APG|SGA
Out of Home Media

Financial Report

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Consolidated financial statements

Explanation of financial terms

EBITDA Earnings before interest, taxes, depreciation of property, plant, and equipment, and amortization of intangible assets

EBIT Earnings before interest and taxes

Cash flow Cash flow from operations before changes in net working capital

Cash flow from operating activities
Cash flow from operations including changes in net working capital

Consolidated balance sheet

Assets

in CHF 1 000	Notes	31.12.2017	31.12.2016
Buildings and land		**35 119**	36 822
Advertising plant		**23 328**	21 406
Other property, plant, and equipment		**5 281**	5 920
Property, plant, and equipment	3	**63 728**	64 148
Deferred tax assets	20	**1 507**	1 433
Investments in joint ventures	15	**210**	
Other financial investments		**7 156**	3 648
Financial investments	4	**8 873**	5 081
Goodwill		**7 649**	9 301
Contractual advertising rights		**15 884**	13 904
Intangible fixed assets	5	**23 533**	23 205
Non-current assets		**96 134**	92 434
Inventories		**2 465**	2 294
Trade accounts receivable	6	**38 186**	43 431
Other accounts receivable	7	**4 152**	2 030
Deferred expenses and accrued income		**5 692**	6 712
Cash and cash equivalents	8	**90 490**	126 817
Current assets		**140 985**	181 284
Total		**237 119**	273 718

Shareholders' equity and liabilities

in CHF 1 000	Notes	31.12.2017	31.12.2016
Share capital		**7 800**	7 800
Capital reserves, premiums		**13 746**	13 711
Treasury shares		**−2 337**	−377
Translation differences		**−758**	−2 474
Retained earnings		**101 865**	123 106
Shareholders' equity	9	**120 316**	141 766
Financial liabilities			179
Provisions	10	**10 760**	8 297
Deferred tax liabilities	20	**5 550**	6 117
Non-current liabilities		**16 310**	14 593
Trade accounts payable		**15 654**	20 288
Taxes payable		**4 905**	7 129
Other accounts payable	12	**22 492**	27 429
Accrued liabilities and deferred income	13	**56 376**	61 490
Provisions	10	**1 066**	1 023
Current liabilities		**100 493**	117 359
Liabilities		**116 803**	131 952
Total		**237 119**	273 718

Consolidated income statement

in CHF 1 000	Notes	2017	2016
Advertising revenue	24	**300 693**	315 361
Real estate revenue	16	**1 650**	1 827
Other operating income	17	**2 434**	22 614
Operating income		**304 777**	339 802
Fees and commissions		**−134 587**	−141 898
Personnel expenses	18	**−62 446**	−65 341
Operating and administrative costs		**−32 974**	−31 245
Operating result before depreciation and amortization (EBITDA)		**74 770**	101 318
Depreciation of tangible assets	3	**−11 018**	−9 982
Amortization of intangible assets	5	**−770**	−897
Amortization of goodwill	5	**−1 652**	−1 593
Operating result (EBIT)		**61 330**	88 846
Financial result	19	**1 966**	−113
Result from joint ventures		**−90**	
Ordinary result before income tax		**63 206**	88 733
Income tax	20	**−12 486**	−18 210
Consolidated net income		**50 720**	70 523
Basic and diluted earnings per share, in CHF	21	**16.92**	23.51

Consolidated statement of changes in equity

in CHF 1 000	Share capital	Capital reserves premiums	Treasury shares	Translation differences	Retained earnings	Shareholders' equity
as at January 1, 2016	7 800	13 672	−343	−2 232	121 550	**140 447**
Consolidated net income					70 523	**70 523**
Translation differences				−242		**−242**
Distributions					−68 967	**−68 967**
Purchase of treasury shares			−814			**−814**
Sale of treasury shares		47	780			**827**
Equity transaction costs		−8				**−8**
as at December 31, 2016	7 800	13 711	−377	−2 474	123 106	**141 766**
Consolidated net income					50 720	**50 720**
Translation differences				1 716		**1 716**
Distributions					−71 961	**−71 961**
Purchase of treasury shares			−2 722			**−2 722**
Sale of treasury shares		58	762			**820**
Equity transaction costs		−23				**−23**
as at December 31, 2017	7 800	13 746	−2 337	−758	101 865	**120 316**

Change in scope of consolidation is described in Note 15.

Consolidated statement of cash flows

in CHF 1 000	Notes	2017	2016
Consolidated net income		**50 720**	70 523
Depreciation and amortization		**13 440**	12 472
Changes in provisions		**−402**	−1 124
Changes in deferred taxes	20	**−679**	−125
Financial result with no cash impact		**−1 137**	211
Gain/loss from sale of non-current assets		**−1 828**	−22 643
Result from joint ventures		**90**	
Cash flow		**60 204**	59 314
Change in inventories		**−143**	−212
Change in accounts receivable		**3 912**	−3 653
Change in deferred expenses and accrued income		**1 034**	−511
Change in accounts payable and taxes payable		**−11 952**	5 279
Change in accrued liabilities and deferred income		**−5 252**	1 460
Cash flow from operating activities		**47 803**	61 677
Capital expenditures in property, plant, and equipment	3	**−10 963**	−14 034
Capital expenditures in intangible assets	5	**−1 070**	−10 944
Capital expenditures in investments in subsidiaries and joint ventures	15	**−284**	−8 411
Capital expenditures in other financial investments		**−3 508**	
Sale of property, plant, and equipment		**2 755**	28 338
Sale of intangible assets		**2 827**	
Net cash used in investing activities		**−10 243**	−5 051
Purchase of treasury shares		**−2 722**	−814
Sale of treasury shares		**800**	819
Increase of financial liabilities			183
Repayment of financial liabilities		**−189**	
Dividends to APG SGA SA shareholders		**−71 961**	−68 967
Net cash used in financing activities		**−74 072**	−68 779
Currency translation effect on cash and cash equivalents		**185**	−18
Change in cash and cash equivalents		**−36 327**	−12 171
Cash and cash equivalents as at January 1	8	**126 817**	138 988
Cash and cash equivalents as at December 31	8	**90 490**	126 817

Notes to the consolidated financial statements

1 Business activity

The APG SGA Group is active in all domains of Out of Home advertising. As a media company, we transport advertising messages into the public and private areas with posters, screens and related media as promotions and mobile advertising. This media performance is generated in streets, city centers, pedestrian zones, railway stations, shopping centers, airports, tourist resorts, and on the outside and inside of public transport vehicles. The Group is active in the Swiss market and in Serbia. Business operations are based on long-term concession agreements with public-sector and private partners. APG SGA SA is the parent company. It is a Swiss Stock Exchange (SIX)-listed company headquartered on Carrefour de Rive 1, 1207 Geneva (Switzerland).

