Half-year financial report H1 2019

July 25th, 2019

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HALF-YEAR BUSINESS REVIEW – H1 2019

HALF-YEAR FINANCIAL RELEASE – H1 2019

- **Adjusted revenue up +12.1% to €1,842.3 million**
- **Adjusted organic revenue up +5.2%, with Q2 at +5.1%**
- **Adjusted operating margin of €306.4 million, up +29.4%**
- **Adjusted EBIT, before impairment charge, of €136.1 million, up +58.6%**
- **Net income Group share of €96.0 million, up +86.8%**
- **Adjusted free cash flow of -€7.8 million, down -120.3%**
- **Adjusted organic revenue expected to be flat in Q3 2019 compared to Q3 2018**

Paris, July 25th, 2019 – JCDecaux SA (Euronext Paris: DEC), the number one outdoor advertising company worldwide, announced today its 2019 half year financial results.

Following the adoptions of IFRS 11 from January 1st, 2014 and IFRS 16 from January 1st, 2019, and in compliance with the AMF's instructions, the operating data presented below are adjusted:
- to include our *prorata* share in companies under joint control, regarding IFRS 11,
- to exclude the impact of IFRS 16 on our core business lease agreements (lease agreements of locations for advertising structures excluding real estate and vehicle rental contracts).

Please refer to the paragraph "Adjusted data" on pages 5 and 6 of this release for the definition of adjusted data and reconciliation with IFRS.

Commenting on the 2019 first half results, **Jean-François Decaux, Chairman of the Executive Board and Co-CEO of JCDecaux**, said:

"Our H1 2019 revenue of €1,842 million was up +12.1% on a reported basis benefiting from the APN Outdoor acquisition and up +5.2% on an organic basis, driven by a better than expected Q2 with an organic growth rate of +5.1% boosted by an acceleration in Street Furniture. Our digital Group revenue, up +44.2%, which now represent 23.9% of our total revenue, continued to grow strongly across all business segments with Street Furniture at +26.6%, Transport at +40.9% and Billboard at +161.2%. Street Furniture's organic growth, up +5.6%, benefited from a good performance in France, Rest of Europe, North America, as well as from a double-digit growth in Asia-Pacific. Transport, up +8.1%, delivered a good performance in Asia-Pacific despite a revenue decline in our Chinese metro business in Q2 2019, combined with a double-digit growth in the Rest of Europe and North America. Billboard's organic revenue decline of -3.8% continued to be impacted by our on-going multi-year plan to reduce our UK traditional billboard network and a lack of consolidation in some geographies, while our digital Billboard business continued to grow double-digit.

As anticipated, our overall operating margin increased by +220bp to 16.6%. All segments saw a margin improvement over the period. Street Furniture, Transport and Billboard delivered a +30bp, a +500bp and a +210bp margin accretion, respectively. This margin improvement reflects the operating leverage from good organic revenue growth driven by the on-going digitisation of our prime assets and the ramp-up of large contracts won over the last 2 years as well as the accretive contribution of APN Outdoor.

As far as Q3 2019 is concerned and bearing in mind the high comparable from last year as well as the non-renewal of the AENA Spanish national airport loss-making contract, we expect our adjusted organic revenue to be flat compared to Q3 2018, due to a revenue decline in China and now in Hong Kong, despite a growing airport business. Our well-diversified geographic footprint, which is quite unique in the media industry, enables our advertising revenue to be more resilient to a slowdown in the world economy.

In a media landscape increasingly fragmented, out-of-home advertising reinforces its attractiveness. With our accelerating exposure to faster-growth markets, our growing premium digital portfolio combined with a new data-led audience targeting platform, our ability to win new contracts and the high quality of our teams across the world, we believe we are well positioned to outperform the global advertising market and increase our leadership position in the outdoor advertising industry through profitable market share gains. The strength of our balance sheet is a key competitive advantage that will allow us to pursue further external growth opportunities as they arise and to continue to invest significantly in digital."

ADJUSTED REVENUE

Adjusted revenue for the six months ending June 30th, 2019 increased by +12.1% to €1,842.3 million from €1,643.3 million in the same period last year. On an organic basis (i.e. excluding the positive impact from foreign exchange variations and the positive impact from changes in perimeter), adjusted revenue grew by +5.2%. Adjusted advertising revenue, excluding revenue related to sale, rental and maintenance of street furniture and advertising displays, increased by +5.7% on an organic basis in the first half of 2019.

In the second quarter, adjusted revenue increased by +11.3% to €1,002.3 million. On an organic basis, adjusted revenue grew by +5.1% compared to Q2 2018.
Adjusted advertising revenue, excluding revenue related to sale, rental and maintenance of street furniture and advertising displays, increased by +5.8% on an organic basis in Q2 2019.

Adjusted revenue

€m	H1 2019			H1 2018			Change 19/18		
	Q1	Q2	H1	Q1	Q2	H1	Q1	Q2	H1
Street Furniture	344.3	446.3	**790.6**	337.1	405.6	**742.7**	+2.1%	+10.0%	**+6.4%**
Transport	368.0	409.0	**777.0**	293.5	365.9	**659.4**	+25.4%	+11.8%	**+17.8%**
Billboard	127.7	147.0	**274.7**	111.9	129.3	**241.2**	+14.1%	+13.7%	**+13.9%**
Total	**840.0**	**1,002.3**	**1,842.3**	**742.5**	**900.8**	**1,643.3**	**+13.1%**	**+11.3%**	**+12.1%**

Adjusted organic revenue growth [a]

	Change 19/18		
	Q1	Q2	H1
Street Furniture	+0.8%	+9.6%	**+5.6%**
Transport	+14.5%	+3.0%	**+8.1%**
Billboard	-4.6%	-3.1%	**-3.8%**
Total	**+5.4%**	**+5.1%**	**+5.2%**

(a) Excluding acquisitions/divestitures and the impact of foreign exchange

Adjusted revenue by geographic area

€m	H1 2019	H1 2018	Reported growth	Organic growth[a]
Asia-Pacific	538.6	400.2	+34.6%	+9.5%
Europe[b]	472.9	447.4	+5.7%	+6.1%
France	300.6	287.6	+4.5%	+4.5%
Rest of the World	208.3	208.3	0.0%	-1.7%
United Kingdom	171.9	173.2	-0.8%	-1.5%
North America	150.0	126.6	+18.5%	+10.7%
Total	**1,842.3**	**1,643.3**	**+12.1%**	**+5.2%**

(a) Excluding acquisitions/divestitures and the impact of foreign exchange
(b) Excluding France and the United Kingdom

Please note that the geographic comments below refer to organic revenue growth.

STREET FURNITURE

First half adjusted revenue increased by +6.4% to €790.6 million, +5.6% on an organic basis, driven by a good performance in France, Rest of Europe and North America as well as a double-digit growth in Asia-Pacific. UK was down, impacted by the advertising ban for HFSS products (High Fat, Salt and Sugar products) in London on TfL assets. First half adjusted advertising revenue, excluding revenue related to sale, rental and maintenance of street furniture were up +4.9% on an organic basis compared to the first half of 2018.

In the second quarter, adjusted revenue increased by +10.0% to €446.3 million. On an organic basis, adjusted revenue increased by +9.6% compared to the same period last year. Adjusted advertising revenue, excluding revenue related to sale, rental and maintenance of street furniture were up +9.6% on an organic basis in Q2 2019 compared to Q2 2018.

TRANSPORT

First half adjusted revenue increased by +17.8% to €777.0 million, +8.1% on an organic basis, thanks to a good performance in Asia-Pacific, a double-digit growth in the Rest of Europe and North America; UK and France were up single-digit.

In the second quarter, adjusted revenue increased by +11.8% to €409.0 million. On an organic basis, adjusted revenue increased by +3.0% compared to the same period last year, mainly due to a revenue decline in our Chinese metro business.

BILLBOARD

First half adjusted revenue increased by +13.9% to €274.7 million, -3.8% on an organic basis. Reported growth benefited from the contribution of APN Outdoor. Organically, Europe (including France and UK) and the Rest of the World were down. North America was up double-digit.

In the second quarter, adjusted revenue increased by +13.7% to €147.0 million. On an organic basis, adjusted revenue decreased by -3.1% compared to the same period last year.

ADJUSTED OPERATING MARGIN [(1)]

In the first half of 2019, adjusted operating margin increased by +29.4% to €306.4 million from €236.7 million in the first half of 2018. The adjusted operating margin as a percentage of revenue was 16.6%, +220bp above prior year.

	H1 2019		H1 2018		Change 19/18	
	€m	% of revenue	€m	% of revenue	Change (%)	Margin rate (bp)
Street Furniture	176.1	22.3%	163.3	22.0%	+7.8%	+30bp
Transport	107.2	13.8%	58.2	8.8%	+84.2%	+500bp
Billboard	23.1	8.4%	15.2	6.3%	+52.0%	+210bp
Total	**306.4**	**16.6%**	**236.7**	**14.4%**	**+29.4%**	**+220bp**

Street Furniture: In the first half of 2019, adjusted operating margin increased by +7.8% to €176.1 million. As a percentage of revenue, the adjusted operating margin increased by +30bp to 22.3%, compared to the first half of 2018.

Transport: In the first half of 2019, adjusted operating margin increased by +84.2% to €107.2 million. As a percentage of revenue, the adjusted operating margin increased by +500bp to 13.8% compared to the first half of 2018, positively impacted by the good organic revenue growth and, to a lesser extent, by APN Outdoor contribution.

Billboard: In the first half of 2019, adjusted operating margin increased by +52.0% to €23.1 million. As a percentage of revenue, adjusted operating margin increased by +210bp to 8.4% compared to the first half of 2018, due to the accretive impact from APN Outdoor. Excluding APN Outdoor contribution, margin ratio decreased by -90bp reflecting the organic revenue decline.

ADJUSTED EBIT [(2)]

In the first half of 2019, adjusted EBIT before impairment charge increased by +58.6% to €136.1 million compared to €85.8 million in the first half of 2018. As a percentage of revenue, this represented a +220bp increase to 7.4%, from 5.2% in H1 2018. No significant variation in the consumption of maintenance spare parts in H1 2019. Net amortisation and provisions were up compared to the same period last year, in line with our investments related to significant contract wins and digital. Other operating income and expenses impacted EBIT positively in H1 2019.

No impairment charge on goodwill has been recorded in H1 2019 like in H1 2018. A €3.2 million reversal on provisions for onerous contracts and a -€0.1 million impairment on tangible and intangible assets have been recognised in H1 2019 (a €0.7 million reversal on provisions for onerous contracts and a -€0.8 million impairment on tangible and intangible assets were booked in H1 2018).
Adjusted EBIT, after impairment charge increased by +62.4% to €139.2 million compared to €85.7 million in H1 2018.

NET FINANCIAL INCOME / (LOSS) [(3)]

In the first half of 2019, interest expenses on IFRS 16 leases were -€83.3 million compared to -€71.5 million in the first half of 2018, a variation of -€11.8 million mainly coming from the increase in lease liabilities related to new contracts secured during the period.

