rights concern the portion of employee rights in respect of post-employment benefits that correspond to the period worked with their previous employer, or when the operating agreement states that the employees' rights in respect of these commitments are reimbursed by a third party. They totaled €5.8 million as of December 31, 2017 (€7.0 million as of December 31, 2016).

Net cost of post-employment benefits

	2016			2017		
(€ millions)	NON-FINANCED PLANS	FINANCED PLANS	TOTAL	NON-FINANCED PLANS	FINANCED PLANS	TOTAL
Current service cost	(3.7)	(1.0)	(4.7)	(3.8)	(0.9)	(4.7)
Interest cost	(1.7)	(6.6)	(8.3)	(1.2)	(5.6)	(6.8)
Interest income on plan assets	-	4.8	4.8	-	4.3	4.3
Curtailments / settlements	-	-	-	1.2	0.3	1.5
Plan amendments	-	-	-	(0.3)	-	(0.3)
Other	0.2	(0.6)	(0.4)	-	(0.8)	(0.8)
Net cost of post-employment benefits in the consolidated income statementé [1]	**(5.2)**	**(3.4)**	**(8.6)**	**(4.1)**	**(2.7)**	**(6.8)**
Actuarial gains (losses) on assets	-	11.2	11.2	-	6.9	6.9
Experience actuarial gains (losses)	0.2	5.2	5.4	(1.6)	0.6	(1.0)
Actuarial gains (losses) on demographic assumptions	3.2	3.8	7.0	(0.1)	0.5	0.4
Actuarial gains (losses) on financial assumptions	(6.4)	(17.2)	(23.6)	(0.4)	(4.6)	(5.0)
Actuarial gains (losses) on reimbursement rights	(1.0)	-	(1.0)	-	-	-
Net cost of post-employment benefits in other comprehensive income [1]	**(4.0)**	**3.0**	**(1.0)**	**(2.1)**	**3.4**	**1.3**
TOTAL [1]	**(9.2)**	**(0.4)**	**(9.6)**	**(6.2)**	**0.7**	**(5.5)**

[1] Including the net cost of benefits for discontinued operations.

Costs recognized in the income statement are posted to operating result, with the exception of the net interest expense, which is recognized as financial income.

Sensitivity of the discounted value of the obligation and of the current service cost
The Group's actuarial debt is particularly sensitive to discount rates and salary increases.

For example, an increase of 0.5% in the discount rate would reduce the discounted value of the Group's obligation by about €16.1 million and the service cost provided the following year by €0.4 million. A drop of 0.5% in the discount rate would increase the discounted value of the Group's obligation by about €16.9 million and the service cost provided the following year by €0.2 million.

In addition, an increase of 0.5% in the salary increase rate would increase the discounted value of the Group's obligation by about €3.4 million.

VII.5.2.4. MULTI-EMPLOYER PLANS

Pursuant to collective bargaining agreements, certain Group companies participate in multi-employer defined-benefit plans.

General situation
The principal multi-employer plans are primarily in the Netherlands, the United States and Sweden. The corresponding expense recognized in the consolidated income statement is equal to the contributions made during the year. This amount was approximately €9 million in 2017 (approximately €12 million in 2016), and does not include the contribution to the SPOV plan in the Netherlands (see below).

Specific situation: SPOV plan in the Netherlands
The Group also participates in a defined-benefit multi-employer plan through its subsidiaries in the Netherlands, the SPOV (*Stichting Pensioenfonds Openbaar Vervoer*) multi-employer plan. The retirement pension is based on a percentage of the average reference salary per career for each year of length of service.

The SPOV plan is an optional pension fund available to companies covered by the Public Transportation National Collective Bargaining Agreement in the Netherlands. Twenty-seven companies were members at year-end 2017. Eligible employees of Transdev group companies that are members acquire rights as of 21 years on the basis of 1.8% of the reference salary per year of service (2017 rate).

A board of directors composed of employer and employee representatives is responsible for the fund's governance and is assisted by committees of experts. The pension fund's financial situation is assessed by the Dutch Central Bank and the local Financial Markets Authority.

As of December 31, 2017:
- plan assets (100% coverage) totaled €3.9 billion. As of December 31, 2017, they are mainly composed of equities (30%), government bonds (32%) and transferable securities (9%);
- the discounted value of the obligation according to the local accounting standards framework was estimated at €3.5 billion (100% coverage).

Accordingly, the plan is in surplus. Because the Group has no right to this surplus, no asset is recognized in the consolidated statement of financial position (asset ceiling).

As of December 31, 2017, the economic assumptions used to calculate the obligation according to the local accounting standards framework were as follows:
- a discount rate of 1.4 %;
- a retirement benefits indexation rate of 0%, which is conditioned on meeting the minimum coverage ratio for pension funds under Dutch law in force.

The Group's subsidiaries in the Netherlands accounted for less than 50% of the contributions to the fund at year-end 2017. The Group's contribution to the SPOV plan primarily concerns employees in the Public Transportation sector, where the duration of operations depends on the renewal of contracts. When a contract is lost to another operator, the Group's obligations to the employees who are transferred to the new operator are also transferred, and the Group owes no further obligation to the former plan beneficiaries.

The current service cost totaled €28.6 million in 2017, which is equal to the employer's contribution.

VII.6. CONTRACT ASSETS

VII.6.1. CONCESSION INTANGIBLE ASSETS AND OTHER INTANGIBLE ASSETS (OTHER THAN GOODWILL)

The table below shows net intangible assets, broken down by asset class and flow:

(€ millions)	CONCESSION INTANGIBLE ASSETS	TRADEMARKS	OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE	INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE	CONTRACTS AND PORTFOLIOS ACQUIRED	SOFTWARE ACQUIRED	OTHER INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE	INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE	OTHER INTANGIBLE ASSETS
As of January 1, 2016	**6.4**	**125.7**	**23.3**	**149.0**	**48.5**	**21.9**	**28.5**	**98.9**	**247.9**
Investments	-	-	-	-	0.1	8.6	10.4	19.1	19.1
Disposals	-	-	-	-	-	(0.3)	(1.3)	(1.6)	(1.6)
Impairment losses and amortization	(2.0)	(31.6)	(6.8)	(38.4)	(26.5)	(11.1)	(7.7)	(45.3)	(83.7)
Change in consolidation scope	2.4	-	-	-	4.2	0.4	1.7	6.3	6.3
Currency impact	-	1.8	(0.7)	1.1	0.5	(0.1)	(0.4)	-	1.1
Other movements	-	-	(0.5)	(0.5)	-	7.1	(3.5)	3.6	3.1
TOTAL AS OF DECEMBER 31, 2016	**6.8**	**95.9**	**15.3**	**111.2**	**26.8**	**26.5**	**27.7**	**81.0**	**192.2**
o/w gross amounts	*26.0*	*131.2*	*62.9*	*194.1*	*249.9*	*90.9*	*63.6*	*404.4*	*598.5*
o/w cumulated impairment	*(19.2)*	*(35.3)*	*(47.6)*	*(82.9)*	*(223.1)*	*(64.4)*	*(35.9)*	*(323.4)*	*(406.3)*
As of December 31, 2016	**6.8**	**95.9**	**15.3**	**111.2**	**26.8**	**26.5**	**27.7**	**81.0**	**192.2**
Investments	-	-	0.3	0.3	0.1	7.5	15.0	22.6	22.9
Disposals	-	-	(0.4)	(0.4)	(0.2)	(0.2)	(0.1)	(0.5)	(0.9)
Impairment losses and amortization	(2.0)	(2.8)	(10.4)	(13.2)	(13.9)	(13.2)	(7.8)	(34.9)	(48.1)
Change in consolidation scope	-	-	-	-	3.7	-	(0.6)	3.1	3.1
Currency impact	-	(6.7)	(0.7)	(7.4)	(0.9)	(0.3)	(0.8)	(2.0)	(9.4)
Other movements	0.8	(2.6)	1.7	(0.9)	-	6.1	(5.1)	1.0	0.1
TOTAL AS OF DECEMBER 31, 2017	**5.6**	**83.8**	**5.8**	**89.6**	**15.6**	**26.4**	**28.3**	**70.3**	**159.9**
o/w gross amounts	*27.6*	*121.7*	*54.6*	*176.3*	*232.9*	*98.6*	*73.6*	*405.1*	*581.4*
o/w cumulated impairment	*(22.0)*	*(37.9)*	*(48.8)*	*(86.7)*	*(217.3)*	*(72.2)*	*(45.3)*	*(334.8)*	*(421.5)*

In 2017, impairment of intangible assets with an indefinite useful life primarily concerns brands and licenses in the United States ($15.3 million, as a result of changes in the highly competitive environment of the on-demand transportation business).

VII.6.2. PROPERTY, PLANT AND EQUIPMENT

VII.6.2.1. CHANGE IN THE NET VALUE OF PROPERTY, PLANT AND EQUIPMENT

The table below shows property, plant and equipment, broken down by asset class and flow:

(€ millions)	ROLLING STOCK AND OTHER TRANSPORTATION EQUIPMENT	PLANT AND EQUIPMENT	BUILDINGS	LAND	OTHER	PROPERTY, PLANT AND EQUIPMENT
As of January 1, 2016	**709.2**	**90.9**	**111.8**	**64.6**	**87.6**	**1,064.1**
Investments	259.0	23.7	9.2	2.7	43.0	337.6
Disposals	(68.2)	(0.6)	(2.6)	(0.9)	(0.5)	(72.8)
Impairment losses and depreciation	(178,2)	(27.9)	(12.6)	(0.7)	(19.1)	(238.5)
Change in consolidation scope	-	0.5	-	-	0.5	1.0
Currency impact	0.5	0.7	(0.3)	(0.4)	(0.1)	0.4
Other movements	15.4	0.4	1.4	0.2	(24.8)	(7.4)
TOTAL AS OF DECEMBER 31, 2016	**737.7**	**87.7**	**106.9**	**65.5**	**86.6**	**1,084.4**
o/w gross amounts	*1,831.8*	*247.7*	*189.1*	*70.4*	*189.1*	*2,528.1*
o/w cumulated impairment	*(1,094.1)*	*(160.0)*	*(82.2)*	*(4.9)*	*(102.5)*	*(1,443.7)*
As of December 31, 2016	**737.7**	**87.7**	**106.9**	**65.5**	**86.6**	**1,084.4**
Investments	158.7	13.8	5.9	0.6	91.1	270.1
Disposals	(26.3)	(1.3)	(1.9)	(2.5)	(4.9)	(36.9)
Impairment losses and depreciation	(173.4)	(20.3)	(12.8)	(0.6)	(19.0)	(226.1)
Change in consolidation scope	(1.5)	-	(0.8)	(0.4)	(0.1)	(2.8)
Currency impact	(14.3)	(1.5)	(0.7)	(0.2)	(2.5)	(19.2)
Other movements	10.2	(11.7)	(0.4)	2.4	(2.1)	(1.6)
TOTAL AS OF DECEMBER 31, 2017	**691.1**	**66.7**	**96.2**	**64.8**	**149.1**	**1,067.9**
o/w gross amounts	*1,907.6*	*225.9*	*187.7*	*70.3*	*290.7*	*2,682.2*
o/w cumulated impairment	*(1,216.5)*	*(159.2)*	*(91.5)*	*(5.5)*	*(141.6)*	*(1,614.3)*

VII.6.2.2. FINANCE LEASES

The Group uses finance leases to finance certain operating assets (essentially rolling stock and real property). These assets are recognized in the consolidated statement of financial position as property, plant and equipment or as financial assets in the case of assets (rolling stock) recognized in accordance with IFRIC 12, *Service Concession Arrangements*.

The breakdown of the net carrying amount of these assets by asset class is shown below:

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017
Rolling stock and other transportation equipment	165.4	148.0
Other net property, plant and equipment	16.0	14.1
TOTAL	**181.4**	**162.1**

As of December 31, 2017, future minimum payments under these contracts break down as follows:

(€ millions)	FINANCE LEASES
2018	39.9
2019-2020	43.6
2021-2022	53.7
2023 and subsequent years	22.7
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**159.9**
Interest	(17.0)
PRESENT VALUE OF PAYMENTS UNDER FINANCE LEASES	**142.9**

VII.6.3. OPERATING LEASES

VII.6.3.1. FUTURE MINIMUM LEASE PAYMENTS

(€ millions)	OPERATING LEASE
2018	293.2
2019-2020	439.1
2021-2022	275.3
2023 and subsequent years	222.0
TOTAL FUTURE MINIMUM LEASE PAYMENTS	**1,229.6**

VII.6.3.2. LEASE PAYMENTS OWED DURING THE PERIOD

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017
Minimum lease payments expensed in the period	(398.0)	(356.9)
Contingent lease payments expensed in the period	-	-
TOTAL LEASE PAYMENTS FOR THE PERIOD	**(398.0)**	**(356.9)**

VII.6.3.3. "STRUCTURED ENTITIES"

The Group has entered into operating leases for its rail operations in Germany. Some of these leases are carried by "structured entities" held by third parties. The Group has analyzed these arrangements and concluded that the entities are not controlled by Transdev. The commitments under these leases are limited to operating lease commitments and are shown in the table above.

VII.6.4. CONCESSION ACTIVITIES: NON-CURRENT AND CURRENT OPERATING FINANCIAL ASSETS

(€ millions)	OPERATING FINANCIAL ASSETS REPRESENTING PROPERTY, PLANT AND EQUIPMENT RESTATED IN ACCORDANCE WITH IFRIC 12 [(1)]	AOPERATING FINANCIAL ASSETS COVERING FUTURE LEASE PAYMENTS [(2)]	OPERATING FINANCIAL ASSETS
As of January 1, 2016	**252.1**	**-**	**252.1**
Additions	38.3	-	38.3
Repayments / disposals	(38.6)	-	(38.6)
Change in consolidation scope	-	-	-
Impairment losses	-	-	-
Currency impact	0.8	-	0.8
Non-current / current reclassification	-	-	-
Other movements	1.6	97.9	99.5
TOTAL AS OF DECEMBER 31, 2016	**254.2**	**97.9**	**352.1**
o/w gross amounts	*254.2*	*97.9*	*352.1*
o/w impairment	-	-	-
As of December 31, 2016	**254.2**	**97.9**	**352.1**
Additions	39.2	-	39.2
Repayments / disposals	(39.5)	(8.0)	(47.5)
Change in consolidation scope	-	-	-
Impairment losses	-	-	-
Currency impact	(2.2)	-	(2.2)
Non-current / current reclassification	-	-	-
Other movements	-	(45.4)	(45.4)
TOTAL AS OF DECEMBER 31, 2017	**251.7**	**44.5**	**296.2**
o/w gross amounts	*251.7*	*44.5*	*296.2*
o/w impairment	-	-	-
o/w < 1 year	*34.9*	*5.4*	*40.3*
o/w > 1 year and < 5 years	*132.5*	*20.6*	*153.1*
o/w > 5 years	*84.3*	*18.5*	*102.8*

(1) These amounts correspond to the unconditional rights to receive remuneration from the concession grantors in respect of the financing of rolling stock on behalf of concession grantors.

(2) These amounts correspond to the unconditional rights to receive remuneration from the concession grantors in respect of lease payments to be made related to rolling stock (at the end of 2017, these lease payments are due to a concession grantor).

Operating financial assets include financial assets recognized as a result of applying IFRIC 12 to concession arrangements (see note VII.1.6.4).

With respect to operating financial assets representing property, plant and equipment restated applying IFRIC 12 (Group assets):

- cash flows associated with these operating financial assets (new assets and principal repayments) are broken down in the net cash flows associated with investment transactions presented in the consolidated statement of cash flows (see note V);
- revenue generated by operating financial assets is reported as revenue from ordinary activities, which is broken down in note VII.4.1.

As of December 31, 2017, operating financial assets were concentrated primarily in France (€207.1 million), Germany (€44.5 million) and Australia (€44.6 million).

VII.7. PROVISIONS

VII.7.1. DISCOUNT RATES

The discount rates used as of December 31, 2017, except for provisions for employee benefit obligations (see note VII.5.2), are shown below:

	AS OF DECEMBER 31, 2016	AS OF DECEMBER 31, 2017
Euro		
2 to 5 years	0.3%	- 0.1%
6 to 10 years	1.2%	0.9%
More than 10 years	2.6%	2.2%
U.S dollar		
2 to 5 years	2.5%	2,9%
6 to 10 years	3.9%	3.9%
More than 10 years	4.9%	4.5%

The methodology used to calculate these discount rates is described in note VII.2 entitled "Use of management estimates in applying Group accounting standards".

VII.7.2 BREAKDOWN OF PROVISIONS

(€ millions)	PROVISIONS FOR LITIGATION	PROVISIONS FOR EMPLOYMENT BENEFIT OBLIGATIONS	PROVISIONS FOR RESTRUCTURING	PROVISIONS FOR SELF-INSURANCE AND CLAIMS	OTHER PROVISIONS FOR CONTINGENT LIABILITIES	PROVISIONS
January 1, 2016	**29.3**	**162.6**	**1.5**	**98.7**	**80.9**	**373.0**
Additions during the period	17.1	19.3	3.0	83.1	20.2	142.7
Used during the period	(7.1)	(22.1)	(1.2)	(72.7)	(22.7)	(125.8)
Reversal	(6.9)	(2.2)	-	(1.2)	(5.0)	(15.3)
Actuarial gains (or losses)	-	-	-	-	-	-
Unwinding of discount	0.2	4.4	-	1.4	0.4	6.4
Change in consolidation scope	0.1	3.5	-	-	-	3.6
Currency impact	0.1	(2.0)	-	2.2	-	0.3
Other movements	0.9	0.3	-	(2.4)	1.7	0.5
TOTAL AS OF DECEMBER 31, 2016	**33.7**	**163.8**	**3.3**	**109.1**	**75.5**	**385.4**
o/w non-current part	*14.0*	*163.8*	*1.1*	*52.2*	*53.1*	*284.2*
o/w current part	*19.7*	*-*	*2.2*	*56.9*	*22.4*	*101.2*
As of December 31, 2016	**33.7**	**163.8**	**3.3**	**109.1**	**75.5**	**385.4**
Additions during the period	13.2	19.2	8.2	117.4	32.5	190.5
Used during the period	(8.4)	(20.6)	(4.9)	(79.4)	(15.9)	(129.2)
Reversal	(6.5)	(0.9)	(0.2)	(1.9)	(14.1)	(23.6)
Actuarial gains (or losses)	-	(1.8)	-	-	-	(1.8)
Unwinding of discount	-	3.5	-	1.2	0.5	5.2
Change in consolidation scope	-	-	-	-	-	-
Currency impact	(0.5)	(4.8)	(0.1)	(12.9)	(0.2)	(18,5)
Other movements	0.3	(0.3)	(0.5)	-	(0.2)	(0.7)
TOTAL AS OF DECEMBER 31, 2017	**31.8**	**158.1**	**5.8**	**133.5**	**78.1**	**407.3**
o/w non-current part	*14.8*	*158.1*	*1.3*	*51.6*	*47.7*	*273.5*
o/w current part	*17.0*	*-*	*4.5*	*81.9*	*30.4*	*133.8*

VII.7.2.1. PROVISIONS FOR EMPLOYEE BENEFIT OBLIGATIONS

As of December 31, 2017, provisions for employee benefit obligations totaled €158.1 million, of which €121.8 million were for pension plans and other post-employment benefits, and €36.3 million were for other long-term benefits. Movements in obligations under pension plans and other post-employment benefits are broken down in note VII.5.2 on employee benefit obligations.

VII.7.2.2. PROVISIONS FOR LITIGATION

Provisions for litigation include all losses deemed probable in connection with litigation of all types (tax, employment and other disputes) that the Group faces in the course of its business.