2 Key reporting and valuation principles of the APG SGA Group

General fundamentals and reporting standards

The consolidated financial statements of the APG SGA Group have been prepared in accordance with Swiss Corporation Law and Accounting as well as the complete set of Accounting and Reporting Recommendations ARR (Swiss GAAP ARR). The Board of Directors approved the consolidated financial statements on February 23, 2018. The Annual General Meeting on May 24, 2018, will be asked to approve the consolidated financial statements.

The consolidated figures comprise the financial statements of the individual companies, which have been prepared according to uniform accounting and reporting guidelines. The consolidated financial statements have been prepared on a historical cost basis, with the exception of marketable securities, which are valued at fair value.

Scope and method of consolidation

The consolidated financial statements integrate the financial statements of APG SGA SA and of the Group’s domestic and foreign companies. An overview of the principal Group companies is provided in note 25 of this report. Companies acquired are consolidated from the date on which control is obtained, while companies sold are excluded from the scope of consolidation as of the date on which control is given up, with any gain or loss recognized in the income statement. The acquired assets and liabilities are revalued and integrated according to the acquisition method.

The *full consolidation* method is applied to all companies in which the Group directly or indirectly exerts management control. All assets, liabilities and equity, as well as revenues and expenses of the consolidated companies, are fully recognized. Minority interests are presented as a separate component of the Group's equity and income. Intercompany transactions within the scope of consolidation and resulting receivables or payables are completely eliminated. Intercompany transactions and gains are eliminated in full.

Capital consolidation is based on the acquisition method, whereby the acquisition cost of an acquired company is eliminated at the time of acquisition against the fair value of net assets acquired, determined in accordance with uniform accounting principles.

Goodwill arising on business combinations represents the excess of the cost of acquisition over the Group's interest in the fair value of the recognized assets and liabilities at the date of acquisition. Goodwill from acquisition is capitalized at the date of acquisition and amortized. Contractual advertising rights acquired through business combinations as part of the purchase price allocation are part of the capitalized goodwill.

Investments between 20% and 50% are recognized in the consolidated financial statements according to the *equity method*, provided the Group has significant influence. In this case, the Group’s percentage shares in the net assets are posted in the balance sheet under *Investments in joint ventures* and the respective share in profit or loss in the income statement under *Result from joint ventures*. Recorded losses arising from impairment are presented under *Income from joint ventures* in the income statement.

Investments of less than 20% are treated as investments at fair value and are not consolidated. They are presented in the consolidated balance sheet as *Other financial investments*. No such investments exist.

Critical accounting assumptions and estimates in the application of financial reporting standards
Financial reporting requires management estimates and assumptions that influence reported assets, liabilities, contingent liabilities and contingent assets as at the closing date, as well as income and expenses for the reporting period. These judgments, assumptions and estimates are made on the basis of information available or situations existing at the financial statement preparation date, which could prove to be different from reality in the future.

Foreign currency transactions
Translation for consolidation purposes: The financial statements of foreign Group companies are prepared in local currencies. For the purpose of consolidation, the local financial statements are translated into Swiss francs (CHF), which is the Group's presentation currency. The principal exchange rates used to translate foreign currencies in our Group were as follows:

Exchange rates	Assets and liabilities		Income, expenses	
	Year-end exchange rate		Average exchange rate	
in CHF	December 31, 2017	December 31, 2016	2017	2016
1 RSD	**0.009902**	0.008684	**0.009165**	0.008856

For the purpose of presenting consolidated financial statements, assets and liabilities for each balance sheet are translated at the closing rate at the balance sheet date, while income statements, cash flow statements and other movements are translated at average exchange rates for the year.

Exchange rate differences arising from the translation of balance sheets and income statements of foreign Group companies are taken directly to equity (currency translation differences) and not recognized in the income statement.

Translation of balances and transactions in the accounts of subsidiaries
In preparing the financial statements of the individual Group companies, assets and liabilities denominated in foreign currencies are translated at the closing exchange rates. Exchange differences resulting from the settlement of foreign currency transactions and from the translation of assets and liabilities denominated in foreign currencies are recognized as foreign exchange gains or losses in the income statement.

Current / non-current classification
With the exception of deferred tax assets and liabilities, which are classified as non-current, assets and liabilities are classified as current when their recoverability or payment is expected no later than 12 months after the year-end closing date.

Segment reporting
The Group manages its business primarily on the basis of country responsibilities (segments). Added value is created locally by the acquisition, sale, and management of advertising spaces. The nature of the business and the legal framework are country-specific. APG SGA disclaims the disclosure of segment results. Our direct competitors in Switzerland and Serbia do not publish segment results. Would APG SGA publish segment results, it would lead to considerable competitive disadvantages for our group, due to minor diversification abroad. Segment sales revenue by geographical region are disclosed in note 24.

Accounting principles
The following accounting principles were applied:

Cash and cash equivalents
Cash and equivalents containing cash, current postal and bank account receivables, and short-term deposits are held with first-class financial institutions. Short-term deposits have a maturity of up to three months. They are stated at nominal value.

Marketable securities
Securities are initially recognized at cost including transaction costs. All purchases and sales are recognized on the trade date. Securities are subsequently remeasured to their current fair value at each balance sheet date with unrealized gains and losses recognized in the income statement as financial result and classified as current assets. Foreign exchange gains and losses on securities are also recognized in the income statement.

Accounts receivable
Short-term accounts receivable are stated at nominal value less allowance for bad debts. The allowance for bad debts is calculated based on past experience and maturity structure as well as identifiable solvency risks.

The amount of the allowance is presented separately. It represents the difference between the receivable's carrying amount and its current estimated recoverable amount. When receivables are no longer collectible, they are written off against the allowance for bad debts. Changes in the carrying amount of the allowance and income from recoveries of receivables previously written off are recognized in operating and administrative costs in the income statement.