In the first half of 2019, excluding IFRS 16, other net financial income / (loss) was -€12.7 million compared to -€11.2 million in the first half of 2018, a variation limited to -€1.5 million mainly corresponding to foreign exchange losses while our financial interest expenses decreased slightly despite the increase in our net debt. This is due to our optimised sources of funding which allows us to benefit from good market conditions.

EQUITY AFFILIATES

In the first half of 2019, the share of net profit from equity affiliates was €38.4 million, slightly lower compared to the same period last year (€39.2 million).

NET INCOME GROUP SHARE

In the first half of 2019, net income Group share before impairment charge increased by +80.8% to €93.1 million compared to €51.5 million in H1 2018, including a positive net impact of €24.3 million due to the application of IFRS 16 on our core business, leading to reversal of lease liabilities and rights-of-use relating to contracts renegotiation during the period.

Taking into account the impact from the impairment charge, net income Group share increased by +86.8% to €96.0 million compared to €51.4 million in H1 2018.

ADJUSTED CAPITAL EXPENDITURE

In the first half of 2019, adjusted net capex (acquisition of property, plant and equipment and intangible assets, net of disposals of assets) was at €136.6 million compared to €94.2 million, up compared to the same period last year, mainly due to the new Street Furniture contracts in Europe as well as the digitisation across all segments.

ADJUSTED FREE CASH FLOW (4)

In the first half of 2019, adjusted free cash flow was -€7.8 million compared to €38.4 million in the same period last year despite an increase in funds from operations. This decrease is mainly due to higher working capital requirements from trade liabilities and inventories despite a good cash collection from our operations and expected higher capex in line with our investments following significant contract wins over the last 2 years.

DIVIDEND

The dividend of €0.58 per share for the 2018 financial year, approved at the Annual General Meeting of Shareholders on May 16th, 2019, was paid on May 23rd, 2019, for a total amount of €123.4 million.

NET DEBT (5)

Net debt as of June 30th, 2019 amounted to €1,316.2 million compared to a net debt position of €473.8 million as of June 30th, 2018, mainly due to the acquisition of APN Outdoor on October 31st, 2018.

RIGHT-OF-USE & LEASE LIABILITIES, IFRS 16

Right-of-use, IFRS 16 as of June 30th, 2019 amounted to €4,618.1 million compared to €4,518.0 million as of December 31st, 2018, an increase related to new contracts, contracts extended and contracts renewed, partially offset by the amortisation of right-of-use during the period.

As a result of this strengthening of our contracts portfolio, IFRS 16 lease liabilities increased by €31.1 million from €5,192.9 million as of December 31st, 2018 to €5,224.0 million as of June 30th, 2019, the increase in lease liabilities corresponding to new contracts, contracts extended and contracts renewed being partially offset by rents paid and renegotiated during the period.

ADJUSTED DATA

Under IFRS 11, applicable from January 1st, 2014, companies under joint control are accounted for using the equity method.
Under IFRS 16, applicable from January 1st, 2019, a lease liability for contractual fixed rental payments is recognised on the balance sheet, against a right-of-use asset to be depreciated over the lease term. As regards P&L, the fixed rent expense is replaced by the depreciation of the right-of-use in EBIT, below the operating margin, and a lease interest expense on the lease liability in financial result, below EBIT. IFRS 16 has no impact on cash payments but payment of debt (principal) is booked in funds from financing activities.
However, in order to reflect the business reality of the Group and the readability of our performance, our operating management reports used to monitor the activity, allocate resources and measure performance continue:

- To integrate on proportional basis operating data of the companies under joint control and;
- To exclude the IFRS 16 impact on our core business (lease agreements of locations for advertising structures excluding real estate and vehicle rental contracts).

As regards the P&L, it concerns all aggregates down to the EBIT. As regards the cash flow statement, it concerns all aggregates down to the free cash flow.
Consequently, pursuant to IFRS 8, Segment Reporting presented in the financial statements complies with the Group's internal information, and the Group's external financial communication therefore relies on this operating financial information. Financial information and comments are therefore based on "adjusted" data, consistent with historical data, which is reconciled with IFRS financial statements.

In the first half of 2019, the impacts of IFRS 11 and IFRS 16 on our adjusted aggregates are:

- -€190.9 million for IFRS 11 on adjusted revenue (-€195.5 million for IFRS 11 in H1 2018) leaving IFRS revenue at €1,651.4 million (€1,447.8 million in H1 2018).
- -€53.5 million for IFRS 11 and €567.6 million for IFRS 16 on adjusted operating margin (-€53.3 million for IFRS 11 and €474.0 million for IFRS 16 in H1 2018) leaving IFRS operating margin at €820.5 million (€657.4 million in H1 2018).

- -€40.9 million for IFRS 11 and €107.7 million for IFRS 16 on adjusted EBIT before impairment charge (-€41.2 million for IFRS 11 and €58.5 million for IFRS 16 in H1 2018) leaving IFRS EBIT before impairment charge at €202.9 million (€103.1 million in H1 2018).
- -€40.9 million for IFRS 11 and €107.7 million for IFRS 16 on adjusted EBIT after impairment charge (-€41.2 million for IFRS 11 and €58.5 million for IFRS 16 in H1 2018) leaving IFRS EBIT after impairment charge at €206.0 million (€103.0 million in H1 2018).
- €5.5 million for IFRS 11 on adjusted capital expenditure (€4.4 million for IFRS 11 in H1 2018) leaving IFRS capital expenditure at -€131.1 million (-€89.8 million in H1 2018).
- -€1.0 million for IFRS 11 and €554.1 million for IFRS 16 on adjusted free cash flow (-€34.8 million for IFRS 11 and €449.7 million for IFRS 16 in H1 2018) leaving IFRS free cash flow at €545.3 million (€453.3 million in H1 2018).

The full reconciliation between adjusted figures and IFRS figures is provided on page 9 of this release.

NOTES

(1) **Operating Margin:** Revenue less Direct Operating Expenses (excluding Maintenance spare parts) less SG&A expenses.

(2) **EBIT:** Earnings Before Interests and Taxes = Operating Margin less Depreciation, amortization and provisions (net) less Impairment of goodwill less Maintenance spare parts less Other operating income and expenses.

(3) **Net financial income / (loss):** Excluding the net impact of discounting and revaluation of debt on commitments to purchase minority interests (-€2.5 million and -€0.3 million in H1 2019 and H1 2018 respectively).

(4) **Free cash flow:** Net cash flow from operating activities less capital investments (property, plant and equipment and intangible assets) net of disposals.

(5) **Net debt:** Debt net of managed cash less bank overdrafts, excluding the non-cash IAS 32 impact (debt on commitments to purchase minority interests), including the non-cash IFRS 9 impact on both debt and hedging financial derivatives excluding IFRS 16 lease liabilities.

Forward looking statements

This news release may contain some forward-looking statements. These statements are not undertakings as to the future performance of the Company. Although the Company considers that such statements are based on reasonable expectations and assumptions on the date of publication of this release, they are by their nature subject to risks and uncertainties which could cause actual performance to differ from those indicated or implied in such statements.
These risks and uncertainties include without limitation the risk factors that are described in the annual report registered in France with the French Autorité des Marchés Financiers.
Investors and holders of shares of the Company may obtain copy of such annual report by contacting the Autorité des Marchés Financiers on its website www.amf-france.org or directly on the Company website www.jcdecaux.com.
The Company does not have the obligation and undertakes no obligation to update or revise any of the forward-looking statements.

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ORGANIC GROWTH DEFINITION

The Group's organic growth corresponds to the adjusted revenue growth excluding foreign exchange impact and perimeter effect. The reference fiscal year remains unchanged regarding the reported figures, and the organic growth is calculated by converting the revenue of the current fiscal year at the average exchange rates of the previous year and taking into account the perimeter variations *prorata temporis*, but including revenue variations from the gains of new contracts and the losses of contracts previously held in our portfolio.

€m		Q1	Q2	H1
2018 adjusted revenue	**(a)**	**742.5**	**900.8**	**1,643.3**
2019 IFRS revenue	**(b)**	**753.2**	**898.2**	**1,651.4**
IFRS 11 impacts	(c)	86.8	104.1	190.9
2019 adjusted revenue	**(d) = (b) + (c)**	**840.0**	**1,002.3**	**1,842.3**
Currency impacts	(e)	(13.1)	(9.4)	(22.5)
2019 adjusted revenue at 2018 exchange rates	**(f) = (d) + (e)**	**826.9**	**992.9**	**1,819.8**
Change in scope	(g)	(44.4)	(46.3)	(90.7)
2019 adjusted organic revenue	**(h) = (f) + (g)**	**782.5**	**946.6**	**1,729.1**
Organic growth	**(i) = (h) / (a)**	**+5.4%**	**+5.1%**	**+5.2%**

€m	Impact of currency as of June 30th, 2019
USD	(9.8)
HKD	(7.1)
UAE	(2.5)
GBP	(1.2)
BRL	1.8
Other	(3.7)
Total	**(22.5)**

Average exchange rate	H1 2019	H1 2018
USD	0.8851	0.8262
HKD	0.1129	0.1054
UAE	0.2410	0.2248
GBP	1.1446	1.1367
BRL	0.2303	0.2415

RECONCILIATION BETWEEN ADJUSTED FIGURES AND IFRS FIGURES

Profit & Loss	H1 2019				H1 2018 [1]			
€m	Adjusted	Impact of companies under joint control	Impact of IFRS 16 from controlled entities [2]	IFRS	Adjusted	Impact of companies under joint control	Impact of IFRS 16 from controlled entities [2]	IFRS
Revenue	**1,842.3**	**(190.9)**	**-**	**1,651.4**	**1,643.3**	**(195.5)**	**-**	**1,447.8**
Net operating costs	(1,535.9)	137.4	567.6	(830.9)	(1,406.6)	142.2	474.0	(790.4)
Operating margin	**306.4**	**(53.5)**	**567.6**	**820.5**	**236.7**	**(53.3)**	**474.0**	**657.4**
Maintenance spare parts	(17.6)	0.6	-	(17.0)	(16.9)	0.7	-	(16.2)
Amortisation and provisions (net)	(155.1)	11.7	(501.7)	(645.1)	(142.3)	10.8	(415.6)	(547.1)
Other operating income / expenses	2.4	0.3	41.8	44.5	8.3	0.6	0.1	9.0
EBIT before impairment charge	**136.1**	**(40.9)**	**107.7**	**202.9**	**85.8**	**(41.2)**	**58.5**	**103.1**
Net impairment charge [3]	3.1	-	-	3.1	(0.1)	-	-	(0.1)
EBIT after impairment charge	**139.2**	**(40.9)**	**107.7**	**206.0**	**85.7**	**(41.2)**	**58.5**	**103.0**

[1] The 2018 comparative figures are restated from the retrospective application of IFRS 16, applicable from January 1st, 2019.
[2] IFRS 16 impact core business from controlled entities
[3] Including impairment charge on net assets of companies under joint control.