VII.7.2.3. PROVISIONS FOR SELF-INSURANCE AND CLAIMS

Provisions for self-insurance and claims essentially concern operations in the United States (€111.5 million), for which Transdev has taken out insurance policies with third-party insurers, but which have deductibles of varying amounts that must be borne by Transdev.

VII.7.2.4. OTHER PROVISIONS FOR CONTINGENT LIABILITIES

Other provisions for contingent liabilities include:

- provisions for contractual maintenance obligations (major overhauls) in connection with the rail business in Germany; and
- other provisions for contingent liabilities.

VII.8. GOODWILL

VII.8.1. CHANGES DURING THE PERIOD AND BREAKDOWN BY CASH GENERATING UNIT (CGU)

(€ millions)	"FRANCE" CGU	"NETHERLANDS" CGU	"GERMANY" CGU	"UNITED STATES" CGU	"AUSTRALIA AND NEW ZEALAND" CGU	"UNITED KINGDOM & IRELAND" CGU	"CANADA" CGU	"NORTHERN EUROPE" CGU	"IBERIA" CGU	GOODWILL
January 1, 2016	**499.0**	**3.6**	**24.2**	**106.0**	**29.7**	**17.1**	**22.1**	**-**	**4.7**	**706.4**
Change in consolidation scope	4.6	-	-	-	6.7	-	-	-	-	11.3
Currency impact	-	-	-	3.4	0.5	(2.5)	1.5	-	-	2.9
Impairment losses	-	-	-	-	-	-	-	-	(1.4)	(1.4)
Other movements	-	-	-	0.5	-	-	-	-	-	0.5
TOTAL DECEMBER 31, 2016	**503.6**	**3.6**	**24.2**	**109.9**	**36.9**	**14.6**	**23.6**	**-**	**3.3**	**719.7**
o/w gross amounts	*615.6*	*317.2*	*144.7*	*137.9*	*77.6*	*44.6*	*39.1*	*33.8*	*23.3*	*1,433.8*
o/w cumulated impairment	*(112.0)*	*(313.6)*	*(120.5)*	*(28.0)*	*(40.7)*	*(30.0)*	*(15.5)*	*(33.8)*	*(20.0)*	*(714.1)*
As of December 31, 2016	**503.6**	**3.6**	**24.2**	**109.9**	**36.9**	**14.6**	**23.6**	**-**	**3.3**	**719.7**
Change in consolidation scope	0.4	0.2	-	-	-	-	-	1.0	-	1.6
Currency impact	-	-	-	(13.3)	(1.8)	(0.5)	(1.3)	0.1	-	(16.8)
Impairment losses	-	-	-	-	-	(4.1)	-	-	-	(4.1)
Other movements	1.0	-	-	-	-	0.1	-	-	-	1.1
TOTAL DECEMBER 31, 2017	**505.0**	**3.8**	**24.2**	**96.6**	**35.1**	**10.1**	**22.3**	**1.1**	**3.3**	**701.5**
o/w gross amounts	*617.0*	*317.3*	*144.7*	*121.2*	*73.8*	*43.1*	*36.9*	*33.9*	*21.9*	*1,409.8*
o/w cumulated impairment	*(112.0)*	*(313.5)*	*(120.5)*	*(24.6)*	*(38.7)*	*(33.0)*	*(14.6)*	*(32.8)*	*(18.6)*	*(708.3)*

VII.8.2. IMPAIRMENT TESTS

Goodwill and other intangible assets with an indefinite useful life are systematically tested for impairment each fiscal year and whenever there is an indication that the CGU may have lost value, in accordance with the procedures described in note VII.1.8.

VII.8.2.1. KEY ASSUMPTIONS USED TO MEASURE RECOVERABLE AMOUNTS

The bases for calculating recoverable amounts are described in note VII.1.8.

Changes in the economic and financial context and changes of a competitive or regulatory nature may affect estimates of recoverable amounts, as may unforeseen changes in the political, economic and legal systems of certain countries. Cash flow projections in the long-term plan reflect changes in volumes, rates, direct costs and investments during the period, established on the basis of, firstly, contracts or business activities using historical data and, secondly, expected changes during the period covered by the long-term plan.

Other assumptions that affect the measurement of recoverable amounts are the discount rates and the perpetual growth rates. These vary depending on the CGU's country or geographical area, in accordance with the criteria specified in notes VII.1.8 and VII.2. The discount rates and average perpetual growth rates for the main CGUs in 2017 are shown below:

CASH GENERATING UNIT	DETERMINATION OF THE RECOVERABLE AMOUNT	DISCOUNT RATES	PERPETUAL GROWTH RATES
France	Value in use	6.2%	1.8%
Netherlands	Value in use	5.7%	1.6%
Germany	Value in use	6.4%	2.5%
United States	Value in use	7.0%	2.3%
Australia and New Zealand	Value in use	7.0%	2.5%
United Kingdom and Ireland	Value in use	6.7%	2.0%

VII.8.2.2. SENSITIVITY OF IMPAIRMENT TESTS

Recoverable amounts measured in connection with impairment tests underwent a sensitivity analysis on the basis of a discount rate increased by 1%, a perpetual growth rate decreased by 1% and operating cash flows decreased by 5%. These assumptions concerning changes are considered reasonable in light of the Group's business activities and the geographical areas where such business activities are conducted.

For the "United Kingdom and Ireland" CGU, these changes led to recognition of a recoverable amount lower than the carrying amount of the CGU:

		DIFFERENCE BETWEEN THE RECOVERABLE AMOUNT AND THE NET CARRYING AMOUNT		
CASH GENERATING UNIT *(€ millions)*	DIFFERENCE BETWEEN RECOVERABLE AMOUNT AND CARRYING AMOUNT	DIFFERENCE BETWEEN RECOVERABLE AMOUNT AND NET CARRYING AMOUNT DUE TO AN INCREASE IN THE DISCOUNT RATE (1%)	DIFFERENCE BETWEEN RECOVERABLE AMOUNT AND NET CARRYING AMOUNT DUE TO A DECREASE IN THE PERPETUAL GROWTH RATE (1%)	DIFFERENCE BETWEEN RECOVERABLE AMOUNT AND NET CARRYING AMOUNT DUE TO A DECREASE IN OPERATING CASH FLOWS (5%)
"United Kingdom & Ireland" CGU	(4.1)	(6.1)	(6.1)	(4.5)
TOTAL	**(4.1)**	**(6.1)**	**(6.1)**	**(4.5)**

VII.9. COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD AND OTHER NON-CONSOLIDATED INVESTMENTS

The list of companies consolidated in the consolidated financial statements is presented in note VII.17.

Commitments in connection with the Group's scope are broken down in note VII.13.

VII.9.1. JOINT VENTURES AND ASSOCIATES

All companies consolidated under the equity method, whether joint ventures or associates, conduct business in line with the Group's activities.

	EQUITY VALUE		SHARE OF NET INCOME	
(€ millions)	AS OF DECEMBER 31, 2016	AS OF DECEMBER 31, 2017	AS OF DECEMBER 31, 2016	AS OF DECEMBER 31, 2017
France	11.9	7.9	(0.1)	(1.4)
Iberia	8.0	7.9	0.1	0.3
Germany	5.6	5.8	1.2	1.0
Colombia	5.1	4.5	0.9	-
Asia	(0.9)	3.5	1.8	(0.1)
Other	-	-	-	-
INVESTMENTS IN JOINT VENTURES	**29.7**	**29.6**	**3.9**	**(0.2)**
o/w share of net income (loss) of equity-accounted entities in continuing operations			*3.9*	*(0.2)*
Asia	19.9	18.2	2.1	1.7
Iberia	-	-	(4.5)	2.6
France	6.8	7.0	0.3	0.4
Netherlands	1.2	1.5	-	0.1
Other	-	-	(2.8)	-
INVESTMENTS IN ASSOCIATES	**27.9**	**26.7**	**(4.9)**	**4.8**
o/w share of net income (loss) of equity-accounted entities in continuing operations			*(4.9)*	*4.8*

Joint ventures and associates are not considered individually material at the Group level.

Most of the Group's joint arrangements under joint control are joint ventures within the meaning of IFRS 11, and are accounted for using the equity method (see note VII.1.2). The Group's principal joint ventures operate in France, Colombia and Germany.

Changes in the investments in joint ventures and associates are explained by the movements shown below:

(€ millions)	JOINT VENTURES	ASSOCIATES
AS OF JANUARY 1, 2016	**35.2**	**26.0**
Change in consolidation scope	-	3.3
Net income	3.9	(4.9)
Currency impact	0.1	0.6
Other	(9.5)	2.9
AS OF DECEMBER 31, 2016	**29.7**	**27.9**
Change in consolidation scope	(0.1)	-
Net income	(0.2)	4.8
Currency impact	(1.1)	(2.6)
Other	1.3	(3.4)
INVESTMENTS AS OF DECEMBER 31, 2017	**29.6**	**26.7**

VII.9.2. NON-CONSOLIDATED INVESTMENTS

The Group's non-consolidated investments totaled €24 million as of December 31, 2017 (€28.5 million as of December 31, 2016), and consist primarily of:

- investments in non-controlled concession holders that own public transportation infrastructures (Mumbai Metro One Private Ltd, Nottingham City TPS, etc.); or
- investments in certain "sociétés d'économie mixte" (part state-owned corporations) in France (Grenoble, Nantes, etc.).

Investments in non-consolidated companies are not considered individually material at the Group level.

In fiscal year 2017, the main changes included:

- an additional investment in the Finnish company MaaS Global, the developer of the Whim application, which raises the Group's equity stake to 13.9%;
- the disposal of the investment in MTSA, the tramway concession holder in Tenerife, Spain, in which Tenemetro, a 60% Transdev subsidiary, held a 13% equity stake.

VII.10. FINANCING, FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial assets and liabilities mainly consist of:

- financial liabilities, cash and cash equivalents and overdrafts (note VII.10.1);
- other current and non-current financial assets (note VII.10.2);
- derivative instruments (note VII.10.4).

Off-balance sheet commitments are broken down in note VII.13.

VII.10.1. NET FINANCIAL DEBT

Net financial debt consists of gross debt (non-current and current financial liabilities and overdrafts) net of cash and cash equivalents, and after taking into account the fair value of interest rate and foreign exchange derivatives.

VII.10.1.1. COMPONENTS OF NET FINANCIAL DEBT

As of December 31, 2017, the Group's main sources of financing were:

- a syndicated loan consisting of:
  - a €500 million term loan maturing in March 2021;
  - supplemented by a €700 million credit line maturing in March 2022, which had not been drawn down as of December 31, 2017, and which the lenders have the option of extending for an additional year.

These credit facilities carry a financial covenant that must be tested twice a year (see note VII.10.1.5).

- a Schuldschein placement (a private placement governed by German law) in the amounts of $122.5 million and €68.5 million with remaining maturities of three to nine years.

As of December 31, 2017, the Group's net financial debt breaks down as follows:

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017
Non-current financial liabilities	966.8	813.0
Current financial liabilities	54.8	46.4
Overdrafts	11.4	10.1
FINANCIAL LIABILITIES (incl. overdrafts)	**1,033.0**	**869.5**
Cash and cash-equivalents	(448.4)	(344.4)
Fair value of interest rate and foreign exchange derivatives related to net financial debt	7.7	2.4
Deposits related to net financial debt	-	-
NET FINANCIAL DEBT (1)	**592.3**	**527.5**

(1) Liabilities related to the provision of rolling stock under concession arrangements are not included in the indicator "Net Financial Debt" (see note VII.1.6.4, "Assets made available to the Group by concession grantors").

In France, in 2017, the Group assigned, without recourse, its Competitiveness and Employment Tax Credit (*Crédit d'Impôt Compétitivité Emploi* - "CICE") receivable for fiscal year 2017 to a financial institution.

VII.10.1.2. CASH AND CASH EQUIVALENTS AND OVERDRAFTS

A review of the Group's cash and cash equivalents balances at year-end did not disclose any material amounts that were unavailable to the Group.

(€ millions)	CASH	CASH EQUIVALENTS	CASH AND CASH EQUIVALENTS	OVERDRAFTS	TNET CASH
As of January 1, 2016	**190.3**	**4.7**	**195.0**	**(21.4)**	**173.6**
Change in business	113.9	116.0	**229.9**	**6.9**	236.8
Change in consolidation scope	17.6	-	**17.6**	**3.1**	20.7
Currency impact	6.0	-	**6.0**	**0.3**	6.3
Other movements	(0.5)	0.4	**(0.1)**	**(0.3)**	(0.4)
TOTAL AS OF DECEMBER 31, 2016	**327.3**	**121.1**	**448.4**	**(11.4)**	**437.0**
As of December 31, 2016	**327.3**	**121.1**	**448.4**	**(11.4)**	**437.0**
Change in business	18.9	(116.1)	**(97.2)**	**0.9**	(96.3)
Change in consolidation scope	6.7	-	**6.7**	**-**	6.7
Currency impact	(12.7)	(0.9)	**(13.6)**	**0.4**	(13.2)
Reclassification in assets / liabilities held for sale	0.2	-	**0.2**	-	0.2
Other movements	(0.1)	-	**(0.1)**	**-**	(0.1)
TOTAL AS OF DECEMBER 31, 2017	**340.3**	**4.1**	**344.4**	**(10.1)**	**334.3**

VII.10.1.3. NON-CURRENT AND CURRENT FINANCIAL LIABILITIES

Changes in, and the breakdown by type, of non-current and current financial liabilities in fiscal years 2016 and 2017 are shown below:

(€ millions)	LOANS FROM VEOLIA	LOANS FROM CAISSE DES DÉPÔTS	SYNDICATED LOAN	SCHULDSCHEIN PRIVATE PLACEMENT	FINANCE LEASES	OTHER FINANCIAL LIABILITIES	TOTAL FINANCIAL LIABILITIES
January 1, 2016	**345.3**	**345.3**	**-**	**-**	**145.3**	**74,0**	**909.9**
Cash flows	**(345.3)**	**(345.3)**	**650.0**	**159.7**	**(40.2)**	**(30.8)**	**48.1**
Increases / subscriptions	-	-	650.0	159.7	-	(5.6)	804.1
Repayments	(345.3)	(345.3)	-	-	(40.2)	(25.2)	(756.0)
Non-Cash flows	**-**	**-**	**-**	**-**	**56.3**	**7.3**	**63.6**
Increases / subscriptions	-	-	-	-	56.5	-	56.5
Change in consolidation scope	-	-	-	-	-	6.5	6.5
Currency impact	-	-	-	-	(0.2)	-	(0.2)
Other movements	-	-	-	-	-	0.8	0.8
TOTAL AS OF DECEMBER 31, 2016 (1)	**-**	**-**	**650.0**	**159.7**	**161.4**	**50.5**	**1,021.6**
o/w current part	-	-	-	-	*40.8*	*14.0*	*54.8*
o/w non-current part	-	-	*650.0*	*159.7*	*120.6*	*36.5*	*966.8*
As of December 31, 2016	**-**	**-**	**650.0**	**159.7**	**161.4**	**50.5**	**1,021.6**
Cash flows	**-**	**-**	**(150.0)**	**25.0**	**(41.0)**	**5.7**	**(160.3)**
Increases / subscriptions	-	-	(150.0)	25.0	-	155.2	30.2
Repayments	-	-	-	-	(41.0)	(149.5)	(190.5)
Non-Cash flows	**-**	**-**	**-**	**(14.1)**	**22.5**	**(10.3)**	**(1.9)**
Increases / subscriptions	-	-	-	-	23.3	-	23.3
Change in consolidation scope	-	-	-	-	-	(0.4)	(0.4)
Currency impact	-	-	-	(14.1)	(0.8)	(13.7)	(28.6)
Other movements	-	-	-	-	-	3.8	3.8
TOTAL AS OF DECEMBER 31, 2017 (1)	**-**	**-**	**500.0**	**170.6**	**142.9**	**45.9**	**859.4**
o/w current part	-	-	-	-	*34.3*	*12.1*	*46.4*
o/w non-current part	-	-	*500.0*	*170.6*	*108.6*	*33.8*	*813.0*

(1) Amounts before taking into account the fair value of interest rate and foreign exchange derivatives related to net financial debt (see note VII.10.4).

Maturity of non-current and current financial liabilities

(€ millions)	DECEMBER 31, 2017	AS OF DECEMBER 31, 2017, TO MATURE : < 1 YEAR	2 YEARS	3 YEARS	4 YEARS	5 YEARS	> 5 YEARS
Syndicated loan	500.0	-	-	-	500.00	-	-
Schuldschein private placement	170.6	-	-	85.1	-	-	85.5
Finance leases	142.9	34.3	21.9	15.7	12.7	36.8	21.5
Other current and non-current financial liabilities	45.9	12.1	13.8	7,8	2.4	2.0	7.8
NON-CURRENT AND CURRENT FINANCIAL LIABILITIES (1)	**859.4**	**46.4**	**35.7**	**108.6**	**515.1**	**38.8**	**114.8**

(1) Amounts before taking into account the fair value of interest rate and foreign exchange derivatives related to net financial debt (see note VII.10.4).

Breakdown of non-current and current financial liabilities by currency

The majority of debt is denominated in euros. Currency swaps between euro lenders and borrowers in the foreign currencies used to finance foreign subsidiaries have been set up (see note VII.10.4.1).

Breakdown of non-current and current financial liabilities by interest rate

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017
Fixed rates	284.1	269.9
Floating rates	737.5	589.5
NON-CURRENT AND CURRENT FINANCIAL LIABILITIES (1)	**1,021.6**	**859.4**

(1) Amounts before taking into account the fair value of interest rate and foreign exchange derivatives related to net financial debt (see note VII.10.4).

After interest rate hedging, the share of gross financial debt at fixed rates increased to 35% (interest rate derivatives are broken down in note VII.10.4.1).

VII.10.1.4. UNDRAWN CREDIT LINES

As of December 31, 2017, undrawn credit lines totaled €756.7 million and break down as follows:

(€ millions)	DECEMBER 31, 2017	AS OF DECEMBER 31, 2017, TO MATURE: < 1 YEAR	> 1 YEAR AND < 3 YEARS	> 3 YEARS AND < 5 YEARS	> 5 YEARS
€700 million credit facility	700.0	-	-	700.0	-
Other credit lines	56.7	40.0	16.7	-	-
TOTAL (1)	**756.7**	**40.0**	**16.7**	**700.0**	**-**

(1) This amount includes a credit facility of €40 million, which was canceled in February 2018.

The Group has a new €700 million credit line maturing in March 2022, which had not been drawn down as of December 31, 2017, and which the lenders have the option of extending for an additional year.

VII.10.1.5. COVENANT

The legal documents relating to the two credit facilities (€500 million term loan and new €700 million credit line) include a financial covenant, i.e., a commitment to comply with a coverage ratio, non-compliance with which could lead to a demand for the early repayment of the facilities concerned. The ratio to be complied with, on a half-yearly basis, is the ratio between adjusted net financial debt and adjusted EBITDA.

This covenant was met as of December 31, 2017.