Inventories
Inventories mainly consist of parts necessary for the maintenance of installed street furniture, as well as street furniture or billboards in kit form or partially assembled. These do not meet the definition of property, plant and equipment. Inventories are valued at cost or lower net realizable value.

Property, plant and equipment

Property, plant and equipment are presented on the balance sheet at historical cost less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset or, for most of the advertising plant and the electronic advertising plant, over the average duration of the contracts, and in no case over more than 12 resp. 8 years. The following useful lives are applied to depreciation calculations:

– Buildings (without land) 20–40 years
– Advertising plant 8–12 years
– Electronic advertising plant 2–8 years
– Fittings, equipment, furniture 4–10 years
– Information technology 3–6 years
– Vehicles 4–6 years

Immaterial gains and losses from the sale of property, plant, and equipment are generally recognized in the income statement in operating and administrative costs. Assets with minor values are expensed directly in the income statement. Land is not depreciated, but value-adjusted, if necessary.

Financial investments

Financial investments mainly comprise loans and long-term receivables to third parties as well as pension assets. Loans and receivables are stated at nominal values less valuation adjustments. Pension assets are stated at their nominal value.

Intangible assets

Intangible assets include contractual advertising rights and goodwill. Intangible assets are recognized if they are clearly identifiable and the costs reliably determinable, and if they bring a measurable benefit to the company over the course of several years. Intangible assets are valued at purchase cost less amortization and any necessary impairment.

Amortization is calculated on a straight-line basis. Contractual advertising rights are amortized over a period of up to 25 years or the shorter contractual period. Goodwill from acquisitions is amortized over up to 20 years.

Minority interests acquired are similarly measured using the purchase method. Accordingly, the difference between the purchase price and the proportionate equity on the basis of Swiss GAAP ARR is recognized as goodwill or negative goodwill.

Impairment of non-current assets

At every balance sheet date an assessment is made for non-current assets (in particular property, plant, equipment, intangible fixed assets including goodwill and financial assets) whether indicators for an impairment exist. If indicators for a continuous impairment exist, the recoverable amount of the asset is determined. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized separately in the income statement.

Treasury shares and share based payments

Treasury shares are recognized at their acquisition cost and deducted from shareholders' equity. Gains or losses on disposals are directly recorded in equity within capital reserves. Share based payments are measured at the grant date and recognized as personnel expenses in the case of remuneration for employees or as operating and administration costs in the case of remuneration for members of the Board of Directors. Share based payments from the Employee Stock Ownership Plan are measured at the date of purchase and recognized as personnel expenses.

Liabilities

Current liabilities include such with maturities up to 12 months, as well as accrued liabilities and deferred income. Liabilities are recognized at nominal values.

Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Pension benefit obligations

Pension benefit obligations of Group companies are recognized in the consolidated financial statements according to legal regulations and local rules of the respective countries. The actual economic impact of pension schemes for a Group company is calculated as at balance sheet date. An economic benefit is recorded, if it will be used for future pension contributions made by the company. An economic obligation is recognized if the requirements to record a provision are met. Unrestricted employer contribution reserves are capitalized as an asset.

The Swiss subsidiaries of the Group have a common legally independent pension plan financed by employer and employee contributions. The economic impact of a funding surplus or deficit of this pension plan, the change in employer contribution reserves and the contributions accrued for the period are charged to income as personnel expenses. The calculation of a funding surplus or deficit is made based on the annual financial statements of the pension plan prepared in accordance with Swiss GAAP ARR 26.

Apart from legally stipulated benefit plans, there are no other pension plans for subsidiaries in foreign countries. Their economic impact is measured according to the valuation methods applied locally.

Advertising revenue

Advertising revenue mainly consists of sales of advertising spaces and related services charged to customers such as printing and production costs. Whereas sales from related services are less than 5% of total advertising revenue. It is recorded net of discounts and excluding VAT. Sales of advertising spaces are accrued on a straight-line basis over the running period of the advertising campaign.

Fees and commissions

Fees and commissions contain concession fees and rental costs, commissions payable to advertising agencies, contributions in kind in the form of billposting services rendered to concession partners, and poster production costs. Variable fees are calculated according to the accrued revenues, while fixed fees are expensed in the period the related services are rendered.

Income taxes

Current income tax is calculated on taxable profits for the year and recognized on an accrual basis. Current income tax relating to items recognized directly in equity is recognized in equity and not in the income statement. Deferred income tax results from temporary valuation differences in Swiss GAAP ARR and fiscal accounting. Deferred tax is calculated using local tax rates that have been enacted by the balance sheet date. Effects from tax loss carryforwards are not capitalized pursuant to the recognition option under Swiss GAAP ARR, regardless of whether they are estimated by the company to be usable or not.

Transactions with related parties
Related parties include the principal shareholders of APG SGA SA, the members of the Board of Directors, and of the Executive Board.

Earnings per share
Earnings per share are calculated by dividing net income by the weighted average number of shares outstanding. The average number of shares outstanding does not include treasury shares.

Change in the scope of consolidation
The scope of consolidation was changed by the first-time equity consolidation of TAQ Belgrade as of April 4, 2017 (see note 15).

In 2016, the scope of consolidation was changed by the first-time full consolidation of Alpenplakat AG as of March 1, 2016.

3 Property, plant and equipment

in CHF 1 000	Buildings Land	Advertising plant	Fittings Equipment Furniture	IT	Vehicles	Total
At cost						
as at January 1, 2016	121 789	84 786	7 844	6 328	10 021	**230 768**
Change in scope of consolidation		1 172	28	28	73	**1 301**
Additions	2 638	7 680	806	1 869	1 041	**14 034**
Disposals	−19 455	−23 770	−2 213	−915	−1 358	**−47 711**
Translation differences		−253	−6	−5	−1	**−265**
as at December 31, 2016	104 972	69 615	6 459	7 305	9 776	**198 127**
Additions	60	8 144	502	1 463	794	**10 963**
Disposals		−8 220	−31	−783	−1 062	**−10 096**
Translation differences		1 529	35	34	3	**1 601**
as at December 31, 2017	105 032	71 068	6 965	8 019	9 511	**200 595**
Accumulated depreciation						
as at January 1, 2016	−80 171	−66 558	−6 136	−5 226	−8 102	**−166 193**
Additions	−2 008	−5 442	−483	−1 077	−972	**−9 982**
Disposals	14 029	23 620	2 170	870	1 327	**42 016**
Translation differences		171	5	3	1	**180**
as at December 31, 2016	−68 150	−48 209	−4 444	−5 430	−7 746	**−133 979**
Additions	−1 763	−6 487	−448	−1 377	−943	**−11 018**
Disposals		7 975	27	227	969	**9 198**
Translation differences		−1 019	−28	−18	−3	**−1 068**
as at December 31, 2017	−69 913	−47 740	−4 893	−6 598	−7 723	**−136 867**
Net book value						
as at December 31, 2016	36 822	21 406	2 015	1 875	2 030	**64 148**
as at December 31, 2017	35 119	23 328	2 072	1 421	1 788	**63 728**

The buildings are used predominantly for operating purposes.