Cash-Flow Statement	H1 2019				H1 2018 [1]			
€m	Adjusted	Impact of companies under joint control	Impact of IFRS 16 from controlled entities [2]	IFRS	Adjusted	Impact of companies under joint control	Impact of IFRS 16 from controlled entities [2]	IFRS
Funds from operations net of maintenance costs	**191.0**	**0.6**	**520.7**	**712.3**	**170.1**	**(18.4)**	**435.5**	**587.2**
Change in working capital requirement	(62.2)	(7.1)	33.4	(35.9)	(37.5)	(20.8)	14.2	(44.1)
Net cash flow from operating activities	**128.8**	**(6.5)**	**554.1**	**676.4**	**132.6**	**(39.2)**	**449.7**	**543.1**
Capital expenditure	(136.6)	5.5	-	(131.1)	(94.2)	4.4	-	(89.8)
Free cash flow	**(7.8)**	**(1.0)**	**554.1**	**545.3**	**38.4**	**(34.8)**	**449.7**	**453.3**

[1] The 2018 comparative figures are restated from the retrospective application of IFRS 16, applicable from January 1st, 2019.
[2] IFRS 16 impact core business from controlled entities

BUSINESS HIGHLIGHTS OF H1 2019

Key contracts wins

- ***Asia-Pacific***

In January, JCDecaux announced that its Japanese subsidiary MCDecaux (JCDecaux: 85%; Mitsubishi Corporation: 15%) has won the digital advertising concession of Kansai Airports' 10-year contract.

- ***Rest of Europe***

In January, JCDecaux announced that its Dutch subsidiary, JCDecaux Netherlands, has been awarded a new 11 year (8+3) exclusive contract for all analogue and digital advertising street furniture in Rotterdam, following a competitive tender.

In February, JCDecaux announced that, following a competitive tender, its Spanish subsidiary has won the 15-year analogue and digital advertising street furniture contract for the city of Bilbao (population: 346,332).

- ***France***

In February, JCDecaux announced it has been awarded, following a tender process, an 8-year services concession contract by the City of Paris for columns and display flagpoles.

In March, JCDecaux announced that it has started the roll out of its smart and digital street furniture in 34 cities in Hauts-de-Seine (total population: around 1.6 million), under its new exclusive contract with the Department Council.

In April, JCDecaux announced that it has won the 12-year bus shelter contract from the Grenoble urban area public transport authority, Syndicat Mixte des Transports en Commun - SMTC.

- ***Rest of the World***

In May, JCDecaux announced that its subsidiary JCDecaux Abu Dhabi has been awarded a 10-year exclusive advertising concession for the new Midfield Terminal of Abu Dhabi International Airport.

- ***United Kingdom***

In February, JCDecaux announced that following a competitive tender, it has signed the bus shelter advertising contract for the London Borough of Camden, with a footprint that covers a large part of central London, including the UK head offices of Google, St. Pancras International (Eurostar station) and the British Museum.

Other events

- ***Group***

In February, JCDecaux announced the launch of AAM (Airport Audience Measurement), the first international audience measurement system for the airport industry.

In February, JCDecaux announced two appointments in line with its internal promotion policy. They are effective since March 1st, 2019. Jérôme d'Héré is appointed Director of Mergers & Acquisitions and Development of the Group. Caroline Burtin is appointed Deputy Director of Mergers & Acquisitions and Development of the Group.

In May, JCDecaux announced that it has signed with Kepler Cheuvreux on April 26th, 2019 a liquidity contract regarding JCDecaux S.A. shares traded on Euronext Paris.

- ***Rest of Europe***

In January, JCDecaux announced that Hannelore Majoor has been appointed as CEO for the Dutch subsidiary, JCDecaux Netherlands.

- ***France***

In January, JCDecaux announced that following the publication by the ANFR (National Frequency Agency) report in December 2018 – demonstrating the relevance of the small cells installed on JCDecaux street furniture – the Group will provide support for French telecoms operators to roll out small cells in around ten French cities in 2019. To this end, it will draw on the expertise gained in pilot projects undertaken with these operators in France since 2016.

- ***United Kingdom***

In January, JCDecaux announced that JCDecaux UK strengthens its senior leadership team as it continues to digitally transform its business. Spencer Berwin and Philip Thomas have stepped down from their roles as Co-CEOs at the end of March 2019 and will move to new positions as non-executive directors reporting directly to Jean-François Decaux. Were promoted two JCDecaux Senior Managers, Chris Collins the Managing Director of its Rail and Retail Divisions and Dallas Wiles the Chief Commercial Officer became the new Co-CEOs of JCDecaux UK.

In March, JCDecaux announced that its subsidiary JCDecaux UK has been awarded second place in the prestigious "Best Environmental Sustainability Programme" award in the supplier category, at the Sedex conference in London on March 26th.

- ***North America***

In April, JCDecaux announced that Alan Sullivan has been appointed to the position of Co-CEO of JCDecaux North America. Alan Sullivan will take up his new position on September 1st, 2019.

PERSPECTIVES

Commenting on the 2019 first half results, **Jean-François Decaux, Chairman of the Executive Board and Co-CEO of JCDecaux**, said:

“As far as Q3 2019 is concerned and bearing in mind the high comparable from last year as well as the non-renewal of the AENA Spanish national airport loss-making contract, we expect our adjusted organic revenue to be flat compared to Q3 2018, due to a revenue decline in China and now in Hong Kong, despite a growing airport business. Our well-diversified geographic footprint, which is quite unique in the media industry, enables our advertising revenue to be more resilient to a slowdown in the world economy.”

RELATED PARTIES

Paragraph 8 of the “Notes to the condensed interim consolidated financial statements” on page 34 reports on related parties.

RISK FACTORS

The main risk factors identified by the Group are the following:

1. Risks related to the Group's activities

- **The Group's reputation and non-compliance with business ethics**

Our reputation and our history of integrity are essential factors that help us to procure different private and public market contracts.

Since 2001, we developed ethical rules applicable to our entire business. These rules have been regularly reviewed and distributed throughout the entire Group.

- **Reliance on key executive officers:**

The performance of the Group depends mainly on the continued services of the key executive officers.

The Compensation and Nominating Committee has established a succession plan for Executive Board's members if this should occur.

- **Risks related to the economic environment:**

In the event of a worldwide recession, the advertising and communications sector is quite susceptible to business fluctuations as many advertisers may cut their advertising budgets. The Group must deal with the cyclical nature of the advertising market.

The geographical distribution of the Group allows it to minimise the effects of any general decline in the sector since reactions are disparate and occur at different times on the markets in the various countries in which it operates.

- **Counterparty risks related to the dependence on customers and suppliers:**

The Group has a customer diversified portfolio and resorts to a large number of suppliers.

The Group isn't dependent on one customer or one supplier.

- **Risks related to public procurement procedures:**

Concluding contracts with local governments and administrations in France and elsewhere is subject to complex statutory and regulatory provisions.

Over time the Group has accrued teams of lawyers with specialized knowledge in public and administrative law to manage bids in France and elsewhere.

2. Legal and regulatory risks

- **Risks related to the particular regulations applicable to the Group:**

The outdoor advertising market is regulated at a local and a national level in most of the countries where the Group operates.

The Group relies on its legal teams to ensure the implementation of regulations in each country and to monitor all evolutions.

- **Risks related to the pending disputes:**

JCDecaux Group is involved in several disputes, related to the normal conduct of business.

As far as we are aware, there are no courts, arbitration or administrative proceedings, including any that have been suspended or threatened, likely to have or which have had material effects on the financial situation or profitability of the company and/or the Group over the past 12 months, to our knowledge.

- **Risks related to intellectual property:**

The Group owns around the world labels, designs and models, patents and domain names.

The Group protects with exclusives rights, in France as well as in the key countries where it operates, its items of intellectual property used for the conduct of business.

3. Risks related to the external growth:

- **Risks related to acquisitions:**

An element of our growth strategy involves acquisitions of additional outdoor advertising companies, on the French market but on foreign markets as well.

In order to limit the risks related to acquisitions, each acquisition is subject to a careful analysis by the executive management, Corporate Mergers, Acquisitions and Development Department and the Legal Department. Furthermore, the Group surrounds itself with specialized advisers throughout the all acquisition process.

- **Risks related to the geopolitical environment:**

As a result of its implementation in many countries, the Group may suffer from a period of economic or political instability.

The international development of the Group requires a diversified geographical distribution in order to limit the concentration of this risk to a specific country.

4. Financial risks

As a result of its business, the Group may be more or less exposed to varying degrees of financial risks (especially liquidity and financing risk, interest rate risk, foreign exchange rate risk and risks related to financial management, in particular, counterparty risk).

The Group's objective is to minimize such risks by choosing appropriate financial policies. However, the Group may need to manage residual positions. This strategy is monitored and managed centrally, by a dedicated team within the Group Finance Department. Risk management policies and hedging strategies are approved by Group management.

5. IT risks

The Group uses complex information systems to support its commercial, industrial and management activities. The main risks are related to the protection of confidentiality, integrity and the maintenance of an operational capacity of its systems.

These systems are protected on several levels: our data centres are secure, access to our software controlled, and our billboard systems audited.

6. Risks related to non-respect of human rights

- **Risks related to non-respect of employees' human rights**

The JCDecaux Group is present in more than 75 countries and 24% of the Group's employees are located in countries which have not ratified all the UN International Labour Organization Fundamental Conventions. Nevertheless, all JCDecaux employees benefit from the full protection of their fundamental human rights under the International Charter of the Fundamental Social Values of the JCDecaux Group.

- **Risks related to non-respect of suppliers' human rights**

Suppliers are a core component of the quality policies of the Group. JCDecaux has decided to entrust reliable third parties with the manufacturing of its products and solutions. Some of these suppliers are located in countries which have not ratified all UN International Labour Organization Fundamental Conventions. Nevertheless, JCDecaux requests from its suppliers to comply with such international standards through its Suppliers' Code of Conduct, which signature is imposed to them.

7. Risks related to employees' and subcontractor's health and safety

There are more than 400 different expertise within JCDecaux ranging from the design of furniture to the sale of advertising spaces, or the maintenance of furniture. The operational and field staff, who constitutes roughly 51% of the overall workforce of the Group in 2018, is more exposed to accidents or incidents risks as a result of their activities.

All information relating to the monitoring and management of such risks is available under the section "Our commitment: deploy a group-wide health and safety policy" of the Annual Report.

Risks considered as non-significant, but which need to be presented in accordance with article 173 of the Law dated August 17th, 2015 relating to energy transition are detailed below.

8. Environmental risks

- **Risks related to the climate change, risk reduction measures and low carbon strategy:**

Risks related to extreme and more frequent climate events or related to the increase of sea level can impact locally the Group's activities.

JCDecaux, through its sustainable development strategy, has put in place various measures of mitigation and adaptation to climate change.

- **Environmental risks related to the activity:**

Environmental risks related to the activity are limited. However, the Group has identified one ICPE sites notifiable in France and subject to all requested controls and follow-up.