VII.10.2. OTHER NON-CURRENT AND CURRENT FINANCIAL ASSETS

(€ millions)	FINANCIAL ASSETS - NON-CURRENT LOANS AND RECEIVABLES	NON-CONSOLIDATED INVESTMENTS	OTHER NON-CURRENT FINANCIAL ASSETS	TOTAL OTHER NON-CURRENT FINANCIAL ASSETS	FINANCIAL ASSETS - CURRENT LOANS AND RECEIVABLES	OTHER CURRENT FINANCIAL ASSETS	TOTAL OTHER CURRENT FINANCIAL ASSETS
As of January 1, 2016	**52.1**	**28.7**	**23.2**	**104.0**	**17.7**	**25.2**	**42.9**
Additions	3.1	2.6	3.0	8.7	-	1.1	1.1
Repayments / disposals	(0.8)	(0.8)	(2.4)	(4.0)	(3.8)	(0.5)	(4.3)
Change in consolidation scope	-	-	1.6	1.6	-	-	-
Impairment losses	-	(2.0)	-	(2.0)	(0.2)	-	(0.2)
Currency impact	-	(0.7)	0.1	(0.6)	-	0.9	0.9
Non-current / current reclassification	(0.5)	-	-	(0.5)	0.5	-	0.5
Reclassification as assets held for sale	-	-	-	-	-	-	-
Other movements	0.2	0.7	(2.1)	(1.2)	-	0.5	0.5
TOTAL AS OF DECEMBER 31, 2016	**54.1**	**28.5**	**23.4**	**106.0**	**14.2**	**27.2**	**41.4**
o/w gross amounts	*54.4*	*34.8*	*23.4*	*112.6*	*20.7*	*27.2*	*47.9*
o/w cumulated impairment	*(0.3)*	*(6.3)*	-	*(6.6)*	*(6.5)*	-	*(6.5)*
As of December 31, 2016	**54.1**	**28.5**	**23.4**	**106.0**	**14.2**	**27.2**	**41.4**
Additions	0.4	2.2	1.3	3.9	-	1.1	1.1
Repayments / disposals	(0.2)	(5.8)	(2.1)	(8.1)	(6.6)	(0.3)	(6.9)
Change in consolidation scope	-	-	-	-	0.8	-	0.8
Impairment losses	-	(0.9)	-	(0.9)	(0.3)	-	(0.3)
Currency impact	(0.2)	(0.2)	(0.9)	(1.3)	-	(3.5)	(3.5)
Non-current / current reclassification	(2.3)	-	-	(2.3)	2.3	-	2.3
Reclassification as assets held for sale	-	-	-	-	-	-	-
Other movements	-	0.2	3.0	3.2	0.7	3.3	4.0
TOTAL AS OF DECEMBER 31, 2017	**51.8**	**24.0**	**24.7**	**100.5**	**11.1**	**27.8**	**38.9**
o/w gross amounts	*52.1*	*31.3*	*24.7*	*108.1*	*18.1*	*27.8*	*45.9*
o/w cumulated impairment	*(0.3)*	*(7.3)*	-	*(7.6)*	*(7.0)*	-	*(7.0)*

As of December 31, 2017, financial assets consisting of loans and receivables for a total amount of €62.9 million mainly concern Germany (€49.5 million in security deposits in connection with railroad equipment leases).

Non-consolidated investments are described in note VII.9.2.

VII.10.3. FINANCIAL RESULT

(€ millions)	FISCAL YEAR 2016	FISCAL YEAR 2017
Finance costs	(24.8)	(20.5)
Revenues from cash and cash equivalents	0.2	0.2
NET FINANCE COSTS	**(24.6)**	**(20.3)**
Unwinding of discounted provisions	(6.0)	(5.2)
Assets and liabilities measured at fair value in income	(3.4)	4.4
Income from available-for-sale assets [1]	3.3	6.6
Net movements on financial provisions	(2.5)	(1.4)
Foreign exchange gains or losses (before the impact of swaps not yet matured)	2.4	(5.1)
Others	(2.5)	(3.7)
OTHER FINANCIAL INCOME AND EXPENSES	**(8.7)**	**(4.4)**

[1] Including dividends of € 2.7 million received in 2016 and in 2017.

Average net financing costs were around 3.3% in 2017 (compared to 3.5% in 2016).

Foreign exchange gains or losses should be analyzed together with assets and liabilities measured at fair value in income, most of which concern currency swaps. Net of these two items, foreign exchange gains or losses in 2017 reported a loss of €0.6 million (loss of €1.0 million in 2016).

VII.10.4 MANAGEMENT OF FINANCIAL RISK – DERIVATIVE FINANCIAL INSTRUMENTS

VII.10.4.1. MARKET RISKS AND DERIVATIVE INSTRUMENTS

To mitigate and manage its exposure to the risks of fluctuation in interest rates, foreign exchange rates and commodity prices, Transdev uses derivative instruments, some of which qualify as hedge accounting. All these derivatives are recognized in the consolidated statement of financial position at fair value.

The fair value of derivatives recognized in the consolidated statement of financial position as of December 31, 2017 is shown below:

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017	AS OF DECEMBER 31, 2017 SPLIT BY NATURE		
			INTEREST RATE RISK	FOREIGN CURRENCY RISK	COMMODITIES
Current assets					
- Derivatives - Cash flow hedges	1.2	0.6	-	-	0.6
- Non-hedge derivatives	1.1	1.6	-	1.6	-
Non current assets					
- Derivatives - Cash flow hedges	0.2	-	-	-	-
- Non-hedge derivatives	-	-	-	-	-
Current liabilities					
- Derivatives - Cash flow hedges	1.6	1.2	-	-	1.2
- Non-hedge derivatives	5.2	1.3	-	1.3	-
Non current liabilities					
- Derivatives - Cash flow hedges	2.8	2.0	-	-	2.0
- Non-hedge derivatives	3.5	2.7	2.7	-	-
TOTAL	**(10.6)**	**(5.0)**	**(2.7)**	**0.3**	**(2.6)**

Management of commodity risk

To manage changes in fuel prices, a fuel hedging policy has been adopted for contracts with indexation deemed inadequate or to hedge contractual commitments. The Group uses either firm fuel purchase contracts or derivatives whose features (notional amount and maturity) are defined on the basis of forecast fuel requirements (based on firm orders or highly probable forecast flows). These derivatives are swaps concluded in local currency that set the future purchase price of fuels.

These derivatives have been analyzed in accordance with IAS 39, *Financial Instruments: Recognition and Measurement,* and are classified as hedging instruments (cash flow hedges). The impact of these derivatives on the income statement and statement of financial position is shown in the table below:

CASH FLOW HEDGE DERIVATIVES						INCOME (LOSS) OF THE YEAR *(€ millions)*			CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(€ millions)*	
		NOMINAL AS OF DECEMBER 31, 2017								
NATURE	UNIT	TOTAL	< 1 YEAR	> 1 YEAR ET < 5 YEARS	> 5 YEARS	RECYCLING OF FAIR VALUE RESERVES INTO INCOME	INCOME (LOSS), INEFFECTIVE PART	TOTAL INCOME (LOSS)	FAIR VALUE RESERVES (NET OF TAX)	FAIR VALUE
Swaps	Ton, EUR	10,964	8,835	2,129	-	(0.3)	-	(0.3)	0.1	-
Swaps	Ton, GBP	3,552	3,351	201	-	0.2	-	0.2	0.2	0.2
Swaps	Ton, AUD	26,442	10,236	16,206	-	(1.7)	-	(1.7)	(2.0)	(2.8)
TOTAL		**40,958**	**22,422**	**18,536**	**-**	**(1.8)**	**-**	**(1.8)**	**(1.7)**	**(2.6)**

Management of currency risk

Currency risk associated with the financing of foreign subsidiaries

The Group is financed primarily in euros. Transdev has set up currency swaps between euro lenders and borrowers in the foreign currencies used to finance foreign subsidiaries. These swaps have been analyzed in accordance with IAS 39 and have not been classified as hedging instruments. Accordingly, the reassessment of financing in foreign currencies granted to subsidiaries and changes in the value of swaps are recognized at the same time in income.

The impact of these currency derivatives on the income statement and statement of financial position is shown in the table below:

NATURE	NON HEDGE DERIVATIVES - NOMINAL AS OF DECEMBER 31, 2017 (local currency millions)		(€ millions)	
	TOTAL	< 1 YEAR	INCOME (LOSS) OF THE YEAR	FAIR VALUE IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Swap EUR/CAD	67.3	67.3	(1.1)	(0.4)
Swap EUR/SEK	900.0	900.0	1.5	(0.5)
Swap EUR/USD	60.0	60.0	4.6	1.5
Swap EUR/GBP	18.0	18.0	(0.1)	0.1
Swap EUR/AUD	21.0	21.0	(0.5)	(0.3)
Swap AUD/EUR	-	-	0.1	-
Swap AUD/NZD	22.5	22.5	(0.1)	(0.1)
TOTAL			**4.4**	**0.3**

Transactional currency risk

The Group has low exposure to transactional currency risk because the Group's business is conducted by subsidiaries that operate in their own countries and in their own currencies. Their exposure to currency risk is therefore naturally limited.

Translation risk

Transdev incurs translation risk as a result of translating the financial information of its subsidiaries in the consolidated financial statements. The main currencies concerned are the U.S. dollar, the Australian dollar and the Swedish krona.

The table below presents the sensitivity of the Group's revenue from ordinary activities to fluctuations of more or less than 10% in the euro exchange rate, associated with the translation of subsidiaries' accounts denominated in foreign currencies:

(€ million)	CONTRIBUTION TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR FISCAL YEAR 2017						SENSITIVITY TO AN INCREASE OR DECREASE IN THE FOUR MAIN CURRENCIES AGAINST EURO	
	EURO	U.S. DOLLAR	AUSTRALIAN DOLLAR	SWEDISH KRONA	OTHER CURRENCIES	TOTAL	10% GAIN IN EURO	10% LOSS IN EURO
Revenue from ordinary activities	4,221.9	1,140.9	443.9	406.8	429,7	**6,643.2**	199.2	(199.2)

Management of interest rate risk

The structure of the Group's financing naturally exposes it to fluctuations in interest rates. Debts with variable interest rates impact financial results in line with fluctuations in interest rates.

The impact of interest rate derivatives on the income statement and statement of financial position is shown in the table below:

	INSTRUMENTS						INCOME (LOSS) OF THE YEAR (€ millions)				CONSOLIDATED STATEMENT OF FINANCIAL POSITION (€ millions)	
			NOMINAL AS OF DECEMBER 31, 2017									
	NATURE	UNIT	TOTAL	< 1 YEAR	> 1 YEAR AND < 5 ANS	> 5 YEARS	RECYCLING OF FAIR VALUE RESERVES INTO INCOME	INCOME (LOSS), INEFFECTIVE PART	INCOME (LOSS) OF NON-ELIGIBLE INSTRUMENTS	TOTAL INCOME (LOSS)	FAIR VALUE RESERVES (NET OF TAX)	FAIR VALUE
Non hedge derivatives	*Swaps*	EUR	16.3	0.6	15.7	-	-	-	0.8	0.8	-	(2.7)
Cash flow hedge derivatives	*Swaps*	EUR	12.1	4.1	8.0	-	(0.1)	-	-	(0.1)	(0.1)	-
TOTAL			**28.4**	**4.7**	**23.7**	**-**	**(0.1)**	**-**	**0.8**	**0.7**	**(0.1)**	**(2.7)**

Assuming a constant net financial debt structure and management policy as of December 31, 2017, a change of 1% in interest rates would have an impact on financial income of around €5.6 million (based on the cost of debt after hedging by the Group).

VII.10.4.2. CREDIT RISK

Credit risk is essentially due to the possibility that customers will be unable to meet their payment obligations. In light of the nature of its business and customers, Transdev considers it unlikely that credit risk will generate a material potential impact.

The aged trial balance of assets overdue but not impaired as of December 31, 2017 is shown below:

		DECEMBER 31, 2017				OVERDUE NOT IMPAIRED		
(€ millions)	NOTE	GROSS VALUE	IMPAIRMENT	NET VALUE	ASSETS NOT YET DUE	OVERDUE BETWEEN 0-6 MONTHS	OVERDUE BETWEEN 6-12 MONTHS	OVERDUE FOR MORE THAN 1 YEAR
Non-current and current operating financial assets	VII.6.4	296.2	-	296.2	296.2	-	-	-
Trade receivables	VII.4.2	870.0	(30.4)	839.6	692.2	125.2	15.3	6.9
Other operating receivables		223.6	(3.1)	220.5	195.6	10.0	11.9	3.0
Non-current financial receivables	VII.10.2	52.1	(0.3)	51.8	51.8	-	-	-
Current financial receivables	VII.10.2	18.1	(7.0)	11.1	11.1	-	-	-
Other non-current financial assets (excl. financial receivables)	VII.10.2	24.7	-	24.7	24.7	-	-	-
Other current financial assets (excl. financial receivables)	VII.10.2	27.8	-	27.8	27.5	-	-	0.3
TOTAL		**1,512.5**	**(40.8)**	**1,471.7**	**1,299.1**	**135.2**	**27.2**	**10.2**

VII.10.5. CARRYING AMOUNT AND FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES BY ACCOUNTING CLASS

The principles used to measure fair value are described in note VII.1.9.3.

The fair value of loans and receivables is very close to the value in the consolidated statement of financial position.

As of December 31, 2017, the only financial assets and/or liabilities covered by enforceable master netting agreements are derivatives managed pursuant to FBF and ISDA contracts. These instruments are netted only in the event of a default by one of the parties to the contract. Therefore, they are not netted for accounting purposes.

VII.10.5.1. FINANCIAL ASSETS

The table below shows the net carrying amount and fair value of the Group's financial assets, grouped according to the categories defined by IFRS 7, as of December 31, 2017:

		AS OF 31 DECEMBER 31, 2017					
		CARRYING AMOUNT ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	CLASSES OF FINANCIAL ASSETS				METHOD OF MEASURING FAIR VALUE
(€ millions)	NOTE	TOTAL	AVAILABLE-FOR-SALE ASSETS	LOANS AND RECEIVABLES	ASSETS MEASURED ON THE CONSOLIDATED INCOME STATEMENT USING THE FAIR VALUE OPTION	DERIVATIVE INSTRUMENTS	
Non-consolidated equity investments	VII.9.2	24.0	24.0	-	-	-	
Current and non-current operating financial assets	VII.6.4	296.2	-	296.2	-	-	
Other non-current financial assets	VII.10.2	76.5	-	76.5	-	-	
Non-current and current derivative instruments - assets	VII.10.4	2.2	-	-	-	2.2	Level 2
Trade receivables	VII.4.2	839.6	-	839.6	-	-	
Other current operating receivables	VII.4.2	388.2	-	388.2	-	-	
Other current financial assets	VII.10.2	38.9	-	11.9	27.0	-	Level 1
Cash and cash equivalents	VII.10.1	344.4	-	-	344.4	-	Level 2
TOTAL		**2,010.0**	**24.0**	**1,612.4**	**371.4**	**2.2**	

VII.10.5.2. FINANCIAL LIABILITIES

The table below shows the net carrying amount and fair value of the Group's financial liabilities, grouped according to the categories defined by IFRS 7, as of December 31, 2017:

		AS OF 31 DECEMBER 31, 2017					
		CARRYING AMOUNT IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION	CLASSES OF FINANCIAL LIABILITIES				METHOD OF MEASURING FAIR VALUE
(€ millions)	NOTE	TOTAL	LIABILITIES AT AMORTIZED COST	LIABILITIES MEASURED AT FAIR VALUE ON THE CONSOLIDATED INCOME STATEMENT	LOANS AND RECEIVABLES	DERIVATIVE INSTRUMENTS	
Borrowings and other financial liabilities							
non-current financial liabilities	*VII.10.1*	*813.0*	*813.0*	-	-	-	
current financial liabilities	*VII.10.1*	*46.4*	*46.4*	-	-	-	
overdrafts	*VII.10.1*	*10.1*	-	*10.1*	-	-	*Level 2*
Non-current and current derivative instruments - liabilities	VII.10.4	7.2	-	-	-	7.2	*Level 2*
Non-current and current part of lease payments to be made under concession arrangements		44.5	-	-	44.5	-	
Trade payables	VII.4.2	562.0	-	-	562.0	-	
Other operating payables	VII.4.2	1 080.2	-	-	1,080.2	-	
TOTAL		**2,563.4**	**859.4**	**10.1**	**1,686.7**	**7.2**	

VII.11. EQUITY

VII.11.1. EQUITY ATTRIBUTABLE TO THE OWNERS OF THE PARENT COMPANY

Stated capital

As of December 31, 2017, stated capital is €1,137,119,594. It is divided into 118,203,700 shares with a par value of €9.62, all of the same class, and all of which have been fully subscribed and paid in (no dilutive securities are in circulation).

Fair value reserves

(€ millions)	AVAILABLE-FOR-SALE SECURITIES	COMMODITY DERIVATIVES USED AS CASH FLOW HEDGE	INTEREST RATE DERIVATIVES HEDGING CASH FLOWS	TOTAL	O/W ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY
As of January 1, 2016	**0.2**	**(14.9)**	**(0.1)**	**(14.8)**	**(12.9)**
Fair value adjustments	-	13.1	-	13.1	12.5
Change in consolidation scope	-	-	-	-	-
Other movements	-	-	-	-	-
As of December 31, 2016	**0.2**	**(1.8)**	**(0.1)**	**(1.7)**	**(0.4)**
Fair value adjustments	-	0.1	-	0.1	0.2
Change in consolidation scope	-	-	-	-	-
Other movements	-	-	-	-	(1.4)
AS OF DECEMBER 31, 2017	**0.2**	**(1.7)**	**(0.1)**	**(1.6)**	**(1.6)**

Breakdown of foreign currency translation reserves by currency in total equity attributable to the owners of the parent company

(€ millions)	31 DÉCEMBRE 2016	31 DÉCEMBRE 2017
U.S dollar	9.5	5.1
Pound sterling	5.6	5.5
Hong Kong dollar	3.5	0.6
Korean won	1.1	0.3
Colombian peso	(1.3)	(1.7)
Australian dollar	(3.4)	(7.4)
Canadian dollar	(5.2)	(6.9)
Other currencies [1]	(1.0)	(0.8)
TOTAL	**8.8**	**(5.3)**

[1] Other foreign currencies: amounts individually under € 1 million.

VII.11.2. NON-CONTROLLING INTERESTS

A breakdown of changes in non-controlling interests is shown in the statement of changes in equity (see note VI).

VII.12. TAXES

VII.12.1. INCOME TAX EXPENSE

VII.12.1.1. BREAKDOWN OF INCOME TAX EXPENSE

The Group's income tax for fiscal year 2017 is an expense of €1.0 million, and breaks down as follows:

(€ millions)	FISCAL YEAR 2016	FISCAL YEAR 2017
Transdev Group tax group (France)	12.2	5.3
Netherlands	0.7	0.2
United States	12.2	5.5
Germany	7.7	(1.7)
Australia	(4.4)	(2.1)
Portugal	(0.4)	(0.3)
Sweden	(0.3)	(0.8)
Others	(4.0)	(7.1)
INCOME TAX	**23.7**	**(1.0)**
Current income tax	*(16.3)*	*(24.8)*
Deferred income tax	*40.0*	*23.8*

In 2017, deferred tax income of €23.8 million includes the partial reversal of provisions for deferred tax assets generated by tax losses in France and Sweden, as well as the reversal of deferred tax liabilities in the United States due to the impairment of brands and licenses.

Nearly all French subsidiaries have chosen to join the tax consolidation group headed by Transdev Group (an agreement with a five-year term entered into in 2011 and renewable automatically). Transdev Group is solely liable to the French Treasury for current corporate income taxes calculated on the basis of the overall tax return. Transdev Group, the consolidating company, is entitled to any tax savings that may be generated.

VII.12.1.2. THEORETICAL AND RECOGNIZED INCOME TAX EXPENSE

(€ millions)	FISCAL YEAR 2016	FISCAL YEAR 2017
Net income (loss) from continuing operations (a)	68.1	76.1
Income (loss) from joint ventures and associates (b)	(1.0)	4.6
Income tax expense (c)	23.7	(1.0)
Pre-tax income (loss) from continuing operations (d) = (a)-(b)-(c)	45.4	72.5
THEORETICAL TAX RATE (e) (1)	**34.43%**	**34.43%**
THEORETICAL INCOME TAX -(d) x (e)	**(15.6)**	**(25.0)**
Net goodwill impairment expense	(1.4)	(0.7)
Tax rate differences (2)	13.6	11.1
Gain (loss) on disposals	2.1	2.3
Non-basis taxes	(0.3)	0.4
Tax visibility (3)	17.4	12.8
Other factors	7.9	(1.9)
INCOME TAX (effective tax)	**23.7**	**(1.0)**

(1) The theoretical tax rate given is the French tax rate (normal rate of 33.33%, to which is added the social contribution of 3.3%, bringing the total rate to 34.43%, excluding the additional contribution of 5%).