4 Financial investments

in CHF 1 000	December 31, 2017	December 31, 2016
Deferred tax assets	**1 507**	1 433
Investments in joint ventures	**210**	
Loans	**3 691**	164
Long-term receivables from sale of business activities	**925**	1 117
Bad debt allowance on loans and long-term receivables	**−1 074**	−1 247
Employer contribution reserve (see note 11)	**3 598**	3 598
Long-term securities	**16**	16
Total	**8 873**	5 081

5 Intangible fixed assets

in CHF 1 000	Goodwill	Contractual advertising rights	Total
At cost			
as at January 1, 2016	104 853	9 369	**114 222**
Additions	6 987	10 944	**17 931**
Translation differences		−435	**−435**
as at December 31, 2016	111 840	19 878	**131 718**
Additions		3 656	**3 656**
Disposals		−8 673	**−8 673**
Translation differences		2 373	**2 373**
as at December 31, 2017	111 840	17 234	**129 074**
Accumulated amortization			
as at January 1, 2016	−100 946	−5 217	**−106 163**
Additions	−1 593	−897	**−2 490**
Translation differences		140	**140**
as at December 31, 2016	−102 539	−5 974	**−108 513**
Additions	−1 652	−770	**−2 422**
Disposals		5 815	**5 815**
Translation differences		−421	**−421**
as at December 31, 2017	−104 191	−1 350	**−105 541**
Net book value			
as at December 31, 2016	9 301	13 904	**23 205**
as at December 31, 2017	7 649	15 884	**23 533**

6 Trade accounts receivable

in CHF 1 000	December 31, 2017	December 31, 2016
Trade accounts receivable	**40 417**	45 782
Bad debt allowance	**−2 231**	−2 351
Total	**38 186**	43 431

Change in bad debt allowance of trade accounts receivable

in CHF 1 000	2017	2016
as at January 1	**−2 351**	−2 334
Changes in scope of consolidation		−4
Addition	**−527**	−307
Utilization	**734**	156
Reversal	**151**	103
Translation differences	**−238**	35
as at December 31	**−2 231**	−2 351

7 Other accounts receivable

in CHF 1 000	December 31, 2017	December 31, 2016
Tax refund claims	**112**	186
VAT receivable	**185**	117
Prepayments to suppliers	**2 830**	664
Personnel and social benefits	**201**	157
Receivables from related parties		155
Receivables from loans to third parties	**1 359**	1 194
Short-term receivables from sale of business activities	**978**	628
Other	**292**	683
Bad debt allowance	**−1 805**	−1 754
Total	**4 152**	2 030

Change in bad debt allowance of other accounts receivable

in CHF 1 000	2017	2016
as at January 1	**−1 754**	−1 318
Addition	**−543**	−452
Utilization	**649**	
Reversal	**1**	6
Translation differences	**−158**	10
as at December 31	**−1 805**	−1 754

8 Cash and cash equivalents

in CHF 1 000	December 31, 2017	December 31, 2016
Cash, postal and bank account balances	**85 822**	101 502
Time deposits	**4 668**	25 315
Total	**90 490**	126 817

The consolidated statement of cash flows, cash and cash equivalents comprise the accounts listed above.

9 Shareholders' equity

The share capital of CHF 7,800,000 is composed of 3,000,000 registered shares with a par value of CHF 2.60.

Information on the purchase and sale of treasury shares

2016		Quantity	Average price in CHF
as at January 1, 2016		976	
1st quarter	Additions	405	368.07
	Disposals	−188	393.46
2nd quarter	Additions	896	407.92
	Disposals	−1 876	393.10
3rd quarter	Additions	510	410.88
	Disposals		
4th quarter	Additions	212	422.96
	Disposals	−21	420.15
as at December 31, 2016		914	

2017		Quantity	Average price in CHF
as at January 1, 2017		914	
1st quarter	Additions	343	466.23
	Disposals	−139	445.00
2nd quarter	Additions	939	482.05
	Disposals	−1 386	476.34
3rd quarter	Additions	2 425	407.80
	Disposals	−196	396.11
4th quarter	Additions	2 637	424.91
	Disposals	−5	427.25
as at December 31, 2017		5 532	

As at December 31, 2017, treasury shares accounted for 0.2% of the share capital (PY 0.0%).

The Swiss Pension Plan of APG SGA Group holds 19,000 APG SGA shares as at December 31, 2017 (PY 19,000). The shares held by related parties are disclosed in the notes to the financial statements of APG SGA SA (see page 38).

The amount of not distributable reserves and retained earnings amounts to CHF 9,916,000 (PY CHF 9,905,000).

The General Meeting of May 23, 2017, decided to pay a dividend of CHF 24.00 per share.

In 2016, a dividend of CHF 23.00 per share was paid out.

10 Provisions

in CHF 1 000	Pension plan	Dismantling obligations	Other	2017 Total	Pension plan	Dismantling obligations	Other	2016 Total
as at January 1	5 783	2 532	1 005	**9 320**	6 698	2 538	3 259	**12 495**
Addition			4 028	**4 028**			133	**133**
Utilization	−791		−1 054	**−1 845**	−915		−2 210	**−3 125**
Reversal							−177	**−177**
Translation differences		36	287	**323**		−6		**−6**
as at December 31	4 992	2 568	4 266	**11 826**	5 783	2 532	1 005	**9 320**
Thereof current	982		84	**1 066**	1 023			**1 023**
Thereof non-current	4 010	2 568	4 182	**10 760**	4 760	2 532	1 005	**8 297**

Provision for pension plan covers contributions for protection of vested rights of employees in relation to the change from a defined benefit plan to a defined contribution plan according to Swiss pension law as at January 1, 2013. Other includes provisions for contractual commitments to purchase street furniture, incentive plans and VAT.