The Group implemented a follow-up of the risks related to those sites and regular controls are done in order to reduce as much as possible the environmental risks related to this site.

9. Risks covered by insurance

Given the similarity of the operations in various countries, the strategy is to cover essential risks centrally under worldwide insurance policies taken out by JCDecaux SA with major international insurers. The Group therefore obtains coverage for risks of damage to property and operating losses, as well as for public liability risks.

As a matter of policy, the JCDecaux Group does not obtain coverage from insurers unless they have very high credit rating.

JCDecaux will be exposed, for the second half of 2019, to the usual risk factors and business uncertainties, which are inherent to the Group's activity as described above.

HALF-YEAR CONSOLIDATED FINANCIAL STATEMENTS – H1 2018

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

Assets

In million euros		30/06/2019	31/12/2018 Restated [1]
Goodwill		1,941.2	1,939.0
Other intangible assets		392.3	393.6
Property, plant and equipment		1,277.1	1,274.1
Rights of use	§ 5.1	4,618.1	4,518.0
Investments under the equity method		432.0	442.2
Other financial assets		83.7	80.8
Deferred tax assets		134.6	145.8
Current tax assets		1.1	1.1
Other receivables		16.9	18.3
NON-CURRENT ASSETS		**8,897.0**	**8,812.9**
Other financial assets		25.2	30.2
Inventories		217.9	159.4
Financial derivatives	§ 5.3	1.8	4.9
Trade and other receivables		1,006.4	1,003.8
Current tax assets		45.8	18.4
Treasury financial assets	§ 5.3	57.4	81.2
Cash and cash equivalents	§ 5.3	132.3	112.3
CURRENT ASSETS		**1,486.8**	**1,410.2**
TOTAL ASSETS		**10,383.8**	**10,223.1**

(1) See Note 2 “Change in accounting methods”.

Equity and Liabilities

In million euros		30/06/2019	31/12/2018 Restated [1]
Share capital		3.2	3.2
Additional paid-in capital		608.3	606.4
Consolidated reserves		1,540.7	1,473.3
Consolidated net income (Group share)		96.0	192.4
Other components of equity		(164.2)	(165.9)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		**2,084.0**	**2,109.4**
Non-controlling interests		40.3	32.2
TOTAL EQUITY	**§ 5.2**	**2,124.3**	**2,141.6**
Provisions		338.5	332.8
Deferred tax liabilities		76.7	60.5
Financial debt	§ 5.3	1,056.6	1,062.9
Debt on commitments to purchase non-controlling interests		90.3	87.8
Lease liabilities	§ 5.4	4,104.5	4,162.7
Other payables		16.2	15.0
Income tax payable		0.2	0.0
Financial derivatives	§ 5.3	0.0	0.2
NON-CURRENT LIABILITIES		**5,683.0**	**5,721.9**
Provisions		55.1	61.6
Financial debt	§ 5.3	441.0	289.6
Debt on commitments to purchase non-controlling interests		4.6	4.6
Financial derivatives	§ 5.3	3.1	1.3
Lease liabilities	§ 5.4	1,119.5	1,030.2
Trade and other payables		922.7	904.6
Income tax payable		23.5	43.4
Bank overdrafts	§ 5.3	7.0	24.3
CURRENT LIABILITIES		**2,576.5**	**2,359.6**
TOTAL LIABILITIES		**8,259.5**	**8,081.5**
TOTAL EQUITY AND LIABILITIES		**10,383.8**	**10,223.1**

(1) See Note 2 "Change in accounting methods".

STATEMENT OF COMPREHENSIVE INCOME

INCOME STATEMENT

In million euros		1st half of 2019	1st half of 2018 Restated [(1)]
REVENUE	**§ 5.5**	**1,651.4**	**1,447.8**
Direct operating expenses		(556.3)	(525.1)
Selling, general and administrative expenses		(274.6)	(265.3)
OPERATING MARGIN		**820.5**	**657.4**
Depreciation, amortisation and provisions (net)		(642.0)	(547.2)
Impairment of goodwill		0.0	0.0
Maintenance spare parts		(17.0)	(16.2)
Other operating income		55.4	14.9
Other operating expenses		(10.9)	(5.9)
EBIT	**§ 5.6**	**206.0**	**103.0**
Interest expenses on IFRS 16 lease		**(83.3)**	**(71.5)**
Financial income		*2.7*	*4.5*
Financial expenses		*(17.9)*	*(16.0)*
Net financial income (loss) excluding IFRS 16		**(15.2)**	**(11.5)**
NET FINANCIAL INCOME (LOSS)	**§ 5.7**	**(98.5)**	**(83.0)**
Income tax	§ 5.8	(35.2)	(4.8)
Share of net profit of companies under the equity method	§ 5.9	38.4	39.2
PROFIT FROM CONTINUING OPERATIONS		**110.7**	**54.4**
Gain or loss on discontinued operations		0.0	0.0
CONSOLIDATED NET INCOME		**110.7**	**54.4**
- Including non-controlling interests	§ 5.10	*(14.7)*	*(3.0)*
CONSOLIDATED NET INCOME (GROUP SHARE)		**96.0**	**51.4**
Earnings per share (in euros)		0.451	0.242
Diluted earnings per share (in euros)		0.451	0.241
Weighted average number of shares		212,843,450	212,751,681
Weighted average number of shares (diluted)		212,889,680	212,853,014

(1) See Note 2 "Change in accounting methods".

STATEMENT OF OTHER COMPREHENSIVE INCOME

In million euros	1st half of 2019	1st half of 2018 Restated [(1)]
CONSOLIDATED NET INCOME	**110,7**	**54,4**
Translation reserve adjustments on foreign operations [(2)]	4,7	(7,2)
Translation reserve adjustments on net foreign investments	(0,2)	(1,8)
Cash flow hedges	(0,3)	3,5
Tax on the other comprehensive income subsequently released to net income	0,3	(0,5)
Share of other comprehensive income of companies under equity method (after tax)	3,9	1,0
Other comprehensive income subsequently released to net income	**8,4**	**(5,0)**
Change in actuarial gains and losses on post-employment benefit plans and assets ceiling	(9,1)	2,1
Tax on the other comprehensive income not subsequently released to net income	2,4	(0,5)
Share of other comprehensive income of companies under equity method (after tax)	(0,1)	0,0
Other comprehensive income not subsequently released to net income	**(6,8)**	**1,6**
Total other comprehensive income	**1,6**	**(3,4)**
TOTAL COMPREHENSIVE INCOME	**112,3**	**51,0**
- Including non-controlling interests	*15,0*	*3,4*
TOTAL COMPREHENSIVE INCOME - GROUP SHARE	**97,3**	**47,6**

(1) See Note 2 "Change in accounting methods".
(2) For the first half of 2019, translation reserve adjustments on foreign operations are mainly related to changes in exchange rates, of which mainly €2.7 million in Mexico.
For the first half of 2018 restated, translation reserve adjustments on foreign operations are mainly related to changes in exchange rates, of which mainly €(8.6) million in Brazil, €(3.5) million in Angola, €(3.3) million in South Africa, €(1.1) million in Sweden, €(1.0) million in Australia, €2.0 million in the United Arab Emirates, €2.9 million in Mexico and €8.5 million in Hong Kong.

STATEMENT OF CHANGES IN EQUITY AS OF 30 JUNE 2018

	Equity attribuable to the owners of the parents company													
					Other components of equity									
In million euros	Share Capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Cash flow hedges	Available-for sale securities	Translation reserve adjustments	Revaluation reserves	Actuarial gains and losses / assets ceiling	Other	Total other components	Total	Non- controlling interests	Total
Equity as of 1 January 2018 Published	**3.2**	**602.4**	**0.0**	**1,862.2**	**(0.2)**	**(0.1)**	**(65.7)**	**0.9**	**(53.3)**	**0.8**	**(117.6)**	**2,350.2**	**60.6**	**2,410.8**
IFRS 16 Restatement				(261.0)			(28.2)				(28.2)	(289.2)	(27.1)	(316.3)
Equity as of 1 January 2018 Restated [(1)]	**3.2**	**602.4**	**0.0**	**1,601.2**	**(0.2)**	**(0.1)**	**(93.9)**	**0.9**	**(53.3)**	**0.8**	**(145.8)**	**2,061.0**	**33.5**	**2,094.5**
Capital increase / decrease [(2)]		2.0									0.0	2.0	0.2	2.2
Distribution of dividends				(119.1)							0.0	(119.1)	(12.6)	(131.7)
Share-based payments		0.5									0.0	0.5	0.0	0.5
Debt on commitments to purchase non-controlling interests [(3)]											0.0	0.0	0.0	0.0
Change in consolidation scope				(4.4)							0.0	(4.4)	(0.4)	(4.8)
Consolidated net income				51.4							0.0	51.4	3.0	54.4
Other comprehensive income					2.5		(7.9)		1.6		(3.8)	(3.8)	0.4	(3.4)
Total comprehensive income	**0.0**	**0.0**	**0.0**	**51.4**	**2.5**	**0.0**	**(7.9)**	**0.0**	**1.6**	**0.0**	**(3.8)**	**47.6**	**3.4**	**51.0**
Other												0.0		0.0
Equity as of 30 June 2018 Restated [(1)]	**3.2**	**604.9**	**0.0**	**1,529.1**	**2.3**	**(0.1)**	**(101.8)**	**0.9**	**(51.7)**	**0.8**	**(149.6)**	**1,987.6**	**24.1**	**2,011.7**

(1) See Note 2 "Change in accounting methods".
(2) Increase in JCDecaux SA's additional paid-in capital related to the exercise of stock options and capital increases and decreases of controlled entities.
(3) There is no new commitment or exercise of purchase commitments in the first half of 2018. Moreover, revaluation and discounting effects of debt on commitments to purchase non-controlling interests are recorded in the income statement under the line item "Consolidated net income" in "Non-controlling interests" for €(0.3) million in the first half of 2018.