(2) The differences in tax rates are due to the fact that the Group does business in countries that apply tax rates that are different from the tax rate in France.

(3) Tax visibility includes primarily the movements of unrecognized deferred tax assets.

VII.12.2. DEFERRED TAX ASSETS AND LIABILITIES

VII.12.2.1. CHANGES

Changes in deferred tax assets and liabilities in fiscal years 2016 and 2017 are shown below:

(€ millions)	DEFERRED TAX ASSETS	DEFERRED TAX LIABILITIES	NET DEFERRED TAX
As of January 1, 2016	**218.1**	**(268.7)**	**(50.6)**
Change in business activities recognized in net income	2.5	37.5	40.0
Change in business activities recognized in equity	(1.5)	0.1	(1.4)
Change in consolidation scope	1.4	(1.2)	0.2
Currency impact	2.1	(3.2)	(1.1)
Other movements	(0.7)	1.5	0.8
TOTAL AS OF DECEMBER 31, 2016	**221.9**	**(234.0)**	**(12.1)**
As of December 31, 2016	**221.9**	**(234.0)**	**(12.1)**
Change in business activities recognized in net income	(19.1)	42.9	23.8
Change in business activities recognized in equity	(1.3)	0.1	(1.2)
Change in consolidation scope	1.4	(0.8)	0.6
Currency impact	(6.7)	7.7	1.0
Offsetting of tax groups [1]	(151.0)	151.0	-
Other movements	(0.8)	0.8	-
TOTAL AS OF DECEMBER 31, 2017	**44.4**	**(32.3)**	**12.1**

[1] Net deferred tax balances are recognized in the consolidated statement of financial position as assets or liabilities, as appropriate (see note VII.1.10).

Change in business activities recognized in equity primarily include tax impacts on fair value adjustments and actuarial gains and losses.

As of December 31, 2017, the amount of deferred tax assets not reflected on the statement of financial position totaled €207.3 million, of which €183.6 million are deferred tax assets generated by tax losses.

VII.12.2.2. BREAKDOWN BY TYPE AND USE

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017
Deferred tax assets recognized in net income	208.7	36.6
Deferred tax assets recognized in equity	13.2	7.8
NET DEFERRED TAX ASSETS	**221.9**	**44.4**
Deferred tax liabilities recognized in net income	(232.0)	(33.5)
Deferred tax liabilities recognized in equity	(2.0)	1.2
DEFERRED TAX LIABILITIES	**(234.0)**	**(32.3)**
NET DEFERRED TAX	**(12.1)**	**12.1**
Including:		
Tax losses	26.2	36.1
Intangible assets and property, plant and equipment	(118.1)	(74.5)
Provisions and employee benefits	86.5	62.2
Additional tax depreciation allowance in France	(40.1)	(35.1)
Others	33.4	23.4

VII.12.2.3. EXPIRATION SCHEDULE FOR DEFERRED TAX ASSETS ON TAX LOSSES (NET)

Below is the expiration schedule for deferred tax assets on tax losses recognized in the statement of financial position as of December 31, 2017:

(€ millions)	EXPIRATION AT DECEMBER 31, 2017 ≤ 5 YEARS	> 5 YEARS	UNLIMITED	TOTAL
DEFERRED TAX ASSETS ON TAX LOSSES (NET VALUE)	**-**	**0.2**	**35.9**	**36.1**

The procedures for reviewing the recoverable amount of deferred tax assets associated with tax loss carryforwards are explained in note VII.1.10, in particular, the use of a five-year tax schedule.

VII.12.3. TAX AUDITS

In connection with their ordinary business activities, the entities of the Group in France and abroad are the subject of regular tax audits. In its estimates of risks, the Group takes into account the expenses that could result from the consequences of such tax audits, based on a technical analysis of the positions the Group defends before the tax authorities. The estimates of such risks are revised from time to time in light of any developments in the audits and disputes.

VII.13. OFF-BALANCE SHEET COMMITMENTS AND COLLATERAL

VII.13.1. OFF-BALANCE SHEET COMMITMENTS MADE AND RECEIVED

Commitments and guarantees given

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017	MATURITY < 1 YEAR	BETWEEN 1 AND 5 YEARS	> 5 YEARS
Operating guarantees including performance bonds	718.5	709.6	271.4	226.6	211.6
Capital investment and purchase obligations	57.4	58.3	46.1	9.8	2.4
Other operating commitments given	50.5	58.8	24.0	31.1	3.7
Commitments in connection with operating activities	**826.4**	**826.7**	**341.5**	**267.5**	**217.7**
Seller's warranties of assets and liabilities	55.7	40.1	0.3	39.8	-
Purchase and sale obligations	-	-	-	-	-
Commitments in connection with the Group's scope	**55.7**	**40.1**	**0.3**	**39.8**	**-**
Letters of credit	176.9	174.9	174.9	-	-
Other financing commitments	2.7	3.7	-	2.7	1.0
Commitments in connection with financing	**179.6**	**178.6**	**174.9**	**2.7**	**1.0**
TOTAL COMMITMENTS MADE	**1,061.7**	**1,045.4**	**516.7**	**310.0**	**218.7**

Commitments and guarantees received

(€ millions)	DECEMBER 31, 2016	DECEMBER 31, 2017	MATURITY < 1 YEAR	BETWEEN 1 AND 5 YEARS	> 5 YEARS
Operating guarantees	44.5	35.8	24.9	2.8	8.1
Commitments in connection with operating activities	**44.5**	**35.8**	**24.9**	**2.8**	**8.1**
Seller's warranties of assets and liabilities	1.4	5.4	0.1	5.3	-
Other guarantees in connection with changes in scope	-	-	-	-	-
Commitments in connection with the Group's scope	**1.4**	**5.4**	**0.1**	**5.3**	**-**
TOTAL COMMITMENTS RECEIVED	**45.9**	**41.2**	**25.0**	**8.1**	**8.1**

Operating guarantees

Operating guarantees are any commitments not associated with financing transactions that are required under agreements or contracts and, more broadly, that are required in connection with carrying on the business of the Group's companies. These guarantees include bid bonds, advance payment bonds and completion or performance bonds posted in connection with the execution of contracts or concession arrangements.

Investment and purchase obligations

These are irrevocable commitments associated with the acquisition of operating assets.

Letters of credit
Letters of credit are issued by financial institutions to creditors, customers or suppliers of the Group's companies as guarantees in connection with their operating activities. Letters of credit granted are primarily guarantees given to insurers in the United States guaranteeing payment of deductible amounts in the event of claims. Each insurer updates the total amount required, on the basis of an actuarial calculation of claim risk, either annually or upon renewal of the insurance policy.

Commitments made under operating leases are broken down in note VII.6.3.

VII.13.2. COLLATERAL PROVIDED TO SECURE FINANCIAL LIABILITIES

As of December 31, 2017, collateral provided by the Group totaled €81.1 million and is intended to guarantee financial liabilities. The amount of drawdowns under credit facilities outstanding at year-end 2017 totaled €38.9 million.

VII.14. OTHER NOTES

VII.14.1. RELATED PARTY TRANSACTIONS

VII.14.1.1. COMPENSATION AND RELATED BENEFITS PAID TO PRINCIPAL OFFICERS (RELATED PARTIES)

The Group's principal officers consist of the members of Transdev's Executive Committee and the directors.

Compensation of Executive Committee members
Changes were made to the Executive Committee between 2016 and 2017. Its average membership increased from 7.5 members in 2016 (full-time equivalent) to 9.3 members in 2017, due to:

- the replacement of the Chairman and Chief Executive Officer and of the General Secretary,
- the appointment of the Human Resources Director and of the Development Director.

The table below presents the compensation and related benefits paid to the members of Transdev's Executive Committee:

(€ thousands)	2016	2017
Short-term benefits excluding employer contributions (1)	3,646.9	4,376.0
Employer contributions (2)	1,093.2	1,271.1
Post-employment benefits (3)	104.8	84.8
Other long-term benefits (4)	14.2	14.0
TOTAL	**4,859.1**	**5,745.9**

(1) Fixed and variable compensation, employee benefits in kind and termination benefits. Variable compensation comprises amounts due in respect of the prior fiscal year and paid during the next fiscal year.
(2) Except employer contributions related to post-employment benefits.
(3) Current service cost.
(4) Other compensation vested but payable in the long-term.

Directors' fees paid to Transdev Group directors
Transdev Group's general meeting of shareholders held on March 24, 2017 voted to set the total gross annual amount of directors' fees to be paid to the Board of Directors in 2017 at €60,000. This amount is to be shared among the directors.

VII.14.1.2. RELATIONSHIPS WITH COMPANIES CONSOLIDATED UNDER THE EQUITY METHOD

Investments in joint-ventures and associates are broken down in note VII.9.1. These non-material transactions are concluded on arm's-length terms.

VII.14.1.3. RELATIONSHIPS WITH CAISSE DES DÉPÔTS AND VEOLIA COMPANIES AND THEIR SUBSIDIARIES NOT AFFILIATED WITH TRANSDEV

The relationships with Caisse des Dépôts and Veolia companies and their subsidiaries not affiliated with Transdev are presented in the table below:

	RELATIONSHIPS WITH CAISSE DES DÉPÔTS COMPANIES AND SUBSIDIARIES NOT AFFILIATED WITH TRANSDEV		RELATIONSHIPS WITH VEOLIA COMPANIES AND SUBSIDIARIES NOT AFFILIATED WITH TRANSDEV	
(€ millions)	AS OF DECEMBER 31, 2016	AS OF DECEMBER 31, 2017	AS OF DECEMBER 31, 2016	AS OF DECEMBER 31, 2017
Non-consolidated investments	**-**	**-**	**-**	**-**
Receivables				
Operating receivables	0.1	-	2.7	2.2
Current financial receivables	4.0	3.9	-	-
Non-current derivative instruments - liabilities	**-**	**-**	**3.5**	**2.7**
Liabilities				
Operating payables	0.1	-	0.8	1.4
Current financial liabilities	-	-	-	-
Non-current financial liabilities	-	-	-	-
Revenue from ordinary activities	-	-	0.3	0.3
Operating expenses	-	-	(8.6)	(0.1)
Net finance expenses	(2.4)	-	(2.4)	-

VII.14.2. STATUTORY AUDITORS' FEES

EY and Mazars are the Group's external statutory auditors.

(€ millions)	EY NETWORK	MAZARS NETWORK	OTHER
Statutory audit	3.2	2.9	0.1
Directly related services	0.6	-	-
AUDIT	**3.8**	**2.9**	**0.1**
Other services [1]	0.2	0.2	-
TOTAL	**4.0**	**3.1**	**0.1**

[1] Legal, tax, employment-related, etc.

VII.15. PENDING LEGAL OR ARBITRATION PROCEEDINGS

In the ordinary course of its operations, the Group is involved in a number of legal and arbitration proceedings with third parties or the tax authorities in certain countries. Provisions are recognized in connection with these legal and arbitration proceedings if an obligation (legal, contractual or implicit) is owed to a third party on the balance sheet date, if it is probable that an outflow of funds without consideration will be necessary to extinguish the obligation, and if the amount of such outflow of funds can be estimated with sufficient reliability.

The main pending legal proceedings are described below.

VII.15.1. REGIONAL AID FOR ROAD TRANSPORTATION OF PASSENGERS - ÎLE-DE-FRANCE (FRANCE)

In 2004, Syndicat Autonome des Transports de Voyageurs (SATV) and Société Autocars R. Suzanne petitioned the Ile-de-France Region to cancel its decisions adopted in 1994, 1998 and 2001 creating aid programs, on the grounds that the Region had breached Article 108-3 of the Treaty on the Functioning of the European Union, which requires that all aid programs must be reported to the European Commission before they are implemented.

In a judgment rendered on June 4, 2013, the Paris Administrative Court ordered the Region to recover aid that it had paid. The Region appealed that decision and, at the same time, requested that enforcement of the decision be stayed. That request was denied on December 31, 2013.

Because the operators were not parties to these various actions, on February 27, 2015, they voluntarily intervened in the case before the Paris Administrative Court of Appeal by filing a third-party opposition against the decision rendered by the Paris Administrative Court on July 12, 2010.

On November 27, 2015, the Paris Administrative Court of Appeal denied the third-party opposition and ordered the Ile-de-France Region to recover this aid within a period of nine months.

On January 27, 2016, Transdev Ile-de-France and its subsidiary Transports Rapides Automobiles (TRA) filed an appeal before the *Conseil d'Etat* challenging the decision that denied their third-party opposition.

If the Ile-de-France Region were to issue a payment order, Transdev Group or its relevant subsidiaries would be entitled to file an appeal before the administrative court, thereby staying enforcement of the payment order.

In addition, in October 2008, a complaint was filed with the European Commission with regard to the aid and subsidies program that the Ile-de-France Region had set up in 1994 for certain public transportation companies in that region. In March 2014, the Commission announced that it was initiating an in-depth inquiry and notified the French government of its decision to open a formal investigation. The "interested parties," including Transdev Ile-de-France and its subsidiary Transports Rapides Automobiles (TRA), submitted their views to the European Commission.

Pursuant to a decision rendered on February 2, 2017, the European Commission recognized that the aid programs that France had adopted to assist operators of bus transportation services in the Île-de-France Region were compatible with the internal market and, therefore, there were no grounds for the Region to recover the aid granted. Only the interest for the period of illegality (the period between October 20, 1994 and February 2, 2017) could be recovered.

On March 15, 2017, Transdev SA, Transdev Île-de-France and Transports Rapides Automobiles (TRA) filed a petition with the General Court of the European Union requesting a partial cancellation of the decision of the European Commission, on the grounds that the aid program was not illegally implemented and did not have to be reported first, because it was a pre-existing aid program that was in effect before the Treaty of Rome came into force. The Île-de-France Region and other Île-de-France transportation operators have also filed an appeal with the General Court requesting the cancellation of the decision. The General Court's decision is not expected before the end of 2018.

No provision has been recognized in the Group's financial statements.

VII.15.2. METROLINK (UNITED STATES)

On October 17, 2012, certain insurers sued Connex Railroad LLC and Transdev North America Inc. in California to recover amounts they had paid as a result of an accident that occurred in 2008. Several insurers that were parties to that action for payment have since withdrawn their complaints, thereby reducing the amount claimed from $132 million to $22.4 million. The case will be tried according to the law of New York, as ordered by the California court on October 9, 2014. In the event of an unfavorable judgment, the terms, conditions, exclusions and coverage limits of the insurance policies of Connex Railroad LLC and Veolia will apply.

Moreover, the court has rejected the insurers' claims against Connex Railroad LLC. The insurers' claims against Transdev North America Inc. were also denied. The insurers have appealed that decision.

VII.16. RECENT DEVELOPMENTS AND POST-YEAR-END EVENTS

In February 2018, in France, Transdev acquired Flybus, which operates at the Paris airports transferring passengers between airplanes and terminals, and transferring flight crews from airplanes to the terminals or their hotels (revenue of around €10 million).

VII.17. LIST OF COMPANIES CONSOLIDATED IN THE CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2017, 633 entities were consolidated by the Transdev group (652 as of December 31, 2016), of which:

- 561 companies were fully consolidated;
- 3 companies were proportionally consolidated;
- 69 companies were consolidated using the equity method, of which 17 were joint ventures.

In September 2017, in Sweden, the Group acquired DSB Uppland, which operates the Upptåget regional train service between Uppsala, Gävle and Sala.

Below is the list of companies consolidated at year-end 2017:

Consolidation method		Entity Name	Percentage of interest
ALGERIA			
FC		VEOLIA TRANSPORT PILOTE SARL	100.00
AUSTRALIA			
FC		ACN 105 260 099	100.00
EM		BRISBANE FERRIES	50.00
PC		BUSLINK VIVO PTY LTD	50.00
FC		CONNEX MELBOURNE PTY LTD	100.00
FC		HARBOUR CITY FERRIES PTY LTD	100.00
EM		MAINCO MELBOURNE PTY LTD	30,.00
EM		METROLINK VICTORIA PTY LTD	50.00
FC		TRANSDEV AUSTRALASIA PTY LTD	100.00
FC		TRANSDEV AUSTRALIA PTY LTD	100.00
FC		TRANSDEV BRISBANE FERRIES PTY LTD	100.00
FC		TRANSDEV FERRIES SYDNEY PTY LTD	100.00
FC	NC	TRANSDEV LINK PTY LTD	100.00
FC		TRANSDEV MAINTENANCE SERVICES PTY LTD	100.00
FC		TRANSDEV MELBOURNE PTY LTD	100.00
FC		TRANSDEV NSW PTY LTD	100.00
FC		TRANSDEV NSW SOUTH PTY LTD	100.00
FC		TRANSDEV QUEENSLAND PTY LTD	100.00
FC		TRANSDEV SOUTH WEST PTY LTD	100.00
FC		TRANSDEV SYDNEY PTY LTD	100.00
FC		TRANSDEV SYDNEY FERRIES PTY LTD	100.00
FC		TRANSDEV TSL PTY LTD	100.00
FC		TRANSDEV VICTORIA PTY LTD	100.00
FC		TRANSDEV WA PTY LTD	100.00
FC		VIVO CONNECT PTY LTD	100.00
AUSTRIA			
FC		TRANSDEV ÖSTERREICH GMBH	100.00
BELGIUM			
FC		EUROLINES BELGIQUE	100.00
FC		WITTE KRUIS BELGIË BVBA	85.56
FC		WITTE KRUIS BELGIË VZW	86.42
CANADA			
FC		CITYWAY CANADA	100.00
FC		TRANSDEV CANADA INC.	100.00
FC		TRANSDEV QUEBEC, INC.	100.00
FC		TRANSDEV SERVICES (CANADA) INC	100.00
FC		YORK BRT SERVICES I INC.	100.00
CHILE			
FC		REDBUS URBANO SA	100.00
FC		VEOLIA TRANSPORT CHILE	100.00
CHINA			
EM		ANQING ZHONGBEI BUS CO., LTD	19.88
EM		HONG KONG ENGINEERING	50.00
EM		HONG KONG TRAMWAYS LIMITED	49.50
EM		NANJING ZHONGBEI	26.95
FC		VEOLIA TRANSPORT CHINA LTD HK	55.00
EM		VT RATP CHINA	50.00
EM		VT RATP CONSULTING CO.LTD	50.00
COLOMBIA			
EM		CITY MOVIL	25.52
EM		CIUDAD MOVIL	38.50
EM		CONEXION MOVIL	33.41