11 Employee benefits

Employer contribution reserve

in CHF 1 000	2017	2016
Nominal and book value as at January 1	**3 598**	3 598
Employer contributions		
Usage		
Nominal and book value as at December 31	**3 598**	3 598

Employer contribution reserve is presented under *Other financial investments* in the consolidated balance sheet.

Economic benefit/obligation and pension costs	Funding surplus/deficit according to Swiss GAAP ARR 26	Economic impact Group		Change to prior year or charge to income current year	Contri-butions for the period	Pension costs in personnel expenses	
in CHF 1 000	31.12.2017	31.12.2017	31.12.2016			2017	2016
Pension plans without funding surplus/deficit						5 348	5 554
Pension plans with funding surplus							
Pension plans with funding deficit							
Total						5 348	5 554

Summary of pension costs

in CHF 1 000	2017	2016
Contributions to pension plan expensed at Group companies	**5 348**	5 554
Contributions to pension plan credited to employer contribution reserve		
Contributions to pension plan made from employer contribution reserve		
Contributions and changes in employer contribution reserve	**5 348**	5 554
Increase/reduction economic benefit Group from excess coverage		
Reduction/increase economic obligation Group from insufficient coverage		
Total change in economic impact from excess/insufficient coverage		
Pension costs included in personnel expenses for the period	**5 348**	5 554

12 Other accounts payable

in CHF 1 000	December 31, 2017	December 31, 2016
Prepayments by customers	**15 825**	21 770
VAT owed	**3 758**	3 947
Personnel and social benefits	**563**	308
Other	**2 346**	1 404
Total	**22 492**	27 429

13 Accrued liabilities and deferred income

Accrued liabilities and deferred income mainly comprise accrued rental fees and commissions, as well as deferred advertising revenue.

14 Off-balance-sheet commitments

The following off-balance-sheet commitments exist:
There were no unrecognized guaranty obligations to third parties and no pledged or assigned assets with reservation of ownership.

Commitments relating to lease, rent and minimum franchise payments given in the ordinary course of business:

In the ordinary course of business, our company has entered into the following agreements, primarily:
- contracts with cities, airports and transport companies, which entitle us to operate their advertising business and collect the related revenues, in return for payment of fees comprising a fixed portion or guaranteed minimum amounts
- rental agreements for billboard locations on private property
- rental agreements for office premises

At the balance sheet date the above mentioned commitments were as follows:

in CHF million	December 31, 2017	December 31, 2016
Up to one year	**34.2**	22.9
More than 1 year until 5 years	**118.7**	50.7
More than 5 years	**59.1**	14.9
Total	**212.0**	88.5

15 Business acquisitions and disposals

As at April 12, 2017, the scope of consolidation was changed by the first consolidation of TAQ Belgrade. It is a joint venture in which our Serbian subsidiary Alma Quattro holds a 50% stake. This company was established in 2017 together with a local partner. This investment is recognized in the consolidated statements according to the equity method.

As at February 24, 2016, APG SGA SA signed a contract to acquire a 100% share in Alpenplakat AG, Hünenberg. The transaction has been closed on the same date.

The financial details of this transaction is shown below:

Acquisition in 2016
in CHF 1 000

Purchase price	**8 700**
Acquired cash and cash equivalents	−289
Capital expenditure in subsidiary (net of cash)	**8 411**
Acquired property, plant and equipment	−1 301
Acquired other assets	−514
Acquired liabilities	391
Acquired Goodwill	**6 987**
Amortization period of goodwill	20 years

The acquired Goodwill is amortized over a period of 20 years in line with Swiss GAAP ARR and the accounting principles. Other intangibles were not capitalized.

16 Real estate revenue

The space rented to third parties is 10,011 m^2 or 32.4% of the entire useful area (PY 10,407 m^2 or 33.6%).

17 Other operating income

in CHF 1 000	2017	2016
Net gains from sale of property, plant, and equipment	**2 434**	22 614
Total other operating income	**2 434**	22 614

The net gain resulted from the sale of advertising plant in 2017 and in previous year from the sale of real estate in Basel.

18 Personnel expenses

in CHF 1 000	2017	2016
Wages and salaries	**−51 251**	−54 082
Ordinary pension costs	**−5 348**	−5 554
Social security and retirement benefits	**−4 734**	−4 553
Other personnel expenses	**−1 113**	−1 152
Total personnel expenses	**−62 446**	−65 341

The APG SGA Group employs a total number of 519 persons (PY 554), thereof 472 (PY 505) in Switzerland and 47 (PY 49) in foreign markets, calculated on the basis of full-time equivalents 100%.

19 Financial result

in CHF 1 000	2017	2016
Foreign exchange translation differences	**1 851**	
Interest earnings	**56**	48
Other financial income	**141**	27
Result from marketable securities	**6**	6
Total financial income	**2 054**	81
Foreign exchange translation differences		−81
Bank expenses	**−81**	−54
Interest expenses	**−7**	−59
Total financial expenses	**−88**	−194
Total financial result	**1 966**	−113

20 Income tax

Taxes paid and expensed are composed of the following items:

in CHF 1 000	2017	2016
Current income tax expense	**−13 165**	−18 335
Deferred tax income / (expense)	**679**	125
Total	**−12 486**	−18 210

2017	Tax rate	Amount in CHF 1 000
Weighted average applied tax rate	20.0%	12 630
Use of not capitalized tax loss carryforward		−144
Actual tax rate	19.8%	12 486

2016	Tax rate	Amount in CHF 1 000
Weighted average applied tax rate	20.8%	18 425
Use of not capitalized tax loss carryforward		−215
Actual tax rate	20.5%	18 210

The total amount of not capitalized deferred tax asset relating to tax loss carryforwards amounts to CHF 350,000 (PY CHF 503,000). For calculation of deferred taxes, an average tax rate of 21.0% was applied. The tax rate did not change compared to the previous year.

21 Earnings per share

Earnings per share are calculated as follows:

	2017	2016
Net income, in CHF 1 000	**50 720**	70 523
Weighted average number of shares	**2 998 022**	2 999 232
Basic and diluted earnings per share, in CHF	**16.92**	23.51

APG SGA SA has no instruments with a dilutive effect on earnings per share.