STATEMENT OF CHANGES IN EQUITY AS OF 30 JUNE 2019

	Equity attribuable to the owners of the parents company													
					Other components of equity									
In million euros	Share Capital	Additional paid-in capital	Treasury shares	Consolidated reserves	Cash flow hedges	Available-for sale securities	Translation reserve adjustments	Revaluation reserves	Actuarial gains and losses / assets ceiling	Other	Total other components	Total	Non- controlling interests	Total
Equity as of 31 December 2018 Published	**3.2**	**606.4**	**0.0**	**1,954.2**	**1.7**	**(0.1)**	**(84.7)**	**0.9**	**(53.7)**	**0.8**	**(135.1)**	**2,428.7**	**62.1**	**2,490.8**
IFRS 16 Restatement				(288.5)			(30.8)				(30.8)	(319.3)	(29.9)	(349.2)
Equity as of 31 December 2018 Restated [(1)]	**3.2**	**606.4**	**0.0**	**1,665.7**	**1.7**	**(0.1)**	**(115.5)**	**0.9**	**(53.7)**	**0.8**	**(165.9)**	**2,109.4**	**32.2**	**2,141.6**
Capital increase / decrease [(2)]		1.8		0.0								1.8	0.4	2.2
Purchase of treasury shares			(1.0)									(1.0)	0.0	(1.0)
Distribution of dividends				(123.4)								(123.4)	(9.6)	(133.0)
Share-based payments		0.1										0.1	0.0	0.1
Debt on commitments to purchase non-controlling interests [(3)]												0.0	0.0	0.0
Change in consolidation scope				(0.5)			0.4				0.4	(0.1)	2.5	2.4
Consolidated net income				96.0								96.0	14.7	110.7
Other comprehensive income							8.2		(6.9)		1.3	1.3	0.3	1.6
Total comprehensive income	**0.0**	**0.0**	**0.0**	**96.0**	**0.0**	**0.0**	**8.2**	**0.0**	**(6.9)**	**0.0**	**1.3**	**97.3**	**15.0**	**112.3**
Other				(0.1)								(0.1)	(0.2)	(0.3)
Equity as of 30 June 2019	**3.2**	**608.3**	**(1.0)**	**1,637.7**	**1.7**	**(0.1)**	**(106.9)**	**0.9**	**(60.6)**	**0.8**	**(164.2)**	**2,084.0**	**40.3**	**2,124.3**

(1) See Note 2 "Change in accounting methods".
(2) Increase in JCDecaux SA's additional paid-in capital related to the exercise of stock options and capital increases and decreases of controlled entities.
(3) There is no new commitment or exercise of purchase commitments in the first half of 2019. Moreover, revaluation and discounting effects of debt on commitments to purchase non-controlling interests are recorded in the income statement under the line item "Consolidated net income" in "Non-controlling interests" for €(2.5) million in the first half of 2019.

STATEMENT OF CASH FLOWS

In million euros		1st half of 2019	1st half of 2018 Restated [1]
Net income before tax		145.9	54.9
Share of net profit of companies under the equity method	§ 5.9	(38.4)	(34.9)
Dividends received from companies under the equity method		53.7	43.6
Expenses related to share-based payments		0.1	0.5
Depreciation, amortisation and provisions (net)		640.6	546.7
Capital gains and losses and net income (loss) on changes in scope		(8.1)	(12.3)
Gains and losses on lease contracts		(41.6)	(0.2)
Net discounting expenses		4.7	2.5
Net interest expense & interest expenses on IFRS 16 lease		88.5	77.0
Financial derivatives, translation adjustments and other		2.2	2.4
Change in working capital		**(35.9)**	**(44.1)**
Change in inventories		(56.8)	(45.4)
Change in trade and other receivables		8.8	(15.8)
Change in trade and other payables		12.1	17.1
CASH FLOW FROM OPERATING ACTIVITIES		**811.7**	**636.1**
Interest paid on IFRS 16 lease		(74.2)	(64.2)
Interest paid		(11.5)	(22.2)
Interest received		2.1	4.3
Income tax paid		(51.7)	(10.9)
NET CASH FLOW FROMOPERATING ACTIVITIES		**676.4**	**543.1**
Cash payments on acquisitions of intangible assets and property, plant and equipment		(140.5)	(103.6)
Cash payments on acquisitions of financial assets (long-term investments) net of cash acquired [2]		(0.8)	0.0
Acquisitions of other financial assets		(1.1)	(2.8)
Total investments		**(142.4)**	**(106.4)**
Cash receipts on proceeds on disposals of intangible assets and property, plant and equipment		9.4	13.8
Cash receipts on proceeds on disposals of financial assets (long-term investments) net of cash sold [2]		1.0	2.9
Proceeds on disposals of other financial assets		3.8	4.0
Total asset disposals		**14.2**	**20.7**
NET CASH FLOW FROM INVESTING ACTIVITIES		**(128.2)**	**(85.7)**
Dividends paid		(133.0)	(131.7)
Purshase of treasury shares		(1.0)	-
Cash payments on acquisitions of non-controlling interests		(2.9)	(0.6)
Payment of long-term borrow ings		(28.9)	(523.6)
Payment of lease liabilities		(554.1)	(449.7)
Acquisitions and disposals of treasury financial assets		24.6	222.3
Cash outflow from financing activities		**(695.3)**	**(883.3)**
Cash receipts on proceeds on disposal of interests w ithout loss of control		4.7	-
Capital increase		2.2	2.2
Increase in long-term borrow ings		176.6	5.8
Cash inflow from financing activities		**183.5**	**8.0**
NET CASH FLOW FROM FINANCING ACTIVITIES		**(511.8)**	**(875.3)**
CHANGE IN NET CASH POSITION		**36.4**	**(417.9)**
Net cash position beginning of period		**88.0**	**715.5**
Effect of exchange rate fluctuations and other movements		0.9	(10.2)
Net cash position end of period [3]		**125.3**	**287.4**

(1) See Note 2 “Change in accounting methods”.
(2) Including nil net cash acquired and sold for the 1st half of 2019 and the 1st half of 2018.
(3) Including €132.3 million in cash and cash equivalents and €7.0 million in bank overdrafts as of 30 June 2019, compared to €298.6 million and €11.2 million, respectively, as of 30 June 2018.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING METHODS AND PRINCIPLES

1.1. Group's accounting principles

The condensed consolidated financial statements for the first half of 2019, approved by the Executive Board on 19 July 2019, have been prepared in accordance with IAS 34 "Interim financial reporting" and were subject to a limited review of the Group's auditors.
As these are condensed accounts, the half-year consolidated financial statements do not include all the financial information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2018 included in the listing file transmitted to the AMF, and with the particularities specific to the preparation of interim financial statements as described hereafter.

1.2. Main accounting policies

The accounting policies adopted for the preparation of the condensed consolidated financial statements for the first half of 2019 are in accordance with IFRS standards and interpretations, as adopted by the European Union. These are available on the European Commission website: : https://ec.europa.eu/info/law/international-accounting-standards-regulation-ec-no-1606-2002/amending-and-supplementary-acts/acts-adopted-basis-regulatory-procedure-scrutiny-rps_fr.
The accounting policies adopted are identical to those used for the preparation of the consolidated financial statements for the year ended 31 December 2018, with the exception of the adoption of the following new standards, amendments to standards and interpretations adopted by the European Union and applicable from 1 January 2019:

- IFRS 16 "Leases ";
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- IFRS 9 Amendments "Prepayment Features with Negative Compensation";
- IAS 28 Amendments "Long-term Interests in Associates and Joint Ventures";
- IAS 19 Amendments "Plan amendments, curtailments, or settlements";
- Annual improvements to IFRS: 2015-2017 cycle.

The impacts related to the application of IFRS 16 are detailed in Note 2 "Change in accounting methods". The application of other amendments, interpretations and standards did not have a significant impact on the consolidated financial statements.

In addition, the Group has not opted for the early adoption of the new standards, amendments to standards and interpretations, endorsed or not by the European Union, which are not yet in force for the first half of 2019.

1.3. Accounting principles used in connection with the interim consolidated financial statements

1.3.1. Income tax

Income tax for the half-year is calculated for each country on the basis of an average effective tax rate estimated on an annual basis and applied to the half-year income before tax of each country. This average estimated effective tax rate takes into account if such is the case the use and the recognition or not of the tax losses carried forward.

1.3.2. Impairment tests

The Group did not record as of 30 June 2019 any material impairment on the items of property, plant and equipment, intangible assets, rights of use and goodwill nor on investments under equity method.

1.3.3. Discount rates

The discount rates used to calculate the provision for employee benefits as of 30 June 2019 is 2.3% in the UK (compared to 2.8% as of 31 December 2018) and 1.0% in the Euro zone (compared to 1.75% as of 31 December 2018). The average discount rate used to calculate dismantling provision is 1.7% (compared to 1.5% as of 31 December 2018) and the discount rate used to calculate the Debt on commitments to purchase non-controlling interests is 1.2% (compared to 1.5% as of 31December 2018).

2. CHANGE IN ACCOUNTING METHODS

2.1. Accounting principles, judgements and estimations

The Group is applying the IFRS 16 “Leases” since 1 January 2019, using the full retrospective transition method with restatement of comparative figures in the financial statements.

IFRS 16 leads to recognition of a lease liability in the statement of financial position for contractual minimum and fixed rental payments (or variable on an indexation basis) against a right-of-use, in assets section, which is depreciated linearly over the lease duration or the useful life of the underlying-asset. Variable rental payments based on the revenue are excluded from the lease liability and remain in operating expenses when they occur.

The fixed lease rental in operating margin is replaced by amortisation of the right-of-use recognised in EBIT and the financial expenses of the lease liability recorded in financial income and expenses. The standard has no impact on net income over the lease term but it has a negative impact at the beginning of the lease contract which reverses over time due to declining interest expenses.

The Group’s net debt excludes the lease liabilities (the liabilities related to contracts classified at the transition date as finance leases under IAS 17 are also excluded).

IFRS 16 has no impact on the cash variation but it has a positive effect on operating activities as interests portion remains in operating activities when the principal portion goes to financing activities.

Deferred taxes are recognised on lease within the scope of IFRS 16 from the first accounting.

The Group is applying the practical expedient under which an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application by using analysis done for IAS 17 “Leases” and IFRIC 4 “Determining whether an arrangement contains a Lease”. Moreover, both exemptions authorized by IFRS 16 - short-term leases and leases with a low value underlying-asset – have been applied.

The liability level depends on hypothesis used for the calculation of it such as duration term and discount rate.

For each contract, the discount rate is determined on the basis of risk-free swap rates in the contract’s currency, the cross-currency basis and the Group’s credit risk (except in particular cases), and according to the reference lease term.

Most of the time, the initial duration of contracts is the one recognised as reasonably certain end date, without extension option on which the Group is not the decision-maker, except particular cases. Regarding, extension or termination option, the Group is complying with IFRS 16:

- The reasonably certain end date is the one taken into account in the lease liability calculation. As a consequence, an extension (or a termination) option is selected only when the Group is reasonably certain to exercise this option;
- An extension (or a termination) option is selected when JCDecaux has the decision in its own hands.
- The extension (or termination) duration taken into account is the one mentioned in the contract.

2.2. Contracts description

More than 20,000 contracts have been identified in more than 75 countries, they are essentially signed with municipalities, airports, transport companies, malls and private landlords. The subject of those contracts is to get locations in order to install advertising structures used for the main activity of the Group. Of the more than 20,000 contracts within the scope of IFRS 16, almost 90% are advertising space leases agreements (Street furniture, Transport, and Billboard).The remaining 10% are real estate and vehicles contracts. The portion of rent and fees relating to advertising space leases before IFRS 16 represented more than 50 % of the operating costs in the Group’s operating margin, and 2/3 of those rent and fees relating to advertising space leases are fixed (or fixed in substance) rent and fees within the scope of IFRS 16 and therefore included in the lease liability calculation. Real estate and vehicles contracts that represent a low portion of in-scope contracts, have no specific criteria compared with other group companies.