Consolidation method	Entity Name	Percentage of interest
CZECH REPUBLIC		
FC	VEOLIA EUROLINES CZ A.S.	100.00
FINLAND		
FC	TRANSDEV FINLAND OY	100.00
FC	TRANSDEV HELSINKI OY	100.00
FC	VEOLIA TRANSPORT ESPOO OY	100.00
FC	VEOLIA TRANSPORT VANTAA OY	100.00
FRANCE		
FC	AEROPASS	100.00
FC	AERO-PISTE	100.00
FC	AIRCAR	100.00
EM	AIR PY	24.50
EM	ALBATRANS	57.55
FC	ALTIBUS.COM	65.97
FC	ANTRAS HOLDING	99.97
FC	ARY	99.97
FC	ARTOIS GOHELLE	100.00
FC	ATRIOM DU BEAUVAISIS	99.97
FC	ATRIOM DU COMPIEGNOIS	95.91
FC	AUTOBUS AUBAGNAIS	100.00
FC	AUTOBUS AURELIENS	69.67
FC	AUTOBUS DE L'ETANG	100.00
FC	AUTOCARS ALIZES	99.97
FC	AUTOCARS DARCHE GROS	100.00
FC	AUTOCARS DE L'AVESNOIS	99.97
FC	AUTOCARS DE MARNE LA VALLEE	100.00
FC	AUTOCARS MARTIN HAUTE TARENTAISE VOYAGES	100.00
FC	AUTOCARS MUSSO	99.97
FC	AUTOCARS SABARDU	100.00
FC	AUTOCARS TOURNEUX	100.00
FC	AUXERROIS MOBILITES	100.00
FC	BEAUVAISIS MOBILITE	99.97
FC	BESANÇON MOBILITÉS	100.00
FC	BIEVRE BUS MOBILITES	100.00
EM	BIO SERVICE LOGISTIQUE	50.00
FC	BUS EST	100.00
FC	CABARO	99.97
FC	CAP PAYS CATHARE	99.97
FC	CARBU-WASH	100.00
FC	CARS DU PAYS D'AIX	100.00
FC	CEA TRANSPORTS	100.00
FC	CENTRALE DE RESERVATION EUROPE AUTOCAR	100.00
FC	CFTA	100.00
FC	CFTA CENTRE-OUEST	99.97
FC	CFTA PUY DE DÔME	100.00
FC	CFTA RHONE	100.00
FC	CIE ARMORICAINE DE TRANSPORTS	99.92
FC	CIE DES AUTOCARS DE TOURAINE	99.97
FC	CIOTABUS	100.00
FC	CITEBUS DES DEUX RIVES	100.00
FC	CITRAM AQUITAINE	99.97
FC	CITRAM PYRENEES	99.97
FC	CITYWAY	100.00
FC	COMPAGNIE DES AUTOCARS DE PROVENCE	100.00
FC	COMPAGNIE DES BACS DE LOIRE	100.00
FC	COMPAGNIE DES PARCS ET DES PASSEURS DU MONT SAINT MICHEL	99.97
EM	COMPAGNIE DES TRANSPORTS COLLECTIFS DE L'OUEST PARISIEN	50,00

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Consolidation method		Entity Name	Percentage of interest
FC		COMPAGNIE DES TRANSPORTS DE LA PORTE OCEANE	100.00
FC		COMPAGNIE DES TRANSPORTS DU PAYS DE VANNES	100.00
FC		COMPAGNIE FRANCAISE DE TRANSPORT INTERURBAIN	99.97
FC		COMPAGNIE OCEANE	100.00
FC		COMPAGNIE SAINT-QUENTINOISE DE TRANSPORTS	99.97
FC		CONNEX LOCATION CARS ET BUS	100.00
FC	NC	CONTRÔLE DE STATIONNEMENT EN VOIERIE	100.00
FC		COURRIERS DE LA GARONNE	99.97
FC		CREUSOT MONTCEAU TRANSPORTS	100.00
FC		E.A.P	100.00
FC		ECAUXMOBILITÉ	99.97
FC		ETABLISSEMENTS BREMOND FRERES	100.00
FC		ETABLISSEMENTS MONEGER ET COMPAGNIE	99.97
FC		EURE ET LOIR MOBILITÉ	99.97
EM		EURL LITTORAL	50.00
EM		EURL MEDISUD	50.00
FC		EUROLINES FRANCE	100.00
FC		FLEET ME	95.03
FC		FOURAS AIX	100.00
FC		FRIOUL-IF- EXPRESS	100.00
EM		IBERFRAN	12.71
EM		IBEROLINES	25.42
FC		INTER PISTES	100.00
FC		INTER VAL	100.00
FC		KERDONIS	100.00
FC		LAVAL U.P	100.00
FC		LES AUTOBUS ARTESIENS	99.96
FC		LES AUTOBUS DU FORT	100.00
FC		LES CARS D'ORSAY	100.00
FC		LES CARS ROSE	100.00
FC		LES COURRIERS AUTOMOBILES PICARDS	97.87
FC		LES COURRIERS DE L'AUBE	99.90
FC		LES COURRIERS DE SEINE ET OISE	100.00
FC		LES LIGNES DU VAR	99.94
FC		LES RAPIDES DU VAL DE LOIRE	100.00
FC		L'IMMOBILIERE DES FONTAINES	100.00
FC		LITTORAL NORD AUTOCARS	99.97
FC	NC	MACONNAIS MOBILITES	100.00
FC		MAINTENANCE, ETUDES ET REALISATIONS EN CIRCULATION URBAINE ET REGULATION	100.00
FC		MECA PISTE	100.00
FC		MOBILITE ET SERVICES	99.97
EM		MOBILITE LOGISTIQUE SANTE	50,00
FC		MONT-BLANC BUS	74.89
FC		MOUV'IDEES	100.00
FC		MULHOUSE MOBILITÉS	87.83
FC		N'4 MOBILITES	96.67
FC		NORMANDIE VOYAGES	99.97
FC		ODULYS	55.00
FC		PASSAGERS POLE SERVICES	100.00
FC		PAYS D'OC MOBILITES	100.00
FC		POLE ILE DE FRANCE IMMOBILIER AND FACILITIES	100.00
FC		PREVOST	99.97
FC		PROGETOURS	100.00
FC		PROXIWAY	100.00
FC		RAMBOUILLET U.P	99.97
FC		RAPIDES COTE D'AZUR	99.97
FC		RAPIDES DE BOURGOGNE	100.00
FC		RAPIDES DE SAONE ET LOIRE	100.00
FC		RAPIDES DU LITTORAL	99.85
EM		RATP DEV TRANSDEV ASIA SA	50.00
FC		REGIE MIXTE DES TRANSPORTS TOULONNAIS	71.40
EM		RHONEXPRESS	28.20
FC		S.E.R.I 49	99.38
EM		SAEM DES AUTOCARS ET AUTOBUS AUNIS ET SAINTONGE	49.98
FC		SAINT QUENTIN MOBILITE	100.00
FC		SANTE MOBILITE SERVICES	70.00
EM		SARL DELEYROLLE AAAC	48.00
EM		SARL GETS	50.00
EM		SARL MARTEGALES	50.00
EM		SARL MIDI PROVENCE	50.00
EM		SARL PATRICK	50.00
EM		SARL PONT DE L'ARC	50.00
EM		SARL PROVENCE SECOURS	50.00
EM		SARL SE LA MIMETAINE	50.00
EM		SARL SUD LOGISTIQUE	50.00
FC		SAS AUTONOMIE ET SANTE	100.00
EM		SAS HOLDING MIMETAINE	50.00
FC		SCI DE LA MARE AU MOULIN	100.00
FC		SCI DU CLOS PIERVIL	99.84
EM		SCI LE PRÉ BOUDROT	49.00
FC		SENONAIS MOBILITES	100.00
FC		SEVM SAS	100.00
FC		SITE.OISE	66.00
FC		SNC MASSILIA	100.00
EM		SOCIETE AEROPORTUAIRE DE GESTION ET D'EXPLOITATION DE BEAUVAIS	49.00
EM		SOCIETE DE GESTION DE L'AEROPORT DE LA REGION DE LILLE	34.00
FC		SOCIETE DE PRESTATIONS TRANSDEV IDF	100.00
FC		SOCIETE DE SERVICES ET D'EXPLOITATION DE GARES ROUTIERES	100.00
FC		SOCIETE DE TRANSPORT D'ANNONAY DAVEZIEUX ET EXTENSIONS	95.10
FC		SOCIETE DE TRANSPORTS AUTOMOBILES ET DE VOYAGES	100.00
FC		SOCIETE DES TRANSPORTS BERARD	100.00
FC		SOCIETE DES TRANSPORTS BRIANCONNAIS	100.00
FC		SOCIETE DES TRANSPORTS DE CALAIS ET EXTENSIONS	100.00
FC		SOCIETE DES TRANSPORTS DE DUNKERQUE ET EXTENSIONS	100.00
FC		SOCIETE DES TRANSPORTS DE L'AGGLOMERATION CHALONNAISE	80.00
EM		SOCIETE DES TRANSPORTS DE L'AGGLOMERATION THONONAISE	50.00
FC		SOCIETE DES TRANSPORTS DEPARTEMENTAUX DU GARD	99.97
FC		SOCIETE DES TRANSPORTS DEPARTEMENTAUX DU LOIR-ET-CHER	99.97
FC		SOCIETE DES TRANSPORTS DU BASSIN CHELLOIS	100.00
FC		SOCIETE DES TRANSPORTS LIBOURNAIS	100.00
FC		SOCIETE DES TRANSPORTS PAR AUTOCARS DE L'OUEST PAYS DE LA LOIRE	99.97
FC		SOCIETE DES TRANSPORTS URBAINS DE DIEPPE	100.00
FC		SOCIETE D'EXPLOITATION DE TRANSPORTS ET DE REPARATIONS AUTOMOBILES	100.00
FC		SOCIETE DU METRO DE L'AGGLOMERATION ROUENNAISE	100.00
FC		SOCIETE NICOISE D'ENLEVEMENT ET DE GARDIENNAGE	100.00
FC		SOCIETE NOUVELLE CPL	100.00
FC		SOCIETE NOUVELLE DES AUTOBUS AJACCIENS	100.00
FC		SOCIETE VAROISE DE TRANSPORTS	100.00
FC		SOLEA	87.83
FC		SUD CARS	100.00
FC		SUD EST MOBILITES	100.00
FC		SURESNES U.P	100.00
FC		TIPS	93.01

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Consolidation method		Entity Name	Percentage of interest
FC		TPMR STRASBOURG	99.97
FC		TPMR TOULOUSE	99.94
FC		TPMR TOURS	99.97
FC		TRANS PROVENCE	99.53
FC		TRANS VAL DE FRANCE	100.00
FC		TRANS VAL D'OISE	100.00
FC		TRANSAMO	95.05
FC		TRANSAVOIE	99.50
FC		TRANSDEV	100.00
FC		TRANSDEV FOUGERES	100.00
FC		TRANSDEV AEROPORT CARCASSONNE	100.00
FC		TRANSDEV AEROPORT LIAISONS	100.00
FC		TRANSDEV AEROPORT PERPIGNAN	100.00
FC		TRANSDEV AEROPORT SERVICES	100.00
FC		TRANSDEV AEROPORT TRANSIT	100.00
FC		TRANSDEV AGGLOMERATION DE BAYONNE	100.00
FC		TRANSDEV ALPES	100.00
FC		TRANSDEV ALPES MARITIMES	99.97
FC		TRANSDEV ARLES	100.00
FC		TRANSDEV AUVERGNE	100.00
FC		TRANSDEV BASSIN D'ARCACHON	100.00
FC		TRANSDEV BRIVE	100.00
FC		TRANSDEV BUSINESS INFORMATION SOLUTIONS	100.00
FC		TRANSDEV CHAMBERY	100.00
FC		TRANSDEV DAUPHINE	100.00
FC		TRANSDEV DU MARSAN	100.00
FC		TRANSDEV ESPACES	100.00
FC		TRANSDEV EST	100.00
FC		TRANSDEV EUROLINES	100.00
FC		TRANSDEV EXPRESS RHONE-ALPES AUVERGNE	100.00
FC		TRANSDEV EXPRESS GRAND OUEST	100.00
FC		TRANSDEV EXPRESS SUD OUEST	100.00
FC		TRANSDEV GRAND EST	99.97
FC		TRANSDEV GROUP	100.00
FC		TRANSDEV HAUTE SAVOIE	100.00
FC		TRANSDEV ICM	100.00
FC		TRANSDEV ILE DE FRANCE	100.00
FC		TRANSDEV ILE DE FRANCE CSP CONTROLE	100.00
FC		TRANSDEV ISTRES	99.97
FC		TRANSDEV LFCNES VOSGES	99.97
FC		TRANSDEV LYS	100.00
FC		TRANSDEV LOCATION DE VEHICULES	100.00
FC		TRANSDEV MEDITERRANEE	100.00
FC		TRANSDEV MONTPELLIER	100.00
FC		TRANSDEV NANCY	100.00
FC	NC	TRANSDEV NIORT AGGLOMERATION	100.00
FC		TRANSDEV OUTRE MER	100.00
FC		TRANSDEV PARIS EST	100.00
FC		TRANSDEV PARIS SUD	100.00
FC		TRANSDEV PAYS D'OR	100.00
FC		TRANSDEV PAYS ROCHEFORTAIS	100.00
FC		TRANSDEV PICARDIE	99.97
FC		TRANSDEV POITOU-CHARENTES	99.97
FC		TRANSDEV REIMS	100.00
FC		TRANSDEV RHONE ALPES INTERURBAIN	99.97
FC		TRANSDEV ROANNE	100.00
FC		TRANSDEV ROYAN ATLANTIQUE	100.00
FC		TRANSDEV SAINT-DIZIER	100.00
FC		TRANSDEV SERVICES REUNION	100.00
FC		TRANSDEV SHUTTLE FRANCE	100.00
FC		TRANSDEV SUD	100.00
FC		TRANSDEV SUD OUEST	100.00

Consolidation method		Entity Name	Percentage of interest
FC		TRANSDEV STATIONNEMENT	100.00
FC	NC	TRANSDEV TREFLE	100.00
FC		TRANSDEV URBAIN	100.00
FC		TRANSDEV VALENCE	100.00
EM		TRANSEVRY	44.37
FC		TRANSPORT DU VAL DE SEINE	99.97
FC		TRANSPORTS DE TOURISME DE L'OCEAN	99.97
FC		TRANSPORTS D'EURE-ET-LOIR	99.97
FC		TRANSPORTS DU VAL D'OISE	100.00
FC		TRANSPORTS EN COMMUN DE COMBS-LA-VILLE	100.00
FC		TRANSPORTS EN COMMUN DE LA REGION AVIGNONAISE	100.00
EM		TRANSPORTS EN COMMUN DE LA REGION MESSINE	39.96
FC		TRANSPORTS EN COMMUN DE L'AGGLOMERATION ROUENNAISE	100.00
FC		TRANSPORTS MARNE ET MORIN	100.00
EM		TRANSPORTS PARIS BEAUVAIS	49.00
FC		TRANSPORTS PUBLICS DE L'AGGLOMERATION STEPHANOISE	100.00
FC		TRANSPORTS RAPIDES AUTOMOBILES	100.00
FC		TRANSPORTS URBAINS DU VALENCIENNOIS	100.00
FC		URBIS PARK SERVICES SAS	100.00
FC		VAD	99.97
FC		VAL D'EUROPE AIRPORTS	100.00
FC		VE AIRPORT	100.00
FC		VELOWAY	100.00
EM		VEOLIA EDF NICE AUTO PARTAGE	69.98
FC		VILLENEUVE MOBILITES	100.00
FC		VISUAL	100.00
FC		VOYAGES CROLARD	100.00
FC		VOYAGES ET TRANSPORTS DE NORMANDIE	99.97
GERMANY			
FC		AHRWEILER VERKEHRS GMBH	100.00
FC		ALPINA IMMOBILIEN GMBH	100.00
FC		BAYERISCHE OBERLANDBAHN GMBH FC	100.00
FC		BAYERISCHE REGIOBAHN GMBH	100.00
FC		BUSTOURISTIK TONNE GMBH	100.00
FC		EISENBAHNWERKSTATT-GESELLSCHAFT MBH	100.00
FC		GRIENSTEIDL GMBH	100.00
EM		HABUS GMBH VERKEHRSBETRIEBE	51.00
FC		HEIDENHEIMER VERKEHRSGESELLSCHAFT MBH	74.84
EM		KSA VERWALTUNG GMBH AUGSBURG	49.00
EM		KSI GMBH & CO.KG AUGSBURG	49.00
FC		MITTELRHEINISCHER VERKEHRBETRIEB GMBH	90.00
FC		MOVE ON TELEMATIC SERVICE GMBH	100.00
FC		NASSAUISCHE VERKEHRS-GESELLSCHAFT MBH	100.00
FC		NBRB TEILE UND LOGISTIKGESELLSCHAFT MBH	66.70
FC		NIEDERSCHLESISCHE VERKEHRSGESELLSCHAFT GMBH	85.00
FC		NORDDEUTSCHE VERKEHRSBETRIEBE GMBH	65.00
FC		NORD-OSTSEE-BAHN GMBH	100.00
FC		NORDWESTBAHN GMBH	64.00
FC		NUTZFAHRZEUGZENTRUM MITTELRHEIN GMBH	94.90
FC		OBERLANDBAHN FAHRZEUGBEREITSTELLUNGS GMBH	100.00
FC		OMNIBUS-VERKEHR RUOFF GMBH	100.00
FC		OSTSEELAND VERKEHR GMBH	100.00
FC		PALATINA BUS GMBH	100.00
EM		R M V BETEILFCUNGS GMBH	50.00
EM		RHEIN-BUS VERKEHRSBETRIEB GMBH	51.00
FC		ROHDE VERKEHRSBETRIEBE GMBH	100.00
FC		SAX-BUS EILENBURGER BUSVERKEHR GMBH	56.00
FC		SCHAUMBURGER VERKEHRS-GESELLSCHAFT MBH	51.00
FC		STADTBUS SCHWÄBISCH HALL GMBH	100.00
FC		TAETER-TOURS GMBH	51.00

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Consolidation method		Entity Name	Percentage of interest
FC		TRANS REGIO DEUTSCHE REGIONALBAHN GMBH	100.00
FC		TRANSDEV GMBH	100.00
FC	NC	TRANSDEV BAHN GMBH	100.00
FC		TRANSDEV MITTELDEUTSCHLAND GMBH	100.00
FC		TRANSDEV NIEDERSACHSEN/WESTFALEN GMBH	100.00
FC		TRANSDEV NORD GMBH	100.00
FC		TRANSDEV OSTWESTFALEN GMBH	100.00
FC		TRANSDEV PERSONALSERVICE GMBH	100.00
FC		TRANSDEV REGIO GMBH	100.00
FC		TRANSDEV REGIO OST GMBH	100.00
FC		TRANSDEV RHEINLAND GMBH	100.00
FC		TRANSDEV RHEIN-MAIN GMBH	100.00
FC		TRANSDEV SACHSEN-ANHALT GMBH	100.00
FC		TRANSDEV SERVICE GMBH	100.00
FC		TRANSDEV SERVICE WEST GMBH	100.00
FC		TRANSDEV STADT GMBH	100.00
FC		TRANSDEV SUD-WEST GMBH	100.00
FC		TRANSDEV TAUNUS GMBH	100.00
FC		TRANSDEV VERTRIEB GMBH	100.00
FC		TRANSDEV WEST GMBH	100.00
FC		VERKEHRSBETRIEB LAHN DILL GMBH	100.00
FC		VERKEHRSBETRIEB RHEIN EIFEL MOSEL GMBH	100.00
FC		VERKEHRSBETRIEB RHEIN LAHN GMBH	100.00
FC		VERKEHRSBETRIEB RHEIN-WESTERWALD GMBH	100.00
FC		VERKEHRSGESELLSCHAFT GÖRLITZ GMBH	49.00
EM		WEST - BUS GMBH	49.00
FC		WURTTEMBERGISCHE BUS-GESELLSCHAFT GMBH	100.00
FC		WÜRTTEMBERGISCHE EISENBAHN-GESELLSCHAFT MBH	100.00
GUERNSEY			
FC		CAMELBACK INSURANCE LIMITED GUERNSAY	100.00
INDIA			
FC		METRO ONE OPERATION	38.50
EM		RATP DEV TRANSDEV INDIA	50.00
IRELAND			
FC		TRANSDEV DUBLIN LFCHT RAIL LTD	100.00
FC		TRANSDEV IRELAND BUS LIMITED	100.00
FC		TRANSDEV IRELAND LIMITED	100.00
ISRAEL			
FC		VEOLIA TRANSPORTATION ISRAEL LTD	100.00
KOREA			
FC		SEOUL LINE 9	44.00
EM		VT RATP KOREA	50;00
LUXEMBOURG			
FC		TRANSDEV RÉ	100.00
MOROCCO			
FC		TRANSDEV RABAT SALE SA	99.99
NETHERLANDS			
FC		ABEL TECHNOLOGIE B.V	86.41
FC		ACM OPLEIDINGEN BV	86.42
FC		ACM ZORGOPLEIDINGEN BV	86.42
EM		BEDRIJFSVERVOER LIMBURG BV	21.60
FC		CONNEXXION FINANCE BV	86.42
FC		CONNEXXION MULTIMODAL BV	86.42