22 Transactions with related parties

Our Group had transactions with the following related parties:
- JCDecaux Group, a principal shareholder
- Interplakat AG, Bern, owned by the Scheidegger family
- Members of the Board of Directors
- Members of the Executive Board

The tables below show the amounts with each party:

JCDecaux Group, in CHF 1 000	**2017**	**2016**
Sales to related party	**316**	340
Purchases from related party	**2 413**	1 129
Receivables as at 31 December toward related party	**216**	172
Payables as at 31 December toward related party	**368**	389

Interplakat AG, in CHF 1 000	**2017**	**2016**
Sales to related party	**338**	44
Purchases from related party	**1 822**	1 870
Receivables as at 31 December toward related party	**127**	188
Payables as at 31 December toward related party	**259**	294

The information required by Art. 663c (transparency requirements) of the Swiss Code of Obligations is disclosed in the notes to the financial statements of APG SGA SA (see page 38).

23 Share based payments

As part of variable remuneration a certain number of treasury shares are allocated to employees. These shares are blocked for 3 years and cannot be sold during this period. The table below shows the amount included in personnel expenses and the number of allocated shares:

	2017	2016
Amount in CHF 1 000 included in personnel expenses	**468**	445
Number of allocated shares	**979**	1 122

As part of variable remuneration for the Board of Directors a certain number of treasury shares are allocated. These shares are blocked for 3 years and cannot be sold during this period. The table below shows the amount included in operating and administrative costs and the number of allocated shares:

	2017	2016
Amount in CHF 1 000 included in operating and administrative costs	**179**	178
Number of allocated shares	**379**	463

APG SGA has an Employee Stock Ownership Plan. It entitles employees to obtain a certain number of treasury shares for a special price with a discount of 25%. The purchase is limited to 10% of the previous year's remuneration. The shares are blocked for 5 years and cannot be sold during this period. The table below shows the discount included in personnel expenses and the number of shares purchased by employees:

	2017	2016
Amount in CHF 1 000 included in personnel expenses	**38**	49
Number of shares purchased or prolonged by employees	**365**	500

24 Segment information by regions

in CHF 1 000	2017	2016
Advertising revenue Switzerland	**288 071**	303 445
Advertising revenue International	**12 622**	11 916
Total advertising revenue	**300 693**	315 361

25 Investments of APG SGA Group[1]

Company, headquarters	Share capital in local currency		Consolidation method	Share of capital in %
Switzerland				
Allgemeine Plakatgesellschaft AG, Zurich	CHF	9 400 000.00	F	100.00
APG SGA Traffic AG, Zurich	CHF	200 000.00	F	100.00
Alpenplakat AG, Hünenberg	CHF	200 000.00	F	100.00
Paron AG, Zurich	CHF	200 000.00	F	100.00
Sportart AG, Zurich	CHF	100 000.00	F	100.00
Swiss Poster Research Plus AG, Zurich	CHF	100 000.00	F	100.00
Visiorama AG, Zurich	CHF	100 000.00	F	100.00
Alkon AG, Zurich	CHF	50 000.00	F	100.00
Serbia				
Alma Quattro d.o.o., Belgrade	RSD	83 271 117.25	F	100.00
TAQ d.o.o., Belgrade	RSD	62 000 000.00	E	50.00

[1] Status December 31, 2017

F = Full consolidation
E = Equity consolidation

For changes of participations, see note 15.

26 Events after the closing date

These financial statements consider events after the closing date until February 23

APG SGA SA

Geneva

Report of the statutory auditor to the General Meeting

on the consolidated financial statements 2017

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Report of the statutory auditor
to the General Meeting of APG SGA SA
Geneva

Report on the audit of the consolidated financial statements

Opinion
We have audited the consolidated financial statements of APG SGA SA and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2017 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 5 to 26) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion
We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall Group materiality: CHF 3'000'000

- We concluded full scope audit work at two entities in Switzerland.
- Our audit scope addressed 70 % of the Group's assets, 80 % revenue and 84 % profit before tax.
- In addition, we performed limited statutory examinations on two entities in Switzerland representing a further 8 % of the Group's assets and 10 % of the Group's revenue.

As key audit matter accruals and deferrals for revenues, fees and commission has been identified as an area of focus.

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Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 3'000'000
How we determined it	5 % of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accruals and deferrals for revenues, fees and commission

Key audit matter	*How our audit addressed the key audit matter*
As described in the accounting policies (page 10 and note 13, page 21), the group recognises advertising revenues over the period in which the advertising campaign runs. The corresponding fees and commissions are recorded based on billed or accrued revenues and taking into consideration fixed and/or variable terms of the agreements.	We assessed the design and the implementation of the Internal Control System (ICS) and the corresponding key controls regarding the calculation of accruals and deferrals.

We focussed on this area due to the complexity of the calculation and due to the fact that the accrued revenue, fees and commission amounts to CHF 5.7 million (assets) and CHF 56.4 million (liabilities). The group's IT system calculates, controls and recognizes such entries based on the manual inputs of the underlying contracts and agreements.	Our testing included the following procedures: • We tested the IT General Controls (Program development, Program changes, Access to Program and Data and Computer Operations) of the IT systems used for the calculation, controlling and recognition of accruals and deferrals for revenues, fees and commissions. • We tested manual and automated controls around the fees and commission settings and calculation of fees and commission notes. This included system rules to calculate fees and commissions and controls around contract recognition. • Testing on a sample basis was performed to verify the accruals of key partner and the input of underlying agreements. • We tested key manual and automated controls around the revenue recognition settings and calculation of revenue. • We tested a sample of revenue transactions, particularly around the period end by agreeing transactions to the progress of the advertising campaign to ensure revenue, fees and commissions are calculated correctly. The combination of the tests of controls and the substantive testing we carried out and described above gave us sufficient audit evidence to address the aforementioned risks over accruals and deferrals.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: http://expertsuisse.ch/en/audit-report-for-public-companies. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi

Audit expert
Auditor in charge

Philipp Gnädinger

Audit expert

Zürich, 27 February 2018

Financial statements of APG SGA SA

Balance sheet

Assets

in CHF 1 000	Notes	31.12.2017	31.12.2016
Cash and cash equivalents		**998**	247
Accounts receivable from third parties		**27**	34
Accounts receivable from Group companies		**2 680**	421
Deferred expenses and accrued income			34
Current assets		**3 705**	736
Loans to Group comanies		**30 786**	46 020
Loans to third parties		**3 508**	
Investments	2.1	**120 084**	120 084
Non-current assets		**154 378**	166 104
Total		**158 083**	166 840