Core business contracts of JCDecaux often have specificities related to the activity they belong to (Street furniture, Transport and Billboard) or to their geographic area (local regulation or market practice). Most of the time, in the street furniture and transport activities, each contract is a specific case, with complex terms arising from direct negotiations or tender-offer conditions. There may also be renegotiations of terms during the life of the contract, most of the time due to unexpected market events or to operational deployment of advertising structures.

Fixed (or fixed in-substance) rent and fees are very often minimum guarantees of variable fees based on the revenue generated by advertising structures installed in the locations the Group rents. This is mainly the case in the transport and malls activities and frequent for street furniture but rarer in the large format billboard activity where rent and fees are more often not linked to revenue generated.
Fixed rent and fees and/or fixed in substance rent and fees or minimum guarantee can, according to the contracts:

- Have a flat amount over the duration of the contract;

- Vary depending on an index (inflation, construction ...) or under the same calculation method more specific to a given contract (passenger number in transport contract for example);
- Increase because of an expected ramp-up of the advertising revenue in line with the progressive installation of advertising structures, the opening of new subway lines or a new airport terminal;
- Vary based on a percentage of rent and fees paid (including the variable portion) during the previous year.

Contracts have very different initial period durations, ranging from 1 to 35 years overall:

- For the street furniture activity, contracts range from 1 to 35 years. This depends on tender-offer terms and, in few cases, on direct negotiation with the municipalities. This duration is totally economic model dependent as laid out in the municipalities' specifications, especially it depends on JCDecaux expected capex level for the advertising and non-advertising furniture. The heavier the capex are the longer the duration is to balance the economic model.
- For the transport activity, contracts range from 1 to 21 years. The duration depends on tender-offer terms as well. The contract duration is generally shorter and the rent and fees level is higher than in the street furniture activity, because of a lower level of capex and operational costs compared to revenue from advertising structures.
- For the large format billboard activity, contracts range from 1 to 32 years. The duration is very depending on the countries and their local regulations which are more or less restrictive, as well as on the market practices relating to the relation between lessees and private landlords.

Regarding extension and renewal terms:

- According to local regulations or market practices, large format billboard contracts often have tacit renewal or automatic renewal clauses which are country-dependent. In those cases, the duration applied that of the renewal term for which the Group is committed because at each renewal period end, the lessee or the lessor can terminates the contract.
- Street furniture or transport contracts may provide for extension periods of the initial duration of the contract. These are either dependent on a joint agreement between the two parties or only one of them. When applying IFRS 16 on an initial contract, contractual period extensions are considered only when JCDecaux is the only one able to exercise this option, these cases being rather rare. Renewals of street furniture or transport contracts are generally made through new contracts, following a competitive bidding procedure (most often through a tender offer).

Only a small numbers of contracts has been identified in which JCDecaux has the sole right to exercise an early termination option. Most often, either the agreement of both parties is required, or the early termination option can be used under specific condition (force majeure, change of direction of road traffic in large format billboard, major economic recession or advertising market collapse in certain transport contracts).

2.3. Impact of retrospective application of IFRS 16 on the 2018 financial statements

2.3.1. On the income statement for the first half of 2018

The changes detailed above have the following impacts as of 30 June 2018 on the different items of the consolidated income statement:

In million euros	1st half of 2018 Published	IFRS 16 impact	1st half of 2018 Restated
REVENUE	**1,447.8**	**0.0**	**1,447.8**
Direct operating expenses	(1,007.2)	482.1	(525.1)
Selling, general and administrative expenses	(278.2)	12.9	(265.3)
OPERATING MARGIN	**162.4**	**495.0**	**657.4**
Depreciation, amortisation and provisions (net)	(113.4)	(433.8)	(547.2)
Impairment of goodwill	0.0	0.0	0.0
Maintenance spare parts	(16.2)	0.0	(16.2)
Other operating income	14.7	0.2	14.9
Other operating expenses	(5.9)	0.0	(5.9)
EBIT	**41.6**	**61.4**	**103.0**
Interest expenses on IFRS 16 lease	**-**	**(71.5)**	**(71.5)**
Financial income	*4.5*	*0.0*	*4.5*
Financial expenses	*(16.1)*	*0.1*	*(16.0)*
Net financial income (loss) exclusding IFRS 16	**(11.6)**	**0.1**	**(11.5)**
NET FINANCIAL INCOME (LOSS)	**(11.6)**	**(71.4)**	**(83.0)**
Income tax	(9.6)	4.8	(4.8)
Share of net profit of companies under the equity method	38.6	0.6	39.2
PROFIT FROM CONTINUING OPERATIONS	**59.0**	**(4.6)**	**54.4**
Gain or loss on discontinued operations	0.0	0.0	0.0
CONSOLIDATED NET INCOME	**59.0**	**(4.6)**	**54.4**
- Including non-controlling interests	*(1.5)*	*(1.5)*	*(3.0)*
CONSOLIDATED NET INCOME (GROUP SHARE)	**57.5**	**(6.1)**	**51.4**
Earnings per share (in euros)	0.270	(0.029)	0.242
Diluted earnings per share (in euros)	0.270	(0.029)	0.241
Weighted average number of shares	212,751,681	212,751,681	212,751,681
Weighted average number of shares (diluted)	212,853,014	212,853,014	212,853,014

2.3.2. On the statement of financial position as of 31 December 2018

The changes detailed above have the following impacts as of 31 December 2018 on the different items of the statement of financial position, with an €(349.2) million impact on equity:

Assets

In million euros	31/12/2018 Published	IFRS 16 Impact	31/12/2018 Restated
Goodwill	1,940.9	(1.9)	1,939.0
Other intangible assets	393.6	0.0	393.6
Property, plant and equipment (1)	1,293.0	(18.9)	1,274.1
Rights of use		4,518.0	4,518.0
Investments under equity method	468.2	(26.0)	442.2
Other financial assets	90.1	(9.3)	80.8
Deferred tax assets	101.6	44.2	145.8
Current tax assets	1.1	0.0	1.1
Other receivales	31.2	(12.9)	18.3
NON-CURRENT ASSETS	**4,319.7**	**4,493.2**	**8,812.9**
Other financial assets	30.2	0.0	30.2
Inventories	159.4	0.0	159.4
Financial derivatives	4.9	0.0	4.9
Trade and other receivables	1,035.6	(31.8)	1,003.8
Current tax assets	18.4	0.0	18.4
Treasury financial assets	81.2	0.0	81.2
Cash and cash equivalents	112.3	0.0	112.3
CURRENT ASSETS	**1,442.0**	**(31.8)**	**1,410.2**
TOTAL ASSETS	**5,761.7**	**4,461.4**	**10,223.1**

(1) Reclassification of property, plant and equipment under finance lease in the line Rights of use.

Equity and Liabilities

In million euros	31/12/2018 Published	IFRS 16 Impact	31/12/2018 Restated
Share capital	3.2	0.0	3.2
Additional paid-in capital	606.4	0.0	606.4
Consolidated reserves	1,734.3	(261.0)	1,473.3
Consolidated net income (Group share)	219.9	(27.5)	192.4
Other components of equity	(135.1)	(30.8)	(165.9)
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	**2,428.7**	**(319.3)**	**2,109.4**
Non-controlling interests	62.1	(29.9)	32.2
TOTAL EQUITY	**2,490.8**	**(349.2)**	**2,141.6**
Provisions (1)	395.9	(63.1)	332.8
Deferred tax liabilities	90.0	(29.5)	60.5
Financial debt (2)	1,075.7	(12.8)	1,062.9
Debt on commitments to purchase non-controlling interests	87.8	0.0	87.8
Lease liabilities		4,162.7	4,162.7
Other payables	17.0	(2.0)	15.0
Financial derivatives	0.2	0.0	0.2
NON-CURRENT LIABILITIES	**1,666.6**	**4,055.3**	**5,721.9**
Provisions (1)	71.6	(10.0)	61.6
Financial debt (2)	296.9	(7.3)	289.6
Debt on commitments to purchase non-controlling interests	4.6	0.0	4.6
Financial derivatives	1.3	0.0	1.3
Lease liabilities		1,030.2	1,030.2
Trade and other payables	1,162.2	(257.6)	904.6
Income tax payable	43.4	0.0	43.4
Bank overdrafts	24.3	0.0	24.3
CURRENT LIABILITIES	**1,604.3**	**755.3**	**2,359.6**
TOTAL LIABILITIES	**3,270.9**	**4,810.6**	**8,081.5**
TOTAL LIABILITIES AND EQUITY	**5,761.7**	**4,461.4**	**10,223.1**

(1) Reclassification of provisions for onerous contracts as a deduction from Rights of use in the assets of the statement of financial position in accordance with IFRS 16.
(2) Finance lease debt reclassified as Lease liabilities in accordance with IFRS 16.

2.3.3 On the statement of cash flows for the first half of 2018

The changes detailed above have the following impacts on the different items of the statement of cash flows for the first half of 2018, with a nil impact on net cash position:

In million euros	1st half of 2018 Published	IFRS 16 Impact	1st half of 2018 Restated
NET INCOME BEFORE TAX	**68.6**	**(13.7)**	**54.9**
Share of net profit of companies under the equity method	(38.6)	3.7	(34.9)
Dividends received from companies under the equity method	43.6		43.6
Expenses related to share-based payments	0.5		0.5
Depreciation, amortisation and provisions (net)	112.9	433.8	546.7
Capital gains and losses and net income (loss) on changes in scope	(12.3)		(12.3)
Gains and losses on lease contracts	-	(0.2)	(0.2)
Net discounting expenses	2.5		2.5
Net interest expense & interest expenses on IFRS 16 lease	5.7	71.3	77.0
Financial derivatives, translation adjustments and other	2.3	0.1	2.4
Change in working capital	**(58.3)**	**14.2**	**(44.1)**
Change in inventories	(45.4)	0.0	(45.4)
Change in trade and other receivables	(25.0)	9.2	(15.8)
Change in trade and other payables	12.1	5.0	17.1
CASH FLOW FROM OPERATING ACTIVITIES	**126.9**	**509.2**	**636.1**
Interest paid on IFRS 16 lease	-	(64.2)	(64.2)
Interest paid	(22.4)	0.2	(22.2)
Interest received	4.3		4.3
Income tax paid	(10.9)		(10.9)
NET CASH FLOW FROM OPERATING ACTIVITIES	**97.9**	**445.2**	**543.1**
Cash payments on acquisitions of intangible assets and property, plant and equipment	(103.6)		(103.6)
Cash payments on acquisitions of financial assets (long-term investments) net of cash acquired	0.0		0.0
Acquisitions of other financial assets	(2.8)		(2.8)
Total investments	**(106.4)**	**0.0**	**(106.4)**
Cash receipts on proceeds on disposals of intangible assets and property, plant and equipment	13.8		13.8
Cash receipts on proceeds on disposals of financial assets (long-term investments) net of cash sold	2.9		2.9
Proceeds on disposals of other financial assets	4.0		4.0
Total asset disposals	**20.7**	**0.0**	**20.7**
NET CASH FLOW FROM INVESTING ACTIVITIES	**(85.7)**	**0.0**	**(85.7)**
Dividends paid	(131.7)		(131.7)
Cash payments on acquisitions of non-controlling interests	(0.6)		(0.6)
Payment of long-term borrowings	(523.6)		(523.6)
Payment of finance lease debts	(4.5)	4.5	-
Payment of lease liabilities	-	(449.7)	(449.7)
Acquisitions and disposals of treasury financial assets	222.3		222.3
Cash outflow from financing activities	**(438.1)**	**(445.2)**	**(883.3)**
Capital increase	2.2		2.2
Increase in long-term borrowings	5.8		5.8
Cash inflow from financing activities	**8.0**	**0.0**	**8.0**
NET CASH FLOW FROM FINANCING ACTIVITIES	**(430.1)**	**(445.2)**	**(875.3)**
CHANGE IN NET CASH POSITION	**(417.9)**	**0.0**	**(417.9)**
Net cash position beginning of period	**715.5**	**0.0**	**715.5**
Effect of exchange rate fluctuations and other movements	(10.2)		(10.2)
Net cash position end of period	**287.4**	**0.0**	**287.4**

2.4. Operational key indicator follow-up

The Group's operational management reporting, used by the managers for their decision-making, remains unchanged for the core business with the application of IFRS 16.