Consolidation method		Entity Name	Percentage of interest
FC		CONNEXXION NEDERLAND NV	86.42
FC		CONNEXXION OPENBAAR VERVOER NV	86.42
FC		CONNEXXION RETAIL BV	86.42
FC		CONNEXXION TAXI SERVICES BV	86.42
FC		CONNEXXION TOURS BV	86.42
FC		CONNEXXION VLOOT BV	86.42
FC		CONNEXXION WATER BV	86.42
FC	NC	CONNEXXION ZORGVERVOER BV	86.42
FC	NC	CONNEXXION ZORGVERVOER ZUID HOLLAND BV	86.42
EM		COÖPERATIE REGIONAL AMBULANCEVOORZIENING KENNERMERLAND U.A.	43.21
EM		COÖPERATIE REGIONALE AMBULANCEVOORZIENING HAAGLANDEN U.A.	21.60
EM		CTS NOORD BV	44,.07
FC	NC	CXX AML MATERIEEL B.V	86.42
FC		DE GROOTH VERVOER BV	86.42
FC		EUROLINES NETHERLANDS NV	100.00
FC		FUTURE TECHNOLOGY NEDERLAND BV	86.42
FC		GVU NV	86.42
FC		HEART SAFE LIVING BV	86.42
FC		HERMES GROEP NV	86.42
FC		HERMES OPENBAAR VERVOER BV	86.42
FC	NC	KROON ARBOZAKEN BV	86.42
FC		OMNITAX BV	86.42
FC		OV REGIO IJSSELMOND BV	86.42
FC		PERSONEELSVOORZIENING BRABANTS BUSVERVOER BV	86.42
EM		PERSONENVERVOER GRONINGEN BV	28.80
FC		PERSONENVERVOER VAN DIJK DELFTZIJL BV	86.42
FC		PERSONENVERVOER ZUID-NEDERLAND BV	86.42
EM		REISINFORMATIEGROEP BV	28.35
FC		ROLINE BV	86.42
EM		SCHIPHOL TRAVEL TAXI BV	43.21
FC		STADSBUS GROEP MAASTRICHT NV	86.42
FC		STADSBUS MAASTRICHT PARTICIPATIES BV	86.42
FC		STAN ECOZORG B.V.	86.42
FC		STICHTING AMBULANCEZORG NOORD EN OOST GELDERLAND	86.42
FC		STICHTING REGIONALE AMBULANCEVOORZIENING ZEELAND	86.42
FC		TAXI CENTRALE MIDDEN-BRABANT	86.42
FC		TBC HOLDING B.V.	86.42
FC		TECHNO SERVICE NEDERLAND NV	86.42
EM	NC	TRANZER B.V	12.96
FC		VEOLIA TRANSPORT BRABANT N.V.	86.42
FC		VEOLIA TRANSPORT FAST FERRIES B.V.	86.42
FC		VEOLIA TRANSPORT LIMBURG B.V.	86.42
FC		VEOLIA TRANSPORT LIMBURG BUS B.V.	86.42
FC		VEOLIA TRANSPORT LIMBURG TOUR	86.42
FC		VEOLIA TRANSPORT NEDERLAND HOLDING B.V.	86.42
FC		VEOLIA TRANSPORT NEDERLAND OPENBAAR VERVOER B.V	86.42
FC		VEOLIA TRANSPORT PERSONEELSVOORZIENING	86.42
FC		VEOLIA TRANSPORT RAIL B.V.	86.42
EM		VERENFCING AMBULANCEZORG REGIO NOORD-HOLLAND NOORD IN COÖPERATIEF VERBAND U.A.	43.21
FC		WITTE KRUIS AMBULANCE BV	86.42
FC		WITTE KRUIS AMBULANCEZORG BV	86.42
FC		WITTE KRUIS BV	86.42
FC		WITTE KRUIS HOLDING BV	86.42
FC		WITTE KRUIS MIDELEN BV	86.42
FC		WITTE KRUIS ZORG BV	86.42
FC		WKA ZEELAND	86.42

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Consolidation method	Entity Name	Percentage of interest
NEW CALEDONIA		
EM	CARSUD SA	27.96
NEW ZEALAND		
FC	TRANSDEV AUCKLAND LTD	100.00
FC	TRANSDEV NEW ZEALAND LTD	100.00
FC	TRANSDEV WELLINGTON LTD	100.00
PORTUGAL		
EM	AUTO-PENAFIEL, LDA (ROCALDAS)	25.42
FC	AUTO VIACAO AVEIRENSE	100.00
FC	CAIMA TRANSPORTES	100.00
FC	EMPRESA DE TRANSPORTES ANTONIO CUNHA	100.00
EM	GPS TRANSPORTES	25.42
EM	IBERO EUROSUR S.L.	24.94
FC	INTERCENTRO	48.43
EM	INTERGALIZA	25.42
FC	INTERNORTE	50.84
FC	MINHO BUS	100.00
FC	RODOVIARIA DA BEIRA INTERIOR	100.00
FC	RODOVIARIA DA BEIRA LITORAL	100.00
FC	RODOVIARIA DE ENTRE D'OURO E MINHO	100.00
EM	RODOVIARIA DO TEJO	25.42
FC	TRANSDEV DOURO	100.00
FC	TRANSDEV INTERIOR	100.00
FC	TRANSDEV MOBILIDADE	100.00
FC	TRANSDEV NORTE	100.00
FC	TRANSDEV PARTICIPACÕES SGPS	100.00
FC	TRANSDEV PORTO	100.00
UNITED-KINGDOM		
FC	BLAZEFIELD BUSES LTD	100.00
FC	BLAZEFIELD TRAVEL GROUP LTD	100.00
FC	BURNLEY & PENDLE TRAVEL LTD	100.00
FC	CABFIND LTD	100.00
FC	COMET CAR HIRE LTD	100.00
FC	CONNEX SOUTH EASTERN LTD	100.00
FC	GREEN TOMATO CARS LTD	100.00
FC	HARROGATE & DISTRICT TRAVEL LTD	100.00
FC	KEFCHLEY & DISTRIC TRAVEL LTD	100.00
FC	LANCASHIRE UNITED LTD	100.00
FC	TRANSDEV BLAZEFIELD LTD	100.00
FC	TRANSDEV CLAIMS INVESTFCATIONS LTD	100.00
FC	TRANSDEV NORTHEN BLUE LTD	100.00
FC	TRANSDEV PLC	100.00
FC	TRANSDEV TRAM UK LTD	100.00
FC	TRANSDEV YORK LTD	100.00
FC	TRANSPORT LONDON LTD	100.00
FC	TRIDENT HERITAGE LTD	100.00
FC	YORKSHIRE COASTLINER LTD	100.00
UNITED STATES OF AMERICA		
FC	10-10 TAXI AR, LLC	100.00
FC	10-10 TAXI FL 1, LLC	100.00
FC	10-10 TAXI MN, LLC	100.00
FC	10-10 TAXI NY, LLC	100.00
FC	10-10 TAXI TX 1, LLC	100.00
FC	10-10 TRANSPORTATION, LLC	100.00
FC	AIRLINES ACQUISITION CO., INC	100.00
FC	AIRPORT LIMOUSINE SERVICE, INC.	100.00
FC	ASSOCIATED CAB, LLC	100.00
FC	ATC PARTNERS LLC	100.00
FC	ATC/VANCOM OF ARIZONA, LIMITED PARTNERSHIP	100.00
FC	BELLE ISLE CAB COMPANY, INC.	100.00
FC	BLUE BOOTH INCORPORATED	84.21
FC	BLUE VAN JV	76.00
FC	BLUE VAN LEASING CORPORATION	100.00
FC	CENTRAL CAB COMPANY, INC.	100.00
FC	CENTURY CAB COMPANY, INC.	100.00
FC	CHAMPION CAB COMPANY, INC	100.00
FC	CHECKER AIRPORT TAXI, INC	100.00
FC	CHECKER CAB ASSOCIATION, INC.	100.00
FC	CHECKER YELLOW CAB OF JACKSONVILLE, LLC	100.00
FC	CHOICE CAB COMPANY, INC.	100.00
FC	CIRCLE CAB COMPANY, INC.	100.00
FC	CLASSIC CAB COMPANY, INC.	100.00
FC	CLEARWATER TRANSPORTATION, LLC	100.00
FC	CLOUD 9 SHUTTLE, INC.	100.00
FC	COAST CAB COMPANY, INC.	100.00
FC	COLONIAL CAB COMPANY, INC.	100.00
FC	COLORADO AIRPORT SHUTTLE SERVICES, LLC	100.00
FC	COLORADO CAB COMPANY, LLC	100.00
FC	COLORADO SPRINGS TRANSPORTATION, LLC D/B/A YELLOW CAB COMPANY OF COLORADO SPRINGS	100.00
FC	COLORADO TRANS MANAGEMENT, LLC	100.00
FC	COMPUTER CAB COMPANY, INC.	100.00
FC	CONNEX RAILROAD LLC	100.00
FC	CORDIAL CAB COMPANY, INC.	100.00
FC	DHTC, LLC	100.00
FC	DULLES TRANSPORTATION PARTNERSHIP	60.00
FC	ENVIRO CAB , LLC TX	100.00
FC	ENVIROCAB, LLC VIRGINIA	100.00
FC	GOLDEN TOUCH TRANSPORTATION OF NEW YORK, INC	100.00
FC	GOLDEN TOUCH TRANSPORTATION OF THE DISTRICT OF COLUMBIA	100.00
FC	GREEN TOMATO CARS DC, LLC:	100.00
FC	GREEN TOMATO CARS VA, LLC	100.00
FC	HOUSTON O & M LLC	100.00
FC	HUNTLEFCH TRANSPORTATION SERVICES LLC	100.00
FC	INTELLIRIDE LLC	100.00
FC	JIMMY'S CAB, INC.	100.00
FC	KANSAS CITY LIMOUSINE LLC	100.00
FC	KANSAS CITY SHUTTLE LLC	100.00
FC	KANSAS CITY TAXI LLC	100.00
FC	MASSACHUSSETS BAY COMMUTER RAILROAD COMPANY, LLC	60.00
FC	MCLEAN CONSULTING, LLC	100.00
FC	MINI BUS SYSTEMS, INC.	100.00
FC	NATIONAL HARBOR TRANSPORTATION SERVICES LLC	100.00
FC	OAK STREET SALES, INC.	100.00
FC	PHOENIX TRANSIT JOINT VENTURE	82.00
FC	PITTSBURGH CAB COMPANY, INC.	100.00
FC	PITTSBURGH TRANSPORTATION COMPANY	100.00
FC	PITTSBURGH TRANSPORTATION GROUP CHARTER SERVICES, INC.	100.00
FC	PROFESSIONAL FLEET MANAGEMENT LLC	100.00
FC	PROFESSIONAL TRANSIT MANAGEMENT, LTD.	100.00
FC	PROFESSIONNAL TRANSIT SOLUTIONS LLC	100.00
FC	PTM OF ASHEVILLE, INC.	100.00
FC	PTM OF ATTLEBORO, INC.	100.00
FC	PTM OF BOISE, LLC	100.00
FC	PTM OF CAPE COD, INC.	100.00
FC	PTM OF DUTCHESS COUNTY, INC.	100.00

FC: Fully consolidated; **PC:** Proportional method; **EM:** Equity method; **NC:** Newly consolidated

Consolidation method		Entity Name	Percentage of interest
FC		PTM OF GEORGIA, INC.	100.00
FC		PTM OF JACKSON, INC.	100.00
FC		PTM OF RACINE, INC.	100.00
FC		PTM OF TUCSON, INC.	100.00
FC		PTM OF WAUKESHA, INC.	100.00
FC		PTM OF WILMINGTON, INC.	100.00
FC		PTM PARATRANSIT OF TUCSON, INC.	100.00
FC		RAYRAY CAB COMPANY, LLC	100.00
FC		SACRAMENTO TRANSPORTATION, INC.	100.00
FC		SAFETY CAB COMPANY, INC.	100.00
FC		SCOUT CAB COMPANY, INC.	100.00
FC		SE FLORIDA TRANSPORTATION, LLC	100.00
FC		SECURE CAB COMPANY, INC.	100.00
FC		SELECT CAB COMPANY, INC.	100.00
FC		SENTINEL CAB COMPANY, INC.	100.00
FC		SERENE CAB COMPANY, INC.	100.00
FC		SERVICE CAB COMPANY, INC.	100.00
FC		SFO AIRPORTER, INC.	100.00
FC		SHAMROCK CHARTERS, INC	100.00
FC		SHAMROCK LEASING LLC	100.00
FC		SHAMROCK LUXURY LIMOUSINE LLC	100.00
FC		SHAMROCK TAXI OF FORT COLLINS, INC	100.00
FC		SHUTTLE ASSOCIATES LLC	100.00
FC		SHUTTLE EXPRESS, INC.	100.00
FC		SHUTTLEPORT ARIZONA JOINT VENTURE	65.00
FC		SHUTTLEPORT CALIFORNIA LLC	100.00
FC		SHUTTLEPORT CONNECTICUT LLC	100.00
FC		SHUTTLEPORT DC LLC	100.00
FC		SHUTTLEPORT FLORIDA LLC	100.00
FC		SHUTTLEPORT SERVICES ARIZONA LLC	100.00
FC		SKYLINE CAB COMPANY, INC.	100.00
FC		SMARTER MOBILITY, LLC	100.00
FC		SPENCER LEASING LLC	100.00
FC		SPLIT	100.00
FC		SUN TAXICAB ASSOCIATION, INC.	100.00
FC		SUNRISE CAB COMPANY, INC.	100.00
FC		SUPER TRANSPORTATION OF FLORIDA, LLC	100.00
FC		SUPERIOR CAB COMPANY, INC.	100.00
FC		SUPERSHUTTLE ARIZONA, INC.	100.00
FC		SUPERSHUTTLE ATLANTA, LLC	100.00
FC		SUPERSHUTTLE DALLAS FORT WORTH, INC.	100.00
FC		SUPERSHUTTLE FRANCHISE CORPORATION	100.00
FC		SUPERSHUTTLE INTERNATIONAL DENVER, INC.	100.00
FC		SUPERSHUTTLE INTERNATIONAL, INC	100.00
FC		SUPERSHUTTLE LAS VEGAS, LLC	100.00
FC		SUPERSHUTTLE LEASING, INC.	100.00
FC		SUPERSHUTTLE LOS ANGELES, INC.	100.00
FC		SUPERSHUTTLE LOUISIANA, LLC	100.00
FC		SUPERSHUTTLE OF HOUSTON, LLC	100.00
FC		SUPERSHUTTLE OF MINNESOTA, INC.	100.00
FC		SUPERSHUTTLE OF PENNSYLVANIA, LLC	100.00
FC		SUPERSHUTTLE ORANGE COUNTY, INC.	100.00
FC		SUPERSHUTTLE RALEFCH-DURHAM, INC	100.00
FC		SUPERSHUTTLE SAN FRANCISCO, INC.	100.00
FC		SUPERSHUTTLE TENNESSEE, INC	100.00
FC		SUPERTAXI, INC	100.00
FC		SUPREME CAB COMPANY, INC.	100.00
FC		TEMPE ARIZONA VF JOINT VENTURE	85.00
FC		THE LIMO, INC.	100.00
FC		THE YELLOW CAB COMPANY	100.00
FC		TRANSDEV BUS ON DEMAND LLC	100.00
FC		TRANSDEV NORTH AMERICA INC	100.00
FC		TRANSDEV ON DEMAND, INC	100.00
FC		TRANSDEV SERVICES, INC	100.00
FC		UNIFIED DISPATCH, LLC	100.00
FC		VEOLIA TRANSPORTATION MAINTENANCE AND INFRASTRUCTURE, INC.	70.00
FC		WASHINGTON SHUTTLE, INC.	90.00
FC		WIER TRANSPORTATION	49.00
FC		YC HOLDINGS, INC	100.00
FC		YELLOW CAB ASSOCIATION, INC.	100.00
FC		YELLOW CAB COMPANY OF PITTSBURGH	100.00
FC		YELLOW TAXI ASSOCIATION, INC.	100.00
FC		ZTRIP, INC	100.00
SPAIN			
PC		CGT, S.A., CGEA CONNEX, S.A., MARFINA, S.L., ARANDE, S.L. Y SOLER & SAURET, S.A., UTE LEY 18/1982, DE 26 DE MAYO	66.00
PC		DETREN COMPANIA GENERAL DE SERVICIOS FERROVIARIOS, S.L., MARFINA, S.L. Y ARANDE, S.L., UTE, LEY 118/1982, DE 26 DE MAYO	66.00
EM		EUROLINES PENINSULAR	50.00
EM		MOVEBUS	50.00
FC		TRANSDEV ESPANA SLU	100.00
FC		VEOLIA TRANSPORTE ESPAÑA SLU	100.00
EM		VIAJES EUROLINES	37.50
SWEDEN			
EM		BUSSDEPAN I KRISTIANSTAD AB	43.00
FC		GÖTEBORG STYRSÖ SKÄRGÅRDSTRAFIK AB	100.00
FC		KOMMANDITBOLAGET BUSSNINGEN	100.00
FC		MERRESOR AB	100.00
FC		PEOPLE TRAVEL GROUP AB	100.00
FC		TRANSDEV NORTHERN EUROPE AB	100.00
FC	NC	TRANSDEV UPPLAND AB	100.00
FC		TRANSDEV SVERIGE AB	100.00

FC: Fully consolidated; **PC:** Proportional method; **EM:** Equity method; **NC:** Newly consolidated

TRANSDEV GROUP

YEAR ENDED DECEMBER 31, 2017

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.

MAZARS
61, rue Henri Regnault
92400 Courbevoie
S.A. à directoire et conseil de surveillance
au capital de € 8.320.000
784 824 153 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

TRANSDEV GROUP

YEAR ENDED DECEMBER 31, 2017

Statutory auditors' report on the consolidated financial statements

To the Annual General Meeting of Transdev Group,

OPINION

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying consolidated financial statements of Transdev Group for the year ended December 31, 2017.

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 2017 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, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the assessments that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

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

- Your Group carried out impairment tests on goodwill (Notes VII.1.8, VII.2 and VII.8 to the consolidated financial statements). As part of our assessments, our work consisted in analyzing the methods of implementation of these impairment tests, as well as the assumptions used to make the cash flow projections. We also analyzed that the appropriate disclosure was made in the notes to the consolidated financial statements.

- Other intangible assets with a definite useful life, tangible assets, financial assets, taxes, provisions and employee obligations as well as financial instruments are recognized and measured according to the methods described in Notes VII.6.1, VII.6.2, VII.6.4, VII.10.2, VII.12.1, VII.12.2, VII.10.4, VII.10.5 and VII.7.2 to the consolidated financial statements. As part of our assessments, our work consisted in assessing the data and assumptions on which the judgments and estimates concerning these accounts were based, in considering, through sampling, the calculations made by your Group, and in analyzing that the appropriate disclosure was made in the notes to the consolidated financial statements.

- As indicated in Note VII.15 to the consolidated financial statements, your Group is involved, in the normal course of its business, in legal and arbitration proceedings with third parties or tax authorities in some countries. We analyzed that the appropriate disclosure was made in the notes to the consolidated financial statements.

VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

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 Board of Directors' management report.

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

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 Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 (Code de commerce), 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.

Courbevoie and Paris-La Défense, March 5, 2018

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG et Autres	
Gilles Rainaut	Charles Desvernois	Jean-Christophe Goudard	Vincent Coste

TRANSDEV GROUP S.A.