Shareholders’ equity and liabilities

in CHF 1 000		31.12.2017	31.12.2016
Accounts payables to third parties		**682**	644
Accrued liabilities and deferred income		**1 890**	1 833
Current liabilities		**2 572**	2 477
Long-term provisions		**1 447**	1 131
Long-term liabilities		**1 447**	1 131
Liabilities		**4 019**	3 608
Share capital		**7 800**	7 800
Legal capital reserves		**5 632**	5 632
Legal retained earnings		**13 118**	13 118
Free reserve from retained earnings		**1 903**	1 903
Retained earnings		**63 194**	45 022
Net annual profit		**64 754**	90 134
Treasury shares	2.2	**−2 337**	−377
Shareholders' equity		**154 064**	163 232
Total		**158 083**	166 840

Income statement

in CHF 1 000	Notes	2017	2016
Net income from investments	2.3	**64 680**	91 554
Other revenue		**3 107**	3 243
Personnel expenses		**−3 127**	−3 560
Administrative costs		**−1 804**	−1 402
Earnings before extraordinary items, interests and taxes		**62 856**	89 835
Financial expenses	2.4	**−30**	−19
Financial income	2.5	**2 230**	488
Earnings before extraordinary items and taxes		**65 056**	90 304
Extraordinary income	2.6		152
Earnings before taxes		**65 056**	90 456
Taxes		**−302**	−322
Net annual profit		**64 754**	90 134

Notes to the financial statements

The financial statements of APG SGA SA, Geneva have been prepared in accordance with the legal provisions of Swiss Corporation Law. They complement the consolidated financial statements prepared pursuant to Swiss GAAP ARR. The consolidated financial statements reflect the financial status of the Group as a whole, whereas the financial statements of APG SGA SA refer only to the parent company. The reference base for the appropriation of available earnings, as resolved by the Annual General Meeting, is the retained earnings and free reserves reported in the financial statements of APG SGA SA.

1 Valuation principles applied in the financial statements

Cash and cash equivalents
Cash and cash equivalents are held with first-class financial institutions. They are stated at nominal value.

Accounts receivables and loans
Accounts receivables and loans are stated at nominal value less allowance for bad debts. The allowance for bad debts is calculated based on identifiable solvency risks.

Investments
Investments are valued at historical costs less any necessary impairment.

Accounts payable
Accounts payable are stated at nominal value.

Provisions
Provisions are recognized when the company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Net income from investments
Net income from investments contains dividends received from subsidiaries as well as gains from the sale of investments and impairment of investments.

Financial expenses
Financial expenses include interests payable, bank expenses and foreign currency translation losses.

Financial income
Financial income contains interest receivable and gains from the sale of treasury shares as well as gains from currency translation.

Foreign currency translation
For assets and liabilities in Euro the following exchange rates were applied:

As at December 31, 2017:	CHF/EUR 1.16945
As at December 31, 2016:	CHF/EUR 1.0720

2 Explanation and break down of positions

The number of employees based on full-time equivalent was not more than 10 in average of last year.

2.1 Investments

The following investments are held directly by APG SGA SA:

Company, headquarters	as at December 31, 2017		as at December 31, 2016	
	Shares in %	Votes in %	Shares in %	Votes in %
Allgemeine Plakatgesellschaft AG, Zurich	100%	100%	100%	100%
APG SGA Traffic AG, Zurich	100%	100%	100%	100%
Alpenplakat AG, Hünenberg	100%	100%	100%	100%
Paron AG, Zurich	100%	100%	100%	100%
Sportart AG, Zurich	100%	100%	100%	100%
Visiorama AG, Zurich	100%	100%	100%	100%
Alma Quattro d.o.o., Belgrade (Serbia)	100%	100%	100%	100%

2.2 Treasury shares

The following treasury shares are held by the company:

As at December 31, 2017: 5 532 shares
As at December 31, 2016: 914 shares

The following treasury shares were purchased by the company:

	No of shares	Transaction value (in CHF 1 000)
During financial year 2017	6 344	2 722
During financial year 2016	2 023	814

The following treasury shares were disposed by the company:

	No of shares	Transaction value (in CHF 1 000)
During financial year 2017	1 726	800
During financial year 2016	2 085	820

As part of variable remuneration a certain number of treasury shares are allocated to employees and members of the Board of Directors. These shares are blocked for 3 years and cannot be sold during this period. Further the company has an Employee Stock Ownership Plan. It entitles employees to obtain a certain number of shares for a special price with a discount of 25%. The purchase is limited to 10% of the previous year's remuneration. The shares are blocked for 5 years and cannot be sold during this period.

The following treasury shares were allocated to related parties:

	Financial year 2017		Financial year 2016	
	No of shares	Value (CHF1 000)	No of shares	Value (CHF1 000)
Board of Directors/Executive Board	937	442	1 076	415
Other employees	421	205	509	209

2.3 Net income from Investments

in CHF 1 000	2017	2016
Income from dividends	**64 680**	63 354
Income from capital repatriation		28 200
Total net income from investments	**64 680**	91 554

2.4 Financial expenses

in CHF 1 000	2017	2016
Bank expenses	**−29**	−19
Interest expenses	**−1**	
Total financial expenses	**−30**	−19

2.5 Financial income

in CHF 1 000	2017	2016
Interest income	**912**	383
Gain from sale of treasury shares	**39**	40
Foreign exchange translation gaines	**1 279**	65
Total financial income	**2 230**	488

2.6 Extraordinary expenses and income

in CHF 1 000	2017	2016
Gain from recovery of previous losses on accounts receivable		152
Total extraordinary expenses and income		152

3 Accounts payable to pension plan

As at December 31, 2017, the company had payables to its pension plan in the amount of CHF 140,000 (PY CHF 38,000).

4 Guaranty obligations

The company has guaranty obligations in favor of its subsidiaries in a total amount of CHF 15,000,000 (PY CHF 15,000,000).

5 Excess reserves

In financial year 2017, excess reserves have not been released (PY no excess reserves released).