The Group keeps a presentation of the financial statements in financial communication in line with its internal reporting:

- with operating aggregates (operating margin, EBIT, free cash flow) excluding restatement IFRS 16 for core business (location lease contracts for advertising structures excluding real estate and vehicle rental contracts). The payment of the principal of the lease debts is reintegrated in the adjusted free cash flow (including the non-core business as well)
- an IFRS 16 restatement line leading to an IFRS EBIT in the income statement and an IFRS free cash flow in the cash flow statement, this line being added to the IFRS 11 restatement related to the companies under joint control, in line with the presentation of the financial statements up to the end of 2018.

These adjusted data are those followed up by the Management and included in IFRS 8 in Note 4 "Segment reporting". The reconciliation between adjusted figures and IFRS figures is also provided in this Note.

3. CHANGES IN THE SCOPE OF CONSOLIDATION

3.1 Major changes in the consolidation scope

The main changes in the consolidation scope during the first half of 2019 are as follows:

Acquisitions of non-controlling interests

On 7 March 2019, JCDecaux Central America Holding SA acquired 3.41% of the non-controlling interests in the company Top Media SA in Panama. This company, which was already fully consolidated, is now 76.16% owned.

Disposal of interests without loss of control

On 20 March 2019, Equipamientos Urbanos de Mexico, SA de C.V. (Eumex) sold 3.70% of the shares of JCDecaux Out of Home SA de CV (Mexico). The company remained fully consolidated and is now 60.0% owned.

3.2 **Impact of acquisitions**

The Group did not take any control over the first half of 2019.

The values of the assets and liabilities acquired as well as the goodwill related to the acquisition of the group APN Outdoor at the end of October 2018 have been determined on an interim basis and will evolve on the second half of 2019 (period required for the allocation of goodwill that extends until 12 months after the date of the acquisition).

The group APN Outdoor contributes to the first sixth months of the Group’s 2019 income and does not impact the income of the 2018 comparative period.

4. SEGMENT REPORTING

To measure the group's operational performance and to inform managers about their decision-making in line with historical data, segment information is adjusted by:

- IFRS 11 impact: in the segment reporting, the data related to joint ventures, companies under joint control, is proportionately consolidated as in the Group’s operating management reporting used by the Executive Board – the Chief Operating Decision Maker (CODM),

- IFRS 16 impact on location lease contracts for advertising structures (“Core Business” contracts) excluding real estate and vehicle rental contracts.

Consequently, pursuant to IFRS 8, operating data presented hereafter, in line with internal communication, is “adjusted”. The “adjusted” data is reconciled with the IFRS financial statements for which the IFRS 11 leads to consolidation of the joint ventures under the equity method and where “core business” rents are accounted for in accordance with IFRS 16.

4.1. Information related to operating segments

4.1.1. First half of 2019

The information by operating segments for the first half of 2019 is as follows:

In million euros	Street furniture	Transport	Billboard	Total
Revenue [(1)]	790.6	777.0	274.7	1,842.3
Operating margin	176.1	107.2	23.1	306.4
EBIT [(2)]	74.5	70.5	(5.8)	139.2
Acquisitions of intangible assets and PP&E net of disposals	110.0	14.5	12.1	136.6

(1) Including advertising revenue for €1,660.0 million and non advertising revenue for €182.3 million.
(2) Including a net reversal related to impairment tests for €3.1 million: €0.6 million in Street Furniture and €2.5 million in Transport.

The reconciliation of these operating data from Adjusted to IFRS breaks down as follows:

In million euros	Adjusted data [(1)]	Joint ventures' impact [(2)]	IFRS 16 impact [(3)]	IFRS data
Revenue	1,842.3	(190.9)		1,651.4
Operating margin	306.4	(53.5)	567.6	820.5
EBIT	139.2	(40.9)	107.7	206.0
Acquisitions of intangible assets and PP&E net of disposals	136.6	(5.5)		131.1

(1) Including impact of IFRS 16 on non core business contracts (of which +€27.4 million for the cancellation of rents and €(24.4) million for right of use amortisation).
(2) Impact of change from proportionate consolidation to the equity method of joint ventures.
(3) Impact of IFRS 16 on core business rents of controlled companies.

The impact of €(190.9) million resulting from IFRS 11 (change from the proportionate consolidation to the equity method of joint ventures) on the adjusted revenue is split between €(200.6) million of revenue made by the joint ventures and €9.7 million of non-eliminated part of intercompany revenue made by Group fully consolidated companies with joint ventures, under IFRS 11, leaving IFRS revenue at €1,651.4 million.

The impact of €567.6 million resulting from IFRS 16 on the operating margin corresponds to the cancellation of core business rent and fees of controlled companies. The impact of €107.7 million resulting from IFRS 16 on the EBIT breaks down into €567.6 million of cancellation of rent and fees on the operating margin, €(499.8) million of the right of use amortisation, €41.8 million of net gain on end of contracts, €(9.8) million of reversals of provisions for onerous contracts and €7.9 million of amortisation of the right of use resulting from the reclassification of provisions for onerous contracts.

4.1.2. First half of 2018 (Restated)

The information by operating segments for the first half of 2018 restated is as follows:

In million euros	Street furniture	Transport	Billboard	Total
Revenue [(1)]	742.7	659.4	241.2	1,643.3
Operating margin	163.3	58.2	15.2	236.7
EBIT [(2)]	64.3	26.8	(5.4)	85.7
Acquisitions of intangible assets and PP&E net of disposals	69.7	19.8	4.7	94.2

(1) Including advertising revenue for €1,479.8 million and non advertising revenue for €163.5 million.
(2) Including a net depreciation related to impairment tests for €(0.1) million in Street Furniture.

The reconciliation of these operating data from Adjusted to IFRS breaks down as follows:

In million euros	Adjusted data published	IFRS16 impact [(1)]	Adjusted data restated [(2)]	Joint ventures' impact [(3)]	IFRS16 impact [(4)]	IFRS data restated
Revenue	1,643.3	0.0	1,643.3	(195.5)		1,447.8
Operating margin	214.4	22.3	236.7	(53.3)	474.0	657.4
EBIT	82.7	3.0	85.7	(41.2)	58.5	103.0
Acquisitions of intangible assets and PP&E net of disposals	94.2	0.0	94.2	(4.4)	0.0	89.8

(1) IFRS 16 impact for non-core business rents .

(2) *Including impact of IFRS 16 on non core business contracts (of which +€25.9 million for the cancellation of rents and €(23.4) million for right of use amortisation).*
(3) *Impact of change from proportionate consolidation to the equity method of joint ventures.*
(4) *Impact of IFRS 16 on the core business rents of controlled companies.*

The impact of €(195.5) million resulting from IFRS 11 (change from the proportionate consolidation to the equity method of joint ventures) on the adjusted revenue is split between €(201.8) million of revenue made by the joint ventures and €6.3 million of non-eliminated part of intercompany revenue made by Group fully consolidated companies with joint ventures, under IFRS 11, leaving IFRS revenue at €1,447.8 million.

The impact of €474.0 million resulting from IFRS 16 on the operating margin corresponds to the cancellation of core business rent and fees of controlled companies. The impact of €58.5 million resulting from IFRS 16 on the EBIT breaks down into €474.0 million of cancellation of rent and fees on the operating margin, €(416.3) million of the right of use amortisation, €0.2 million of net gain on end of contracts, €(8.4) million of reversals of provisions for onerous contracts and €9.0 million of amortisation of the right of use resulting from the reclassification of provisions for onerous contracts.

4.2. Information by geographical area

4.2.1. First half of 2019

The information by geographical area for the first half of 2019 is as follows:

In million euros	Asia-Pacific	Europe [1]	France	Rest of the world	United-Kingdom	North America	Total
Revenue	**538.6**	**472.9**	**300.6**	**208.3**	**171.9**	**150.0**	**1,842.3**

[1] *Excluding France and the United Kingdom.*

4.2.2. First half of 2018

The information by geographical area for the first half of 2018 is as follows:

In million euros	Asia-Pacific	Europe [1]	France	Rest of the world	United-Kingdom	North America	Total
Revenue	**400.2**	**447.4**	**287.6**	**208.3**	**173.2**	**126.6**	**1,643.3**

(1) *Excluding France and the United Kingdom.*

4.3. Other information

4.3.1. First half of 2019

The reconciliation of the free cash flow from Adjusted to IFRS for the first half of 2019 is as follows:

In million euros	Adjusted data	Joint ventures' impact [1]	IFRS16 impact [2]	IFRS data
Net cash flow from operating activities	**128.8**	**(6.5)**	**554.1**	**676.4**
- Including Change in working capital	*(62.2)*	*(7.1)*	*33.4*	*(35.9)*
Acquisitions of intangible assets and PP&E net of disposals	**(136.6)**	**5.5**	**0.0**	**(131.1)**
Free Cash Flow	**(7.8)**	**(1.0)**	**554.1**	**545.3**

(1) *Impact of change from proportionate consolidation to the equity method of joint ventures.*
(2) IFRS 16 impact on core and non-core business rent and fees of controlled companies.

4.3.2. First half of 2018 (Restated)

The reconciliation of the free cash flow from Adjusted to IFRS for the first half of 2018 is as follows:

In million euros	Adjusted data published	IFRS16 impact [1]	Adjusted data restated	Joint ventures' impact [2]	IFRS16 impact [3]	IFRS data restated
Net cash flow from operating activities	**137.4**	**(4.8)**	**132.6**	**(39.2)**	**449.7**	**543.1**
- Including Change in working capital	*(37.5)*		*(37.5)*	*(20.8)*	*14.2*	*(44.1)*
Acquisitions of intangible assets and PP&E net of disposals	**(94.2)**		**(94.2)**	**4.4**		**(89.8)**
Free Cash Flow	**43.2**	**(4.8)**	**38.4**	**(34.8)**	**449.7**	**453.3**

(1) Payment of liabilities related to existing contracts at the transition date qualified as finance leases under IAS 17.
(2) Impact of change from proportionate consolidation to the equity method of joint ventures.