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017

MOBILITY INSPIRED BY YOU

CONTENTS

I. BALANCE SHEET

ASSETS (€ thousands)	FISCAL YEAR 2016 NET	FISCAL YEAR 2017 GROSS	DEPRECIATION, AMORTIZATION	NET	REF. NOTE
FIXED ASSETS					
Intangible assets:					
Start-up costs	-	-	-	-	
Concessions, patents and similar rights	13,200	13,387	-	**13,387**	
Goodwill		283	283	-	
Other intangible assets	6,387	24,543	16,798	**7,745**	
Intangible asset advances and down payments	-	-	-	-	
TOTAL INTANGIBLE ASSETS	**19,587**	**38,213**	**17,081**	**21,132**	III.7.1 & 7.2
Property, plant and equipment:					
Land	-	-	-	-	
Buildings	-	-	-	-	
Transportation equipment	-	-	-	-	
Machinery and equipment	-	-	-	-	
Other	889	5,899	1,582	**4,317**	
Property, plant and equipment in progress and down payments	774	47	-	**47**	
Advances and down payments	-	-	-	-	
TOTAL PROPERTY, PLANT AND EQUIPMENT	**1,663**	**5,945**	**1,582**	**4,364**	III.7.1 & 7.2
Investments:					
Equity investments	1,314,217	2,506,411	1,081,204	**1,425,207**	
Loans related to investments	798,357	754,869	23,645	**731,224**	
Other long-term securities	-	-	-	-	
Other loans	-	-	-	-	
Other	3,032	2,425	-	**2,425**	
TOTAL INVESTMENTS	**2,115,606**	**3,263,706**	**1,104,849**	**2,158,857**	III.7.1 & 7.2
TOTAL FIXED ASSETS (I)	**2,136,856**	**3,307,864**	**1,123,512**	**2,184,353**	III.7.1 & 7.2
Current assets					
Inventories and work in progress:					
Inventories of raw materials and other supplies	-	-	-	-	
Advances and down payments to suppliers	54	93	-	**93**	
Operating receivables:					
Trade receivables	15,999	19,109	-	**19,109**	III.7.3 & 7.4
Other	6,064	7,342	-	**7,342**	III.7.3 & 7.4
Marketable securities	116,213	4	-	**4**	
Cash and cash equivalents	49,649	121,642	-	**121,642**	
Prepaid expenses	2,131	512	-	**512**	
TOTAL CURRENT ASSETS (II)	**190,110**	**148,702**	**-**	**148,702**	
EXPENSES TO BE APPORTIONED OVER MORE THAN ONE PERIOD (III)	**-**	**-**	**-**	**-**	
BOND REDEMPTION PREMIUMS (IV)	**-**	**-**	**-**	**-**	
EXCHANGE UNREALIZED LOSSES (V)	**1,978**	**13,945**	**-**	**13,945**	III.7.5
GRAND TOTAL (I+II+III+IV+V)	**2,328,944**	**3,470,511**	**1,123,512**	**2,346,999**	

LIABILITIES

(€ thousands)	FISCAL YEAR 2016	FISCAL YEAR 2017	REF. NOTE
EQUITY			
Capital	1,137,120	1,137,120	
Issue, contribution premiums	-	-	
Revaluation of assets	-	-	
Reserves:			
Legal reserve	4,835	11,821	
Other reserves	-	-	
Regulated reserves	-	-	
Retained earnings	71,867	112,731	
Income (loss) for the period	47,850	155,040	
Investment grants	-	-	
Regulated provisions	-	-	
TOTAL EQUITY (I)	**1,261,672**	**1,416,883**	III.7.6
PROVISIONS			
Contingency provisions	7,656	15,080	
Loss provisions	4,264	4,521	
TOTAL PROVISIONS (II)	**11,920**	**19,601**	III.7.7
LIABILITIES			
Borrowings from financial institutions (1)	811,043	672,370	III.7.8
Various debts	69,478	36,971	III.7.8
Advances and down payments on orders in progress	-	-	III.7.8
Trade payables	31,020	22,259	III.7.8
Taxes payables and employee commitments	17,193	19,604	III.7.8
Liabilities to fixed asset suppliers	2,400	2,335	III.7.8
Other liabilities	118,153	141,096	III.7.8
Prepaid income			III.7.8
TOTAL LIABILITIES (III) (2)	**1,049,86**	**894,635**	
EXCHANGE UNREALIZED GAINS (IV)	**6,066**	**15,881**	III.7.5
GRAND TOTAL (I+II+III+IV)	**2,328,944**	**2,346,999**	
(1) Of which, bank borrowings for ordinary operations and credit balances on bank accounts:	182	227	
(2) Prepaid expenses and income maturing within one year:	146,197	110,254	

II. INCOME STATEMENT

(€ thousands)	FISCAL YEAR 2016	FISCAL YEAR 2017	REF. NOTE
Revenue from operations:			
Sale of goods	-	-	
Production sold (goods)	-	-	
Production sold (services)	-	-	
NET SALES			
Changes in inventories	-	-	
Operating grants	-	374	
Reversals of provisions, depreciation (and amortization), expense transfers	3,297	3,783	
Other revenues	80,203	86,393	
TOTAL REVENUE FROM OPERATIONS (I)	**83,500**	**90,550**	
Operating expenses:			
Supply purchases	-	-	
Changes in inventories	-	-	
Other purchases and external expenses	45,641	43,180	
Taxes	3,068	3,898	
Wages and salaries	27,072	29,513	
Social security contributions	13,226	13,933	
Depreciation and amortization:			
- fixed assets: amortization	4,397	4,544	
- fixed assets: depreciation	2,822	-	
- current assets: depreciation	-	-	
- contingencies and losses: depreciation	848	1,126	
Other expenses	9,959	**1,370**	
TOTAL OPERATING EXPENSES (II)	**107,034**	**97,564**	
OPERATING INCOME (I-II)	**(23,534)**	**(7,014)**	
PROFIT ATTRIBUTED OR LOSS TRANSFERRED (III)	**345**	**284**	
LOSS INCURRED OR PROFIT TRANSFERRED (IV)	**-**	**-**	
Financial income:			
Income from equity investments	359,352	184,766	
From other capitalized securities and receivables	-	-	
Other interest and similar income	6,405	6,041	
Reversals of provisions, depreciation (and amortization), expense transfers	32,883	3,529	
Foreign exchange gains	49,679	24,988	
TOTAL FINANCIAL INCOME (V)	**448,319**	**219,325**	
Financial expenses:			
Depreciation, amortization and provisions	330,700	38,297	
Interest and similar expenses	18,971	10,726	
Foreign exchange losses	54,293	30,463	
TOTAL FINANCIAL EXPENSES (VI)	**403,963**	**79,486**	
FINANCIAL INCOME (LOSS) (V-VI)	**44,356**	**139,839**	*III.8.4*
CURRENT INCOME (LOSS) BEFORE INCOME TAX (I-II+III-IV+V-VI)	**21,168**	**133,109**	
Extraordinary income:			
From operations	1	1	
From asset disposals	405	-	
Reversals of provisions, depreciation (and amortization), expense transfers	39	126	
TOTAL EXTRAORDINARY INCOME (VII)	**445**	**127**	
Extraordinary expenses:			
From operations	1	3	
From asset disposals	1,405	2,573	
Depreciation, amortization and provisions	126	-	
TOTAL EXTRAORDINARY EXPENSES (VIII)	**1,532**	**2,576**	
EXTRAORDINARY INCOME (LOSS) (VII-VIII)	**(1,087)**	**(2,449)**	*III.8.5*
EMPLOYEE PROFIT-SHARING (IX)	**-**	**-**	
INCOME TAX (X)	**(27,768)**	**(24,381)**	*III.8.6*
TOTAL REVENUE (I+III+V+VII)	**532,610**	**310,286**	
TOTAL EXPENSES (II+IV+VI+VIII+IX+X)	**484,761**	**155,245**	
NET INCOME (LOSS)	**47,850**	**155,040**	

III. NOTES TO THE FINANCIAL STATEMENTS

III.1. NOTEWORTHY ACTIONS AND SIGNIFICANT EVENTS DURING THE PERIOD

III.1.1. TRANSFER OF THE REGISTERED OFFICE

On March 24, 2017, the Board of Directors approved the plan to move, in 2017, all the activities of the head office to a new site in Issy-les-Moulineaux. In August 2017, the registered office was transferred to 3 allée de Grenelle, 92130 Issy-Les-Moulineaux.

III.1.2. EQUITY INVESTMENTS

On May 12, 2017, Transdev Group SA subscribed for the capital increase of its subsidiary Transdev North America in the amount of $130 million. This increase was entirely subscribed by a setoff against receivables.

III.1.3. ASSIGNMENT OF COMPETITIVENESS AND EMPLOYMENT TAX CREDIT RECEIVABLE

In fiscal year 2017, the Group assigned its 2017 Competitiveness and Employment Tax Credit (*Crédit d'Impôt Compétitivité Emploi* – "CICE") receivable without recourse to a financial institution.

III.1.4. TAX CONSOLIDATION

On April 21, 2011, Transdev Group SA elected to be part of a tax group, as defined in Articles 223 A et seq. of the French General Tax Code (Code général des impôts).
The tax consolidation election took effect on January 1, 2011 for a period of five years. It is renewable automatically unless expressly terminated by Transdev Group SA.
Income tax expense is allocated to the accounts of the various entities that comprise the tax group in accordance with the "neutrality" method required by the French National Accounting Institute (*Conseil National de la Comptabilité*), and reiterated in the Official Tax Bulletin no. 4H-9-88.
Pursuant to this principle, each subsidiary pays the tax it would have paid in the absence of tax consolidation, and Transdev Group SA, the company that heads the tax consolidation group, pays its own tax and either receives the benefit of any tax savings or bears the burden of any additional tax due to application of tax consolidation.

For 2017, the tax consolidation option led to the recognition of a consolidated tax bonus of €33.3 million on the parent company's financial statements and a Group tax liability of €8.2 million.

III.2. GENERAL RULES AND PRINCIPLES APPLIED

The financial statements for fiscal year 2017 have been prepared in accordance with French accounting principles in effect. To the extent possible, detailed figures are provided in table form and expressed in thousands of euros.

III.3. CONSOLIDATION

Transdev Group SA is the parent company of the Transdev group whose consolidated accounts are fully consolidated in the accounts of Caisse des Dépôts et Consignations (General Section), whose registered office is located at 56 rue de Lille, 75356 Paris 07 SP. In addition, Veolia, whose registered office is located at 30 rue Madeleine Vionnet, 93300 Aubervilliers, accounts for the group using the equity method.

III.4. MEASUREMENT PROCEDURES METHODS APPLIED TO VARIOUS BALANCE SHEET AND INCOME STATEMENT ITEMS

Items recognized on the financial statements are measured using the "historical costs" method. More specifically, the measurement procedures and methods described below are used for the various items reported on the annual financial statements.

III.4.1. INTANGIBLE ASSETS

Intangible business assets are measured at acquisition cost. In accordance with the accounting regulations applicable to assets under ANC 2015-06, intangible business assets with an indefinite useful life are not amortized, but are tested each year for impairment. Impairment is recognized if the market value of the asset is less than its net carrying amount.

The accounting regulations on intangible business assets had no impact on the financial statements as of December 31, 2017.

Depending on its type, computer software is amortized over a period of three to five years.

III.4.2. PROPERTY, PLANT AND EQUIPMENT

Assets are depreciated on a straight-line basis over their useful lives:
- Buildings: ....20 years
- Machinery and equipment : ....8 years
- Computer equipment: ....5 years
- Office equipment: ....5 to 7 years
- Office furniture: ....5 to 10 years

III.4.3. INVESTMENTS

For securities acquired, the gross value of long-term securities is equal to acquisition cost including ancillary expenses, if any.

Provisions for impairment of equity investments are recognized on the basis of (i) the financial performance of the investments, (ii) changes in income or (iii) their probable sale value. The company relies inter alia on the business plans prepared by the subsidiaries.

Other investments are recognized as assets at their initial recognition value. Impairment is recognized if the market value of an asset falls below net carrying amount.

III.4.4. RECEIVABLES AND LIABILITIES

Receivables and liabilities are recognized at their nominal values.

If applicable, impairment is recognized on receivables to take into account the risk of non-collection.

III.4.5. TRANSFERABLE SECURITIES

Time deposit accounts are reported in this item. They are recognized at their acquisition cost, and a provision for impairment is recognized if their market value is less than their carrying amount.

III.4.6. CONTINGENCY AND LOSS PROVISIONS

Contingency and loss provisions are estimated according to the data known to the company on the date on which the financial statements are approved by the Board of Directors.

Provisions are broken down by type in section III-7.7 of the notes to the financial statements.

III.4.7. FOREIGN CURRENCY TRANSACTIONS

During the fiscal year, transactions in foreign currencies are reported at their equivalent value in euros at the exchange rate in effect on the date of the transaction.

Receivables, liabilities, loans and borrowings in foreign currencies are reported on the balance sheet for their equivalent value in euros using the year-end exchange rate. Any difference generated by updating the value of liabilities and receivables in foreign currencies using the year-end exchange rate is reported in the "unrealized foreign exchange gains or losses" item on the balance sheet.

In accordance with Article 420-7 of the General Chart of Accounts, the impact of converting cash accounts held in foreign currency is recognized directly on the income statement as a foreign exchange translation gain (loss). Similarly, the impact of converting current accounts held with subsidiaries that, by their nature, are comparable to cash accounts, is recognized directly on the income statement as a foreign exchange translation gain (loss).

A contingency provision is recognized for the net amount of the total amount of any unrealized foreign exchange losses, assessed by currency and maturity group, after taking into account forward transactions classified as hedging transactions for accounting purposes.

III.4.8. FOREIGN EXCHANGE DERIVATIVE TRANSACTIONS

Since July 5, 2011, Transdev Group SA has managed market risks associated with fluctuations in foreign exchange rates through the use of derivatives, in particular currency futures, currency swaps and currency options. These instruments are used for hedging purposes.

Foreign exchange derivatives classified as hedging transactions for accounting purposes are reported as foreign exchange gains or losses symmetrically to the hedged items.

The overall position of derivatives not classified as hedging transactions for accounting purposes is reported by currency.

A provision is recognized for unrealized foreign exchange losses, unrealized gains are not recognized in income, and realized gains or losses are recognized in income.

Since January 1st, 2017, Transdev Group SA has applied accounting regulation ANC no. 2015-05 applicable to derivatives and hedging transactions, with no impact on the financial statements as of December 31, 2017.

III.4.9. PENSION COMMITMENT

The company has opted for an external management contract for future post-employment benefits. The corresponding expenses are covered by the capitalized value of the funds paid.

The rights accrued by the employees in respect of future post-employment benefits were calculated on the basis of the age and length of service of each employee, using a method that takes into account assumptions concerning trends in salaries, life expectancy and personnel turnover, in accordance with the principles applied in the Transdev group.

Expenses and income from discounting are recognized on the income statement using the preferential method described in CNC Recommendation no. 2003 R-01 of April 1, 2003.

In 2017, a rate of 1.30% was used for discounting.

As of December 31, 2017, a provision of €4.1 million was recognized for a shortfall in commitment coverage.

III.4.10. COMMITMENT IN RESPECT OF LENGTH OF SERVICE BENEFITS

The rights accrued by employees in respect of length of service benefits were determined according to the age and length of service of each employee, using a method that takes into account assumptions concerning trends in salaries, life expectancy and personnel turnover, in accordance with the principles applied in the Transdev group.

As of December 31, 2017, the commitments were covered by a provision of €0.1 million.

III.4.11. COMPETITIVENESS AND EMPLOYMENT TAX CREDIT

The Competitiveness and Employment Tax Credit ("CICE") was introduced by the Amended Budget Act for 2012, which was published on December 29, 2012. It comprises a tax credit, the amount of which is calculated in proportion to the gross wage bill, excluding salaries that are more than 2.5 times the statutory minimum wage ("SMIC"). In 2017, the CICE was set at 7% of eligible remuneration paid.

In accordance with accounting standards and group instructions, the CICE was recognized as a corporate income tax credit (695*) in the financial statements of our company.

In respect of the 2017 fiscal year, Transdev Group SA reported a CICE of €182,602. This CICE was used, in particular, to finance training programs, new recruitments and development initiatives.
The impact of the CICE on Transdev Group SA net income breaks down as follows:

(€ thousands)

	2017
Net income (loss)	155,040
CICE year N	183
Net income (loss) excluding CICE	154,857
Result for year N distributed in the form of dividends in year N+1	-

The CICE is offset against the corporate income tax owed in respect of the fiscal year during which it is recognized, then against any tax owed in respect of the subsequent three fiscal years. At the end of this offsetting period, any surplus that has not been offset is reimbursed. In 2017, the group decided to assign its CICE receivable without recourse to a financial institution.

III.5. OTHER INFORMATION

III.5.1. RELATED-PARTY TRANSACTIONS

Related-party transactions concerned by Article R.123-199 1 of the French Commercial Code
Pursuant to the regulations of the Accounting Standards Authority (*Autorité des Normes Comptables* or "ANC") and Article R.123-199 1 of the French Commercial Code concerning related parties, Transdev Group SA confirms that it did not engage any such transactions in fiscal year 2017.

Transactions with affiliates
As part of its holding activities, the company provides services to its subsidiaries on behalf of the group. These activities primarily cover technical assistance, a brand fee, employee lending and the issue of guarantees.

III.5.2. STATUTORY AUDITORS' FEES

Pursuant to Decree no. 2008-1487 of December 30, 2008, information concerning statutory auditors' fees is not provided in these notes to the financial statements, because it is provided in the notes to the Transdev group consolidated financial statements.

III.6. POST-YEAR-END EVENTS

None.