6 Ownership of shares by the members of the Board of Directors and of the Executive Board

Name	Function	Shares as at December 31, 2017	Shares as at December 31, 2016
Daniel Hofer	Chairman	**2 124**	2 293
Robert Schmidli	Vice-Chairman	**193**	385
Xavier Le Clef	Member	**758 981**	758 939 [1]
Stéphane Prigent	Member	**900 093**	900 051 [2]
Markus Scheidegger	Member	**93 613**	93 501 [3]
Markus Ehrle	Chief Executive Officer	**949**	751
Beat Hermann	Chief Financial Officer	**1 547**	1 167
Beat Holenstein	Head of Partner & Product Management	**306**	424
Christian Gotter	Head of Logistics	**281**	242
Marcel Seiler	Head of Human Resources	**208**	175
Daniel Strobel	Head of Advertising Market & Subsidiaries	**714**	624
Total		**1 759 009**	1 758 552

[1] Of which 758,888 Pargesa Asset Management (Netherlands) N.V.
[2] Of which 900,000 JCDecaux SA
[3] Including Polymedia Holding AG and Andreas Scheidegger

The APG SGA Group has no stock options program.

7 Significant shareholders[1]

	Shares as reported as at December 31, 2017	in %	Shares as reported as at December 31, 2016	in %
JCDecaux SA, Neuilly-sur-Seine (F)[2]	900 000	30.00 [3, 5]	900 000	30.00 [3, 5]
Albert Frère, Gerpinnes (B), Compagnie Nationale à Portefeuille, Loverval (B)	758 888	25.30 [4, 5]	758 888	25.30 [4, 5]
Pictet Asset Management SA, Geneva (CH)	172 022	5.73 [6]	166 305	5.54 [5]
Polymedia Holding AG, Markus and Andreas Scheidegger, Bern (CH)	93 613	3.12 [6]	93 501	3.12 [5]
APG SGA SA, Geneva (CH) (shares)	5 532	0.18 [5, 6]	914	0.03 [5, 6]
APG SGA SA, Geneva (CH) (conditional purchase option)	147 000	4.90 [3, 6]	147 000	4.90 [5, 6]

1 3% or more shares, in the form of stocks and/or rights to purchase or sell stocks. The information is derived from announcements made by shareholders pursuant to Art. 20 BEHG as at December 31, 2017, subject to the availability of other information.
All published notifications can be found at https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

2 JCDecaux SA, rue Soyer 17, 92200 Neuilly-sur-Seine (F), is controlled by JCDecaux Holding SA, rue Soyer 17, 92200 Neuilly-sur-Seine (F), whose shareholders are
- Members of the Decaux family: Jean-François Decaux (London/GB), Jean-Charles Decaux (Neuilly-sur-Seine/F), Jean-Sébastien Decaux (Brussels/B), Jean-Pierre Decaux (Paris/F), and Danielle Decaux (Neuilly-sur-Seine/F)
- JFD Investissements (Luxembourg/L), and JFD Participations (Luxembourg/L), companies under the direct control of Jean-François Decaux
- Open 3 Investimenti (Uccle/B), a company under the direct control of Jean-Sébastien Decaux

3 On February 29, 2008, JCDecaux announced that it had granted a stock purchasing option to APG SGA SA. The option is an entitlement to purchase up to 147,000 APG SGA SA shares, which represent up to 4.9% of the voting rights of the company (see Annual Report, Corporate Governance: Clauses on changes of control, page 57).

4 For detailed information on the relationship between Albert Frère, Compagnie Nationale à Portefeuille, and Pargesa Asset Management (Netherlands) N.V., see:
http://www.apgsga.ch/media/filer_private/2012/09/04/pargesa_management_organigramme.pdf

5 Number of shares according to stock register as at December 31, 2017 and 2016

6 Registered without voting rights

8 Events after the closing day

None.

Proposal of the Board of Directors

The Board of Directors proposes to the Annual General Meeting on May 24, 2018:

1. to carry forward the profit brought forward of CHF 127,948,185, composed of CHF 64,753,716 in net annual profit plus a profit brought forward of CHF 63,194,469 and

2. to distribute a dividend of CHF 72,000,000 (CHF 24.00 gross per share for 3,000,000 shares) out of the retained earnings.

If this proposal is approved, the per-share dividend of CHF 24.00 gross or CHF 15.60 net will be paid to the shareholders as of May 30, 2018, at the addresses on record. No dividends are paid on treasury stock.

APG SGA SA

Geneva

Report of the statutory auditor to the General Meeting

on the financial statements 2017

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Report of the statutory auditor

to the General Meeting of APG SGA SA

Geneva

Report on the audit of the financial statements

Opinion

We have audited the financial statements of APG SGA SA, which comprise the balance sheet as at 31 December 2017, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 32 to 40) as at 31 December 2017 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 1'500'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter valuation of investments has been identified as an area of focus.

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Audit scope
We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality
The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material, if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1'500'000
How we determined it	1 % of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, the entity holds mainly investments in subsidiaries and provides financing to them. In addition, total assets is a generally accepted benchmark with regard to materiality considerations in holding companies.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of investments

Key audit matter	*How our audit addressed the key audit matter*
In accordance with the accounting policies (as detailed on page 35), investments are valued at historical costs less any impairments. The investments directly held by the company are described in note 2.1 of the notes to the financial statement. Investments amount to CHF 120 million, which is the most significant item on the balance sheet. We focussed on this area due to the value of the investments.	We assessed the design and existence of the internal control system (ICS) in respect of the valuation of investments. In addition, we tested the valuation of the investments by performing the following procedures: • We obtained management's impairment test for each individual investments.

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	• We assessed the impairment test at an individual investment level. We discussed the assumptions made with management and independently verified them with our own industry and market expectations. The impairment test was assessed in respect of sensitivity of the underlying assumptions, the underlying substance of the investment and the profitability in the past and in the business plan. The support provided by management and the combination of the procedures described above provided appropriate support to conclude on the investments valuation.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our

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opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Patrick Balkanyi	Philipp Gnädinger
Audit expert Auditor in charge	Audit expert

Zürich, 27 February 2018

Agenda

Financial media and analysts conference
February 28, 2018, Zurich

Publication of the annual report
April 20, 2018

General Meeting
May 24, 2018, Geneva

Announcement of semi-annual results
July 27, 2018

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This is the original version, which was approved
by the Board of Directors on February 23, 2018

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