(3) IFRS 16 impact on core and non-core business rent and fees of controlled companies.

5. COMMENTS ON THE STATEMENT OF FINANCIAL POSITION AND ON THE INCOME STATEMENT

5.1. Rights of use

Rights of use amounted to €4,618.1 million in net book value as of 30 June 2019 compared to €4,518.0 million as of 31 December 2018, which represented an increase of €100.1 million. This increase mainly related to new contracts is partially offset by the amortisation charge in the first half of 2019 and the anticipated withdrawal of contracts.

5.2. Equity

As of 30 June 2019, share capital amounted to €3,245,684.82 divided into 212,902,810 fully paid-up shares of the same category.

Reconciliation of the number of outstanding shares as of 1 January 2019 and 30 June 2019:

Number of outstanding shares as of 1 January 2019	212,810,350
Shares issued following the exercise of options	92,460
Number of outstanding shares as of 30 June 2019	**212,902,810**

The Group did not grant any bonus share plan or stock option plan in the first half of 2019.

The Group holds 39,503 treasury shares as of 30 June 2019.

The Shareholders' Meeting of 16 May 2019 decided to pay a dividend of €0.58 for each of the 212,810,350 shares making up the share capital as of 31 December 2018.

5.3. Financial debt

		30/06/2019			31/12/2018 Restated		
In million euros		Current portion	Non current portion	Total	Current portion	Non current portion	Total
Gross financial debt	**(1)**	**441.0**	**1,056.6**	**1,497.6**	**289.6**	**1,062.9**	**1,352.5**
Hedging financial derivatives assets		(1.8)		(1.8)	(4.9)		(4.9)
Hedging financial derivatives liabilities		3.1		3.1	1.3	0.2	1.5
Hedging financial derivatives instruments	**(2)**	**1.3**	**0.0**	**1.3**	**(3.6)**	**0.2**	**(3.4)**
Cash and cash equivalents (*)		132.3		132.3	112.3		112.3
Bank overdrafts		(7.0)		(7.0)	(24.3)		(24.3)
Net cash	**(3)**	**125.3**	**0.0**	**125.3**	**88.0**	**0.0**	**88.0**
Treasury financial assets (**)	**(4)**	**57.4**		**57.4**	**81.2**	**0.0**	**81.2**
Net financial debt (excluding non-controlling interest purchase commitments)	**(5)=(1)+(2)-(3)-(4)**	**259.6**	**1,056.6**	**1,316.2**	**116.8**	**1,063.1**	**1,179.9**

(*) As of 30 June 2019, the Group has €132.3 million of cash and cash equivalents (compared to €112.3 million as of 31 December 2018). Cash equivalents mainly include short-term deposits and money market funds. €10.2 million of the total of cash and cash equivalents are invested in guarantees as of 30 June 2019, compared to €8.6 million as of 31 December 2018.
(**) As of 30 June 2019, treasury financial assets are made of €45.1 million of short-term liquid investments (compared to €44.7 million as of 31 December 2018) and €12.3 million (compared to €36.5 million as of 31 December 2018) held in escrow account by the Group in connection with operational contracts, where the cash belongs to the Group. These financial assets have the main characteristics of cash equivalents but do not strictly comply with all the criteria to be qualified as such according to IAS 7.

The impact of the fair value revaluation arising from amortised cost (IFRS 9 restatements) breaks down as follows:

In million euros		30/06/2019 Current portion	30/06/2019 Non-current portion	30/06/2019 Total	31/12/2018 Restated Current portion	31/12/2018 Restated Non-current portion	31/12/2018 Restated Total
Gross financial debt	**(1)**	**441.0**	**1,056.6**	**1,497.6**	**289.6**	**1,062.9**	**1,352.5**
Impact of amortised cost (IFRS9 remeasurement)	**(2)**	1.2	2.6	3.8	1.2	3.2	4.4
Economic financial debt	**(3)=(1)+(2)**	**442.2**	**1,059.2**	**1,501.4**	**290.8**	**1,066.1**	**1,356.9**

As of 30 June 2019, the Group's financial debt mainly includes:

- Bonds issued by JCDecaux SA:
  - €750 million issued in June 2016, maturing in June 2023
  - €300 million issued in October 2018, maturing in October 2020.
- Commercial paper for €380 million issued by JCDecaux SA as part of its Negociable European Commercial Paper program (NEU CP) set up in October 2018 for a maximum amount of €500 million.

As of 30 June 2019, JCDecaux SA also holds a €825 million undrawn committed revolving credit facility including a sub-limit for a maximum amount of €100 million to enable same-day short-term drawdowns (swingline).

This revolving credit facility requires to be compliant with the following ratio: net financial debt / operating margin strictly less than 3.5. As of 30 June 2019, JCDecaux SA respects this "covenant" with a ratio very far from the required limit.

On 2 July 2019, JCDecaux SA signed an amendment to this revolving credit facility, which results in amending the applicable margin and the maturity. The margin will be calculated based on JCDecaux SA's financial rating and no longer on the net debt / operating margin ratio. Moreover, the maturity of this credit facility has been extended to July 2024 with two extensions options of one year.

JCDecaux SA also has a Negotiable European Medium Term Notes (NEU MTN) program of up to €500 million registered in October 2018 with the “Banque de France”, which may be used for its future needs.

JCDecaux SA is rated "Baa2" by Moody's and "BBB" by Standard and Poor's (the last rating of Moody's dated on 12 April 2019, and that of Standard and Poor's on 5 September 2018), each of these notes being accompanied by a stable perspective.

5.4. Lease liabilities

Lease liabilities amounted to €5,224.0 million as of 30 June 2019 compared to €5,192.9 million as of 31 December 2018, which represented an increase of € 31.1 million. The increase mainly related to the new contracts is partially offset by the payments made during the semester and the anticipated withdrawal of contracts.

5.5. Revenue

IFRS revenue increased by 14.1% from €1,447.8 million for the first half of 2018 to €1,651.4 million for the first half of 2019. The IFRS advertising revenue stood at €1,483.0 million for the first half of 2019 (versus €1,298.9 million for the first half of 2018) and the IFRS non-advertising revenue totalled €168.4 million for the first half of 2019 (versus €148.9 million for the first half of 2018).

5.6. EBIT

During the first half of 2019, EBIT amounted to €206.0 million compared to €103.0 million during the first half of 2018. The increase is mainly due to the €163.1 million improvement of the operating margin and to the €41.8 million positive impact in the first half of 2019 related to renegotiations of core business lease contracts. These favorable effects are partially offset by an €(102.6) million increase of the amortisation charge including the scope effect of APN Outdoor.

5.7. Net Financial income (Loss)

During the first half of 2019, the financial result amounted to €(98.5) million compared to €(83.0) million during the first half of 2018. This decrease is mainly due to the increase of the interest expenses on IFRS 16 lease for €(11.8) million.

5.8. Income tax

During the first half of 2019, the Group recorded a tax charge of €(35.2) million compared to a tax charge of €(4.8) million during the first half of 2018. The effective tax rate before impairment of goodwill and the share of net profit of companies under the equity method was 32.0% during the first half of 2019.

5.9. Share of net profit of companies under the equity method

During the first half of 2019 the share of net profit of associates totalled €8.9 million compared to €8.8 million during the first half of 2018, and the share of net profit of joint ventures totalled €29.5 million during the first half of 2019 compared to €30.4 million during the first half of 2018.

5.10. Non-controlling interests

Non-controlling interests totalled €14.7 million during the first half of 2019, compared to €3.0 million during the first half of 2018. This variation is mainly due to the positive impact in the first half of 2019 related to renegotiations of lease contracts.

6. COMMENTS ON OFF-BALANCE SHEET COMMITMENTS

The commitments relating to lease, rent, and minimum and fixed and fixed in substance franchise payments given by the Group in the ordinary course of business now appear with the application of IFRS 16 in the liabilities of the statement of financial position at their present value, with the exception of fixed rents contracts signed as of June 30, 2019 and not beginning until 1 July 2019, which are not included in the lease liabilities.

The main source of significant changes in other off-balance sheet commitments as of 30 June 2019 compared to 31 December 2018 is an increase of approximately €60 million in market guarantees given in connection with the signing of new contracts.

7. SEASONALITY

All the operational indicators are marked by a strong seasonality generally translated by a lower level of activity on the first half of the civil calendar year. Consequently, the half year results as of 30 June 2019 are not necessarily representative of the expected 2019 full year results.

8. INFORMATION ON RELATED PARTIES

Off-balance-sheet lease commitments with related parties are now, in accordance with IFRS 16, recorded as liabilities in the statement of financial position at their present value and did not change significantly in the first half of 2019.

As of 30 June 2019, the other relations between the Group and the related parties did not change significantly compared to 31 December 2018. The transactions made with the related parties and impacting the income statement are comparable to those existing in the first half of 2018.

9. SUBSEQUENT EVENTS

No significant subsequent events were identified.

STATUTORY AUDITORS' REPORT

This is a free translation into English of the statutory auditors' review report on the half-yearly financial information issued in French and is provided solely for the convenience of English-speaking users. This report includes information relating to the specific verification of information given in the Group's half-yearly management report. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France.

JCDecaux S.A.

Registered office: 17, rue Soyer - 92200 Neuilly-sur-Seine
Share capital: €.3 245 685

Statutory Auditors' Review Report on the Half-yearly Financial Information

For the period from January 1, 2019 to June 30, 2019

To the Shareholders,

In compliance with the assignment entrusted to us by you shareholder's meeting and in accordance with the requirements of article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed half-yearly consolidated financial statements of JCDecaux S.A., for the period from January 1, 2019 to June 30, 2019,
- the verification of the information presented in the half-yearly management report.

These condensed half-yearly consolidated financial statements are the responsibility of the Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed half-yearly consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying our conclusion, we draw your attention to the matter set out in note "2. Change of accounting methods" regarding the impact of initial application of IFRS 16 "Leases" on the condensed half-yearly consolidated financial statements.

II. Specific verification

We have also verified the information presented in the half-yearly management report on the condensed half-yearly consolidated financial statements subject to our review.

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

Paris La Défense, on the 25th July 2019

Paris La Défense, on the 25th July 2019

DECLARATION BY THE PERSON RESPONSIBLE OF THE HALF-YEAR REPORT

“I certify, to the best of my knowledge, that the accounts have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities and financial position and profit or loss of the Company and all the undertakings included in the JCDecaux Group consolidation, and that the half-year financial report presents a fair review of the information mentioned in Article 222-6 of the General Regulations of the Autorité des Marchés Financiers.”

Jean-François Decaux
Chairman of the Board and co-Chief Executive Officer