III.7. ADDITIONAL INFORMATION CONCERNING THE BALANCE SHEET

III.7.1. STATEMENT OF FIXED ASSETS: CHANGES IN GROSS VALUES

(€ thousands)	GROSS VALUES AT THE START OF THE PERIOD	ACQUISITIONS, INCREASES DURING THE PERIOD	DISPOSALS, REDUCTIONS DURING THE PERIOD	OTHER FLOWS	UNREALIZED CURRENCY LOSSES	GROSS VALUES AT THE END OF THE PERIOD
Intangible assets	**32,940**	**2,876**	**-**	**124**	**-**	**35,940**
Intangible assets advances and down payments	**1,171**	**1,226**	**-**	**(124)**	**-**	**2,273**
Property, plant and equipment	**9,076**	**3,839**	**(7,508)**	**491**	**-**	**5,898**
Property, plant and equipment in progress	**774**	**47**	**(283)**	**(491)**	**-**	**47**
Investments, of which	**3,192,361**	**859,248**	**(787,904)**	**-**	**-**	**3,263,706**
Equity investments	2,384,672	121,739	-	-	-	2,506,411
Loans related to investments	804,657	737,457	(787,245)	-	-	754,869
Other long-term securities	-	-	-	-	-	-
Other loans	-	-	-	-	-	-
Other investments	3,032	52	(659)	-	-	2,425
TOTAL FIXED ASSETS	**3,236,322**	**867,236**	**(795,695)**	**-**	**-**	**3,307,864**

Below is a breakdown of the main transactions involving investment securities:

(€ thousands)	ACQUISITIONS DURING THE PERIOD	CAPITAL INCREASE	TRANSFER OF ALL ASSETS	OTHER FLOWS	
Transdev North America	-	119,639	-	-	119,639
Maas Finland Oy	-	1,800	-	-	1,800
Divers	-	300	-	-	300
TOTAL	**-**	**121739**	**-**	**-**	**121,739**

III.7.2. STATEMENT OF FIXED ASSETS: CHANGES IN DEPRECIATION, AMORTIZATION AND IMPAIRMENT

(€ thousands)	POSITION AT THE START OF THE PERIOD	AMOUNTS RECOGNIZED DURING THE PERIOD	REVERSALS OR REDUCTIONS DURING THE PERIOD	RECLASSIFICATIONS	DEPRECIATION AND AMORTIZATION AT THE END OF THE PERIOD
Depreciation and amortization on intangible assets	14,524	3,393	(836)	-	17,081
Depreciation and amortization on property, plant and equipment	8,187	1,151	(7,757)	-	1,581
Impairment of investments	1,076,755	30,083	(1,989)	-	1,104,849
TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT OF FIXED ASSETS	**1,099,466**	**34, 627**	**(10,582)**	**-**	**1,123,511**
of which recognition and reversals					
operating	-	4,544	(3,658)	-	-
financial	-	30,083	(1,989)	-	-
extraordinary	-	-	-	-	-

Impairment of investments and related receivables

(€ thousands)	POSITION AT THE START OF THE PERIOD	AMOUNTS RECOGNIZED DURING THE PERIOD	REVERSALS DURING THE PERIOD	RECLASSIFICATIONS	POSITION AT THE END OF THE PERIOD
Transdev Eurolines	40,963	11,846	-	-	52,809
Transdev SA	394,853	-	-	-	394,853
TD Participacoes SGPS SA	40,000	1,237	-	-	41,237
Transdev Plc	62,700	12,075	-		74,775
Transdev Finland OY	5,501	-	(1,989)	-	3,512
Transdev North America INC.	49,872	-	-	-	49,872
Transdev Irlande	-	4,550	-	-	4,550
Seoul Line 9	-	375	-	-	375
Transdev Ile de France SA	482,866	-	-	-	482,866
TOTAL	**1,076,755**	**30,083**	**(1,989)**	**-**	**1,104,849**

III.7.3. STATEMENT OF RECEIVABLE MATURITY DATES

(€ thousands)	FISCAL YEAR 2017 GROSS	MATURING IN LESS THAN ONE YEAR	OF WHICH AFFILIATES OR CONTROLLED ENTITIES	FISCAL YEAR 2016 GROSS
Fixed assets				
Receivables from controlled entities	754,869	133,279	754,869	804,657
Other investments	2,425	-	-	3,032
Current assets				
Trade receivables	19,109	19,109	18,696	15,999
Other receivables	7,342	7,342	1,584	6,190
Prepaid expenses	512	512	-	2,131
TOTAL	**784,258**	**160,242**	**775,149**	**832,009**

III.7.4. STATEMENT OF CURRENT ASSETS: CHANGES IN IMPAIRMENT

Changes over the period were as follows:

(€ thousands)	POSITION AT THE START OF THE PERIOD	AMOUNTS RECOGNIZED DURING THE PERIOD	REVERSALS DURING THE PERIOD	RECLASSIFICATIONS	IMPAIRMENT AT THE END OF THE PERIOD
Inventories and work in progress	-	-	-	-	-
Trade and other receivables	-	-	-	-	-
Other accounts receivable	126	-	(126)	-	-
TOTAL IMPAIRMENT OF CURRENT ASSETS	**126**	**-**	**(126)**	**-**	**-**
of which recognition and reversals					
operations	-	-	-	-	-
financial	-	-	-	-	-
extraordinary	-	-	(126)	-	-

III.7.5. UNREALIZED FOREIGN EXCHANGE LOSS/GAIN

The breakdown of currency impact at year-end is shown below:

(€ thousands)	UNREALIZED CURRENCY TRANSLATION LOSSES	UNREALIZED CURRENCY TRANSLATION GAINS
Receivables from controlled entities	13,923	731
Trade receivables	22	-
Transferable securities	-	-
Loans and other debts	-	15,149
TOTAL	**13 945**	**15 881**

and breaks down as follows by currency:

(€ thousands)	UNREALIZED CURRENCY TRANSLATION LOSSES	UNREALIZED CURRENCY TRANSLATION GAINS
Canadian dollar CAD	-	245
Pound sterling GBP	162	--
Israeli Shekel ILS	-	-
Australian Dollar AUD	-	-
Swedish krona SEK	-	486
US dollar USD	13,782	15,149
TOTAL	**13,945**	**15,881**

III.7.6. STATEMENT OF CHANGES IN EQUITY

(€ thousands)	POSITION AT THE START OF THE PERIOD	APPROPRIATION OF NET INCOME 2016	CAPITAL REDUCTION	INTERIM DIVIDENDS	NET INCOME (LOSS) 2017	POSITION AT THE START OF THE PERIOD
Capital subscribed, called and paid in	1,137,120	-	-	-	-	1,137,120
Contribution premium	-	-	-	-	-	-
Legal reserve	4,835	6,986	-	-	-	11,821
Other Reserves	-	-	-	-	-	-
Retained earnings	91,867	20,864	-	-	-	112,731
Income (loss) for the period	47,850	(47,850)	-	-	155 040	155,040
Interim dividends [(1)]	(20,000)	20,000	-	-	-	-
Conditional advances	-	-	-	171	-	171
TOTAL EQUITY	1,261,672	-	-	171	155,040	1,416,883

[(1)] At its December 20, 2016 meeting, the Board of Directors voted to pay an interim dividend totaling €20,000,066.04, i.e., a dividend of €0.1692 for each of the 118,203,700 shares.

At year-end, Transdev Group SA's share capital consists of 118,203,700 shares with a nominal value of €9.62, fully paid up and of the same class.

In accordance with the ordinary general meeting's resolutions of March 24, 2017 approving the financial statements for 2016, the accounting profit for the fiscal year was allocated to the legal reserve and retained earnings.

III.7.7. CONTINGENCY AND LOSS PROVISIONS

The movements during the period are shown below:

(€ thousands)	AMOUNT AT THE START OF THE PERIOD	RECOGNITION DURING THE PERIOD	REVERSALS DURING THE PERIOD: USED	REVERSALS DURING THE PERIOD: UNNECESSARY	CONTRIBUTION SUCCESSOR AGREEMENT	AMOUNT AT THE END OF THE PERIOD
Provision for impairment [(1)]	7,656	8,964	(1,540)	-	-	15,080
Provision for pensions and length of service benefits	3,920	360	(53)	-	-	4,227
For employee contingencies	344	16	(66)	-	-	294
TOTAL	11,920	9,340	(1,659)	-	-	19,601
of which recognition and reversals						
operating	-	1,126	(119)	-	-	-
financial	-	8,214	(1,540)	-	-	-
extraordinary	-	-	-	-	-	-

[(1)] The main changes concern the types below:

(€ thousands)	AMOUNT AT THE START OF THE PERIOD	INCREASES DURING THE PERIOD	DECREASES, REVERSALS DURING THE PERIOD	RECLASSIFICATIONS	AMOUNT AT THE END OF THE PERIOD
Provisions for impairment					
Provision for impairment of subsidiary value	7,540	8,214	(1,540)	-	14,214
Other provisions for risks	116	750	-	-	866
TOTAL PROVISIONS FOR IMPAIRMENT	7,656	8,964	(1,540)	-	15,080

III.7.8. STATEMENT OF DEBT MATURITY DATES

(€ thousands)	FISCAL YEAR 2017	MATURING IN LESS THAN 1 YEAR	MATURING IN MORE THAN 1 YEAR AND LESS THAN 5 YEARS	MATURING IN MORE THAN 5 YEARS	OF WHICH AFFILIATES OR CONTROLLED ENTITIES	FISCAL YEAR 2016
Borrowings from financial institutions	672,370	1,727	585,050	85,593	-	811,043
Various debts	36,971	34,190	2,781	-	36,971	69,478
Advances and down payments on orders in progress	-	-	-	-	-	-
Trade payables	22,259	22,259	-	-	4,276	31,020
Taxes payables and employee commitments	19,604	19,604	-	-	-	17,193
Liabilities to fixed asset suppliers	2,335	2,335	-	-	416	2,400
Other liabilities	141,096	30,139	110,957	-	140,757	118,153
Prepaid income	-					-
TOTAL	**894,635**	**110,254**	**698,788**	**85,593**	**182,420**	**1 049,286**

III.7.9. STATEMENT OF FINANCIAL COMMITMENTS

The total amount of the company's financial commitments breaks down as shown below:

TYPES OF COMMITMENTS *(€ thousands)*	TOTAL	SUBSIDIARIES, CONTROLLED ENTITIES AND OTHER AFFILIATES	OTHER	MATURING IN LESS THAN 1 YEAR	MATURING IN MORE THAN 1 YEAR AND LESS THAN 5 YEARS	MATURING IN MORE THAN 5 YEARS
Operational performance guarantees	256,767	240,557	16,210	32,568	103,869	120,330
Guarantees on operating leases	333,597	332,371	1,226	10,907	178,216	144,473
Other operational guarantees	40,907	16,284	24,623	30,892	9,968	47
TOTAL OPERATIONAL GUARANTEES	**631,271**	**589,212**	**42,059**	**74,368**	**292,053**	**264,851**
Guarantees related to financial transactions	-	-	-	-	-	-
Commitments made	-	-	-	-	-	-
Financial guarantees	177,658	177,526	132	89,558	66,302	21,797
TOTAL OTHER GUARANTEES AND COMMITMENTS GIVEN	**177,658**	**177,526**	**132**	**89,558**	**66,302**	**21,797**
Commitments received	700,000	-	700,000	-	700,000	-

The commitments made by Transdev Group SA mainly relate to financing and performance guarantees on behalf of its French and foreign subsidiaries. Commitments received consist of unused credit lines with banks.

III.7.10. FINANCIAL LEASE COMMITMENTS

There were no finance lease commitments at year-end 2016 and year-end 2017.

III.8. ADDITIONAL INFORMATION CONCERNING THE INCOME STATEMENT

III.8.1. COMPENSATION OF CORPORATE OFFICERS

(€ thousands)	FISCAL YEAR 2017 AMOUNT	FISCAL YEAR 2016 AMOUNT
Compensation paid to members of management bodies (directors' fees)	60	60

III.8.2. AVERAGE NUMBER OF EMPLOYEES

	SALARIED PERSONNEL	PERSONNEL LOANED TO THE COMPANY
Management employees	300	6
Supervisors and technicians	26	-
White-collar employees	21	-
TOTAL	**347**	**6**

III.8.3. BREAKDOWN OF NET SALES

Not applicable

III.8.4. ANALYSIS OF FINANCIAL INCOME (LOSS)

TYPE OF TRANSACTIONS *(€ thousands)*	FISCAL YEAR 2017 AMOUNT	OF WHICH AFFILIATES OR CONTROLLED ENTITIES
Financial revenue		
Revenue from controlled entities	165,753	165,753
Revenue from receivables of controlled entities	19,014	19,014
Other financial income	6,041	5,999
Reversals of financial provisions and expense transfers	3,529	3,529
Currency translation gains	24,988	-
TOTAL FINANCIAL REVENUE	**219,325**	**194,294**
Financial Expenses		
Financial amortization and provisions	(38,297)	(38,297)
Interest and similar expenses	(10,726)	(138)
Currency translation losses	(30,463)	-
TOTAL FINANCIAL EXPENSES	**(79,486)**	**(38,435)**
FINANCIAL INCOME (LOSS)	**139,839**	**155,860**

III.8.5. ANALYSIS OF EXTRAORDINARY EXPENSES AND REVENUE

TYPE OF TRANSACTIONS (€ thousands)	EXTRAORDINARY EXPENSES	EXTRAORDINARY REVENUE
Extraordinary expenses and revenue from management operations	(3)	1
Disposals of long-term investments	(2,573)	-
Disposals of property, plant and equipment	-	-
Disposals of intangible assets	-	-
Recognition/reversal of extraordinary depreciation, amortization and provisions:		
Other extraordinary recognition/reversals	-	126
Excess tax depreciation	-	-
TOTAL	**(2,576)**	**127**

III.8.6. CORPORATE INCOME TAX BREAKDOWN

(€ thousands)	CURRENT INCOME (LOSS)	EXTRAORDINARY INCOME (LOSS)	TOTAL
1. Pre-tax income	133,109	(2,449)	130,660
2. Temporary differences	(1,844)	-	(1,844)
3. Permanent differences	(122,096)	(125)	(122,221)
4. Tax bases	9,169	(2,574)	6,595
5. Deferred tax losses and depreciation deemed deferred	-	-	-
6. Taxable income after deduction of losses	9,169	(2,574)	6,595
7. Corporate income tax	24,381	-	24,381
8. Long-term capital gains tax (reduced rate)	-	-	-
9. After-tax income	157,489	(2,449)	155,040

Temporary differences correspond to expenses included in the book income that will be deducted from or added back to taxable income in future fiscal years.

Permanent differences primarily correspond to dividends received from subsidiaries, long-term net capital gains and losses and provisions for impairment of the financial assets.

In 2017, as a result of tax consolidation, Transdev Group SA recognised a tax saving of 33,254 K€ in its individual financial statements and a tax liability of 8,239 K€.

III.8.7. UNRECOGNIZED TAX SITUATION

As of December 31, 2017, Transdev Group SA held:

- Tax losses that can be carried forward indefinitely in the amount of (cerfa 2058-B Bis)..............................78,126 K€
- Total tax losses for the consolidated group of ....353,439 K€

III.9. INFORMATION ON SUBSIDIARIES, EQUITY INTERESTS AND THE PORTFOLIO

A) Detailed information on each subsidiary and equity interest of more than 10% whose gross value exceeds 1% of Transdev Group SA's capital

The detailed information on each subsidiary is taken from the consolidated data (local bases) as of January 15, 2018. As an exception, the data concerning Transdev Ile de France SA and Transdev SA is taken from the parent company financial statements.

The data for subsidiaries outside the Euro Zone is converted at the December 31 exchange rate for equity and at the average rate for income statement information.

COMPANIES (€ thousands)	CAPITAL	PAR VALUE	SHARE CAPITAL OF THE SUBSIDIARY	EQUITY INCLUDING NET INCOME (LOSS) FOR THE PERIOD EXCLUDING CAPITAL (1)	% HELD	CURRENT VALUE OF SECURITIES HELD GROSS	CURRENT VALUE OF SECURITIES HELD NET	LOANS AND ADVANCES MADE BY TDG	GUARANTEES AND PLEDGES GRANTED BY TDG	SALES 2017	NET INCOME (LOSS) 2017	DIVIDENDS RECEIVED 2017
1. SUBSIDIARIES												
Transdev Ile de France SA 3, Allée de Grenelle 92442 Issy Les Moulineaux	20,000,000	10 €	200,000	60,614	100%	890,999	408,133	428	5,426	190,927	34,346	50,000
Transdev SA 3, Allée de Grenelle 92442 Issy Les Moulineaux	1,241,266	140 €	173,777	62,889	100%	691,000	296,147	358,202	76	142,686	36,625	60,710
Transdev Eurolines 3, Allée de Grenelle 92442 Issy Les Moulineaux	5,400,000	10 €	54,000	(52,861)	100%	50,100	-	32,042	-	1,513	(8,683)	-
Transdev Plc 401 King Street London Royaume Uni	40,500,000	£1	45,648	(24,699)	100%	61,902	2	20,755	-	1,823	(11,503)	-
Transdev Participacoes SGPS SA Avenida D Afonso Henriques n° 1462 1° Edificio Olympus 4450-013 MATOSINHOS Portugal	17,000,000	1 €	46,144	5,706	100%	108,000	66,763	15,888	-	-	9,435	11,222
Transdev Canada 1100 Bd Rene-Levesque, Bureau 1305, Montreal, Quebec H3B4N4	40,000,100	100 $CAD	35,907	738	100%	33,001	33,001	44,822	-	4,147	3,546	3,373
Transdev North America Inc 720 E Butterfield Road Suite 300 Lombard 60148 IL Etats-Unis	1,000	1 $US	220,030	(68,583)	100%	217,639	167,767	152,557	167,937	15,124	(22,120)	-
Transdev Northern Europe Box 14091, 16714 BROMA Suède	7,000,000	7,14 SEK	5,079	7,796	100%	65,500	65,500	91,533	-	-	13,427	18,920
Transdev GmbH Georgenstr. 22, 10117 Berlin Allemagne	25,600	1 €	26	257,419	100%	166,500	166,500	-	-	49,069	6,598	-
Transdev Australasia Level 8, 469 Latrobe Street Melbourne Victoria Australia	67,100,000	0,70 AUD	30,692	27,794	100%	196,200	196,200	13,460	39,098	20,509	29,346	17,088
2. EQUITY STAKES												
Not applicable												

B) General information on subsidiaries and equity interests of more than 10% whose value does not exceed 1% of Transdev Group SA's capital

(€ thousands)	CURRENT VALUE OF SECURITIES HELD		LOANS AND ADVANCES MADE BY TDG	GUARANTEES AND PLEDGES GRANTED BY TDG	SALES	NET INCOME (LOSS)	DIVIDENDS RECEIVED
	GROSS	NET			2017	2017	2017
1. Subsidiaries in which an equity stake of more than 50% is held							
1.1. French subsidiaries	1,302	1,302	31	-	-	-	674
1.2. Foreign subsidiaries	20,427	20,426	14,843	15,834	-	-	3,488
2. Equity interests (of between 10 and 50%)							
2.1. In French companies	327	327	-	-	-	-	-
2.2. In foreign companies	3,511	3,136	-	46,107	-	-	277

C) General information on subsidiaries and equity interests of more than 10%

1. Subsidiaries							
1.1. French subsidiaries	1,633,401	705,582	390,702	5,501	-	-	111,384
1.2. Foreign subsidiaries	869,169	716,159	353,859	222,870	-	-	54,091
2. Equity interests							
2.1. In French companies	327	327	-	-	-	-	-
2.2. In foreign companies	3,511	3,136	-	46,107	-	-	277
GRAND TOTAL	**2,506,409**	**1,425,205**	**744,561**	**274,479**	**-**	**-**	**165,753**

MAZARS

ERNST & YOUNG et Autres

TRANSDEV GROUP

YEAR ENDED DECEMBER 31, 2017

STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the 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 management report and other documents provided to the shareholders.

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

MAZARS
61, rue Henri Regnault
92400 Courbevoie
S.A. à directoire et conseil de surveillance
au capital de € 8.320.000
784 824 153 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres
Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

TRANSDEV GROUP

YEAR ENDED DECEMBER 31, 2017

Statutory auditors' report on the financial statements

To the Annual General Meeting of Transdev Group,

OPINION

In compliance with the engagement entrusted to us by your annual general meetings, we have audited the accompanying financial statements of Transdev Group for the year ended December 31, 2017.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2017 and of the results of its operations for the year then ended in accordance with French accounting principles.

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 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, 2017 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in the French Code of Ethics (*Code de déontologie*) for statutory auditors.

JUSTIFICATION OF ASSESSMENTS

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the assessments that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

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

Your Company books and values equity interests according to the methods described in Note III.4.3 to the financial statements. As part of our assessments, our work consisted in analyzing the methods of implementation of these rules, assessing the data and assumptions on which the judgments and estimates used by your Company are based, and considering, through sampling, the calculations made by your Company.

VERIFICATION OF THE MANAGEMENT REPORT AND OF THE OTHER DOCUMENTS PROVIDED TO THE SHAREHOLDERS

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

- **Information provided in the Management Report and in the Other Documents Provided to the Shareholders with respect to the financial position and the financial statements**

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to the shareholders with respect to the financial position and the financial statements.

- **Report on Corporate Governance**

We attest that the Corporate Governance section of the Board of Directors' Management Report sets out the information required by Article L. 225-37-4 of the French Commercial Code (*Code de commerce*).

- **Other information**

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the 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 financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), 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 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 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 financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

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

Courbevoie and Paris-La Défense, March 5, 2018

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG et Autres	
Gilles Rainaut	Charles Desvernois	Jean-Christophe Goudard	Vincent Coste

MOBILITY INSPIRED BY YOU

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